

FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

NOVEMBER 2009

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ERIC'S OUTLOOK

The "Easy Money" Made, Moderate Your Expectations

For the past few months, I have been sounding a cautionary note about the prospects for the stock market. All the while, the market has simply continued to climb higher (which is, of course, fine by me).



Eric M. Kobren

In many respects, stocks have been exhibiting classic bull-market behavior in "climbing a wall of worry." During the market's (mostly) steady rise, headlines similar to one I saw recently — "Market Jumps 2%, But Investors Doubt Strength of Recovery" — have been a common occurrence. And, with apologies

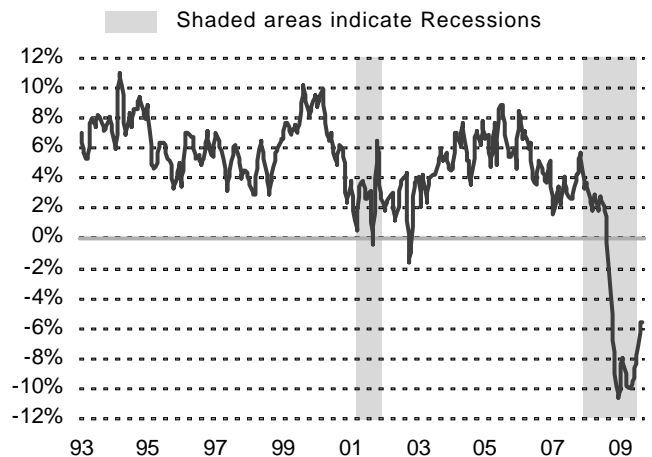
to Martha Stewart, that's a good thing. Bull markets don't usually end amid skepticism, but amid complacency, or even more commonly, avarice.

Moreover, we have just finished navigating what has historically been the worst two-month stretch for stocks (September and October), and are now entering the *best* three-month period (November through January). Nevertheless, while I recognize that I may simply be adding bricks to the 'worry-wall', I continue to urge members to temper their expectations for returns going forward.

If nothing else, it would certainly be a perverse symmetry for the market to unexpectedly founder in supposedly 'good' times, after sailing right through the 'bad' times with nary a scratch. But there are other 'real' reasons to be cautious at this juncture (and yes, most of them are the same concerns I have expressed previously).

A LESS MERRY CHRISTMAS?

Year/Year % Change in Total Retail Sales



The current recession is different from most in one significant respect — it is consumer-led, rather than business-led. This is demonstrated above by the steep and prolonged decline in retail sales (13 straight months of lower year-over-year sales) since this recession began. While sales have bounced off their lows, given the weakened state of the consumer (see Eric's Outlook) a strong rebound is unlikely anytime soon. In fact, spending turned down again in September, falling 0.5%.

What Kind Of Recovery?

While the National Bureau of Economic Research (the official arbiter of recession dates) probably won't confirm it until early 2010, the recession likely ended around mid-year. Indeed, after four straight quarters of declines, 3rd quarter GDP grew a stronger-than-expected 3.5%. However, the majority of those gains were due to the effects of government stimulus programs, and there is real debate about how strong a recovery we can expect.

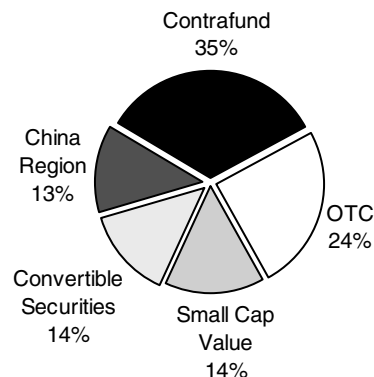
Historically, long and deep recessions have been followed by very strong recoveries. Assuming it ended in June or July, the current recession would be the longest (18-19 months) since the Great Depression (43 months!), passing both 1981-'82 and 1973-'75, which lasted 16 months each. With an estimated peak-to-trough decline of 3.7% in GDP, it also ranks as a more severe contraction than either of those recessions. On a corporate earnings basis, the peak-to-trough decline in 12-month trailing reported earnings was a staggering 92%! By far and away

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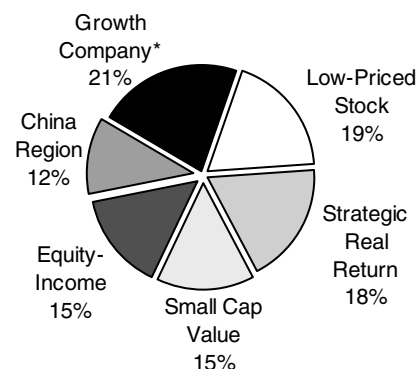
FIDELITY INSIGHT MODEL PORTFOLIOS - OCTOBER 31, 2009

Aggressive Growth Model		Rel Vol: 1.01	Est. Yield: 0.9%	YTD Return: 18.2%		
Current Asset Allocation		Stocks 85.1%	Bonds 0.0%	Cash 2.0%	Alternative ¹ 12.8%	Foreign 23.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
Contrafund	FCNTX	35%	\$53.83	841.70	\$45,308	-1.2%
OTC	FOCPX	24	39.98	814.41	32,560	-5.3
Small Cap Value	FCPVX	14	11.49	1,675.69	19,254	-6.6
Convertible Securities	FCVXS	14	20.53	890.33	18,278	-2.5
China Region	FHKCX	13	26.55	667.54	17,723	1.4
Current Value (4/7/99 = \$100,000)					\$133,124	-2.9%



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

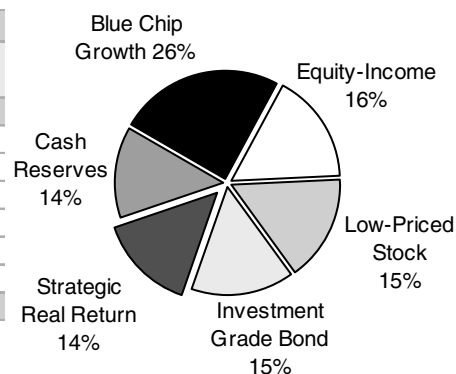
Growth Model		Rel Vol: 1.05	Est. Yield: 0.9%	YTD Return: 23.4%		
Current Asset Allocation		Stocks 79.3%	Bonds 4.9%	Cash 2.5%	Alternative ¹ 13.3%	Foreign 21.1%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
Growth Company*	FDGRX	21%	\$61.76	3,319.97	\$205,041	-4.1%
Low-Priced Stock	FLPSX	19	29.50	5,792.44	170,877	-2.8
Strategic Real Return	FSRRX	18	8.30	19,920.42	165,339	0.6
Small Cap Value	FCPVX	15	11.49	11,842.00	136,065	-6.6
Equity-Income	FEQIX	15	36.85	3,631.31	133,814	-2.8
China Region	FHKCX	12	26.55	4,044.57	107,383	1.4
Current Value (1/1/87 = \$100,000)					\$918,520	-2.6%



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

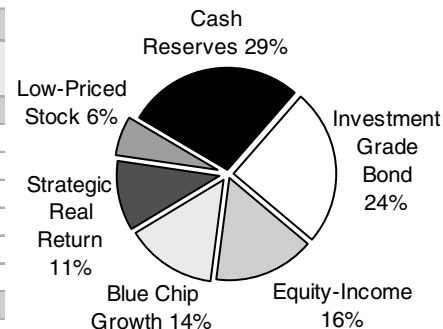
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.73	Est. Yield: 1.4%	YTD Return: 18.2%		
Current Asset Allocation		Stocks 54.4%	Bonds 18.3%	Cash 16.6%	Alternative ¹ 10.7%	Foreign 7.2%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
Blue Chip Growth	FBGRX	26%	\$33.99	5,665.37	\$192,566	-2.9%
Equity-Income	FEQIX	16	36.85	3,443.12	126,879	-2.8
Low-Priced Stock	FLPSX	15	29.50	4,083.20	120,454	-2.8
Investment Grade Bond	FBNDX	15	7.06	16,575.47	117,023	1.2
Strategic Real Return	FSRRX	14	8.30	13,534.87	112,339	0.6
Cash Reserves	FDRXX	14	1.00	108,752.85	108,753	0.0
Current Value (1/1/87 = \$100,000)					\$778,014	-1.4%



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: 1.7%	YTD Return: 14.8%		
Current Asset Allocation		Stocks 34.8%	Bonds 26.3%	Cash 30.4%	Alternative ¹ 8.4%	Foreign 3.9%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
Cash Reserves	FDRXX	29%	\$1.00	140,978.46	\$140,978	0.0%
Investment Grade Bond	FBNDX	24	7.06	17,149.29	121,074	1.2
Equity-Income	FEQIX	16	36.85	2,119.44	78,101	-2.8
Blue Chip Growth	FBGRX	14	33.99	2,083.96	70,834	-2.9
Strategic Real Return	FSRRX	11	8.30	6,760.21	56,110	0.6
Low-Priced Stock	FLPSX	6	29.50	1,005.90	29,674	-2.8
Current Value (1/1/87 = \$100,000)					\$496,771	-0.7%



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. Some percentage figures may not sum to 100 due to rounding. 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.

Eric's Outlook *cont'd from page 1*

the largest decline since the Depression — almost twice as steep as the next worst recession (-54% in 2001).

So why am I expecting a much more modest recovery?

The Incredible Shrinking Consumer

First and foremost is the weakened state of the consumer.

In the boom times, consumers financed spending in excess of their incomes and accumulated a record amount of debt in the process. Now, after losing about 20% of their net worth through the twin declines in the housing and stock markets, and easy credit (or any credit for that matter, especially home equity lines!) no longer available, consumers are being forced to spend less, pay down their existing debt, and save more.

As shown on page 1, retail sales have plunged dramatically since last fall. While sales have bounced off their lows, they have registered 13 straight months of year-over-year declines, with a maximum drop of over 10%. By comparison, the 2001 recession featured only one month of declines with a maximum drop of just 0.4% (although 11 months after the recession was officially over, there was a monthly decline of 1.7%). With job losses still high and unemployment still rising, consumer confidence is likely to remain shaky at best — and that does not bode well for future retail sales. In fact, consumer spending fell 0.5% in September, triggering a sharp stock market sell-off on the last trading day of October.

Stimulus Running Out?

Another concern is that most of the economic improvement we have seen so far has come from various govern-

WHICH FUNDS SHOULD YOU BUY NOW!

Equity Funds: **Blue Chip Growth** provides exposure to high-quality, large-cap growth stocks; **OTC** is a play on faster-growing companies. **Equity-Income** is for large value, while **Low-Priced Stock** (see p. 4) 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** is a blend of government and attractively valued corporate bonds. **Cash Reserves** (see p. 11) provides safety in principal. (Highly taxed investors should consider municipal bond and money market funds.)

International Funds: For long-term investors, **China Region** plays the world's fastest-growing markets. **Emerging Markets** is a more diversified alternative. **Total Int'l Equity** offers broad, developed market exposure with about 20% in emerging markets. ■

ment stimulus programs. “Cash for Clunkers,” for example, drove auto sales sharply higher, but once the program ended, sales plunged back down again just as fast. A number of other programs are slated to expire over the next few months, such as the scandal-plagued first-time homebuyer tax credit that ends this month.

Beyond these programs, there has been precious little evidence of any pick-up in final demand. While corporate profits have slowly been improving, that has come largely from cost cutting. Final sales for the S&P 500 in the third quarter are still running 12.8% below a year ago.

Can business spending make up for the consumer? Not very likely. Especially with capacity utilization still at record lows and banks still reducing their lending, particularly to small businesses that generate the lion's share of new jobs. Add in the uncertainty around the (cost) impact of health care reform and potential tax hikes, and even very healthy businesses are unwilling to add workers or make new investments.

Given the truly horrid profit figures in the fourth quarter of 2008 and

the first quarter of this year, earnings growth should provide support for the market in the near-term, as those numbers should be easy to beat. This is especially true as inventories have been whittled down to the bone. Just filling the pipeline could give a boost to earnings. But after that, earnings comparisons will be tougher.

What To Do Now

If you have been following one of our model portfolios, stay put. I am not calling for a new bear market. But be prepared for some potentially tougher times. If you have been sitting in cash (thereby missing the huge rally since March), and are itching to get back in, scale in over several months. Areas that have done the best (including small caps, technology, high-yield bonds, and emerging markets), are more vulnerable to setbacks than areas that have lagged, such as large-cap ‘blue chips.’ If you are going to start putting cash to work now, I'd suggest something like **Contrafund** where Will Danoff has built positions in just such large-cap, high quality, global franchises. ■

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

Low-Priced Turns 20; More Gains Ahead?

Next month, **Low-Priced Stock** turns 20 years old. Its anniversary isn't too spectacular as there are many other



Joel Tillinghast

Fidelity funds that are far older. But this date is significant for other reasons: Joel Tillinghast will become the only Fidelity manager to have run the same fund for two decades.

(**Contrafund's** Will Danoff will reach this same milestone next September.) In fact, this is the only fund Joel has ever run — one of several ideas he personally hatched while assisting on **OTC**.

But the above are footnotes to a greater story. The most important reason to note the fund's anniversary is the fact that untold thousands of shareholders have benefited from

LOW-PRICED STOCK

Fund Data as of 9/30/09

Fund Number	316
Trading Symbol:	FLPSX
Date Started:	12/27/89
Min. Initial Invest:	\$2,500
Fund Size:	\$23.6 billion
% of Assets in Top-10:	15%
Expense Ratio:	0.99%
Turnover Rate:	42%
Relative Volatility:	1.17

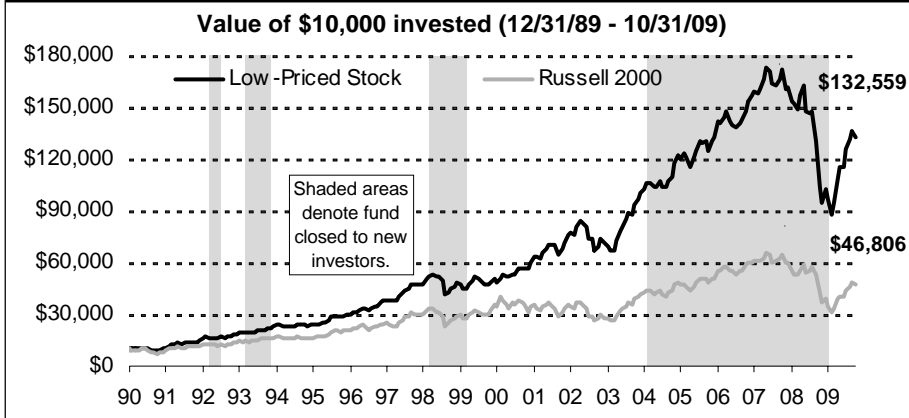
Top 5 Sectors

Consumer Discretionary	23.7%
Technology	15.4
Health Care	13.4
Consumer Staples	9.2
Industrials	8.2

Top 10 Holdings

Unitedhealth Group
Safeway
Bed Bath & Beyond
Hon Hai Precision Industries
Metro (CL A)
Oracle
Unum
Ross Stores
Lincare Holdings
Next

A STUNNING 20-YEAR RUN



Joel's laser-like determination to buy great, cheap stocks. The stories of his focus are legendary — such as a company outing to a Red Sox game to which Joel brought a satchel full of company reports and never looked up! In so doing, he's amassed one of the best mutual fund records ever.

The Launch

As initially envisioned, Low-Priced would invest at least two-thirds of its assets in a small universe of companies that sell for less than \$10 per share. Just prior to its launch, that would be raised to \$15.

In reviewing this new offering, we explained to our members that "Low-priced companies are often small, single-product or specialty companies, or new companies with high growth potential." The same is true of the fund today.

We also noted that because the fund invests in 'fallen angels' (companies experiencing difficulties), it could wind up being an aggressive growth fund. Until more recent times, when the market itself has become more volatile, Low-Priced has not been particularly risky.

Numerous holdings (at one time, more than a thousand!) spread across many industries and even countries, explain its historically low volatility. Another reason is Joel's penchant for buying 'cheap stocks' with low price-to-earnings and low price-to-book ratios. Although small-caps are typically more volatile than larger and better-capitalized companies, this

fund's value bias has diminished risk (2008 was a notable exception), as have Joel's later moves into 'higher-quality' companies.

When the fund was launched, we were appropriately cautious about the stock market. Regardless, we sold another equity fund and bought Low-Priced for our Growth Model. That was one of our best trades ever!

The Record

In 1990, Peter Lynch left **Magellan** after 14 years on the fund. Many wondered if there would ever be another star manager like him. So far, there hasn't. Yet, in fact, a new star was being born; another small-cap investor who would grow shareholders' assets a staggering 1,300% over the next 20 years. Someone who would produce an average annual return of 14.2% versus 8.2% for his Russell 2000 benchmark, while the S&P 500 returned 8.1% over the same period.

Of course, the wisdom of owning Low-Priced couldn't have been apparent 20 years ago. But it soon would.

In its first calendar year (1990), Low-Priced retreated 0.1%. Meanwhile, its Russell 2000 benchmark fell 19.5%. But if anyone thought that Joel only played a good defensive game, 1991's performance suggested otherwise: the fund and the index gained 46%. The next year, Joel beat his bogey by more than 10 percentage points (up 29.0%), and Joel and his team of small-cap analysts were soon manag-

Low-Priced *cont'd on page 5*

Low-Priced *cont'd from page 4*

ing over \$1 billion in assets.

With Joel making mincemeat of his benchmark, assets followed his success. On four separate occasions Low-Priced was closed to new investors (see chart). He recently recounted to us how he argued to his boss that he could no longer effectively put money to work. Soaring cash levels were holding performance back, and he refused buy stocks that didn't meet his investment criteria. Eventually, management capitulated, as it would on three more occasions.

Still, the money flowed in (assets peaked at \$42 billion in May 2007), and Low-Priced would have to change. Its market-cap has risen steadily over the years (except when equity prices fell precipitously), and its initial investment limitation grew to \$35 by 1997. And while the fund owned foreign stocks from the start (especially privatized British water utilities), Joel has had to look for even more opportunities abroad.

Today, 30% of the fund's \$24 billion in assets are invested internationally (see p. 11). So Joel not only manages Fidelity's third-largest domestic stock fund, his \$7 billion foreign stake also makes him Fidelity's third-biggest international manager!

More Gains Ahead?

Over the years, there have been only brief occasions when we haven't held Low-Priced Stock in at least one of our model portfolios.

Today, we hold Low-Priced in three models. Equity diversification is one reason, and its lower risk is another. But our best reason for owning Low-Priced is Joel Tillinghast. He eats, sleeps and drinks stocks 24/7. How much of his success is hard work versus intelligence or talent is anyone's guess. But having known Joel for the past 20 years, I can tell you that he is one of those managers who allows me to sleep better at night. In my opinion, he's simply one of the best in the business. ■

FUND COMMENTARY

Volatility Returns To Market; Stocks Slide

For the first time in seven months, stocks were in retreat. For those who believe that October is simply a bad month to be in the market, their views were reinforced as the S&P 500 lost almost 2%.

Volatility picked up early in the month, but it built a full head of steam in the last week a 200-point up day was immediately followed by a 250-point down day.

That two-day period at month-end was unusual in that the same economic data that appeared to have investors euphoric suddenly had them despondent.

Blame gross domestic product.

On Thursday October 29, the government said that third-quarter GDP was up a handsome 3.5%. Thanks to the weak dollar, exports were a prime contributor having risen 1.5%. And, at first glance, the consumer was back in the game, contributing 2.7% percent to the overall expansion. Although some of us were wondering

what everyone was so excited about (after all, growth of over 3% was expected by almost everyone), Wall Street decided to have a "relief rally."

But the next day, a more sober view of that figure was being digested. While the consumer appeared to be driving third-quarter expansion, it was really Uncle Sam in the driver's seat. The recovery, it was now clear, has been largely manufactured by the government's stimulus spending. Thanks to "cash-for-clunkers," one percent of the increase was from motor vehicles and parts, while a half-percent growth came from home sales. (The \$8,000 new homebuyer's credit was in play there.)

So why the gloom over government programs that are apparently working? The problem is that many of these programs have, or soon will expire. And as they do, only then will we really see the 'true' shape of the economy. And that picture may not be pretty. For example, with "cash-for-clunkers" over, consumer spending fell 0.5% in September.

Fund Commentary *cont'd on page 6*

November Scorecard Rating Changes

Fund	Ratings		Comments
	Old	New	
Dividend Growth	B	B ↑	Making smart bets in financials.
Ginnie Mae	B	H ↓	Fed to end buying of MBS securities.
Int'l Discovery	B	H ↓	Prefer other diversified foreign funds.
Japan	B	S ↓	Country's economy remains a basket case.
Japan Smaller Cos	B	S ↓	Country's economy remains a basket case.
Large Cap Stock	H	B ↑	Making smart bets in tech and financials.
Large Cap Value Enh	B	H ↓	Fund is having trouble keeping up with index.
Mortgage Securities	B	H ↓	Fed to end buying of MBS securities.
MS Global Value Eqty	B	S ↓	MS Int'l Magnum is a better option in this space.
*Pimco Low Duration	NA	H	New; most similar to Fidelity Ultra-Short Bond.
*Pimco Real Return	NA	B	New; most similar to Fidelity Strat Real Return.
*Pimco Total Return	NA	B	New; most similar to Fidelity Total Bond.
Select Environmental	H	S ↓	Highly cyclical fund awaits fuller recovery.
Select Utilities	S	S ↓	Electric and multi-utilities offer little upside.
Small Cap Enh Idx	B	S ↓	Poor stock selection in an otherwise good mkt.
Southeast Asia	B	S ↓	Poor stock selection in an otherwise good mkt.
Stock Selector	B	H ↓	New management team in place (see p. 12).
Value Strategies	H	B ↑	Making big, successful out-of-benchmarks bets.
VIP Disc Small Cap	B	S ↓	Poor stock selection in an otherwise good mkt.
VIP Utilities	S	S ↓	Electric and multi-utilities offer little upside.
VIP Value Strategies	H	B ↑	Making big, successful out-of-benchmark bets.

B = Buy; **B** = OK to Buy; H = Hold; S = OK to Sell; **S** = Sell, NC = No change
 *Newly introduced to Fidelity's lineup of Personal Annuity Portfolios (see pgs. 10 & 12).

FIDELITY SCORECARD - OCTOBER 31, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Oct	YTD	2008	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500 (Large Cap)*				-1.9	17.1	-37.1	9.8	-7.1	0.3	1.00			
		Nasdaq Composite (OTC)*				-3.7	30.3	-40.0	19.7	-4.1	1.3	1.17			
		MSCI EAFE (International)*				-2.2	23.0	-41.4	25.4	-5.4	4.9	1.29			
		Barclays Aggregate Bond*				0.5	6.8	3.8	13.2	5.5	4.5	0.19			
LARGE CAP GROWTH FUNDS						Category Averages			-3.7	25.6	-43.0	16.6	-5.4	1.5	1.17
312	FBGRX	Blue Chip Growth		33.99	Buy	-2.9	29.7	-38.6	20.1	-3.3	0.9	1.08			
307	FDCAX	Capital Appreciation		18.71	OK to Buy	-7.2	18.9	-40.5	13.5	-7.6	-0.2	1.14			
22	FCNTX	Contrafund		53.83	Buy	-1.2	19.0	-37.2	12.5	-2.7	4.7	0.93			
332	FEXPX	Export and Multinational	0.75%/30 days	18.19	OK to Sell	-1.4	26.9	-43.4	16.3	-5.4	2.5	1.14			
500	FFTYX	Fifty		13.70	OK to Sell	-4.5	24.6	-49.1	14.8	-9.5	-0.8	1.25			
25	FDGRX	Growth Company (closed)		61.76	Buy	-4.1	26.1	-40.9	16.5	-2.5	4.0	1.11			
339	FDSVX	Growth Discovery		10.04	OK to Sell	-4.0	17.0	-46.7	5.0	-6.4	-0.1	1.12			
73	FDFFX	Independence		17.79	Hold	-5.5	24.7	-48.1	15.6	-4.8	2.7	1.42			
763	FSLGX	Large Cap Growth		7.39	Hold	-3.5	12.3	-38.1	8.8	-9.7	-1.2	1.02			
1829	FLGEX	Large Cap Growth Enhcd Index		7.86	OK to Buy	-1.5	23.3	-37.0	16.3	--	--	--			
338	FLCSX	Large Cap Stock		13.82	OK to Buy↑	-3.5	38.4	-47.5	26.8	-5.4	1.4	1.31			
21	FMAGX	Magellan		58.72	Hold	-5.4	28.3	-49.4	19.3	-7.7	-1.3	1.33			
1282	FNCMX	Nasdaq Composite Index	0.75%/90 days	27.17	Hold	-3.7	30.3	-40.0	19.7	-4.1	1.3	1.15			
93	FOCPX	OTC		39.98	Buy	-5.3	41.9	-46.0	29.5	-0.1	5.0	1.31			
320	FDSSX	Stock Selector		19.98	Hold↓	-3.1	17.7	-41.7	7.8	-7.6	0.4	1.03			
5	FTRNX	Trend		51.17	OK to Buy	-1.9	31.0	-44.5	23.3	-3.8	2.5	1.15			
LARGE CAP BLEND FUNDS						Category Averages			-3.1	17.3	-40.2	9.0	-8.0	0.2	1.09
315	FDEQX	Disciplined Equity		19.72	OK to Sell	-3.0	13.3	-40.1	6.6	-8.2	0.7	1.02			
330	FDGFX	Dividend Growth		21.45	Buy↑	-4.7	36.4	-43.0	27.9	-6.9	0.0	1.29			
3	FFIDX	Fidelity Fund		26.48	OK to Buy	-2.9	18.1	-40.3	10.5	-5.4	1.4	1.06			
333	FTQGX	Focused Stock		10.17	Hold	-2.3	15.2	-33.0	4.4	-2.9	4.5	0.99			
27	FGRIX	Growth & Income		14.83	OK to Sell	-3.4	13.4	-50.9	1.6	-16.7	-7.3	1.20			
1827	FLCEX	Large Cap Core Enhcd Index		7.28	Hold	-2.4	14.2	-35.8	8.0	--	--	--			
361	FGRTX	Mega Cap Stock		8.21	OK to Buy	-1.6	19.5	-39.4	11.8	-6.2	0.6	1.04			
317	FSMKX	Spartan 500 Index ⁴		72.16	Hold	-1.9	17.1	-37.1	9.8	-7.1	0.3	1.00			
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90 days	29.51	Hold	-2.6	18.2	-37.2	10.6	-6.8	0.9	1.03			
343	FTXMX	Tax Managed Stock		10.12	Sell	-3.9	11.0	-42.7	2.9	-9.2	0.4	1.10			
832	FVDFX	Value Discovery		11.79	Hold	-5.0	16.7	-42.3	6.9	-8.7	1.9	1.16			
LARGE CAP VALUE FUNDS						Category Averages			-3.4	14.7	-40.5	7.5	-10.1	-0.9	1.15
1271	FBCVX	Blue Chip Value		9.29	Hold	-3.9	18.8	-44.8	10.5	-10.8	-1.1	1.20			
23	FEQIX	Equity-Income		36.85	Buy	-2.8	21.5	-41.6	13.8	-9.2	-0.4	1.16			
319	FEQTX	Equity-Income II		15.37	Buy	-2.7	17.3	-40.4	9.5	-9.2	-1.3	1.12			
708	FSLVX	Large Cap Value		9.24	OK to Sell	-4.1	8.2	-39.7	1.9	-11.3	-0.8	1.10			
1828	FLVEX	Large Cap Value Enhcd Index		6.34	Hold↓	-3.4	7.7	-35.9	1.7	--	--	--			

Notes: *Fidelity's index funds (Spartan 500 Index, Nasdaq Composite Index, Spartan Int'l Index and U.S. Bond Index) used as proxies for their respective indexes. 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 Small Cap Retirement (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

Fund Commentary *cont'd from page 5*

Stock Indexes

The Dow Jones Industrial Average finished October essentially unchanged from the prior month. However, the large-cap **Spartan 500 Index** fund (a proxy for the S&P 500) lost 1.9%, while an even scarier performance was logged by the **Nasdaq Composite Index** fund (down 3.7%).

Even with these setbacks, year-to-date gains remain considerable: the S&P 500 is up 17.1% and the Nasdaq has gained 30.3%.

Turning to Fidelity's stock funds,

all lost ground last month, and the losses were considerable. As a general rule, the bigger a fund's market cap, the better it fared. For example, the average large-cap offering lost about 3.4% in October. At the same time, the average mid- and small-cap offerings retreated 5.5% and 7.3%, respectively. The worst-hit domestic fund was **Small Cap Stock** (down 9.1%). Its rich portfolio of financials was partly to blame. Then again, they've also helped to drive it up 40.3% for the year.

Among the big-cap players, **Mega Cap Stock** was among the better-per-

forming funds with a loss of 1.6%.

Sector Funds

Fidelity's 39 Select funds fell an average of 4.6% in October. (They're collectively up 30.2% this year.) Double-digit declines hit the narrow areas of **Air Transportation** (down 12.9%) and **Biotechnology** (down 12.1%). Of course, the broader market segments to which they belong were also under water. For example, **Transportation** was off 7.7% as cyclical declines, while **Health Care** fell 4.2%. Notably, the House introduced its health care bill late last

FIDELITY SCORECARD - OCTOBER 31, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Oct	YTD	2008	1 Year	3 Year	5 Year				
MID-CAP GROWTH FUNDS						Category Averages			-6.0	27.4	-44.7	21.1	-7.4	0.8	1.27
324	FDEGX	Growth Strategies	1.50%/90 days	14.34	Hold	-6.3	23.1	-49.3	16.1	-8.2	-1.3	1.24			
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30 days	7.56	Hold	-4.4	24.5	-38.7	18.1	--	--	--			
793	FSMGX	Mid Cap Growth	0.75%/30 days	8.72	Hold	-6.3	28.4	-49.3	19.3	-11.5	-1.9	1.30			
337	FMCSX	Mid-Cap Stock	0.75%/30 days	20.90	Hold	-7.1	33.9	-46.0	29.7	-7.2	2.6	1.37			
300	FMILX	New Millennium		22.40	OK to Buy	-5.9	27.0	-40.2	22.4	-2.9	4.0	1.19			
MID-CAP BLEND FUNDS						Category Averages			-5.1	34.7	-45.1	24.1	-6.2	2.5	1.43
122	FLVCX	Leveraged Company Stock	1.50%/90 days	20.57	Buy	-6.1	43.0	-54.5	22.1	-7.2	3.4	1.74			
316	FLPSX	Low-Priced Stock	1.50%/90 days	29.50	Buy	-2.8	28.5	-36.2	27.3	-3.6	4.0	1.17			
398	FSEMXX	Spartan Extended Mkt Index ⁴	0.75%/90 days	27.75	Hold	-5.5	23.1	-38.5	14.3	-6.1	2.5	1.20			
14	FSLSX	Value Strategies		20.04	OK to Buy↑	-5.8	44.3	-51.2	32.7	-8.1	0.3	1.62			
MID-CAP VALUE FUNDS						Category Averages			-5.4	26.3	-43.5	17.7	-9.0	1.0	1.40
762	FSMVX	Mid Cap Value	0.75%/30 days	11.66	Hold	-4.7	22.6	-40.5	16.4	-8.4	1.5	1.30			
39	FDVLX	Value		51.82	Buy	-6.1	30.0	-46.5	19.1	-9.5	0.5	1.49			
SMALL CAP GROWTH						Category Averages			-7.2	23.6	-46.0	16.4	-7.8	-0.5	1.33
2011	FCPEX	Small Cap Enhanced Index	1.50%/90 days	7.28	OK to Sell↓	-6.7	11.1	-33.7	2.7	--	--	--			
1388	FCPGX	Small Cap Growth	1.50%/90 days	11.07	Hold	-6.4	27.4	-44.9	20.7	-5.2	--	1.27			
336	FDSCX	Small Cap Independence	1.50%/90 days	12.61	Hold	-8.6	19.8	-47.0	12.1	-10.4	-0.5	1.38			
SMALL CAP BLEND						Category Averages			-7.4	32.0	-36.6	26.4	-3.8	2.9	1.38
384	FSCRX	Small Cap Discovery ⁶	1.50%/90 days	14.07	Buy	-6.5	36.2	-27.6	27.7	-0.5	5.3	1.38			
340	FSLCX	Small Cap Stock	2.00%/90 days	13.75	OK to Buy	-9.1	40.3	-42.9	33.1	-4.0	2.9	1.43			
1389	FCPVX	Small Cap Value	1.50%/90 days	11.49	Buy	-6.6	23.7	-30.3	19.7	-3.6	--	1.34			
SPECIALTY FUNDS															
2063	FOTTX	130/30 Large Cap (2008 ret from 1st full month)		6.15	OK to Sell	-3.6	-4.4	-35.3p	-12.1	--	--	--			
304	FBALX	Balanced		15.58	Hold	-1.7	21.2	-31.3	17.9	-2.4	3.7	0.81			
308	FCVSX	Convertible Securities		20.53	Buy	-2.5	52.6	-47.8	41.9	-1.0	3.9	1.38			
1960	FDYSX	Dynamic Strategies		8.13	Hold	-1.1	21.7	-28.4	17.6	--	--	--			
355	FFNOX	Four-in-One Index		23.31	Hold	-2.1	17.7	-32.6	13.8	-4.5	2.2	0.92			
334	FGBLX	Global Balanced	1.00%/30 days	19.62	OK to Buy	-1.8	17.8	-23.3	19.9	2.2	6.8	0.75			
2120	FFGCX	Global Commodity Stock	1.00%/30 days	13.31	Buy	-1.3	33.1	--	--	--	--	--			
1368	FIREX	International Real Estate	1.50%/90 days	8.80	Hold	-0.2	32.7	-50.5	27.2	-11.9	2.7	1.47			
4	FPURX	Puritan		15.27	OK to Buy	-1.1	19.6	-29.2	16.0	-2.5	2.6	0.73			
833	FRIFX	Real Estate Income	0.75%/90 days	8.96	OK to Buy	0.7	39.6	-31.0	25.6	-2.9	1.7	0.81			
303	FRESX	Real Estate Investment	0.75%/90 days	17.50	Hold	-5.9	14.6	-38.2	2.9	-17.1	-1.3	2.11			
1329	FSDIX	Strategic Dividend & Income		8.79	OK to Buy	-3.7	26.1	-41.2	18.4	-7.8	0.5	1.16			
1505	FSRRX	Strategic Real Return	0.75%/60 days	8.30	Buy	0.6	22.8	-23.4	16.9	-0.6	--	0.70			
311	FIUIX	Telecom & Utilities		12.48	Sell	-4.9	-1.9	-34.6	2.7	-9.5	2.0	0.89			
ASSET ALLOCATION FUNDS															
328	FASIX	Asset Manager 20%		11.79	Hold	0.0	17.0	-14.2	16.5	2.1	4.3	0.38			
1957	FTANX	Asset Manager 30%		8.98	Hold	-0.4	20.0	-19.7	18.4	--	--	--			
1958	FFANX	Asset Manager 40%		8.66	Hold	-0.7	21.4	-23.2	19.3	--	--	--			
314	FASMXX	Asset Manager 50%		13.28	Hold	-1.1	25.0	-27.8	22.5	-0.7	2.6	0.71			
1959	FSANX	Asset Manager 60%		8.31	Hold	-1.4	25.9	-30.0	23.3	--	--	--			
321	FASGX	Asset Manager 70%		13.70	Hold	-1.9	27.6	-34.9	23.7	-3.0	1.5	0.92			
347	FAMRX	Asset Manager 85%		10.96	Hold	-2.5	28.9	-38.6	24.2	-4.0	2.3	1.04			

month, but **Medical Delivery** lost just 1.0% (it's up 29.6% this year).

International Funds

Foreign stock funds fared about as well (or as poorly!) as their domestic counterparts last month. **Spartan Int'l Index** (a proxy for EAFE's developed markets) sank 2.2%. One particular drag on its performance was Japan. Indeed, **Japan Smaller Companies** lost 2.6% and the larger-cap **Japan** fund fell 3.7%. Slow growth has concerned investors in that market. But not elsewhere in Asia. China's near-10% growth rate helped

provide **China Region** fund with a gain of 1.4% in October, while it's up 56.1% since the start of the year. And even as falling commodity prices saddled South American markets, **Latin America** managed a gain of 1.2% last month. (It's up a stunning 71.2% for the year.)

Fixed-Income Funds

While investors became risk-averse in the equity market, in the bond market, credit risk is still being embraced. High-yield funds were the top performers including **Focused High Income** (up 1.5%) and **High In-**

come (up 1.3%). While among taxable bonds, the most credit-sensitive were the leaders. **Investment Grade Bond** rose 1.2% while **Spartan Long-Term Treasury** fell 1.4%.

Combine state budget woes with typically longer maturities, and muni bond funds faced tough sledding in October. **Municipal Income** fell the most: -2.2%.

The average yield on money market funds fell to 0.09%, down from 0.15%. **Select Money Market** offers the highest yield at 0.25%. (Please turn to p. 11 for our thoughts about "reaching for yield.") ■

FIDELITY SCORECARD - OCTOBER 31, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Oct	YTD	2008	1 Year	3 Year	5 Year				
INTERNATIONAL FUNDS						Category Averages			-2.1	33.5	-47.0	33.7	-3.8	7.5	1.45
309	FICDX	Canada	1.50%/90 days	44.46	Hold	-5.8	26.8	-42.6	16.4	-0.5	9.0	1.52			
352	FHKCX	China Region	1.50%/90 days	26.55	Buy	1.4	56.1	-44.9	60.8	11.2	15.3	1.63			
325	FDIVX	Diversified International	1.00%/30 days	26.87	OK to Buy	-2.0	24.9	-45.2	24.4	-5.6	4.8	1.29			
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90 days	7.28	Hold	-0.8	52.6	-52.4p	54.2	--	--	--			
322	FEMKX	Emerging Markets	1.50%/90 days	20.68	Buy	-1.6	59.2	-60.8	54.0	0.3	15.0	1.83			
301	FIEUX	Europe	1.00%/30 days	28.52	Hold	-2.4	25.2	-44.0	25.4	-4.6	6.4	1.27			
341	FECAX	Europe Capital App	1.00%/30 days	17.16	Hold	-2.3	25.5	-46.3	25.8	-5.6	6.2	1.31			
335	FIVFX	Int'l Cap App	1.00%/30 days	10.78	OK to Buy	-3.4	45.1	-50.7	46.0	-6.6	1.8	1.57			
305	FIGRX	International Discovery	1.00%/30 days	28.79	Hold↓	-2.8	21.8	-44.3	22.5	-4.7	6.0	1.24			
2010	FIENX	International Enchanced Index	1.00%/30 days	6.75	Hold	-1.9	19.3	-43.3	21.9	--	--	--			
1979	FIGFX	International Growth	1.00%/30 days	7.02	Hold	-1.3	26.7	-41.3	29.8	--	--	--			
818	FISMX	Int'l Small Cap (closed)	2.00%/90 days	17.48	Hold	-1.4	41.5	-46.5	45.3	-3.1	7.5	1.40			
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90 days	8.14	Hold	-1.3	35.9	-58.4	29.7	-13.6	--	1.57			
1597	FIVLX	International Value	1.00%/30 days	7.75	OK to Buy	-2.5	30.0	-46.7	33.1	-7.1	--	1.45			
350	FJPNX	Japan	1.50%/90 days	10.03	OK to Sell↓	-3.7	12.4	-36.8	12.8	-10.8	0.6	1.16			
360	FJSCX	Japan Smaller Companies	1.50%/90 days	8.58	OK to Sell↓	-2.6	19.7	-34.5	23.7	-12.3	-3.6	1.28			
349	FLATX	Latin America	1.50%/90 days	47.29	OK to Buy	1.2	71.2	-54.6	67.9	7.8	24.3	1.83			
342	FNORX	Nordic	1.50%/90 days	26.33	Hold	-0.7	40.1	-56.0	34.9	-5.3	7.0	1.64			
94	FOSFX	Overseas	1.00%/30 days	30.13	OK to Sell	-3.8	20.1	-47.3	20.4	-6.4	4.2	1.31			
302	FPBFX	Pacific Basin	1.50%/90 days	19.87	OK to Buy	-2.4	49.6	-55.8	55.7	-3.3	7.3	1.70			
351	FSEAX	Southeast Asia	1.50%/90 days	23.98	OK to Sell↓	-2.9	27.1	-51.9	31.1	2.6	14.2	1.52			
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90 days	32.80	Hold	-2.2	23.0	-41.4	25.4	-5.4	4.9	1.27			
1978	FTIEX	Total International Equity	1.00%/30 days	6.41	OK to Buy	-1.8	32.2	-47.2	34.2	--	--	--			
318	FWWFX	Worldwide	1.00%/30 days	14.98	Hold	-3.2	19.0	-40.2	13.4	-3.9	4.3	1.16			
SELECT PORTFOLIOS						Category Averages			-4.6	30.2	-40.5	24.1	-4.9	3.1	1.42
34	FSAIX	Air Transportation	0.75%/30 days	25.47	OK to Buy	-12.9	-2.2	-32.6	-3.8	-12.1	0.6	1.59			
502	FSAVX	Automotive	0.75%/30 days	26.58	OK to Buy	-6.3	87.7	-61.2	68.2	-9.3	-2.1	2.61			
507	FSRBX	Banking	0.75%/30 days	14.72	Hold	-5.3	1.1	-37.5	-14.5	-19.9	-10.0	1.60			
42	FBIOX	Biotechnology	0.75%/30 days	58.40	Hold	-12.1	-1.2	-11.4	-2.0	-4.3	1.8	1.03			
68	FSLBX	Brokerage & Investment	0.75%/30 days	47.13	Buy	-5.0	48.9	-49.3	38.3	-7.7	5.9	1.53			
69	FSCHX	Chemicals	0.75%/30 days	67.35	Hold	-5.6	46.0	-43.3	22.2	3.9	7.4	1.36			
518	FSDCX	Communications Equipment	0.75%/30 days	19.02	OK to Buy	-5.7	65.1	-48.5	48.3	-1.5	1.8	1.64			
7	FDCPX	Computers	0.75%/30 days	40.16	OK to Buy	-4.3	61.4	-48.5	38.0	2.0	4.6	1.44			
511	FSHOX	Construction & Housing	0.75%/30 days	26.06	OK to Buy	-8.7	9.3	-26.8	11.3	-9.6	-1.3	1.50			
517	FSCPX	Consumer Discretionary	0.75%/30 days	16.96	OK to Buy	-3.6	24.3	-34.6	17.9	-9.5	-1.1	1.18			
9	FDFAX	Consumer Staples	0.75%/30 days	60.08	Hold	1.4	17.9	-22.3	21.2	5.0	9.6	0.81			
67	FSDAX	Defense & Aerospace	0.75%/30 days	54.01	OK to Sell	-3.9	10.4	-40.2	5.0	-5.9	3.8	1.33			
8	FSELX	Electronics	0.75%/30 days	34.73	Buy	-8.8	53.8	-49.9	36.0	-6.4	0.1	1.49			
60	FSENX	Energy	0.75%/30 days	41.43	Buy	-1.5	37.7	-54.0	19.7	-1.1	11.1	1.76			
43	FSESX	Energy Service	0.75%/30 days	55.02	Buy	-2.3	53.2	-63.2	18.1	-2.9	9.1	2.06			
516	FSLEX	Environmental	0.75%/30 days	14.39	OK to Sell↓	-3.3	7.5	-30.5	8.3	-5.9	2.4	1.07			
66	FIDSX	Financial Services	0.75%/30 days	56.74	OK to Buy	-4.5	22.2	-49.9	7.3	-18.1	-6.6	1.51			
41	FSAGX	Gold	0.75%/30 days	39.79	OK to Buy	-4.4	26.0	-20.5	98.4	10.7	16.7	2.25			
63	FSPHX	Health Care	0.75%/30 days	96.21	Hold	-4.2	19.1	-32.4	18.1	-3.0	3.9	0.94			
98	FSLVX	Home Finance	0.75%/30 days	10.30	Hold	-5.8	-6.0	-58.6	-12.5	-36.9	-23.1	1.38			
510	FSCGX	Industrial Equipment	0.75%/30 days	22.88	Hold	-4.5	24.2	-46.8	19.9	-5.2	2.6	1.51			
515	FCYIX	Industrials	0.75%/30 days	16.10	Hold	-4.5	22.8	-40.1	19.8	-3.7	4.2	1.40			
45	FSPCX	Insurance	0.75%/30 days	38.51	OK to Buy	-5.1	17.6	-47.0	25.6	-14.5	-3.5	1.42			
353	FBSOX	IT Services	0.75%/30 days	15.78	Hold	-1.7	40.8	-32.9	37.0	3.5	7.1	1.20			
62	FDLSX	Leisure	0.75%/30 days	61.22	Hold	-5.7	13.9	-29.1	19.0	-3.8	2.3	1.07			
509	FSDPX	Materials	0.75%/30 days	47.06	Hold	-5.5	54.8	-47.6	46.2	3.4	9.4	1.54			
505	FSHCX	Medical Delivery	0.75%/30 days	37.45	Hold	-1.0	29.6	-44.6	30.9	-4.2	6.4	1.35			
354	FSMEX	Medical Equipment	0.75%/30 days	22.09	OK to Sell	-5.3	19.7	-23.4	8.8	3.0	5.7	0.94			
503	FBMPX	Multimedia	0.75%/30 days	29.84	OK to Buy	-3.4	34.6	-39.3	28.3	-8.2	-0.6	1.29			
513	FSNGX	Natural Gas	0.75%/30 days	29.90	Hold	-4.4	48.2	-56.7	21.9	-2.4	8.3	1.88			
514	FNARX	Natural Resources	0.75%/30 days	26.31	Hold	-2.8	39.7	-52.4	28.4	1.9	12.6	1.77			
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	9.82	Hold	-1.8	12.0	-22.7	14.3	-0.8	6.1	0.88			
46	FSRPX	Retailing	0.75%/30 days	41.30	Buy	-1.4	44.4	-29.6	39.0	-2.6	4.3	1.23			
28	FSCSX	Software & Computer Svcs	0.75%/30 days	67.67	OK to Buy	1.5	44.0	-42.1	34.4	1.7	7.2	1.21			
64	FSPTX	Technology	0.75%/30 days	65.92	Buy	-2.7	66.2	-51.1	51.1	-0.2	3.8	1.58			
96	FSTCX	Telecommunications	0.75%/30 days	35.70	Hold	-5.0	34.1	-47.6	41.0	-7.4	2.0	1.32			
512	FSRFX	Transportation	0.75%/30 days	33.03	Hold	-7.7	2.6	-27.0	-9.2	-9.4	-0.1	1.18			
65	FSUTX	Utilities	0.75%/30 days	41.47	Sell↓	-4.4	3.6	-36.0	5.7	-6.5	3.5	0.99			
963	FWRLX	Wireless	0.75%/30 days	6.06	Hold	-6.9	41.3	-49.6	35.8	-1.8	4.4	1.39			

FIDELITY SCORECARD - OCTOBER 31, 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						
						Oct	YTD	2008									
TAXABLE BOND FUNDS						<i>Category Averages</i>			0.5	5.8	3.6	4.1	2.81				
15	FGMNX	Ginnie Mae		11.53	Hold↓	0.7	7.0	7.1	2.1	3.35							
54	FGOVX	Government Income		10.58	Hold	0.3	2.0	11.0	4.3	2.63							
794	FINPX	Inflation-Protected Bond ³		11.40	Buy	1.2	9.2	-2.3	6.2	0.88							
32	FTHRX	Intermediate Bond		10.24	Buy	1.1	16.9	-5.8	3.7	3.72							
452	FSTGX	Intermediate Gov't Income		10.82	Hold	0.4	1.5	10.1	3.6	1.85							
26	FBNDX	Investment Grade Bond		7.06	Buy	1.2	15.5	-7.1	4.1	4.23							
40	FMSFX	Mortgage Securities		10.56	Hold↓	1.2	9.1	1.3	1.8	4.39							
450	FSHBX	Short-Term Bond		8.32	Hold	0.7	6.9	-3.7	1.7	2.17							
1561	FIBIX	Sptn Interm Treas Index ⁵		10.69	Hold	0.1	-3.3	16.4	6.6	2.85							
1562	FLBIX	Sptn Lng-Term Treas Index ⁵		10.58	OK to Sell	-1.4	-9.8	24.1	12.6	3.94							
1560	FSBIX	Sptn Sht-Term Treas Index ⁵		10.51	Hold	0.2	0.2	8.7	2.7	1.13							
820	FTBFX	Total Bond		10.52	Buy	1.0	18.8	-5.6	3.7	4.45							
651	FBIDX	U.S. Bond Index		11.16	Hold	0.5	6.8	3.8	4.0	3.21							
812	FUSFX	Ultra-Short Bond	0.25%/60 days	8.14	OK to Sell	0.2	1.0	-7.8	0.6	0.53							
HIGH-YIELD BOND FUNDS						<i>Category Averages</i>			0.7	38.9	-20.4	6.38					
38	FAGIX	Capital & Income	1.00%/90 days	8.17	OK to Buy	0.4	59.8	-31.9	--	7.83							
814	FFRHX	Floating Rate High Income	1.00%/60 days	9.30	OK to Buy	-0.1	25.7	-16.5	--	4.31							
1366	FHIFX	Focused High Income	1.00%/90 days	9.07	Buy	1.5	30.6	-20.5	--	6.89							
455	SPHIX	High Income	1.00%/90 days	8.21	Buy	1.3	44.6	-23.7	--	7.73							
331	FNMX	New Markets Income	1.00%/90 days	15.26	Buy	0.6	43.5	-18.2	--	6.23							
368	FSICX	Strategic Income		10.78	Buy	0.6	29.1	-11.4	--	5.26							
MUNICIPAL BOND						<i>Category Averages</i>			-1.6	9.1	-0.9	6.0	2.98	25%	28%	33%	35%
36	FLTMX	Interm Municipal Income	0.50%/30 days	10.11	Buy	-1.4	7.6	1.0	5.2	2.74	3.7	3.8	4.1	4.2			
37	FHIGX	Municipal Income	0.50%/30 days	12.42	Buy	-2.2	12.0	-4.6	8.0	3.74	5.0	5.2	5.6	5.8			
404	FSTFX	Short-Int Municipal Income	0.50%/30 days	10.58	Buy	-0.7	4.7	3.5	2.8	1.71	2.3	2.4	2.6	2.6			
90	FTABX	Tax-Free Bond	0.50%/30 days	10.71	Buy	-2.1	12.1	-3.4	8.0	3.72	5.0	5.2	5.6	5.7			
STATE-SPECIFIC MUNICIPAL BOND						<i>Category Averages</i>			-1.9	9.9	-1.9	6.9	3.19				
434	FSAZX	Arizona Muni Income	0.50%/30 days	11.23	OK to Buy	-2.1	12.5	-4.2	8.1	3.51	4.9	5.1	5.5	5.7			
91	FCTFX	California Muni Income	0.50%/30 days	11.79	OK to Buy	-2.6	11.2	-5.6	7.7	4.06	6.0	6.2	6.7	6.9			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30 days	10.48	OK to Buy	-0.9	4.7	4.0	2.9	1.88	2.8	2.9	3.1	3.2			
407	FICNX	Connecticut Muni Income	0.50%/30 days	11.36	OK to Buy	-2.0	9.7	-1.1	6.9	3.09	4.3	4.5	4.8	5.0			
429	SMDMX	Maryland Muni Income	0.50%/30 days	10.87	OK to Buy	-1.7	12.8	-4.0	7.4	3.03	4.2	4.4	4.8	4.9			
70	FDMMX	Mass Muni Income	0.50%/30 days	11.73	OK to Buy	-2.1	11.3	-3.6	7.5	3.38	4.8	5.0	5.4	5.5			
81	FMHTX	Michigan Muni Income	0.50%/30 days	11.83	Hold	-1.7	8.3	-0.1	6.7	3.28	4.6	4.8	5.1	5.3			
82	FIMIX	Minnesota Muni Income	0.50%/30 days	11.33	OK to Buy	-1.6	8.7	-0.3	6.3	2.74	4.0	4.1	4.4	4.6			
416	FNJHX	New Jersey Muni Income	0.50%/30 days	11.45	OK to Buy	-2.2	10.7	-3.0	7.1	3.14	4.4	4.7	5.0	5.2			
71	FTFMX	New York Muni Income	0.50%/30 days	12.75	OK to Buy	-2.3	10.7	-2.5	7.9	3.47	5.2	5.4	5.8	6.0			
88	FOHFX	Ohio Muni Income	0.50%/30 days	11.56	OK to Buy	-1.8	10.0	-1.6	7.6	3.42	4.9	5.1	5.5	5.7			
402	FPXTX	Pennsylvania Muni Income	0.50%/30 days	10.73	OK to Buy	-1.3	8.5	-0.8	6.6	3.28	4.5	4.7	5.0	5.2			
TAXABLE MONEY MARKET						<i>Category Averages</i>			0.0	0.4	2.5	0.09					
55	FDRXX	Cash Reserves		1.00	--	0.02	0.59	2.89	na	0.20							
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.28	2.37	na	0.01							
630	FRTXX	Retirement MM		1.00	--	0.01	0.60	2.93	na	0.10							
458	SPAXX	Government MM		1.00	--	0.00	0.31	2.31	na	0.01							
454	SPRXX	Money Market		1.00	--	0.01	0.61	2.90	na	0.11							
85	FSLXX	Select MM		1.00	--	0.02	0.64	2.97	na	0.25							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.36	2.45	na	0.04							
415	FDLXX	US Treasury MM (closed)		1.00	--	0.00	0.04	1.49	na	0.01							
MUNICIPAL MONEY MARKET						<i>Category Averages</i>			0.0	0.2	1.8	0.01					
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.19	1.87	na	0.01	0.0	0.0	0.0	0.0			
10	FTEXX	Municipal Money Market		1.00	--	0.00	0.17	1.91	na	0.01	0.0	0.0	0.0	0.0			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.09	1.70	na	0.01	0.0	0.0	0.0	0.0			
STATE MUNICIPAL MONEY MARKET						<i>Category Averages</i>			0.0	0.1	1.8	0.01					
433	FSAXX	Arizona		1.00	--	0.00	0.08	1.75	na	0.01	0.0	0.0	0.0	0.0			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.15	1.86	na	0.02	0.0	0.0	0.0	0.0			
97	FCFX	California		1.00	--	0.00	0.05	1.67	na	0.01	0.0	0.0	0.0	0.0			
418	FCMXX	Connecticut		1.00	--	0.00	0.08	1.72	na	0.01	0.0	0.0	0.0	0.0			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.18	1.85	na	0.01	0.0	0.0	0.0	0.0			
74	FDMXX	Massachusetts		1.00	--	0.00	0.07	1.67	na	0.01	0.0	0.0	0.0	0.0			
420	FMIX	Michigan		1.00	--	0.00	0.02	1.68	na	0.01	0.0	0.0	0.0	0.0			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.19	1.91	na	0.03	0.0	0.0	0.0	0.0			
417	FNJXX	New Jersey		1.00	--	0.00	0.07	1.67	na	0.01	0.0	0.0	0.0	0.0			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.19	1.86	na	0.01	0.0	0.0	0.0	0.0			
92	FNYXX	New York		1.00	--	0.00	0.11	1.69	na	0.01	0.0	0.0	0.0	0.0			
419	FOMXX	Ohio		1.00	--	0.00	0.15	1.77	na	0.01	0.0	0.0	0.0	0.0			
401	FPTXX	Pennsylvania		1.00	--	0.00	0.09	1.85	na	0.01	0.0	0.0	0.0	0.0			

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

FIDELITY SCORECARD - OCTOBER 31, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
						Oct	YTD	2008	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS												
9067	FLRQC	Fid VIP Asset Manager		10.89	Hold	-2.3	21.9	-29.0	19.2	0.3	2.7	0.81
9066	FAEEC	Fid VIP Asset Manager: Growth		10.17	Hold	-3.5	23.0	-36.0	18.2	-1.7	1.6	1.03
9069	FJBAC	Fid VIP Balanced		10.68	Hold	-2.9	28.7	-34.2	24.3	-2.3	2.1	0.96
9081	FVHAC	Fid VIP Consumer Discretionary	1.00%/60 days	8.44	OK to Buy	-3.8	24.2	-34.3	17.7	-9.7	-1.4	1.19
9171	FCSAC	Fid VIP Consumer Staples	1.00%/60 days	10.24	Hold	1.3	17.4	-21.6	20.9	--	--	--
9065	FPDFC	Fid VIP Contrafund		9.88	Hold	-3.6	24.0	-42.7	16.6	-5.7	3.0	1.14
9148	FPRGC	Fid VIP Disciplined Small Cap		7.12	OK to Sell↓	-6.9	9.4	-34.0	0.9	-11.1	--	1.18
9074	FZAMC	Fid VIP Dynamic Capital App		9.17	OK to Buy	-7.3	18.3	-41.4	12.9	-9.0	1.9	1.17
9198	FEMAC	Fid VIP Emerging Markets	1.00%/60 days	7.05	Buy	-1.8	58.6	--	53.7	--	--	--
9085	FJLLC	Fid VIP Energy	1.00%/60 days	11.63	Buy	-1.5	38.0	-54.4	19.4	-2.2	10.0	1.78
9061	FLOLC	Fid VIP Equity-Income		8.63	Buy	-2.8	21.7	-42.9	13.4	-10.3	-1.0	1.19
9083	FONNC	Fid VIP Financial Services	1.00%/60 days	6.56	OK to Buy	-4.5	23.4	-50.3	7.6	-18.5	-6.7	1.57
9157	FMPAC	Fid VIP FundsManager 20		10.95	Hold	-0.5	8.2	-8.5	10.4	1.8	--	0.29
9158	FMPBC	Fid VIP FundsManager 50		9.96	Hold	-1.6	14.0	-22.8	13.9	-1.6	--	0.61
9197	FMPPC	Fid VIP FundsManager 60		8.76	Hold	-2.0	16.4	--	16.0	--	--	--
9159	FMPCC	Fid VIP FundsManager 70		9.12	Hold	-2.3	17.2	-32.2	14.8	-4.4	--	0.83
9160	FMPDC	Fid VIP FundsManager 85		8.56	Hold	-2.7	19.8	-38.3	15.8	-6.4	--	1.00
9062	FMNDC	Fid VIP Growth		8.43	OK to Sell	-3.9	15.8	-47.3	3.8	-8.6	-1.7	1.13
9070	FLFNC	Fid VIP Growth & Income		9.00	Hold	-3.1	17.3	-41.9	7.4	-8.3	-0.8	1.05
9068	FIDPC	Fid VIP Growth Opportunities		7.98	Buy	-3.9	30.0	-55.2	16.4	-10.6	-2.8	1.40
9078	FPVDC	Fid VIP Growth Stock		9.17	OK to Buy	-1.9	30.9	-44.8	22.2	-4.6	--	1.18
9077	FQBRC	Fid VIP Growth Strategies		8.18	Hold	-6.4	22.9	-49.0	16.1	-9.7	--	1.23
9084	FPDRC	Fid VIP Health Care	1.00%/60 days	9.71	Hold	-4.3	19.2	-32.5	18.3	-3.4	3.4	0.94
9060	FBBLC	Fid VIP High Income		11.88	Buy	1.3	38.1	-25.1	32.5	2.5	4.1	0.74
9064	FXVLT	Fid VIP Index 500		9.08	Hold	-1.9	16.9	-37.2	9.7	-7.6	-0.1	1.01
9082	FBALC	Fid VIP Industrials	1.00%/60 days	10.53	Hold	-4.6	23.2	-40.0	20.6	-4.0	4.3	1.43
9076	FVJIC	Fid VIP Int'l Capital App	1.00%/60 days	9.19	OK to Buy	-3.6	45.1	-50.8	46.0	-7.5	--	1.58
9063	FTLKC	Fid VIP Investment Grade Bond		12.11	Buy	0.9	15.3	-3.5	19.1	5.0	4.0	0.26
9172	FVMAC	Fid VIP Materials	1.00%/60 days	9.27	Hold	-5.5	53.8	-47.1	45.0	--	--	--
9071	FNBSB	Fid VIP Mid Cap		10.86	Buy	-2.5	30.4	-39.7	26.5	-2.9	6.0	1.14
9059	FTNJC	Fid VIP Money Market		11.46	--	0.0	0.5	2.7	0.8	2.9	2.9	0.03
9088	FEMMC	Fid VIP Overseas	1.00%/60 days	10.16	Hold	-2.8	19.1	-44.0	17.8	-6.4	3.6	1.26
9072	FFWKC	Fid VIP Real Estate		8.30	Hold	-5.5	18.7	-40.1	7.0	-15.3	0.0	2.23
9075	FGDQC	Fid VIP Strategic Income		13.03	Buy	0.5	27.4	-10.6	31.4	6.6	6.2	0.47
9086	FYENC	Fid VIP Technology	1.00%/60 days	11.19	Buy	-2.6	70.9	-51.0	56.1	-1.3	4.5	1.59
9173	FVTAC	Fid VIP Telecommunications	1.00%/60 days	6.78	Hold	-5.0	30.6	-47.6	37.6	--	--	--
9087	FXRRC	Fid VIP Utilities	1.00%/60 days	10.57	Sell↓	-4.4	4.1	-35.8	6.3	-6.1	4.0	1.01
9079	FKMSC	Fid VIP Value		8.18	Buy	-5.9	28.3	-46.7	17.5	-10.8	--	1.49
9080	FUEBC	Fid VIP Value Leaders		8.15	Hold	-3.9	18.5	-44.8	10.2	-11.2	--	1.21
9073	FRBSC	Fid VIP Value Strategies		8.68	OK to Buy↑	-5.8	42.3	-51.3	30.5	-9.4	-0.4	1.63
9199	FCIFC	Credit Suisse Int'l Focus		7.25	OK to Sell	-2.1	18.4	--	21.0	--	--	--
9147	FPRLC	Lazard Retirement Emerging Mkts		11.92	Buy	-1.5	57.9	-48.7	54.3	4.5	--	1.62
9143	FPRMC	Morgan Stanley Emerg Mkt Debt		12.50	Buy	0.4	27.9	-15.2	38.1	5.6	8.0	0.66
9144	FPRNC	Morgan Stanley Emerg Mkt Equity		10.53	Buy	-1.3	55.2	-56.7	52.1	0.7	14.1	1.75
9145	FPROB	Morgan Stanley Gbl Value Equity		7.80	OK to Sell↓	-2.6	10.5	-40.3	6.6	-10.0	-0.7	0.97
9146	FPRPC	Morgan Stanley Int'l Magnum		8.73	Buy	-1.0	26.1	-44.8	28.3	-5.8	3.9	1.33
9276	FPMBC	Pimco VIT Low Duration		10.10	Hold	1.0	1.0p	--	--	--	--	--
9277	FPNBC	Pimco VIT Real Return		10.22	Buy	2.2	2.2p	--	--	--	--	--
9278	FPOBC	Pimco VIT Total Return		10.11	Buy	1.1	1.1p	--	--	--	--	--
9174	FMCCC	Strategic Adv Mid Cap Val (closed)		7.10	Hold	-3.6	17.0	-35.4	13.3	--	--	--
9175	FSCCC	Strategic Adv Small Cap (closed)		6.96	Hold	-5.7	23.7	-38.7	14.2	--	--	--

ANNUITY MODEL PORTFOLIOS

Annuity Growth Model	
Fund	Allocation
Fidelity VIP Strategic Income	36%
Fidelity VIP Growth Opportunities	23
Fidelity VIP Value	18
Fidelity VIP Emerging Markets	12
Fidelity VIP Equity-Income	11
Total Return: Oct: -2.4% YTD: 23.8%	

Annuity Growth & Income Model	
Fund	Allocation
Fidelity VIP Investment Grade	31%
Fidelity VIP Strategic Income	27
Fidelity VIP Growth Opportunities	23
Fidelity VIP Value	15
Fidelity VIP Equity-Income	4
Total Return: Oct: -1.5% YTD: 20.8%	

Annuity Income & Preservation Model	
Fund	Allocation
Fidelity VIP Investment Grade	35%
Fidelity VIP Money Market	23
Fidelity VIP Strategic Income	19
Fidelity VIP Value	12
Fidelity VIP Growth Opportunities	11
Total Return: Oct: -0.8% YTD: 14.8%	

Don't Get Burned Reaching For Yield!

With the average taxable money market fund at Fidelity yielding 0.09% and the typical muni offering yielding a minuscule 0.01%, we shouldn't have been surprised that last month's article on "Money Market Alternatives" generated so much interest among members.

We suggested that if members were willing to assume *some* additional credit and interest-rate risk, **Ultra-Short-Bond** and (preferably) **Short-Term Bond** were reasonable ways to get more yield and perhaps more return. We were unwilling to recommend other, even higher-yielding funds as reasonable money market substitutes, despite their attractive returns and we remain so.

For example, one member called for our opinion on using **Strategic Income** in place of **Cash Reserves** (he's following the Income & Preservation Model). A month ago, Cash Reserves 30-day yield was a miserly 0.28% while **Strategic**

Income (which we classify as a High-Yield bond fund) was yielding 5.40%.

It's a very good fund, we explained, but it's definitely not a suitable alternative to a money market fund. The role of such funds in a portfolio is not just to earn a return, but to protect principal. This says it all: in 2008, Strategic Income *fell* 11.4% while the average taxable money market fund *gained* 2.5% in the scariest market ever for these investments.

With the Fed Funds rate currently targeted between 0% to 0.25%, money market funds just can't offer much yield. However, there is yet another alternative for the income-hungry investor — but it requires more effort and, once again, a willingness to assume greater risk.

Fidelity offers Brokered CDs. Typically fee-free through Fidelity, their new issue CDs are issued by commercial banks and thrifts. Unlike money market funds, their rates are locked in. (This could be a disadvan-

tage should rates rise.) But, unlike regular bank-issued CDs, there's typically not a penalty if sold before maturity. And, Fidelity's new issue Brokered CDs are FDIC insured — in certain cases — up to \$250,000.

As of this writing, Fidelity's website offered a 3-month CD with an APY of 0.30%, a 6-month CD yielding 0.35%, and a 12-month CD at 0.85%. Compare these to Fidelity's highest-yielding money market (**Select**) which offers 0.33%, and you start to get an idea that you need to take greater interest-rate risk to get more return. And you need to consider this: Unlike a Fidelity bond or money market fund that holds hundreds of different securities from numerous issuers, Brokered CDs come from individual financial institutions. So, their risk of credit failure might be greater if you are above the FDIC insured limit.

Unfortunately, our investing maxim — "If you want a higher return, you will have to take on more risk" — was just as true a month ago as it is today. ■

PORTFOLIO CONSTRUCTION

US Stock Funds Make Big Bets Abroad

You don't have to invest in one of Fidelity's 24 international stock funds to get foreign exposure. That's because their average domestic stock fund has almost 9% invested overseas. That's down nearly four percentage points from a year ago, but it's still significant. With the notable exception of the **Nasdaq Composite Index** fund (which has a 6.8% foreign stake), Fidelity's nine index and enhanced-index funds have foreign exposures of less than 1%. However, many of its actively managed funds have considerable stakes (see table).

Contrafund, Fidelity's largest stock fund, has 20% of its \$54 billion in assets outside the U.S. **Magellan** has a bit more. The biggest overseas investor though is Joel Tillinghast, whose **Low-Priced Stock** (see p. 4)

has 30% abroad. All told, 17 of Fidelity's 49 stock funds have foreign exposures of least 10%.

When building your own portfolio, you need to keep track of all your foreign holdings — whether you get them directly or indirectly. For example, our Growth Model (see p. 2) has roughly a 21% foreign exposure; but only little more than half is direct (**China Region**). The rest comes from domestic funds including 6% from Low-Priced Stock.

At the risk of confusing matters, even if your domestic stock fund isn't investing overseas, you're still indirectly a foreign investor. The companies that make up the S&P 500 get nearly half their sales from products produced and sold outside the U.S.! Setting aside a related and important discussion of currency risk, today's global companies challenge the conventional definition of what really is a U.S. stock and/or stock fund. ■

FOREIGN EXPOSURES

Fidelity's Top U.S. Stock Funds Ranked by Foreign Exposure (% of assets as of 9/30/09)

Low-Priced Stock	30.4%
Magellan	21.2
Export and Multinational	21.1
Fidelity Fifty	20.7
Contrafund	20.4
New Millennium	19.0
Small Cap Independence	16.0
Mid-Cap Stock	15.4
Independence	12.9
Dividend Growth	11.9
Growth Strategies	11.3
Value Strategies	10.6
Mid Cap Growth	10.3
Small Cap Discovery	10.3
Equity-Income	10.2
Equity-Income II	10.1
Small Cap Growth	10.1
Growth Discovery	9.7
Small Cap Stock	9.3
Value	9.3
OTC Portfolio	9.1
Disciplined Equity	9.0

Inside Fidelity

Manager Changes — Stock Selector is now run by a team of two lead managers and eight others with responsibility for specific industries. Gone from the fund is Jim Catudel who's been running it with limited success since October of 2001. (He was assigned to **Growth & Income** in January of this year, where his more focused attention is needed — we rate that fund a *Ok to Sell*.)

The lead managers at **Stock Selector** are now Chris Sharpe and Geoff Stein. They have considerable investment experience. Even so, as this large-cap growth fund is likely to experience a considerable makeover, we're advising members to keep their distance as we monitor its portfolio changes. We rate it a *Hold*.

There are several other changes: **Small Cap Independence** is now also team-managed, as four additional managers from similar funds are joining current manager Richard Thompson. Our *Hold* rating remains.

Jeff Feingold has been named manager of **Large Cap Growth**; he succeeds Edward Best. Again, that fund is rated *Hold*, and we'll reserve further judgment until new data is available.

Finally, Dale Nicholls is replacing Wilson Wong as one of three co-managers on **International Small Cap** (which is closed to new investors) overseeing its Southeast Asian investments. Dale will continue to run **Pacific Basin** and Wilson will continue to manage **Southeast Asia**.

New Funds — Fidelity has added three Pimco-managed bond funds to its lineup of Personal Retirement Annuities. **Pimco VIT Low Duration**, **VIT Real Return** and **VIT Total Return** have been added to the

Scorecard (see p. 5 for ratings). In many ways, they mimic Fidelity's retail-sold funds that are similarly named. (Pimco Low-Duration is most like Fidelity's **Ultra-Short Bond**. For a higher-yielding alternative to **VIP Money Market**, and if you're willing to assume additional risk, **VIT Low-Duration** should be considered.)

To make room for these new funds we have removed the **VIP Freedom** funds (which we always rate *Hold* by their nature) from the *Scorecard*.

Minimums Eliminated — Fidelity has eliminated the minimum additional investment amount it had required for its retail-sold funds.

For example, to make an initial investment in **Contrafund**, \$2,500 is still required, while a subsequent investment had to be at least \$250, or as much as \$1,000 in funds such as **130/30 Large Cap**. (Investors using the Automatic Account Builder could typically sidestep these requirements.) Now, there is no minimum you must add. ■

DIVIDEND UPDATE

Other than monthly dividends paid by Asset Mgr: 20%/30%, bond, and money market funds, no funds are expected to pay dividends and/or capital gains in November.

The final distributions for October were as follows:

Fund	Ex-Date	\$ Amt	NAV
Asset Manager 40	10/2	0.05	8.60
Asset Manager 50	10/2	0.08	13.19
Balanced	10/2	0.11	15.51
Convertible Secs	10/2	0.16	20.52
Equity-Income	10/2	0.12	36.50
Equity-Income II	10/2	0.06	15.22
Fidelity	10/2	0.14	26.33
Growth & Income	10/2	0.03	14.81
Puritan	10/2	0.10	15.12
Strategic Div & Inc	10/2	0.04	8.80
Strategic Real Ret	10/2	0.07	8.14
Telecom & Utilities	10/2	0.12	12.74
Export and Multi	10/9	0.09	18.72

Message To Members

Every day, we receive e-mails and phone calls from our members. Given legal and other practical constraints, we can't provide individual investment advice.

While we enjoy the investment-related questions, we especially appreciate hearing that our monthly reports are helping you to achieve your investment goals. As I always remind my staff (with e-mails such as the one below), "This is why we come to work each day ..."

Dear Eric,

We write to you when we need help. We thought you'd like to know the results. We took your advice and "stayed the course." We follow both the Growth & Income and Income & Preservation Models to the letter.

In our last letter of Oct. 08, 2008, we informed you that our portfolio had gone from \$480,000 to \$387,000 through May of '08. In March of '09 we were down to \$303,000. We almost gave in and sold out, but we didn't. We "stayed the course" and have recouped much of our losses, now having a balance of \$410,000.

We are prepared for some small losses, and hope that nothing drastic happens again, since as I wrote you before, these are all our assets. We can't thank you enough for your advice and for giving us the strength to hang in.

*Sincerely,
Ed & Ruth*

Glad we've been able to help!

Sincerely,



*Eric M. Kobren
ekobren@kobren.com*



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