

FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

OCTOBER 2009

VOLUME 25, NUMBER 10

ERIC'S OUTLOOK

Economic Recovery's Green Shoots Facing A Frost Warning

I started my April *Outlook* this year with the following words: "Stock investors have endured a very harsh fall and winter, but as the calendar has turned to spring, some hopeful shoots have begun to poke up through the still frozen ground."



Eric M. Kobren

Indeed, March proved to be a bottom for the market. Since then, those few early hopeful shoots have multiplied and strengthened in an almost unbroken string. The S&P 500 rose 3.7% in September notching its seventh straight month of gains. But, if in the spring I was optimistic about the first green shoots of recovery, as we enter the fall, I am concerned over seeing a touch of frost on some of those shoots. (And, as the table at right shows, at seven months, the S&P 500's unbroken rally has gotten long in the tooth.)

Housing Cooling Off?

Most disturbing was an unexpected cooling in the housing market in August. After four months of increases, in both new and existing home sales, existing sales fell 2.7%, while new sales were only higher because July's sales were revised lower.

This may reflect the forthcoming expiration of the first-time \$8,000 homebuyer credit in November (given the length of time to close, a buyer needs to be in the pipeline

INSIDE INSIGHT

Model Portfolios	2
Which Funds Should You Buy Now!	3
Model Portfolio Trade	3
Contrafund: Positioned For A Better Day	4
Members' Q&As	5
Fund Commentary	5
October Scorecard Rating Changes	5
Your Best Money Market Alternatives	11
Extreme Makeover	12
Inside Fidelity	12
Dividend Update	12
Message To Members	12

RALLY LONG IN THE TOOTH

S&P 500 Winning Streaks of 7 Months or Greater Since 1928

Months in Streak	# of Occurrences	Avg Gain	Avg next 6 months
7	6	26.6%	1.5%
8	4	20.7	3.3
9	1	53.5	-0.5
10	1	31.7	11.7
11	3	33.6	10.6
12	1	76.6	7.3

Current Streak: Mar 09 - Sep 09

7*		45.6%*	?
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*To date

This September marks the 17th time since 1928 that the S&P 500 has had a winning streak of 7 months or greater. The bad news: In 10 of the 16 previous occurrences, the streak ended there or within a month (7 or 8 months in duration). The good news, however, is that, on average, returns over the next 6 months remained positive, if only modestly. Interestingly, if the streak endures past 9 months, even when it's over, the good times tend to continue as returns over the next 6 months have been quite strong. Speaking of strong, the current streak's 45.6% gain is the third largest, trailing only the 53.5% registered at the start of the very powerful 1982 bull market, and the 76.6% in the midst of the Great Depression in 1936 (and significant market declines remained ahead).

now). While the government has discussed extending the program — and many assume it will — it is not a given. Less we forget, there are real costs to all these programs that will have to be paid later. At the same time, while price declines generally continue to moderate, the pace is slow. More chilling was an estimate by Amherst Securities Group in *Barron's* that there are still nearly seven million homes that will eventually fall into foreclosure (a 16-month supply at current sales rates), putting further downward pressure on prices.

Consumers Remain Under Pressure

The Conference Board's Consumer Confidence Index fell to 53.1 in September, while economists had expected a rise to 57. While up sharply from its all-time low of

Eric's Outlook cont'd on page 3

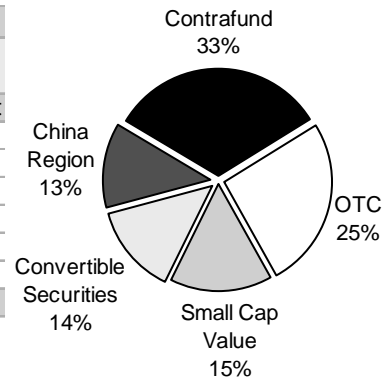
FIDELITY INSIGHT MODEL PORTFOLIOS - SEPTEMBER 30, 2009

Aggressive Growth Model

Rel Vol: 0.99 Est. Yield: 1.1% YTD Return: 21.7%

Current Asset Allocation	Stocks	Bonds	Cash	Alternative ¹	Foreign	
	84.9%	0.0%	2.3%	12.7%	22.5%	
Holdings	Ticker	Alloc	NAV	Shares	Value	Sep Ret
Contrafund	FCNTX	33%	\$54.46	841.70	\$45,839	5.6%
OTC	FOCPX	25	42.21	814.41	34,376	7.0
Small Cap Value	FCPVX	15	12.30	1,675.69	20,611	5.5
Convertible Securities	FCV SX	14	21.23	883.31	18,753	5.0
China Region	FHKCX	13	26.19	667.54	17,483	8.3

Current Value (4/7/99 = \$100,000) \$137,061 6.2%



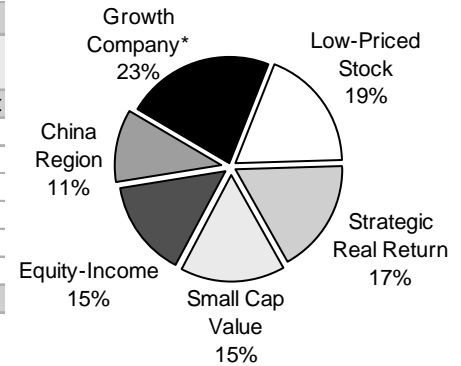
For aggressive members who have no need for income or principal for more than 10 years. Target volatility range: 0.50-1.50.

Growth Model

Rel Vol: 1.03 Est. Yield: 1.0% YTD Return: 26.7%

Current Asset Allocation	Stocks	Bonds	Cash	Alternative ¹	Foreign	
	79.4%	4.9%	2.9%	12.8%	20.2%	
Holdings	Ticker	Alloc	NAV	Shares	Value	Sep Ret
Growth Company*	FDGRX	23%	\$64.41	3,319.97	\$213,839	6.2%
Low-Priced Stock	FLPSX	19	30.36	5,792.44	175,859	3.9
Strategic Real Return	FSRRX	17	8.32	19,757.79	164,385	3.1
Small Cap Value	FCPVX	15	12.30	11,842.00	145,657	5.5
Equity-Income	FEQIX	15	38.04	3,619.51	137,686	3.7
China Region	FHKCX	11	26.19	4,044.57	105,927	8.3

Current Value (1/1/87 = \$100,000) \$943,353 5.0%



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

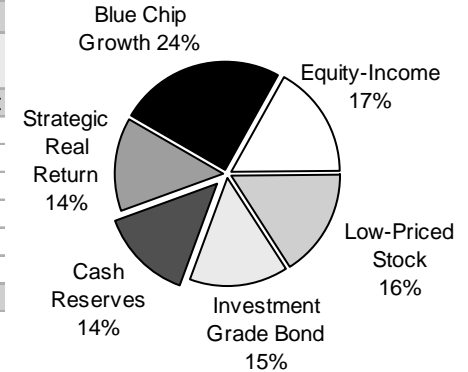
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model

Rel Vol: 0.72 Est. Yield: 1.6% YTD Return: 19.8%

Current Asset Allocation	Stocks	Bonds	Cash	Alternative ¹	Foreign	
	55.0%	17.9%	16.6%	10.4%	6.8%	
Holdings	Ticker	Alloc	NAV	Shares	Value	Sep Ret
Blue Chip Growth	FBGRX	24%	\$35.00	5,665.37	\$198,288	5.4%
Equity-Income	FEQIX	17	38.04	3,431.93	130,551	3.7
Low-Priced Stock	FLPSX	16	30.36	4,083.20	123,966	3.9
Investment Grade Bond	FBNDX	15	7.00	16,522.36	115,657	1.8
Cash Reserves	FDRXX	14	1.00	108,731.59	108,732	0.0
Strategic Real Return	FSRRX	14	8.32	13,424.37	111,691	3.1

Current Value (1/1/87 = \$100,000) \$788,884 3.2%



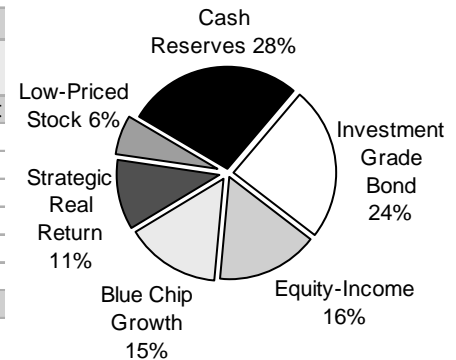
A good choice for members retiring in five-10 years looking for less volatility than the market. Seeks a yield in excess of the S&P 500. Target volatility range: 0.25-0.75.

Income & Preservation Model

Rel Vol: 0.52 Est. Yield: 1.9% YTD Return: 15.6%

Current Asset Allocation	Stocks	Bonds	Cash	Alternative ¹	Foreign	
	35.5%	25.9%	30.4%	8.3%	3.7%	
Holdings	Ticker	Alloc	NAV	Shares	Value	Sep Ret
Cash Reserves	FDRXX	28%	\$1.00	140,950.91	\$140,951	0.0%
Investment Grade Bond	FBNDX	24	7.00	17,094.34	119,660	1.8
Equity-Income	FEQIX	16	38.04	2,112.55	80,361	3.7
Blue Chip Growth	FBGRX	15	35.00	2,083.96	72,939	5.4
Strategic Real Return	FSRRX	11	8.32	6,705.02	55,786	3.1
Low-Priced Stock	FLPSX	6	30.36	1,005.90	30,539	3.9

Current Value (1/1/87 = \$100,000) \$500,236 2.4%



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.

25.3 in February, the index remains well below its pre-crisis level of around 100, indicating that consumers are still under a great deal of stress. While the University of Michigan sentiment survey (conducted earlier in the month) showed a modest increase, a record number of consumers reported a decline in their incomes. Obviously, the employment picture is key here, and still not very bright. After declining from a peak of 674,000 in March, initial claims for unemployment remain stubbornly high, stuck in a range between 525,000 and 575,000 since early July. The drop in continuing claims has flattened out as well.

Still Some Market Positives

Let me be clear, I am only issuing a frost warning — not calling for a deep freeze. As discussed in the table on page 1, while we may be vulnerable to a correction, markets that rally this long, when eventually broken, tend to still deliver positive returns over the following six months.

Moreover, there are still some positives to support the market here. Most significantly, is that to a large degree, individual investors have missed this rally. (Not, I am pleased to say, members who have followed our advice!)

In the second half of 2008, as the financial crisis exploded, investors pulled \$251 billion out of mutual funds (mostly from stock funds). So far in 2009, much of that (\$226 billion) has found its way back in. But, about 90% of that has gone into bond funds! And, according to the Federal Reserve, if you add up cash, bank deposits, and money market funds, investors have \$9.55 trillion on the sidelines — enough to buy every

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** and **Small Cap Value** (see trade box below) 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** provides safety in principal. (Highly taxed investors should consider municipal bond and money market funds — see p. 11.)

International Funds: For long-term investors, the volatile **China Region** fund plays the world's fastest-growing markets. **Emerging Markets** is a more diversified alternative; conservative members should consider **Int'l Discovery** for broad, developed market exposure. ■

company in the S&P 500 at current prices (valued at \$9.22 trillion)!

While the market may no longer be cheap in terms of P/E, other valuation measures remain favorable to stocks. The S&P 500 currently trades at 2.14 times book value, 34% below its 15-year average, and at 1.13 times sales, 23% lower than average.

Right now we are in the lull between earnings reports, but when third-quarter earnings start to come out, that should provide support for the market. Operating earnings are forecasted to decline 'just' 9% (second-quarter earnings were off 19%!) and reported earnings are actually ex-

pected to show the first gain (albeit a modest 1%) since June of 2007, before the crisis hit.

Though the odds may favor an end to the market's long winning streak, one thing that has been characteristic of this market so far is that it has defied the odds all the way up!

Until more of that cash that is sitting on the sidelines gets pulled into the market, I think it is unlikely we will see a significant and sustained decline in stocks. So, while I am more cautious at this point than I have been for some time, I advise members to stick with our well-diversified model portfolios and stay the course. ■

MODEL PORTFOLIO TRADE

As announced on our September 25 Hotline, effective Monday, September 28, we made a trade in our Aggressive Growth Model Portfolio.

Action	Fund (ticker)	Shares	Price	Value	Old %	New %
Aggressive Growth Model						
Sold:	Select Gold (FSAGX)	171.59	\$40.13	\$6,885.87	5%	0%
Add to:	Small Cap Value (FCPVX)	555.31	\$12.40	\$6,885.87	10%	15%

We have harvested gains in **Select Gold**. A major part of our rationale for buying Gold in late February, was that gains in the prices of gold stocks were lagging the gains in the price of the metal itself. While gold prices climbed beyond \$1,000 per ounce, gold mining shares increased even more (in percentage terms), so the gap between the two no longer exists. While we still like gold as a defensive hedge against inflation and a falling dollar, we've reduced our rating from *Buy* to *OK to Buy*. Note that Select Gold charges a redemption fee of 0.75% on shares held fewer than 30 days. ■

ANNUAL MODEL PORTFOLIO RETURNS (%)

Model	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08
Ag Gr													31.4	-8.4	-20.9	-15.8	36.6	14.8	17.9	14.2	14.5	-42.0
Growth	20.8	18.9	34.3	1.0	24.7	13.0	18.0	-0.1	23.9	13.8	17.2	3.3	30.7	-2.1	-2.7	-14.0	33.0	14.4	11.1	11.8	7.8	-38.2
Gr & In	5.8	14.8	29.1	-1.3	24.6	14.2	18.2	-0.1	23.1	18.7	20.9	6.3	22.6	-2.1	-4.0	-9.7	27.1	11.5	5.2	10.2	7.3	-26.5
In & Pr	1.3	10.2	17.7	0.8	20.9	11.4	16.7	-2.8	21.1	19.0	18.0	5.2	13.4	-1.4	-5.6	-6.8	18.9	7.0	3.5	7.2	5.2	-18.4

Contra: Positioned For A Better Day

You can hear it in his voice: Legendary manager Will Danoff is not pleased with the performance of his beloved **Contrafund**.



Will Danoff

“It’s been a tough year,” he told us on the first day of autumn. And he wasn’t just talking about 2009.

Although Contra’s now pacing its S&P 500 benchmark this year (up 20.4% versus up 19.3%), Will’s still upset with 2008’s -37% return. While that was right in line with the S&P 500 (and the best return among Fidelity’s other large-cap growth funds, which, on average, declined 43%), that’s no comfort to Will.

That loss (Contra’s worst since Will began running it 19 years ago) came in spite of his having avoided most of the worst blow-ups among financials. As that sector started to implode a year ago, financials were just 8.9% of Contra’s assets, versus 15.3% for the S&P 500. (Although like many of his colleagues, he added to financials as they declined.)

Unfortunately, this underweight didn’t offset other troubled areas. With tech losing half its value, Contra’s overweight there hurt. And, with as much as 26% of its assets abroad last year — including businesses whose fortunes are tied to the emerging markets — performance was further hobbled.

But more important than where the fund had made its bets, is how it’s now positioned.

This “go-anywhere” fund (which is free to buy growth and value stocks, and can roam anywhere in terms of market cap) is decidedly in the large-growth camp. With a \$37 billion market cap that mirrors the S&P 500, Contra has sizeable stakes in U.S.-based “global blue-chips.”

Among his top-10 holdings are

Coca-Cola, McDonald’s and Procter & Gamble. Along with other positions in the fund, these global giants are also an indirect means to invest abroad — especially the faster-growing emerging markets of Asia (China, Hong Kong and India) and Latin America (Brazil). (Direct foreign holdings are now about 19%.)

While a strong U.S. dollar weighed on the performances of such stocks earlier this year, since March the dollar’s decline has been a plus. That’s because earnings from foreign operations (which are denominated in local currencies) are worth more in dollar terms when the greenback is falling relative to those foreign currencies. Will may not like making “macro bets” on currencies, but he noted that “if we don’t control our record deficits, we’re going to face continued weakness in the dollar.”

As a growth investor, it’s impossible for Will not to be drawn to tech, even if their rates of sales and earn-

ings growth have recently slowed.

In fact, that is where there has been the biggest change from 2008. While Will was overweight tech in ’08, he has increased that overweight substantially in ’09. At the end of last year, tech was 18.5% of the fund, whereas at the end of July it was up to 27.3%. (Though that is still only the 11th largest weighting among Fidelity’s 16 large-cap growth funds.)

While that has been a boost to Contra this year, as tech has been the best performing sector, a couple of other areas have held the fund back. One is cash, which had been as high as 13% in March, but has now been whittled down to 4.5%.

The other is financials. While roughly in-line with the S&P 500’s weighting at 12.8%, poor stock selection among this now volatile sector has hurt relative returns.

Action Recommendation

The good news is that Will’s investment process is unchanged. “I’m still trying to find growth stocks [that are] great companies.” And that process has proved extremely successful. During Will’s tenure, Contra has returned 812% versus 370% for the S&P 500! And over the prior 3-, 5- and 10-year periods, he’s bested the index by an average of four percentage points.

Held in our Aggressive Growth Model, this is a good time for members to consider buying Contrafund. We always like buying good managers after a period of relative weakness.

Still, it’s important to remember that Contra is somewhat more defensively positioned than Fidelity’s more tech-heavy growth funds. It will likely lag them a bit when stocks are really running (but fare better when the market is less kind).

“I’m trying to put good numbers together at the back of this ‘season,’” he told us. “Like the Red Sox?” we asked. “Unlike baseball players,” Will observed, “I believe that fund managers actually get better with age.”

We’re confident Will’s right; we’re less sure about the Sox. ■

CONTRAFUND

Fund Data

Fund Number	022
Trading Symbol:	FCNTX
Date Started:	9/1/90
Min. Initial Invest (IRA):	\$2,500 (\$500)
Min. Add’l Invest:	\$250
Fund Size:	\$50.8 billion
Correlation to S&P 500:	0.89
Expense Ratio:	0.95%
Turnover Rate:	77%
Relative Volatility:	0.96

Top 5 Sectors as of 7/31

Information Technology	27.3%
Health Care	15.5
Consumer Discretionary	14.2
Financials	12.8
Consumer Staples	9.3

Top 10 Holdings as of 7/31

Google
Apple
Berkshire Hathaway
Wells Fargo
Coca-Cola
McDonald’s
Gilead Sciences
Procter & Gamble
Visa (CL A)
Abbott Laboratories

Members' Q&As

Q: What is the model equivalent of the asset allocation category of "Balanced" in Fidelity?

A: Balanced fund is roughly 60% stocks, 38% bonds and 2% cash. (By the way, much the same as Puritan.) There is also a 12% or so stake in foreign stocks. So in these very rough terms, it actually sits somewhere between our Growth and Growth & Income Models. Likewise, Balanced fund's foreign exposure sits between these models.

With the above in mind, both our models afford far greater portfolio diversification. In the case of the Growth Model, there's an 11% stake in China, which has a low correlation to the foreign/developed market exposures found in Balanced. Moreover, both models hold Strategic Real Return. We reviewed this fund in our August report. It holds stakes in real estate, TIPS, commodities and floating-rate loans.

Bottom line: While Balanced is an okay fund (we rate it *Hold*), it's not a reasonable substitute for a well-structured, diversified model portfolio.

Separately, we'd like to thank our member "R.T.W." for sharing this with us and, in turn, our members ...

"If you have authorized Fidelity to make an automatic Required Minimum Distribution from your IRA, 401(k), 403(b) or other defined contribution accounts each year, you must contact them and tell them not to do so for 2009 if you wish to take advantage of the suspension authorized by the government for this year only. Fidelity will make arrangements to skip the RMD for 2009 and resume the automatic distributions in 2010.

If Fidelity investors do not need the distribution funds, they may enjoy tax advantages by skipping the 2009 distribution and keeping the funds in their tax deferred accounts."

[Note: If you believe that income taxes are headed higher, postponing taxes may end up costing you!] ■

FUND COMMENTARY

Stocks Post Record Third-Quarter Gains

By all measures, September was a great month for most investors in Fidelity's stock and bond funds. Market enthusiasm was sustained by still-improving economic data. For that matter, the third quarter was especially great, as equities posted their largest returns in 10 years. With stocks rising for seven consecutive months, almost half of the 2008-'09 bear-market losses have been erased.

The numbers are impressive.

Using Fidelity's index funds as proxies for market performance, **Spartan 500 Index** gained 3.7% in September. This contributed to the large-cap benchmark's quarterly gain of 15.6%, and its year-to-date gain of 19.3%.

As handsome as these returns are, smaller-cap stocks continue to fare even better. The Russell 2000, rose 5.8% in September, and was up 19.3% for the quarter and 22.4% for the year. (And all but one of Fidelity's small-cap funds have done even better than that index.)

Turning to the **Nasdaq Composite Index** fund, its hefty 52% stake in the strong-performing technology sector drove its returns. Up 5.7% in September, its third quarter gain was 15.9%. As for the year-to-date, the bellwether gauge is up a very impressive 35.3%.

Equity Funds

Not a single Fidelity stock fund lost ground last month. The average gain was 5.0%. Because the rally was so broad, no single sector can be credited with driving their respective returns.

Topping the charts in September, however, were two large-cap growth funds. They were **Capital Appreciation** and **Independence**: each rose 7.6%.

At first blush, it's surprising that they fared so well, especially as their portfolios made no significant bets in either energy or technology — two of last month's strongest sectors. Instead, their managers made good by taking somewhat different paths. Both bet against consumer staples, but Cap App overweighted telecom and consumer discretionary, while Independence has an overweight in materials.

Elsewhere, **Small Cap Stock** also enjoyed a strong performance in September (up 7.5%), but there's no secret as to how its gains were achieved: 30% of the fund is in tech. Likewise, our Aggressive Growth Model holding, **OTC** (up 7.0%), benefited from its 52% position in various makers of computers (Apple), software (Microsoft) and microprocessors (Intel), while health care stocks (17% of its assets) were a performance drag.

While we don't normally address

Fund Commentary *cont'd on page 6*

October Scorecard Rating Changes

Fund	Rating		Comments
	Old	New	
Growth Discovery	H	S ↓	Stock selection is stronger at comparable funds.
Growth Strategies	B	H ↓	We prefer New Millennium for mid-cap growth.
Mid Cap Growth	B	H ↓	We prefer other funds in this space.
Sel Air Transportation	H	B ↑	Economic upswing bodes well for this fund.
Sel Computers	H	B ↑	Consumer & corporate spending should improve.
Sel Defense & Aero	H	S ↓	Shifts in defense allocations could hurt returns.
Sel Gold	B	B ↓	Time to harvest some gains (see p. 3 trade).
Sel Medical Equip	H	S ↓	Proposed health care tax would hurt sector.
Tax Managed Stock	S	S ↓	We prefer other large-cap blend funds.
VIP Growth	B	S ↓	Stock selection is stronger at comparable funds.
VIP Growth Strategies	B	H ↓	This is a clone of Growth Strategies (see above).

B = Buy; B = OK to Buy; H = Hold; S = OK to Sell; S = Sell, NC = No change
 Rating changes for similarly managed annuity funds are shown on p. 10.

FIDELITY SCORECARD - SEPTEMBER 30, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Sep	YTD	2008	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500 (Large Cap)*				3.7	19.3	-37.1	-6.9	-5.5	1.0	1.00			
		Nasdaq Composite (OTC)*				5.7	35.3	-40.0	2.3	-1.4	2.9	1.17			
		MSCI EAFE (International)*				3.9	25.8	-41.4	1.8	-3.4	6.1	1.29			
		Barclays Aggregate Bond*				1.1	6.3	3.8	10.0	5.5	4.6	0.19			
LARGE CAP GROWTH FUNDS						Category Averages			5.3	30.4	-43.0	-1.4	-3.1	2.6	1.18
312	FBGRX	Blue Chip Growth		35.00	Buy	5.4	33.5	-38.6	0.5	-1.5	1.7	1.09			
307	FDCAX	Capital Appreciation		20.16	OK to Buy	7.6	28.2	-40.5	2.6	-4.4	1.7	1.14			
22	FCNTX	Contrafund		54.46	Buy	5.6	20.4	-37.2	-4.2	-1.2	5.1	0.95			
332	FEXPX	Export and Multinational	0.75%/30 days	18.53	OK to Sell	5.1	28.6	-43.4	-3.1	-3.9	2.9	1.16			
500	FFTYX	Fifty		14.34	OK to Sell	4.4	30.4	-49.1	-5.6	-6.9	0.5	1.26			
25	FDGRX	Growth Company (closed)		64.41	Buy	6.2	31.6	-40.9	0.7	0.4	5.7	1.12			
339	FDSVX	Growth Discovery		10.46	OK to Sell↓	4.8	21.8	-46.7	-11.1	-4.8	1.0	1.13			
73	FDFFX	Independence		18.82	Hold	7.6	31.9	-48.1	-5.6	-1.8	4.1	1.43			
763	FSLGX	Large Cap Growth		7.66	Hold	3.0	16.4	-38.1	-9.2	-7.4	0.0	1.03			
1829	FLGEX	Large Cap Growth Enhcd Index		7.98	OK to Buy	3.9	25.2	-37.0	-1.6	--	--	--			
338	FLCSX	Large Cap Stock		14.32	Hold	4.2	43.4	-47.5	4.9	-3.1	2.5	1.32			
21	FMAGX	Magellan		62.09	Hold	5.3	35.6	-49.4	-1.1	-5.0	0.1	1.34			
1282	FNCMX	Nasdaq Composite Index	0.75%/90 days	28.20	Hold	5.7	35.3	-40.0	2.3	-1.4	2.9	1.17			
93	FOCPX	OTC		42.21	Buy	7.0	49.8	-46.0	13.6	3.3	6.9	1.32			
320	FDSSX	Stock Selector		20.62	OK to Buy	3.3	21.4	-41.7	-8.2	-5.8	1.4	1.04			
5	FTRNX	Trend		52.14	OK to Buy	6.2	33.4	-44.5	2.4	-2.3	3.2	1.16			
LARGE CAP BLEND FUNDS						Category Averages			3.7	21.1	-40.2	-7.5	-6.0	1.1	1.11
315	FDEQX	Disciplined Equity		20.32	OK to Sell	4.2	16.7	-40.1	-10.5	-6.1	1.6	1.04			
330	FDGFX	Dividend Growth		22.51	OK to Buy	6.2	43.2	-43.0	4.9	-4.4	1.3	1.30			
3	FFIDX	Fidelity Fund		27.42	OK to Buy	3.1	21.7	-40.3	-5.9	-3.5	2.2	1.07			
333	FTQGX	Focused Stock		10.41	Hold	3.5	17.9	-33.0	-6.7	-1.3	4.9	1.00			
27	FGRIX	Growth & Income		15.37	OK to Sell	3.2	17.4	-50.9	-16.6	-14.7	-6.5	1.22			
1827	FLCEX	Large Cap Core Enhcd Index		7.46	Hold	3.5	17.0	-35.8	-6.7	--	--	--			
361	FGRTX	Mega Cap Stock		8.34	OK to Buy	3.0	21.4	-39.4	-4.5	-4.8	1.2	1.05			
317	FSMKX	Spartan 500 Index ⁴		73.53	Hold	3.7	19.3	-37.1	-6.9	-5.5	1.0	1.02			
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90 days	30.30	Hold	4.1	21.4	-37.2	-6.4	-4.8	1.8	1.05			
343	FTXMX	Tax Managed Stock		10.53	Sell↓	4.0	15.5	-42.7	-14.2	-6.7	1.5	1.11			
832	FVDFX	Value Discovery		12.41	Hold	2.6	22.8	-42.3	-8.1	-6.2	3.4	1.17			
LARGE CAP VALUE FUNDS						Category Averages			3.7	18.7	-40.5	-8.5	-8.0	0.0	1.16
1271	FBCVX	Blue Chip Value		9.67	Hold	3.4	23.7	-44.8	-7.4	-8.5	-0.1	1.21			
23	FEQIX	Equity-Income		38.04	Buy	3.7	25.0	-41.6	-4.2	-7.4	0.5	1.18			
319	FEQTX	Equity-Income II		15.85	Buy	3.2	20.5	-40.4	-6.5	-7.2	-0.5	1.14			
708	FSLVX	Large Cap Value		9.63	OK to Sell	4.8	12.8	-39.7	-13.3	-8.9	0.1	1.11			
1828	FLVEX	Large Cap Value Enhcd Index		6.56	OK to Buy	3.3	11.4	-35.9	-11.1	--	--	--			

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

Fund Commentary *cont'd from page 5*

quarterly results, stock fund returns were so robust in the third quarter that we'd be remiss for not mentioning that the average Fidelity stock fund roared ahead with a gain of 18.8%. Thanks mostly to financials, **Value Strategies** (up 27.7%) and **Value** (up 27.4%) led the way. Not surprisingly, Value Strategies was also one of the best-performing stock funds for the year (up 53.2%). It has so far outpaced the average Fidelity equity fund return which was an impressive 29.5% versus 19.3% for the market.

Select Funds

As already noted, energy-related Selects were September's power-hitters. **Natural Gas**, **Energy Service** and the more diversified **Energy** fund each delivered returns of almost 12%. And, with gold prices breaching \$1,000 an ounce, **Select Gold** glistered with its monthly gain of 11.6%. [Note: We've taken profits in this fund — see p. 3 for details.] Other Select funds that outpaced the S&P 500 include **Comm Equipment** (up 10.5%), **Air Transportation** (up 9.3%), **Technology** (up 8.2%) and **Multimedia** (up 8.1%).

But every Select fund investor walked away a winner in September — even the worst-performing funds were positive. With mixed data on the housing front and some profit-taking going on, **Construction & Housing** (which had been building big gains through much of the year) gained a timid 0.2%.

As a point of interest, the average Fidelity Select fund is up an astonishing 36.4% this year. That's almost twice as much as the market itself. However, this figure is biased by the 100.3% gain scored by **Automotive**, as well as many tech-related funds.

FIDELITY SCORECARD - SEPTEMBER 30, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Sep	YTD	2008	1 Year	3 Year	5 Year				
MID-CAP GROWTH FUNDS						<i>Category Averages</i>			5.9	35.6	-44.7	0.5	-4.1	2.6	1.28
324	FDEGX	Growth Strategies	1.50%/90 days	15.31	Hold↓	5.4	31.4	-49.3	-0.8	-4.5	0.4	1.25			
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30 days	7.91	Hold	5.3	30.3	-38.7	-1.1	--	--	--			
793	FSMGX	Mid Cap Growth	0.75%/30 days	9.31	Hold↓	5.9	37.1	-49.3	-5.5	-8.2	0.0	1.31			
337	FMCSX	Mid-Cap Stock	0.75%/30 days	22.49	Hold	6.2	44.1	-46.0	5.8	-4.0	4.5	1.37			
300	FMILX	New Millennium		23.81	OK to Buy	6.5	35.0	-40.2	3.8	0.5	5.4	1.19			
MID-CAP BLEND FUNDS						<i>Category Averages</i>			5.7	42.0	-45.1	-0.6	-3.3	4.1	1.45
122	FLVCX	Leveraged Company Stock	1.50%/90 days	21.91	Buy	7.3	52.3	-54.5	-4.5	-4.0	5.5	1.75			
316	FLPSX	Low-Priced Stock	1.50%/90 days	30.36	Buy	3.9	32.2	-36.2	4.8	-1.5	4.9	1.18			
398	FSEMXX	Spartan Extended Mkt Index ⁴	0.75%/90 days	29.35	Hold	5.8	30.2	-38.5	-4.1	-2.7	4.0	1.21			
14	FSLSX	Value Strategies		21.28	Hold	5.9	53.2	-51.2	1.4	-4.8	1.9	1.63			
MID-CAP VALUE FUNDS						<i>Category Averages</i>			5.6	33.6	-43.5	-4.3	-6.2	2.5	1.41
762	FSMVX	Mid Cap Value	0.75%/30 days	12.24	Hold	6.1	28.7	-40.5	-3.2	-5.7	2.9	1.31			
39	FDVLX	Value		55.17	Buy	5.2	38.4	-46.5	-5.5	-6.8	2.1	1.50			
SMALL CAP GROWTH						<i>Category Averages</i>			5.7	33.6	-46.0	-3.6	-3.8	1.4	1.33
2011	FCPEX	Small Cap Enhanced Index	1.50%/90 days	7.80	OK to Buy	5.6	19.0	-33.7	-10.1	--	--	--			
1388	FCPGX	Small Cap Growth	1.50%/90 days	11.83	Hold	5.7	36.1	-44.9	-1.4	-1.7	--	1.28			
336	FDSCX	Small Cap Independence	1.50%/90 days	13.80	Hold	5.7	31.1	-47.0	-5.7	-5.9	1.4	1.39			
SMALL CAP BLEND						<i>Category Averages</i>			6.5	43.4	-36.6	7.3	0.5	5.3	1.38
384	FSCRX	Small Cap Discovery ⁶	1.50%/90 days	15.05	Buy	4.7	45.6	-27.6	9.2	3.0	6.8	1.38			
340	FSLCX	Small Cap Stock	2.00%/90 days	15.13	OK to Buy	7.5	54.4	-42.9	11.5	0.5	5.3	1.42			
1389	FCPVX	Small Cap Value	1.50%/90 days	12.30	Buy	5.5	32.4	-30.3	3.0	0.6	--	1.35			
SPECIALTY FUNDS															
2063	FOTTX	130/30 Large Cap (2008 ret from 1st full month)		6.38	OK to Sell	3.7	-0.8	-35.3p	-26.8	--	--	--			
304	FBALX	Balanced		15.96	Hold	3.6	23.3	-31.3	3.7	-1.0	4.4	0.82			
308	FCVXX	Convertible Securities		21.23	Buy	5.0	56.6	-47.8	12.5	0.9	4.7	1.40			
1960	FDYSX	Dynamic Strategies		8.22	Hold	4.2	23.1	-28.4	0.8	--	--	--			
355	FFNOX	Four-in-One Index		23.81	Hold	3.7	20.2	-32.6	-2.0	-2.8	3.0	0.93			
334	FGBLX	Global Balanced	1.00%/30 days	19.98	OK to Buy	4.0	19.9	-23.3	7.9	3.6	7.7	0.76			
2120	FFGXX	Global Commodity Stock	1.00%/30 days	13.48	Buy	4.7	34.8	--	--	--	--	--			
1368	FIREX	International Real Estate	1.50%/90 days	8.82	Hold	5.1	33.0	-50.5	0.7	-10.4	3.3	1.49			
4	FPURX	Puritan		15.55	OK to Buy	3.3	21.0	-29.2	2.2	-1.3	3.1	0.74			
833	FRIFX	Real Estate Income	0.75%/90 days	8.90	OK to Buy	4.1	38.6	-31.0	6.5	-2.4	1.7	0.82			
303	FRESX	Real Estate Investment	0.75%/90 days	18.59	Hold	8.7	21.7	-38.2	-23.9	-13.5	1.0	2.13			
1329	FSDIX	Strategic Dividend & Income		9.17	OK to Buy	4.0	30.9	-41.2	-1.3	-5.6	1.6	1.18			
1505	FSRRX	Strategic Real Return	0.75%/60 days	8.32	Buy	3.1	22.1	-23.4	-2.5	-0.2	--	0.71			
311	FIUIX	Telecom & Utilities		13.24	Sell	2.3	3.2	-34.6	-7.2	-6.5	3.8	0.91			
ASSET ALLOCATION FUNDS															
328	FASIX	Asset Manager 20%		11.82	Hold	2.3	17.0	-14.2	7.9	2.5	4.6	0.38			
1957	FTANX	Asset Manager 30%		9.04	Hold	2.8	20.5	-19.7	7.8	--	--	--			
1958	FFANX	Asset Manager 40%		8.77	Hold	3.2	22.2	-23.2	7.0	--	--	--			
314	FASMX	Asset Manager 50%		13.51	Hold	3.8	26.4	-27.8	7.8	0.3	3.1	0.72			
1959	FSANX	Asset Manager 60%		8.43	Hold	4.0	27.7	-30.0	7.8	--	--	--			
321	FASGX	Asset Manager 70%		13.97	Hold	4.6	30.1	-34.9	5.6	-1.6	2.2	0.93			
347	FAMRX	Asset Manager 85%		11.24	Hold	5.0	32.2	-38.6	4.5	-2.4	3.2	1.05			

International Funds

As we've seen throughout much of this year, investors' renewed appetite for risk has resulted in big gains for Fidelity's varied emerging markets funds. Rich in natural resource exposure, **Latin America** (up 11.6%) was the best-performing fund within this volatile category, while also being Fidelity's top-performing foreign stock fund. The more diversified **Emerging Markets** gained 10.1% in September, while **China Region** (held in two models) returned an impressive 8.3%.

While we still like certain emerg-

ing market funds, we feel compelled to remind members that this year's gargantuan returns have made these funds more risky. The three aforementioned funds, plus the **Emerging Europe, Middle East, Africa** fund, have average gains of 60% this year. As such, more conservative investors should keep their distance.

Turning to more diversified fare, last month, a weak Japanese market weighed down funds like **Diversified International** (up 4.7%) which is 16% exposed to that market, though it did perform better than **Spartan International Index** (up 4.0%).

Fixed Income Funds

As for money markets funds and their "substitutes," we have a few ideas for members on page 11. Turning to taxable bonds, all of Fidelity's funds were in the black for the month. In general, the longer duration, more interest-rate sensitive bonds funds fared best. **Inflation-Protected Bond** jumped 2.3%, **Spartan Long-Term Treasury** gained 1.9%. However, credit bets paid off as well, with **Investment Grade Bond** up 1.8% and **Intermediate Bond** up 1.7%. High-yield funds were the big winners with **Capital & Income** jumping 7.7%. ■

FIDELITY SCORECARD - SEPTEMBER 30, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
						Sep	YTD	2008	1 Year	3 Year	5 Year	
INTERNATIONAL FUNDS						4.8	36.3	-47.0	4.0	-2.0	8.6	1.46
<i>Category Averages</i>												
309	FICDX	Canada	1.50%/90 days	47.17	Hold	5.7	34.5	-42.6	-6.4	3.0	11.6	1.52
352	FHKCX	China Region	1.50%/90 days	26.19	Buy	8.3	54.0	-44.9	28.6	11.6	15.2	1.65
325	FDIVX	Diversified International	1.00%/30 days	27.43	OK to Buy	4.7	27.5	-45.2	-2.3	-3.8	5.8	1.31
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90 days	7.34	Hold	5.9	53.9	-52.4p	8.8	--	--	--
322	FEMKX	Emerging Markets	1.50%/90 days	21.01	Buy	10.1	61.7	-60.8	6.5	2.7	16.0	1.85
301	FIEUX	Europe	1.00%/30 days	29.21	Hold	3.8	28.2	-44.0	3.6	-2.7	8.0	1.29
341	FECAV	Europe Capital App	1.00%/30 days	17.57	Hold	3.9	28.5	-46.3	0.4	-3.9	7.5	1.32
335	FIVFX	Int'l Cap App	1.00%/30 days	11.16	OK to Buy	4.9	50.2	-50.7	11.9	-4.9	3.1	1.58
305	FIGRX	International Discovery	1.00%/30 days	29.63	OK to Buy	4.3	25.4	-44.3	0.4	-2.6	7.4	1.26
2010	FIENX	International Enhanced Index	1.00%/30 days	6.88	Hold	3.8	21.6	-43.3	-2.3	--	--	--
1979	FIGFX	International Growth	1.00%/30 days	7.11	Hold	5.5	28.3	-41.3	5.5	--	--	--
818	FISMX	Int'l Small Cap (closed)	2.00%/90 days	17.73	Hold	5.5	43.6	-46.5	10.6	-1.7	8.6	1.41
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90 days	8.25	Hold	5.9	37.7	-58.4	-9.6	-12.1	--	1.59
1597	FIVLX	International Value	1.00%/30 days	7.95	OK to Buy	4.7	33.4	-46.7	2.8	-5.0	--	1.47
350	FJPNX	Japan	1.50%/90 days	10.42	OK to Buy	-3.2	16.8	-36.8	-2.7	-9.4	1.7	1.17
360	FJSCX	Japan Smaller Companies	1.50%/90 days	8.81	OK to Buy	-1.0	22.9	-34.5	8.9	-11.3	-2.8	1.29
349	FLATX	Latin America	1.50%/90 days	46.72	OK to Buy	11.6	69.2	-54.6	9.5	9.7	24.7	1.86
342	FNORX	Nordic	1.50%/90 days	26.52	Hold	3.9	41.1	-56.0	0.4	-3.2	7.7	1.66
94	FOSFX	Overseas	1.00%/30 days	31.32	OK to Sell	2.9	24.9	-47.3	-2.4	-3.9	5.6	1.33
302	FPBFX	Pacific Basin	1.50%/90 days	20.35	OK to Buy	4.3	53.2	-55.8	16.3	-1.7	8.3	1.72
351	FSEAX	Southeast Asia	1.50%/90 days	24.70	OK to Buy	6.6	30.9	-51.9	5.8	4.9	15.0	1.54
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90 days	33.54	Hold	3.9	25.8	-41.4	1.8	-3.4	6.1	1.29
1978	FTIEX	Total International Equity	1.00%/30 days	6.53	OK to Buy	5.7	34.6	-47.2	3.8	--	--	--
318	FWWFX	Worldwide	1.00%/30 days	15.47	Hold	4.4	22.9	-40.2	-2.8	-1.7	5.4	1.14
SELECT PORTFOLIOS						5.4	36.3	-40.5	3.4	-2.1	4.5	1.43
<i>Category Averages</i>												
34	FSAIX	Air Transportation	0.75%/30 days	29.24	OK to Buy↑	9.3	12.3	-32.6	13.1	-5.9	4.2	1.58
502	FSAVX	Automotive	0.75%/30 days	28.36	OK to Buy	2.6	100.3	-61.2	10.8	-5.0	-0.5	2.64
507	FSRBX	Banking	0.75%/30 days	15.54	Hold	1.9	6.7	-37.5	-14.0	-18.2	-8.5	1.61
42	FBIOX	Biotechnology	0.75%/30 days	66.43	Hold	2.7	12.4	-11.4	1.1	3.0	3.9	1.01
68	FSLBX	Brokerage & Investment	0.75%/30 days	49.60	Buy	4.5	56.7	-49.3	10.1	-5.4	7.9	1.54
69	FSCHX	Chemicals	0.75%/30 days	71.37	Hold	5.4	54.8	-43.3	5.4	7.2	8.7	1.37
518	FSDCX	Communications Equipment	0.75%/30 days	20.17	OK to Buy	10.5	75.1	-48.5	21.8	0.0	4.8	1.65
7	FDCPX	Computers	0.75%/30 days	41.95	OK to Buy↑	7.8	68.5	-48.5	20.1	4.9	7.1	1.45
511	FSHOX	Construction & Housing	0.75%/30 days	28.53	OK to Buy	0.2	19.6	-26.8	-3.2	-5.5	0.2	1.50
517	FSCPX	Consumer Discretionary	0.75%/30 days	17.60	OK to Buy	5.1	29.0	-34.6	-0.1	-6.6	0.4	1.20
9	FDFAX	Consumer Staples	0.75%/30 days	59.27	Hold	3.8	16.3	-22.3	1.3	4.9	9.8	0.82
67	FSDAX	Defense & Aerospace	0.75%/30 days	56.21	OK to Sell↓	4.8	14.9	-40.2	-6.4	-3.8	4.4	1.34
8	FSELX	Electronics	0.75%/30 days	38.06	Buy	3.1	68.5	-49.9	24.2	-2.9	3.4	1.48
60	FSENX	Energy	0.75%/30 days	42.07	Buy	11.4	39.9	-54.0	-10.9	0.8	11.6	1.78
43	FSESX	Energy Service	0.75%/30 days	56.30	Buy	11.5	56.7	-63.2	-22.7	-0.9	9.4	2.08
516	FSLEX	Environmental	0.75%/30 days	14.88	Hold	3.2	11.1	-30.5	-7.3	-3.0	3.1	1.09
66	FIDSX	Financial Services	0.75%/30 days	59.41	OK to Buy	2.5	27.9	-49.9	-7.4	-16.3	-5.5	1.52
41	FSAGX	Gold	0.75%/30 days	41.61	OK to Buy↓	11.6	31.8	-20.5	34.1	13.7	18.4	2.26
63	FSPHX	Health Care	0.75%/30 days	100.39	Hold	3.7	24.2	-32.4	1.8	-1.3	4.2	0.94
98	FSVLX	Home Finance	0.75%/30 days	10.93	Hold	1.5	-0.2	-58.6	-18.4	-35.4	-22.3	1.40
510	FSCGX	Industrial Equipment	0.75%/30 days	23.96	Hold	5.5	30.1	-46.8	-7.1	-2.9	3.7	1.51
515	FCYIX	Industrials	0.75%/30 days	16.86	Hold	4.0	28.6	-40.1	-3.8	-1.1	5.4	1.41
45	FSPCX	Insurance	0.75%/30 days	40.56	OK to Buy	2.5	23.9	-47.0	2.7	-12.5	-3.0	1.43
353	FBSOX	IT Services	0.75%/30 days	16.05	Hold	7.8	43.2	-32.9	9.1	5.9	7.9	1.22
62	FDSLX	Leisure	0.75%/30 days	64.89	Hold	4.6	20.7	-29.1	7.0	0.0	4.1	1.08
509	FSDPX	Materials	0.75%/30 days	49.79	Hold	6.0	63.8	-47.6	14.4	7.4	10.3	1.55
505	FSHCX	Medical Delivery	0.75%/30 days	37.83	Hold	0.7	30.9	-44.6	1.9	-4.5	6.9	1.36
354	FSMEX	Medical Equipment	0.75%/30 days	23.32	OK to Sell↓	3.4	26.4	-23.4	-5.9	6.0	6.5	0.94
503	FBMPX	Multimedia	0.75%/30 days	30.90	OK to Buy	8.1	39.3	-39.3	5.3	-4.7	1.2	1.33
513	FSNGX	Natural Gas	0.75%/30 days	31.29	Hold	11.8	55.1	-56.7	-6.7	0.8	9.2	1.90
514	FNARX	Natural Resources	0.75%/30 days	27.06	Hold	11.6	43.7	-52.4	-5.6	4.7	13.3	1.79
912	FNINX	Networking & Infrastruc (closed)	Merged into Communications Equipment on June 19, 2009									
506	FSPFX	Paper & Forest (closed)	Merged into Materials on June 19, 2009									
580	FPHAX	Pharmaceuticals	0.75%/30 days	10.00	Hold	2.5	14.1	-22.7	3.6	0.4	6.0	0.89
46	FSRPX	Retailing	0.75%/30 days	41.87	Buy	4.1	46.4	-29.6	17.3	-0.2	5.3	1.26
28	FSCSX	Software & Computer Svcs	0.75%/30 days	66.70	OK to Buy	6.1	41.9	-42.1	12.4	3.4	8.7	1.24
64	FSPTX	Technology	0.75%/30 days	67.76	Buy	8.2	70.9	-51.1	23.6	2.4	5.8	1.59
96	FSTCX	Telecommunications	0.75%/30 days	37.58	Hold	6.7	41.2	-47.6	10.1	-5.0	3.6	1.32
512	FSRFX	Transportation	0.75%/30 days	35.77	Hold	1.9	11.1	-27.0	-10.4	-5.1	3.0	1.19
65	FSUTX	Utilities	0.75%/30 days	43.36	OK to Sell	0.9	8.3	-36.0	-3.1	-3.7	5.4	1.00
963	FWRLX	Wireless	0.75%/30 days	6.51	Hold	7.3	51.8	-49.6	14.3	1.4	7.2	1.39

FIDELITY SCORECARD - SEPTEMBER 30, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Duration (Years) ²	30-Day Yld. (%)	Tax-Equivalent Yield Federal Tax Bracket						
						Sep	YTD	2008									
TAXABLE BOND FUNDS						<i>Category Averages</i>			1.1	5.3	3.6	4.1	2.90				
15	FGMNX	Ginnie Mae		11.48	OK to Buy	0.7	6.3	7.1	2.4	3.23							
54	FGOVX	Government Income		10.57	Hold	0.7	1.7	11.0	4.5	2.82							
794	FINPX	Inflation-Protected Bond ³		11.28	Buy	2.3	8.0	-2.3	6.3	1.05							
32	FTHRX	Intermediate Bond		10.16	Buy	1.7	15.6	-5.8	3.6	3.88							
452	FSTGX	Intermediate Gov't Income		10.80	Hold	0.5	1.1	10.1	3.6	1.85							
26	FBNDX	Investment Grade Bond		7.00	Buy	1.8	14.1	-7.1	4.1	4.58							
40	FMSFX	Mortgage Securities		10.47	OK to Buy	1.0	7.8	1.3	2.1	4.68							
450	FSHBX	Short-Term Bond		8.28	Hold	1.0	6.2	-3.7	1.6	2.32							
1561	FIBIX	Sptn Interm Treas Index ⁵		10.71	Hold	0.9	-3.4	16.4	6.5	2.87							
1562	FLBIX	Sptn Lng-Term Treas Index ⁵		10.77	OK to Sell	1.9	-8.5	24.1	12.1	3.81							
1560	FSBIX	Sptn Sht-Term Treas Index ⁵		10.50	Hold	0.3	0.0	8.7	2.6	1.14							
820	FTBFX	Total Bond		10.45	Buy	2.0	17.6	-5.6	3.7	4.67							
651	FBIDX	U.S. Bond Index		11.14	Hold	1.1	6.3	3.8	4.0	3.16							
812	FUSFX	Ultra-Short Bond	0.25%/60 days	8.13	OK to Sell	0.2	0.8	-7.8	0.5	0.52							
HIGH-YIELD BOND FUNDS						<i>Category Averages</i>			4.8	38.0	-20.4	6.52					
38	FAGIX	Capital & Income	1.00%/90 days	8.18	OK to Buy	7.7	59.2	-31.9	--	7.98							
814	FFRHX	Floating Rate High Income	1.00%/60 days	9.33	OK to Buy	1.4	25.8	-16.5	--	4.35							
1366	FHIFX	Focused High Income	1.00%/90 days	8.99	Buy	3.8	28.8	-20.5	--	7.06							
455	SPHIX	High Income	1.00%/90 days	8.15	Buy	5.6	42.8	-23.7	--	8.00							
331	FNMIK	New Markets Income	1.00%/90 days	15.25	Buy	6.2	42.7	-18.2	--	6.31							
368	FSICX	Strategic Income		10.76	Buy	4.0	28.4	-11.4	--	5.40							
MUNICIPAL BOND						<i>Category Averages</i>			2.8	10.9	-0.9	6.1	2.91	25%	28%	33%	35%
36	FLTMX	Interm Municipal Income	0.50%/30 days	10.28	Buy	2.4	9.1	1.0	5.2	2.69	3.6	3.7	4.0	4.1			
37	FHIGX	Municipal Income	0.50%/30 days	12.74	Buy	3.8	14.5	-4.6	8.2	3.66	4.9	5.1	5.5	5.6			
404	FSTFX	Short-Int Municipal Income	0.50%/30 days	10.68	Buy	1.2	5.5	3.5	2.9	1.71	2.3	2.4	2.6	2.6			
90	FTABX	Tax-Free Bond	0.50%/30 days	10.98	Buy	3.7	14.5	-3.4	8.1	3.56	4.7	4.9	5.3	5.5			
STATE-SPECIFIC MUNICIPAL BOND						<i>Category Averages</i>			3.1	12.0	-1.9	7.1	3.09				
434	FSAZX	Arizona Muni Income	0.50%/30 days	11.51	OK to Buy	3.8	14.9	-4.2	8.5	3.40	4.8	5.0	5.3	5.5			
91	FCTFX	California Muni Income	0.50%/30 days	12.15	OK to Buy	4.5	14.2	-5.6	7.8	3.88	5.7	5.9	6.4	6.6			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30 days	10.60	OK to Buy	1.3	5.7	4.0	3.0	1.74	2.6	2.7	2.9	3.0			
407	FICNX	Connecticut Muni Income	0.50%/30 days	11.63	OK to Buy	2.9	12.0	-1.1	7.1	2.92	4.1	4.2	4.6	4.7			
429	SMDMX	Maryland Muni Income	0.50%/30 days	11.09	OK to Buy	3.2	14.8	-4.0	7.5	2.93	4.1	4.3	4.6	4.7			
70	FDMMX	Mass Muni Income	0.50%/30 days	12.02	OK to Buy	3.3	13.7	-3.6	7.9	3.33	4.7	4.9	5.3	5.4			
81	FMHTX	Michigan Muni Income	0.50%/30 days	12.07	Hold	3.0	10.1	-0.1	6.8	3.19	4.4	4.6	5.0	5.1			
82	FIMIX	Minnesota Muni Income	0.50%/30 days	11.55	OK to Buy	2.4	10.5	-0.3	6.4	2.68	3.9	4.0	4.3	4.5			
416	FNJHX	New Jersey Muni Income	0.50%/30 days	11.74	OK to Buy	3.4	13.1	-3.0	7.4	3.07	4.3	4.6	4.9	5.0			
71	FTFMX	New York Muni Income	0.50%/30 days	13.09	OK to Buy	3.5	13.3	-2.5	8.2	3.31	4.9	5.1	5.5	5.7			
88	FOHFX	Ohio Muni Income	0.50%/30 days	11.81	OK to Buy	3.0	12.0	-1.6	7.7	3.32	4.8	5.0	5.4	5.5			
402	FPXTX	Pennsylvania Muni Income	0.50%/30 days	10.91	OK to Buy	2.6	9.9	-0.8	7.0	3.29	4.5	4.7	5.1	5.2			
TAXABLE MONEY MARKET						<i>Category Averages</i>			0.0	0.4	2.5	0.15					
55	FDRXX	Cash Reserves		1.00	--	0.02	0.57	2.89	na	0.28							
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.28	2.37	na	0.01							
630	FRTXX	Retirement MM		1.00	--	0.02	0.59	2.93	na	0.24							
458	SPAXX	Government MM		1.00	--	0.00	0.31	2.31	na	0.01							
454	SPRXX	Money Market		1.00	--	0.02	0.59	2.90	na	0.24							
85	FSLXX	Select MM		1.00	--	0.03	0.62	2.97	na	0.33							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.01	0.36	2.45	na	0.07							
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	0.06					
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.19	1.87	na	0.10	0.1	0.1	0.1	0.2			
10	FTEXX	Municipal Money Market		1.00	--	0.00	0.17	1.91	na	0.07	0.1	0.1	0.1	0.1			
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	0.05					
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	0.10	0.1	0.2	0.2	0.2			
97	FCFXX	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	0.12	0.2	0.2	0.2	0.2			
74	FDMXX	Massachusetts		1.00	--	0.00	0.07	1.67	na	0.01	0.0	0.0	0.0	0.0			
420	FMIXX	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	0.14	0.2	0.2	0.2	0.2			
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	0.12	0.2	0.2	0.2	0.2			
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	0.14	1.77	na	0.07	0.1	0.1	0.1	0.1			
401	FPTXX	Pennsylvania		1.00	--	0.00	0.08	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 - SEPTEMBER 30, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
						Sep	YTD	2008	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS												
9067	FLRQC	Fid VIP Asset Manager		11.14	Hold	4.9	24.8	-29.0	5.8	2.0	3.4	0.81
9066	FAEEC	Fid VIP Asset Manager: Growth		10.54	Hold	6.0	27.5	-36.0	2.3	0.5	2.6	1.02
9069	FJBAC	Fid VIP Balanced		11.00	Hold	4.6	32.6	-34.2	7.8	-0.1	3.0	0.95
9081	FVHAC	Fid VIP Consumer Discretionary	1.00%/60 days	8.77	OK to Buy	5.0	29.1	-34.3	0.5	-6.5	0.2	1.20
9171	FCSAC	Fid VIP Consumer Staples	1.00%/60 days	10.11	Hold	3.7	16.0	-21.6	1.8	--	--	--
9065	FPDFC	Fid VIP Contrafund		10.25	Hold	4.8	28.6	-42.7	-1.2	-2.8	3.9	1.14
9148	FPRGC	Fid VIP Disciplined Small Cap		7.65	Buy	5.5	17.4	-34.0	-11.6	-6.8	--	1.18
9074	FZAMC	Fid VIP Dynamic Capital App		9.89	OK to Buy	7.6	27.6	-41.4	1.7	-5.1	3.9	1.15
9198	FEMAC	Fid VIP Emerging Markets	1.00%/60 days	7.18	Buy	10.2	61.5	--	10.1	--	--	--
9085	FJLLC	Fid VIP Energy	1.00%/60 days	11.81	Buy	11.5	40.1	-54.4	-11.2	0.6	10.4	1.78
9061	FLOLC	Fid VIP Equity-Income		8.88	Buy	3.7	25.2	-42.9	-5.4	-8.0	-0.2	1.20
9083	FONNC	Fid VIP Financial Services	1.00%/60 days	6.87	OK to Buy	2.1	29.2	-50.3	-7.7	-16.3	-5.7	1.57
9157	FMPAC	Fid VIP FundsManager 20		11.00	Hold	1.7	8.7	-8.5	5.5	2.6	--	0.29
9158	FMPBC	Fid VIP FundsManager 50		10.12	Hold	3.1	15.8	-22.8	3.6	0.0	--	0.61
9197	FMPPC	Fid VIP FundsManager 60		8.93	Hold	3.5	18.8	--	3.4	--	--	--
9159	FMPCC	Fid VIP FundsManager 70		9.34	Hold	3.9	20.0	-32.2	0.7	-2.4	--	0.83
9160	FMPDC	Fid VIP FundsManager 85		8.80	Hold	4.7	23.2	-38.3	-1.4	-4.1	--	1.00
9062	FMNDC	Fid VIP Growth		8.77	OK to Sell↓	4.7	20.5	-47.3	-12.1	-6.0	-0.6	1.13
9070	FLFNC	Fid VIP Growth & Income		9.29	Hold	3.3	21.1	-41.9	-8.6	-6.0	0.1	1.05
9068	FIDPC	Fid VIP Growth Opportunities		8.31	Buy	6.1	35.4	-55.2	0.7	-6.5	-1.7	1.42
9078	FPVDC	Fid VIP Growth Stock		9.35	OK to Buy	6.2	33.5	-44.8	1.3	-2.3	--	1.18
9077	FQBRC	Fid VIP Growth Strategies		8.73	Hold↓	5.4	31.3	-49.0	-0.4	-4.9	--	1.25
9084	FPDRC	Fid VIP Health Care	1.00%/60 days	10.14	Hold	3.7	24.5	-32.5	2.2	-1.4	3.8	0.93
9060	FBBLC	Fid VIP High Income		11.73	Buy	4.4	36.4	-25.1	9.6	2.8	4.2	0.74
9064	FXVLT	Fid VIP Index 500		9.25	Hold	3.7	19.2	-37.2	-7.0	-5.7	0.5	1.02
9082	FBALC	Fid VIP Industrials	1.00%/60 days	11.03	Hold	3.9	29.1	-40.0	-2.7	-0.9	5.4	1.42
9076	FVJIC	Fid VIP Int'l Capital App	1.00%/60 days	9.53	OK to Buy	5.0	50.4	-50.8	12.1	-5.0	--	1.58
9090	FBKQT	Fid VIP Investor Freedom 2005		11.00	Hold	3.2	19.4	-24.1	4.6	0.7	--	0.64
9091	FCRJT	Fid VIP Investor Freedom 2010		10.95	Hold	3.2	20.5	-25.2	4.7	0.6	--	0.67
9092	FTCMT	Fid VIP Investor Freedom 2015		11.00	Hold	3.4	21.6	-27.3	4.3	0.3	--	0.72
9093	FTEMT	Fid VIP Investor Freedom 2020		10.61	Hold	3.9	24.2	-32.8	2.2	-1.1	--	0.86
9094	FVIIT	Fid VIP Investor Freedom 2025		10.53	Hold	4.0	25.1	-34.4	1.7	-1.5	--	0.91
9095	FXJLT	Fid VIP Investor Freedom 2030		10.18	Hold	4.1	26.2	-38.3	-0.7	-2.8	--	1.01
9089	FBXOT	Fid VIP Investor Freedom Income		11.51	Hold	1.9	12.8	-10.8	6.4	2.9	--	0.32
9063	FTLKC	Fid VIP Investment Grade Bond		12.00	Buy	1.7	14.3	-3.5	12.8	5.1	4.0	0.26
9172	FVMAC	Fid VIP Materials	1.00%/60 days	9.82	Hold	5.9	62.8	-47.1	13.2	--	--	--
9071	FNBSC	Fid VIP Mid Cap		11.15	Buy	6.9	33.8	-39.7	2.0	-0.2	6.7	1.15
9059	FTNJC	Fid VIP Money Market		11.46	--	0.0	0.5	2.7	1.0	3.1	2.9	0.03
9088	FEMMC	Fid VIP Overseas	1.00%/60 days	10.46	Hold	4.3	22.5	-44.0	-3.0	-4.1	4.9	1.26
9072	FFWKC	Fid VIP Real Estate		8.79	Hold	7.6	25.6	-40.1	-24.3	-12.2	2.2	2.22
9075	FGDQC	Fid VIP Strategic Income		12.96	Buy	3.8	26.8	-10.6	17.4	6.9	6.5	0.46
9086	FYENC	Fid VIP Technology	1.00%/60 days	11.49	Buy	8.2	75.4	-51.0	27.5	1.7	6.5	1.60
9173	FVTAC	Fid VIP Telecommunications	1.00%/60 days	7.14	Hold	6.6	37.4	-47.6	8.3	--	--	--
9087	FXRRC	Fid VIP Utilities	1.00%/60 days	11.06	OK to Sell	1.0	8.9	-35.8	-2.8	-2.9	5.9	1.01
9079	FKMSC	Fid VIP Value		8.69	Buy	5.0	36.4	-46.7	-6.8	-7.6	--	1.48
9080	FUEBC	Fid VIP Value Leaders		8.48	Hold	3.2	23.4	-44.8	-7.7	-8.6	--	1.21
9073	FRBSC	Fid VIP Value Strategies		9.21	Hold	5.8	51.1	-51.3	-0.2	-5.5	1.2	1.63
9199	FCIFC	Credit Suisse Int'l Focus		7.41	OK to Sell	3.4	21.0	--	-2.0	--	--	--
9147	FPRLC	Lazard Retirement Emerging Mkts		12.10	Buy	8.5	60.3	-48.7	10.6	8.1	--	1.63
9143	FPRMC	Morgan Stanley Emerg Mkt Debt		12.46	Buy	5.4	27.5	-15.2	16.2	6.7	8.3	0.66
9144	FPRNC	Morgan Stanley Emerg Mkt Equity		10.66	Buy	8.6	57.1	-56.7	10.1	4.5	15.1	1.76
9145	FPROC	Morgan Stanley Gbl Value Equity		8.00	OK to Buy	3.3	13.4	-40.3	-8.4	-7.7	0.3	0.98
9146	FPRPC	Morgan Stanley Int'l Magnum		8.81	Buy	4.7	27.3	-44.8	0.2	-3.8	4.8	1.33
9174	FMCCC	Strategic Adv Mid Cap Val (closed)		7.36	Hold	4.3	21.4	-35.4	-6.7	--	--	--
9175	FSCCC	Strategic Adv Small Cap (closed)		7.38	Hold	5.3	31.2	-38.7	-5.1	--	--	--

Annuity Growth Model

Fund	Allocation
Fidelity VIP Strategic Income	35%
Fidelity VIP Growth Opportunities	23
Fidelity VIP Value	19
Fidelity VIP Emerging Markets	12
Fidelity VIP Equity-Income	11
Total Return: Sep: 5.3% YTD: 26.9%	

Annuity Growth & Income Model

Fund	Allocation
Fidelity VIP Investment Grade	30%
Fidelity VIP Strategic Income	27
Fidelity VIP Growth Opportunities	23
Fidelity VIP Value	16
Fidelity VIP Equity-Income	4
Total Return: Sep: 3.9% YTD: 22.7%	

Annuity Income & Preservation Model

Fund	Allocation
Fidelity VIP Investment Grade	34%
Fidelity VIP Money Market	23
Fidelity VIP Strategic Income	19
Fidelity VIP Value	13
Fidelity VIP Growth Opportunities	11
Total Return: Sep: 2.6% YTD: 15.7%	

Your Best Money Market Alternatives

It's tough to make a buck these days. More precisely, you can't even make a few pennies of yield on that buck.

The problem began a year ago last September. That's when Lehman Brothers imploded, and the market and credit crashes began in earnest.

Holding some \$875 million worth of Lehman's debt was the country's oldest money market fund, Reserve Primary. **(It's not a Fidelity fund!)** Under the weight of Lehman's default, the fund "broke the buck" (fell below \$1 per share). Other investors suddenly (and somewhat unreasonably) felt vulnerable. But panics are rarely rational, and the possibility of a 'run' on money markets grew real.

Money Market funds are huge buyers of commercial paper that corporations use for short-term funding needs. If investors started bailing out of their money markets that vital source of business borrowing would be severely impaired.

So the Treasury took the unprecedented step of guaranteeing most of the country's existing money market assets — about \$4 trillion. This greatly annoyed banks as it put them at a competitive disadvantage with respect to depositors. But no more.

In a reflection of just how much the credit market's health has improved, the Treasury's Temporary Guarantee Program for money markets expired on Sept. 18, mostly unnoticed.

Safety Trumped All

With the S&P 500 shedding about half its value between September 2008 and March 2009, few investors cared that yields on money market funds were being whittled down to almost nothing — above all else, they wanted safety. But since March, stocks have recovered nearly half their losses

and the credit markets have stabilized, and cash is no longer king. In fact, with the Fed Funds target rate left at 0%- 0.25% last month, money market yields remain at record low levels. Put \$1.00 in the country's biggest money market fund, **Cash Reserves**, and a year from now you can expect to get about four-tenths of a cent back. Or try this on for size: **US Treasury Money Market** (which has been closed since late last year) will pay you essentially nothing at all. That's the price of complete safety!

However, in the "silver-lining" department, because we have actually been experiencing *deflation* over the past year, as the chart below shows, real returns (adjusted for inflation) on Cash Reserves have actually been positive over the past 12 months.

For the 12 months ended this August, Cash Reserves returned 1.39%. Over that same time, inflation (deflation, really) has been -1.48%. Add the two together and Cash Reserves 'real' return was 2.87%. You can't spend that money, but your purchasing power has increased that much.

As nice as that may be, what income-oriented investors really want is money in the pocket. And, if current yields hold over the next year, the nominal return on Cash Reserves would be almost zero (0.34%). But a word of caution: Don't just chase a bond fund's yield. Your ultimate goal is total return, so you must consider a fund's price volatility.

Seeking Total Return

If you want a higher return, you will have to take on more risk. This can be in the form of more credit risk (the risk of default), more interest rate risk (a longer maturity/duration) or, of course, both.

Ultra-Short Bond currently offers shareholders a yield of 0.5%. Its duration is an "ultra-short" six months — about twice that of a money market — so you are adding a little interest rate risk. But credit risk has been this fund's big problem. Down 7.8% in 2008 and 5.1% in 2007, its former manager took some out-of-benchmark bets in mortgage-related (subprime) notes. While those problems are largely behind it now, you haven't exactly gotten much more return (0.8% so far in '09) for the added risk than Cash Reserves (0.6%).

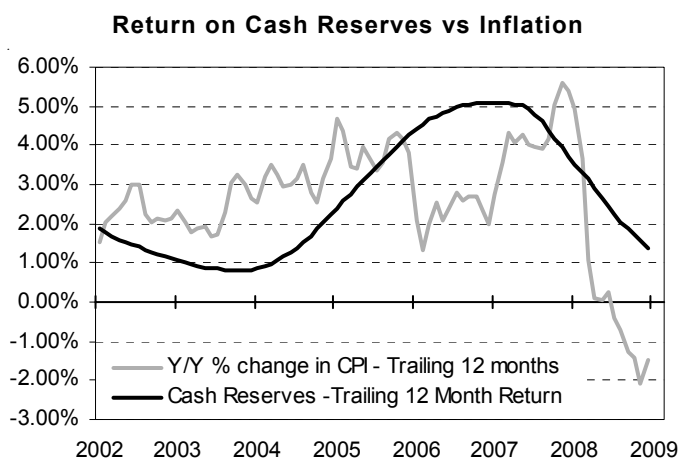
Our preference would be to take on a little more interest-rate risk by purchasing **Short-Term Bond** which yields 2.3%, with a duration of 1.6 years. While that's three times longer than Ultra-Short's duration, it's still relatively short.

If you just don't like the idea of any credit risk, there is **Spartan Short-Term Treasury Index**. Because it's an index fund, its expense ratio is a thin 0.20% versus 0.45% for Short-Term Bond. Theoretically, that advantage flows to its yield. However, because of historically low yields, the Treasury fund's 1.14% yield is still less than the 2.32% yield

provided by Short-Term Bond. You are also taking on more interest-rate risk as its duration is 2.6 years.

Needless-to-say, you can take still greater credit- and interest-rate risk with other bond funds, but you'd be moving very far afield from a money market fund alternative. As it is (and despite last year's panic), money market funds are unique among mutual funds for their safety and stable \$1 share price. ■

CASH RESERVES REAL RETURN



Extreme Makeover

Fidelity's age-based **Freedom** funds and **Asset Manager** funds are getting an extreme makeover. So will **Four-in-One Index** and some VIP funds, who will see their foreign exposures increase (at the expense of U.S. stocks) by 10 percentage points, to as much as 30%.

Commodities and Treasury Inflation-Protected Securities (TIPS) will also be added. Fidelity hopes these new asset allocations will increase returns, reduce risk and address longer-term inflation-risk. (The latter is a concern that we've addressed in our more conservative models through the use of **Strategic Real Return**, which is 27% weighted in TIPS.)

While we do not cover Freedom funds in our *Scorecard*, Fidelity's motivations are worth understanding. The SEC's concerned that the industry's age-based funds have not provided enough downside protection for investors nearing retirement. **Freedom 2010**, for example, lost 25.3% in last year's selloff. By comparison, our Income & Preservation Model fell 18.4%.

While Fidelity is making the right moves, it should be noted that these steps alone may not help.

Last year, the S&P 500 lost 37%, but so did commodities, while foreign stocks lost 45%. Had these funds been already allocated as described, it's unlikely that shareholders would have been much better off. Still, we support the greater use of such "alternative" investments (and others such as floating-rate high-yield debt, and real estate), which should, at the least, reduce risk, and may in the long run lead to better returns. ■

Inside Fidelity

"New" Fund — **Small Cap Discovery** [ticker: FSCRX] has been added to our *Scorecard*. Though not a new fund *per se*, it was recently renamed from Small Cap Retirement, as it was only available to investors in certain retirement plans. Now it's also available to retail investors.

Discovery's manager is Chuck Myers, who also runs **Small Cap Value** (which we hold in our Aggressive Growth and Growth Models). Naturally, there's overlap between the two funds, though Discovery holds a "blend" of growth and value stocks.

Given our confidence in its manager, we are introducing Discovery with a *Buy* rating.

DIVIDEND UPDATE

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

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

The final distributions for September were as follows:

Fund	Ex-Date	\$ Amt	NAV
Blue Chip Growth	9/11	0.12	34.46
Blue Chip Value	9/11	0.10	9.61
Dividend Growth	9/11	0.10	22.21
Gov't Income	9/11	0.30	10.55
Growth & Income	9/11	0.01	15.30
Inter Gov't Inc	9/11	0.09	10.80
Leverage Co Stk	9/11	0.08	21.41
Low-Priced Stock	9/11	0.20	30.21
Real Estate Inc	9/4	0.12	8.50
Real Estate Inv	9/4	0.11	16.32
Small Cap Value	9/11	0.04	12.01
Value Discovery	9/11	0.09	12.43

Manager Changes — Colin Chickles now runs **Southeast Asia**, succeeding Jess Tan. Chickles has followed emerging markets stocks as a manager and analyst since joining Fidelity in 1996. Separately, Court Dignan is the new manager of **Select Insurance**. He replaces Brian Wilhelm. ■

Message To Members

On more than a few occasions (just last month!), I've used this space to caution members about the dangers of relying too heavily on Social Security for their retirement needs. Unfortunately, my concerns haven't eased, as this "pay-as-you-go" system is, quite simply, actuarially unsound.

Case in point: the country's near-double-digit unemployment rate means less in payroll taxes. That will eventually improve, but growing budget deficits, coupled with an aging population, will mean that younger Americans will work even longer and, in today's dollars, receive less money.

Sadly, even if you're thrifty now, you'll eventually pay the price. Consider this: 30% of Social Security recipients now pay taxes on their benefits. That's because they have "outside" income. And even without any changes to the tax code, that figure is projected to rise to 42% in 10 years, and 52% by 2030. That's sobering, and all the more reason to prepare now by maximizing your contributions to your tax-advantaged retirement accounts. I can't guarantee you a return on your investments, but I can guarantee you that you won't regret saving more.

Sincerely,

Eric M. Kobren

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