

# FIDELITY INSIGHT

The Independent Report on Fidelity Funds

April 2010

Volume 26, Number 4

## Market Outlook

### (U.S.) Stocks Remain The Place To Be, But Caution Still Advised

March was another strong month for stocks, with the major averages delivering even bigger gains than in February. Even more impressive was the “steadiness” of the move higher. Looking at the Dow Industrials, of the 23 trading days in March, 18 were positive. And while the Dow tacked on some 531 points, the average gain on up

*Hotline Updates are now available toll-free at 800-303-4470. See “Message To Members”*

days was just 39 points. This slow but steady advance is characteristic of a bull market.

### Reasons for Optimism

There is certainly a fair amount of positive data to support stock prices. As I noted last month, corporate earnings continue their impressive recovery with more companies beating estimates and giving improved guidance for the months ahead. While consumer confidence may remain weak, their gloomy mood doesn't seem to be affecting their spending. Retail sales for February were 4% higher than a year ago, the third straight month of similar gains.

The employment picture, an area I noted as a concern last month, improved during March. Weekly initial claims for unemployment fell from 489,000 to 439,000 as of March 27. Twice before, claims have fallen to the 440-

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## Foreign Accents

### Domestic Stock Funds With Large Foreign Holdings

Low-Priced Stock	30.0%
Magellan	19.4%
Contrafund	19.3%
Export & Multi	18.4%
Mid Cap Stock	15.2%

*This month we downgraded a number of international funds (see Outlook) and sold the foreign stock funds from our Aggressive Growth and Growth Models. However, we are not “going naked” on international exposure as we own both **Contrafund** and **Low-Priced Stock** which have significant foreign holdings as shown above. Some Select funds have even more abroad, such as **Gold** (83%), **Wireless** (42%), **Pharmaceuticals** (36%) and **Automotive** (34%). You can find the foreign exposures of your funds in the **online Independent Guide** on our website — [fidelityinsight.com](http://fidelityinsight.com).*

level, only to abruptly move back up. Perhaps this third time will be the charm, and we'll finally see a decisive break below 440 — a level consistent with job growth.

The market seems to think so. On April 2 (after this report goes to press), the March Non-Farm Payrolls data will be released. Expectations are for job *gains* ranging from 190,000 to as high as 300,000! A big portion of that is likely to be temporary hiring of temporary census workers, so the “real” number will be much less. But it will still be significant if those estimates prove correct.

### Reasons for Concern

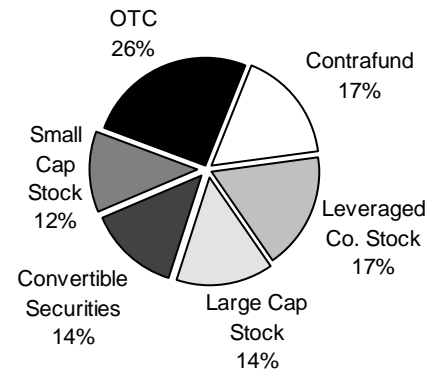
Housing, another concern I noted last month, remains weak, with both new and existing home sales falling again. A significant oversupply of homes is putting downward pressure on prices. And, with a large “shadow” supply of homes that are likely headed into foreclosure, I don't see any immediate relief there.

A new concern for stocks (and bonds) emerged last month in the form of rising interest rates as the 10-year Treasury yield is making another run at 4.0%. There are a host of potential “causes” of the recent move higher. They range from enormous budget deficits (likely to be made

Market Outlook *cont'd* on page 3

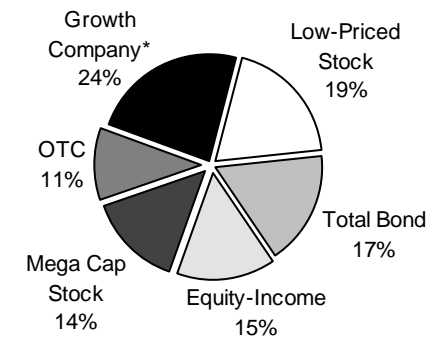
# Fidelity Insight Model Portfolios - March 31, 2010

Aggressive Growth Model		Rel Vol: 1.01	Est. Yield: 0.8%	YTD Return: 4.9%		
Current Asset Allocation		Stocks 83.5%	Bonds 0.9%	Cash 2.8%	Alternative <sup>1</sup> 12.7%	Foreign 9.1%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar Ret
OTC	FOCPX	26%	\$48.37	814.41	\$39,393	8.5%
Contrafund	FCNTX	17	60.28	422.89	25,492	5.6
Leveraged Co. Stock	FLVCX	17	24.65	1,043.99	25,734	6.9
Large Cap Stock	FLCSX	14	16.22	1,331.78	21,602	7.6
Convertible Securities	FCVSX	14	23.17	901.79	20,894	4.7
Small Cap Stock	FSLCX	12	17.30	1,086.39	18,795	7.9
Current Value (4/7/99 = \$100,000)					\$151,909	6.9%



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

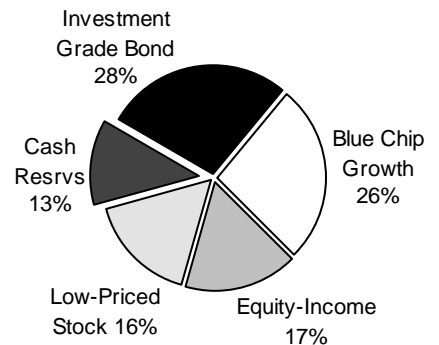
Growth Model		Rel Vol: 1.03	Est. Yield: 1.0%	YTD Return: 4.7%		
Current Asset Allocation		Stocks 80.6%	Bonds 16.1%	Cash 2.8%	Alternative <sup>1</sup> 0.5%	Foreign 10.7%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar Ret
Growth Company*	FDGRX	24%	\$73.13	3,326.14	\$243,241	7.7%
Low-Priced Stock	FLPSX	19	34.61	5,792.44	200,476	6.4
Total Bond	FTBFX	17	10.64	16,305.66	173,492	0.6
Equity-Income	FEQIX	15	41.55	3,645.23	151,460	6.6
Mega Cap Stock	FGRTX	14	9.29	15,920.66	147,903	6.3
OTC	FOCPX	11	48.37	2,354.34	113,879	8.5
Current Value (1/1/87 = \$100,000)					\$1,030,451	5.7%



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

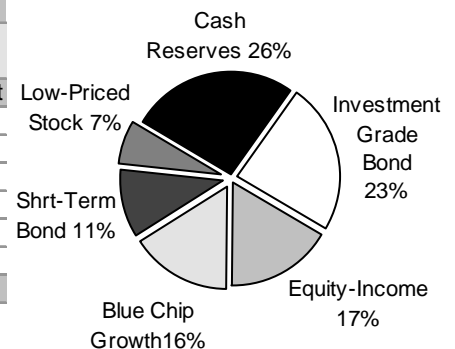
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.72	Est. Yield: 1.3%	YTD Return: 4.2%		
Current Asset Allocation		Stocks 57.4%	Bonds 26.4%	Cash 15.6%	Alternative <sup>1</sup> 0.6%	Foreign 7.6%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar Ret
Investment Grade Bond	FBNDX	28%	\$7.15	33,300.49	\$238,099	0.3%
Blue Chip Growth	FBGRX	26	40.13	5,673.15	227,664	7.1
Equity-Income	FEQIX	17	41.55	3,456.32	143,610	6.6
Low-Priced Stock	FLPSX	16	34.61	4,083.20	141,320	6.4
Cash Reserves	FDRXX	13	1.00	108,785.18	108,785	0.0
Current Value (1/1/87 = \$100,000)					\$859,477	4.0%



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

Income & Preservation Model		Rel Vol: 0.51	Est. Yield: 1.3%	YTD Return: 3.0%		
Current Asset Allocation		Stocks 37.8%	Bonds 32.4%	Cash 29.4%	Alternative <sup>1</sup> 0.5%	Foreign 4.2%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar Ret
Cash Reserves	FDRXX	26%	\$1.00	141,020.37	\$141,020	0.0%
Investment Grade Bond	FBNDX	23	7.15	17,431.08	124,632	0.3
Equity-Income	FEQIX	17	41.55	2,127.56	88,400	6.6
Blue Chip Growth	FBGRX	16	40.13	2,086.82	83,744	7.1
Short-Term Bond	FSHBX	11	8.37	7,003.90	58,623	0.1
Low-Priced Stock	FLPSX	7	34.61	1,005.90	34,814	6.4
Current Value (1/1/87 = \$100,000)					\$531,234	2.6%



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

<sup>1</sup>Alternative investments include such areas as high-yield bonds, commodities, real estate. Portfolio trades and total returns do not take taxes into account, however, redemption and exchange fees are included. 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.

**Market Outlook** *cont'd from page 1*

worse by the health care law); the Fed moving away from direct buying of bonds; the Greek debt crisis; and lack of foreign buying at recent Treasury auctions. For example, China's trade surplus has dwindled sharply (they actually had a deficit in March!) so they don't have huge piles of excess dollars to invest anymore.

At its simplest, the market is demanding higher compensation (rates) to absorb the huge increase in supply that has come to market (and will continue coming) in order to fund overspending. That said, I don't see rates moving a lot higher from here unless we see a much stronger economy.

U.S. stock funds still look more attractive than U.S. bond or foreign stock funds. However, I do suggest caution in the near-term. By several measures, the S&P 500 appears overbought. The rally at the end of March was driven partly by end-of-quarter "window dressing." Indeed, everyone seems to be on the same side of this trade. Even bond-guru Bill Gross advises selling bonds and buying stocks! We are also fast approaching the traditionally weaker part of the year for stocks ("Sell in May ...). If the jobs number on April 2 comes in big, stocks will likely surge. But if that number disappoints, or we get some other negative economic news, we could see the start of a correction.

**Foreign Stocks Less Appealing**

This month we've downgraded several foreign stock funds for a couple of key reasons. First, the U.S. is in better economic shape than the U.K. and much of the Eurozone. Japan, while not suffering from the financial crisis we're going through, is an economic mess. In fact, our recovery looks stronger than any place

**Which Funds Should You Buy Now!**

**Equity Funds:** **Equity-Income**, **Mega Cap Stock** and **OTC** alternatively provide large-cap value, blend and growth exposures. **Low-Priced Stock**, **Mid Cap Stock** and **Small Cap Stock** play the mid- and small-cap arenas.

**Fixed-Income Funds:** **Total Bond** offers diversified bond exposure, including some emerging market debt for added yield. **Investment Grade Bond** blends government and corporate bonds, as does **Short-Term Bond**, which offers the least interest-rate risk within this group. **Strategic Income** is a far more aggressive approach to generating income.

**International Funds:** While we're long-term believers in international investing, a rising dollar and a growing debt crisis abroad presently have us sticking to domestic stock funds (see *Market Outlook* on p. 1). ■

in the world, save the emerging markets, and our debt situation (while not pretty) is better than most. Second, this in turn has caused the dollar to increase in value versus the pound, the euro, and recently, the yen. A rising dollar makes Fidelity's unhedged foreign stock funds less attractive, as returns are directly reduced by the amount of the dollar's gain.

While emerging markets are the most attractive overseas areas, they have led the world's stock market performance coming out of the crisis and valuations are now stretched.

**Trading Out Of China**

We sold our stake in **China Region** in both the Aggressive and Growth Models partly in response to

those factors (principally valuations; China controls its currency versus the dollar so that is not an issue), but more because of China-specific concerns. Its initial steps to rein in growth did not bother us much, but there have since been several more moves. Eventually, that could hurt Chinese stocks. I am also concerned about a very overheated property market in Hong Kong and mainland China. We have recently seen many non-real-estate firms in China buying real estate as a "strategic" investment — never a good sign!

Given our lack of enthusiasm for foreign stocks, we are replacing China with two domestic stock funds, **Small Cap Stock** and **OTC** (see story on page 4). ■ — *John M. Boyd*

**Model Portfolio Trades**

As announced on our March 26 Hotline, effective Monday, March 29, we made trades in the Aggressive Growth and Growth Model Portfolios as detailed below.

Action	Fund (ticker)	Shares	Price	Value	Old %	New %
<b>Aggressive Growth Model</b>						
Sold	China Region (FHKCX)	673.99	\$27.95	\$18,838.07	12%	0%
Bought	Small Cap Stock (FSLCX)	1,086.39	\$17.34	\$18,838.07	0%	12%
<b>Growth Model</b>						
Sold	China Region (FHKCX)	4,083.66	\$27.95	\$114,138.41	11%	0%
Bought	OTC (FOCPX)	2,354.34	\$48.48	\$114,138.41	0%	11%

**Note:** China Region has a redemption fee of 1.5% on shares held fewer than 90 days. If you have owned the fund for less than 90 days, you may want to delay the trade. However, if the delay would be longer than 30 days, we suggest making the trade now.

**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	'09
AG													31.4	-8.4	-20.9	-15.8	36.6	14.8	17.9	14.2	14.5	-42.0	28.6
G	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	32.2
G&I	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	25.3
I&P	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	19.2

Fund Profiles

## Small Cap Stock And OTC Bet On Recovery

As John Boyd explains in this month's Market Outlook, and as detailed on page 3, we've purchased **Small Cap Stock** in our **Aggressive Growth Model** and **OTC** for our **Growth Model**. The proceeds came from the sale of **China Region** fund, so their equity allocations are unchanged, but their foreign exposures have been cut in half.

While Outlook provides the rationale for the trades, in this space, I discuss the funds themselves.

— John Bonnanzio

### Small Cap Stock

Longtime members are no strangers to this fund — and neither are we.

When launched 12 years ago, we saw opportunity. (I still remember coming in to the office on a Saturday to mail a postcard urging members to

Small Cap Stock		
Fund Data		
Trading Symbol:	FSLCX	
Fund Size:	\$3.7 billion	
Correlation to S&P 500:	0.93	
Expense Ratio:	0.96%	
Turnover Rate:	79%	
Relative Volatility:	1.44	
Market Cap	\$2.7 billion	
Top Sectors		
	Fund	Index <sup>1</sup>
Technology	24.9%	17.9%
Financials	21.6	21.0
Industrials	20.0	15.3
Health Care	12.3	14.5
Consumer Discretionary	8.3	14.0
<sup>1</sup> Russell 2000		
Top Ten Holdings		
Alliance Data Systems		
Micron Technology		
Assured Guaranty		
XL Capital		
Sandisk		
Virgin Media		
Delta Air		
Nvidia		
AMR		
Himax Technologies		

buy the fund immediately upon launch!) Not surprisingly, assets flooded in, cash soared, and Fidelity closed the fund just seven weeks later.

Then its performance went south.

Small-cap stocks “took a breather” that summer, the Russell 2000 lost 11% while the fund lost 16% during its inaugural nine months. But we held fast, and the next year Small Cap Stock soared 42.6%. Former manager Paul Antico had outpaced small-cap and large-cap stocks by two-fold!

Fast-forward to last month, and a detailed conversation I had with current manager Andy Sassine...

Like Paul, Andy's July 2008 arrival was ill-timed as stocks were plunging. But he also used this period to reposition Small Cap for a rebound.

Falling 42.9% in 2008, it soared 62.7% in 2009! In anticipating an economic turnaround, he bolstered his tech position, and loaded up on beaten-down financials. When Andy arrived, financials were about 4% of assets, whereas they're now north of 21.6% (see box). With these tactics, combined with shrewd stockpicking, last year was a repeat of 1999. Once again, the fund beat both its small-cap Russell 2000 benchmark and the large-cap S&P 500 by a factor of more than two!

Looking ahead, Andy describes his mood to us as “cautiously optimistic.” It's encouraging, he says, that fundamentals are starting to improve. He attributes that to government intervention. But what happens as it slowly pulls out? “Will the private sector step up?” he asks. Moreover, “we haven't seen any hiring yet, lending hasn't improved, and the cyclical recovery is still early.” But, he quickly adds that there's also good news: “A lot of lenders and companies are still selling at a discount.”

This has whet his appetite for financials. While he acknowledges that the deleveraging of the sector will mean lower returns on equity “it's healthy to have a bifurcation of financials,” he says, meaning banks being forced out of the investment banking

business. Many of these stocks were so oversold that, even after their runup, they're still attractively valued.

Andy's also seeing good values in tech. “Even though they've recovered nicely, they're still below their historic earnings band. That's because investors are still cautious not to get burned again,” he says.

Andy sees an upgrade cycle that's driven partly by a growing demand for touchscreen technology (used in devices like Apple's new iPad). But as there's also diminished capacity and low inventory in the memory sector, Andy provides this simple analogy: “Semis,” he tells us, “are in the position to make a lot of money.” With an eye always trained on finding sector leaders, Micron, Sandisk, Nvidia and Himax comprise four of the fund's top-10 positions!

Elsewhere, it's a tad unusual to find airline stocks in a small-cap fund, but Andy has taken the “basket approach.” Priced as if they were going bankrupt, and having added a va-

Fund Profiles cont'd on p. 5

OTC		
Fund Data		
Trading Symbol:	FOCPX	
Fund Size:	\$5.3 billion	
Correlation to S&P 500:	0.88	
Expense Ratio:	1.13%	
Turnover Rate:	151%	
Relative Volatility:	1.32	
Market Cap	\$13.2 billion	
Top Sectors		
	Fund	Index <sup>1</sup>
Technology	50.3%	50.4%
Health Care	17.1	14.8
Consumer Discretionary	11.5	13.4
Financials	8.7	8.0
Industrials	5.6	5.3
<sup>1</sup> Fidelity Nasdaq Composite Index Fund		
Top Ten Holdings		
Microsoft		
Apple		
Google		
Oracle		
Nvidia		
Qualcomm		
Amazon.com		
Sprint Nextel		
Cisco Systems		
Amgen		

riety of annoying fees, suddenly airlines have been making something called profits! Andy doesn't like airlines for the long haul, but right now they're emblematic of the cyclical recovery theme that he's playing elsewhere within the fund.

A growth investor by "nature," Andy says that cheap valuations have compelled him to alter his strategy — he's a bit more "thematic" in his approach. Moreover, Andy's planning a trip to Asia in May. Given his prior experience running **Int'l Small Cap Opportunities**, don't be surprised to see some foreign stocks make their way into this fund.

One final note: Small Cap Stock has a redemption fee — payable to shareholders, not Fidelity — of 2% on shares held fewer than 90 days.

**OTC**

While Small Cap Stock is no stranger to longtime members, OTC



Gavin Baker

is no stranger to either them or more recent members.

In June of last year, we bought the fund. Immediately thereafter, Gavin Baker was tapped

to run it. We asked ourselves: "Should we cut and run, or stay?"

Given his successful tenures on **Select Telecom** and especially **Wireless** (which he still runs), coupled with our desire to own a diversified, high-beta growth fund to play the recovering market, we decided Gavin was a good match for OTC.

Since coming aboard, OTC has returned 33.4% versus 31.4% for the Nasdaq Composite (it rose 8.5% in March — topping all its peers). In our conversation with Gavin, he stated without equivocation his investment objective: to "crush the index."

Typically, such a pedal-to-the-metal approach is visible in terms of

**Stocks Soar, "Wall Of Worry" Crumbling**

Worry warts can always find a reason to avoid stocks. But with the Dow Industrials having reached their highest levels in 18 months, it appears that investors' biggest fear is no longer the economy's recovery, but stock valuations. With short-term interest rates still at a stimulative low level (and the Fed still committed to keeping them there), and corporate earnings growth robust, the "wall of worry" may not be gone, but it's clearly a lot lower.

**Stock Market Indexes**

Blue-chip stocks (the Dow) surged in March, rising a whopping 5.3%. For the year, the Dow is up 4.8%. Similarly, the large-cap S&P 500 rose 6.0% last month and is now up 5.4% for the year. As good as those performances are, smaller-cap stocks enjoyed even stronger returns. As measured by the Russell 2000, they gained 8.0% in March and have surged 8.7% so far this year. Elsewhere, technology stocks helped to propel the Nasdaq Composite up 7.2% last month, but owing to a tough January (-5.4%), it's up "only" 5.9% so far this year.

Turning to Fidelity's funds, the average equity offering rose 6.9% in March. Mirroring the indexes, small-caps held a performance edge rising 7.9%; their average gain for the year is 8.6%. Similarly, mid-cap funds rose 7.5% in March and are up 8.9% for the first quarter. Pushing up the market-cap ladder, large-cap funds (where investors keep the bulk of their equity assets) rose 6.5% in March and are up 5.7% for the year. Within that sphere, there was only a modest difference between the three categories of large-cap funds: growth gained 6.8% in March, versus 6.1% for blend funds and 6.2% for value-oriented offerings.

As noted, small- and mid-cap cap funds generally led the way in March, taking nine out of the top 10 spots. Among the leaders were **Value Strategies** (up 8.4%), **Small Cap Discovery** (up 8.3%), **New Millennium** (up 8.3%) and **Small Cap Growth** (up 8.2%).

However, one large-cap fund crashed the party, taking the top spot: **OTC** with a gain of 8.5%. Several other large-cap funds did well including **Growth Discovery** (up 7.7%),

April Scorecard Rating Changes				
Fund	Ratings			Comments
	Old		New	
Capital App	S	H	↑	Huge bet in consumer discretionary working.
China Region	B	B	↓	Gov't getting more restrictive amid property bubble.
Diversified Int'l	H	S	↓	All things considered, we prefer U.S. stocks.
Europe	H	S	↓	All things considered, we prefer U.S. stocks.
Europe Cap App	H	S	↓	All things considered, we prefer U.S. stocks.
Int'l Discovery	H	S	↓	All things considered, we prefer U.S. stocks.
Int'l Value	H	S	↓	All things considered, we prefer U.S. stocks.
Sel Air Transport	H	B	↑	For now, profitability has returned to the sector.
Sel Def & Aero	S	H	↑	Manufacturers benefiting from rebound in airlines.
Sel Environmental	S	S	↓	Despite "green" revolution, profits growth is in red.
Sel Gold	H	S	↓	Safe-haven hedge against disaster/inflation easing.
Spartan Int'l Index	H	S	↓	All things considered, we prefer U.S. stocks.
Annuity Funds				
VIP Dyn Cap App	S	H	↑	Huge bet in consumer discretionary working.
Pimco VIT Low Dur	H	B	↑	Short end of yield curve safer from rising rates.
Pimco VIT Real Ret	B	H	↓	Shorter-term inflation concerns have diminished.
<b>B</b> = Buy; <b>B</b> = OK to Buy; <b>H</b> = Hold; <b>S</b> = OK to Sell; <b>S</b> = Sell, <b>NC</b> = No change (↑) Rating upgraded; (↓) Rating downgraded.				

## Fidelity Scorecard - March 31, 2010

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>			
						Mar	YTD	2009	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500 (Large Cap)*				6.0	5.4	26.5	49.7	-4.2	1.9	1.00			
		Nasdaq Composite (OTC)*				7.2	5.8	45.0	57.9	0.4	4.4	1.16			
		MSCI EAFE (International)*				6.2	0.8	28.5	54.1	-6.9	3.9	1.24			
		Barclays Aggregate Bond*				-0.1	1.7	6.5	7.4	5.2	4.9	0.19			
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>6.8</b>	<b>5.7</b>	<b>38.3</b>	<b>54.7</b>	<b>-1.5</b>	<b>3.8</b>	<b>1.16</b>
312	FBGRX	Blue Chip Growth		40.13	Buy	7.1	5.7	45.0	61.5	1.9	3.8	1.10			
307	FDCAX	Capital Appreciation		23.29	Hold↑	6.9	8.7	36.4	61.1	-2.7	3.5	1.16			
22	FCNTX	Contrafund		60.28	Buy	5.6	3.6	29.2	43.1	-0.2	5.4	0.93			
332	FEXPX	Export and Multinational	0.75%/30 days	20.36	Hold	5.2	3.8	37.1	49.3	-3.2	3.3	1.12			
500	FFTYX	Fifty		15.92	Hold	6.9	5.9	37.1	54.0	-7.4	1.4	1.24			
333	FTQGX	Focused Stock		11.55	Hold	6.8	5.0	25.2	46.2	-0.1	4.5	1.01			
25	FDGRX	Growth Company (closed)		73.13	Buy	7.7	6.0	41.2	53.6	2.1	6.9	1.12			
339	FDSVX	Growth Discovery		11.83	OK to Sell	7.7	6.6	29.3	48.9	-2.4	3.4	1.13			
73	FDFFX	Independence		21.38	Hold	7.2	7.3	39.9	65.0	-0.4	5.3	1.41			
763	FSLGX	Large Cap Growth		8.52	Hold	6.5	4.8	24.0	43.7	-6.4	-0.5	1.03			
1829	FLGEX	Large Cap Growth Enhcd Index		8.89	Hold	5.3	4.2	35.1	48.2	--	--	--			
338	FLCSX	Large Cap Stock		16.22	Buy	7.6	8.2	50.5	73.2	-1.6	4.0	1.29			
21	FMAGX	Magellan		67.56	Hold	6.6	5.0	41.1	52.3	-4.4	0.9	1.31			
1282	FNCMX	Nasdaq Composite Index	0.75%/90 days	31.82	OK to Buy	7.2	5.8	45.0	57.9	0.4	4.4	1.16			
93	FOCPX	OTC		48.37	Buy	8.5	5.8	62.2	66.2	4.8	8.2	1.32			
320	FDSX	Stock Selector		23.03	Hold	6.6	6.0	28.8	48.5	-4.3	2.3	1.03			
5	FTRNX	Trend		59.06	OK to Buy	6.6	5.0	44.5	57.5	0.1	4.5	1.15			
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>6.1</b>	<b>5.6</b>	<b>27.8</b>	<b>51.6</b>	<b>-5.6</b>	<b>1.4</b>	<b>1.10</b>
315	FDEQX	Disciplined Equity		21.96	Sell	5.8	4.5	22.0	43.5	-6.3	1.3	1.02			
330	FDGFX	Dividend Growth		25.24	Buy	6.8	6.6	51.0	76.0	-2.5	2.9	1.28			
3	FFIDX	Fidelity Fund		29.52	OK to Sell	5.4	4.2	26.8	45.0	-3.3	2.7	1.05			
27	FGRIX	Growth & Income		16.99	OK to Sell	5.9	5.8	23.1	47.9	-13.5	-5.6	1.19			
1827	FLCEX	Large Cap Core Enhcd Index		8.12	Hold	5.6	4.8	23.3	45.8	--	--	--			
361	FGRTX	Mega Cap Stock		9.29	Buy	6.3	5.6	28.6	54.7	-3.4	2.5	1.04			
650	FUSEX	Spartan 500 Index <sup>4</sup>		41.55	Hold	6.0	5.4	26.5	49.7	-4.2	1.9	1.00			
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90 days	33.51	Hold	6.3	6.2	28.4	52.5	-3.8	2.6	1.03			
343	FTXMX	Tax Managed Stock		11.54	Sell	6.1	5.9	20.7	44.2	-7.2	1.0	1.10			
832	FVDFX	Value Discovery		13.73	Hold	6.4	6.7	27.7	57.2	-5.8	3.1	1.15			
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>6.2</b>	<b>6.0</b>	<b>22.7</b>	<b>53.3</b>	<b>-7.9</b>	<b>0.2</b>	<b>1.13</b>
1271	FBCVX	Blue Chip Value		10.58	Hold	5.9	6.2	27.8	57.2	-8.6	-0.1	1.18			
23	FEQIX	Equity-Income		41.55	Buy	6.6	6.2	29.5	58.7	-7.0	1.0	1.15			
319	FEQTX	Equity-Income II		17.28	Buy	6.4	5.8	25.1	55.0	-6.7	0.1	1.11			
708	FSLVX	Large Cap Value		10.30	OK to Sell	6.0	5.8	15.6	48.9	-9.4	-0.1	1.09			
1828	FLVEX	Large Cap Value Enhcd Index		7.10	Hold	6.0	6.0	15.6	46.8	--	--	--			

**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. <sup>1</sup>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. <sup>2</sup>Durations (a measure of interest rate sensitivity) reflect prior quarter figures. <sup>3</sup>Stated yield is before any inflation adjustment, your effective yield may be different. <sup>4</sup>Also available in an Advantage share class with a minimum of \$100,000, but a lower expense ratio of 0.07% (versus 0.10% for the Investor class). <sup>5</sup>Also available in Advantage shares with a minimum of \$100,000, but a lower expense ratio of 0.10% (versus 0.20% for the Investor class). <sup>6</sup>Formerly Small Cap Retirement. <sup>7</sup>Distributed yield is calculated by taking a fund's actual distributions over the past year divided by its current NAV. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

### Fund Commentary *cont'd from p. 5*

**Growth Company** (up 7.7%) and **Large Cap Stock** (up 7.6%). With so many different sectors faring so well last month, there's no one common thread to explain their outperformance. However, market cap coupled with strong gains among cyclical and financials were instrumental.

On the other hand, diversified stock funds with big energy positions (one of the few sectors to really struggle last month), such as **Blue Chip Value**, saw their performances held back. But its 5.9% gain was

certainly nothing to sneeze at.

Mid- and small-cap funds are also the first-quarter leaders. **Mid-Cap Stock** (up 11.1%) is the top fund so far this year, followed by Value Strategies (up 11.0%) and **Mid Cap Value** (up 9.9%).

### Sector Funds

Economically sensitive industrials have been on fire this year, and March was no exception. **Transportation** led the way with a gain of 13.0% for the month, while **Defense & Aerospace** (up 10.1%), **Air Transport** (up 9.6%), **Industrials** (up 9.1%) and

**Industrial Equipment** (up 9.1%) were also among the leaders. Air Transport and Transportation lead the way for the year with gains in excess of 20%. The financial sector also dotted the leader board with **Brokerage & Investment** gaining 10.1%, **Financial Services** rising 9.6% and **Banking** up 9.5%. The natural resource sector was weak last month. **Natural Gas** fell 0.1% as natural gas prices plunged 31% in March. **Energy Service** (up 0.5%), **Energy** (up 1.8%) and **Gold** (up 2.0%) also lagged. A strong U.S. dollar takes a good part of the blame for that.

## Fidelity Scorecard - March 31, 2010

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>			
						Mar	YTD	2009	1 Year	3 Year	5 Year				
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>7.7</b>	<b>8.5</b>	<b>42.9</b>	<b>64.3</b>	<b>-3.1</b>	<b>4.0</b>	<b>1.28</b>
324	FDEGX	Growth Strategies	1.50%/90 days	17.65	Hold	8.0	8.5	39.7	54.4	-3.8	3.0	1.25			
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30 days	8.84	Hold	6.1	6.8	37.6	61.8	--	--	--			
793	FSMGX	Mid Cap Growth	0.75%/30 days	10.77	Hold	8.0	8.4	46.4	64.8	-6.8	0.3	1.31			
337	FMCSX	Mid-Cap Stock	0.75%/30 days	26.03	OK to Buy	8.0	11.1	50.4	76.7	-2.9	6.2	1.37			
300	FMILX	New Millennium		26.55	OK to Buy	8.3	7.8	40.2	63.7	0.9	6.7	1.18			
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>7.3</b>	<b>9.2</b>	<b>48.6</b>	<b>80.8</b>	<b>-3.4</b>	<b>4.3</b>	<b>1.41</b>
122	FLVCX	Leveraged Company Stock	1.50%/90 days	24.65	Buy	6.9	7.6	59.6	95.3	-5.0	4.0	1.70			
316	FLPSX	Low-Priced Stock	1.50%/90 days	34.61	Buy	6.4	8.4	39.1	63.6	-1.1	5.1	1.15			
398	FSEMXX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90 days	33.36	Hold	7.3	9.7	36.7	66.2	-2.2	5.0	1.19			
14	FSLSX	Value Strategies		24.55	Buy	8.4	11.0	59.2	98.3	-5.3	2.9	1.59			
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>7.4</b>	<b>9.4</b>	<b>39.8</b>	<b>79.0</b>	<b>-5.8</b>	<b>2.9</b>	<b>1.38</b>
762	FSMVX	Mid Cap Value	0.75%/30 days	14.03	Hold	7.4	9.9	35.4	74.7	-5.2	3.5	1.29			
39	FDVLX	Value		62.05	Buy	7.3	9.0	44.1	83.4	-6.4	2.3	1.47			
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>7.9</b>	<b>8.2</b>	<b>32.9</b>	<b>63.0</b>	<b>-5.0</b>	<b>2.9</b>	<b>1.32</b>
2011	FCPEX	Small Cap Enhanced Index	1.50%/90 days	8.65	OK to Sell	7.5	7.5	23.6	55.9	--	--	--			
1388	FCPGX	Small Cap Growth	1.50%/90 days	13.42	Hold	8.2	8.1	42.9	65.7	-2.1	4.7	1.27			
336	FDSCX	Small Cap Independence	1.50%/90 days	15.19	Hold	8.0	9.1	32.3	67.6	-7.8	1.1	1.37			
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>8.1</b>	<b>9.1</b>	<b>56.7</b>	<b>84.6</b>	<b>2.2</b>	<b>6.7</b>	<b>1.41</b>
384	FSCRX	Small Cap Discovery <sup>6</sup>	1.50%/90 days	14.07	OK to Buy	8.3	9.7	50.7	84.3	4.3	7.1	1.37			
340	FSLCX	Small Cap Stock	2.00%/90 days	17.30	Buy	7.9	8.5	62.7	84.8	0.0	6.3	1.44			
<b>SMALL CAP VALUE</b>						<b>Category Averages</b>			<b>7.6</b>	<b>9.1</b>	<b>36.6</b>	<b>69.7</b>	<b>0.6</b>	<b>6.9</b>	<b>1.32</b>
1389	FCPVX	Small Cap Value	1.50%/90 days	13.83	Hold	7.6	9.1	36.6	69.7	0.6	6.9	1.32			
<b>SPECIALTY</b>															
2063	FOTTX	130/30 Large Cap		6.93	OK to Sell	6.0	5.0	3.6	27.0	--	--	--			
304	FBALX	Balanced		17.04	Hold	4.2	4.2	28.1	39.6	-1.1	4.5	0.79			
308	FCVXX	Convertible Securities		23.17	Buy	4.7	6.3	64.1	76.8	0.4	6.1	1.34			
1960	FDYSX	Dynamic Strategies		8.70	Hold	3.9	3.1	28.7	39.4	--	--	--			
355	FFNOX	Four-in-One Index		25.28	Hold	5.3	4.2	25.0	44.2	-2.9	3.1	0.91			
334	FGBLX	Global Balanced	1.00%/30 days	20.53	OK to Buy	4.0	2.1	22.5	36.5	1.9	6.4	0.74			
2120	FFGCX	Global Commodity Stock	1.00%/30 days	14.95	Buy	6.6	1.6	48.0p	--	--	--	--			
1368	FIREX	International Real Estate	1.50%/90 days	8.74	OK to Sell	4.9	-0.7	35.8	59.7	-16.4	0.9	1.39			
4	FPURX	Puritan		16.77	OK to Buy	4.2	4.4	26.7	38.6	-0.6	3.9	0.72			
833	FRIFX	Real Estate Income	0.75%/90 days	9.75	OK to Buy	3.9	6.3	46.8	56.3	-0.3	3.6	0.79			
303	FRESX	Real Estate Investment	0.75%/90 days	22.37	Hold	10.7	11.3	32.9	127.9	-11.5	3.0	2.07			
1329	FSDIX	Strategic Dividend & Income		10.18	OK to Buy	6.2	6.7	37.7	67.6	-4.8	2.5	1.15			
1505	FSRRX	Strategic Real Return	0.75%/60 days	8.66	Hold	1.9	1.8	28.4	32.4	0.4	--	0.68			
311	FIUIX	Telecom & Utilities		14.17	Hold	5.4	1.1	11.1	24.4	-9.0	3.1	0.90			
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		12.24	Hold	1.7	2.4	19.5	22.5	2.7	4.8	0.37			
1957	FTANX	Asset Manager 30%		9.40	Hold	2.3	3.0	23.6	28.1	--	--	--			
1958	FFANX	Asset Manager 40%		9.20	Hold	2.9	3.3	26.0	33.0	--	--	--			
314	FASMXX	Asset Manager 50%		14.34	Hold	3.8	3.5	30.9	38.9	0.6	3.9	0.70			
1959	FSANX	Asset Manager 60%		8.97	Hold	4.3	3.8	32.7	43.2	--	--	--			
321	FASGX	Asset Manager 70%		14.92	Hold	5.0	4.1	35.7	48.0	-1.3	3.1	0.90			
347	FAMRX	Asset Manager 85%		12.16	Hold	5.9	4.4	38.7	54.6	-2.3	3.9	1.03			

### International Funds

The **Spartan Int'l Index** fund (a proxy for dollar-denominated foreign developed markets) gained 6.2% in March. (For the year, it's up a scant 0.8%.) Although foreign stocks enjoyed solid gains last month, the better-performing funds typically have lots of Eastern European and especially Asian emerging-market exposures. For example, **Pacific Basin, Emerging Europe, Middle East, Africa and Emerging Markets** all gained in excess of 8% last month. However, **Latin America** was a laggard returning 5.6%. (Falling com-

modity prices were partly to blame in that arena.) Among diversified foreign stock funds, **Int'l Cap App** reigned supreme with its 9.4% return. With its largest sector stake in financials, concern that Greece's financial woes could take down the eurozone have eased. And, finally, we are pleased to have exited **China Region** fund on a high note, as this volatile fund gained 6.6% in March (see p. 3).

### Fixed-Income Funds

Both taxable and municipal bond funds had a rough March as the average taxable and national muni offer-

ings fell 0.2% and 0.1%, respectively. Treasuries fared worse than corporate bonds, and longer-duration securities were hurt more than shorter-term ones. As such, **Spartan Long-Term Treasury** fared worst with a 1.5% decline in March, but **Total Bond** gained 0.6% thanks to its stake in emerging market debt.

Turning to money markets, the yield on **Cash Reserves** held steady in March at 0.02%, while **Select Money Market's** dipped to 0.08%. Though these rates are unlikely to rise until year-end or later, cash is still a good way to reduce portfolio risk. ■

## Fidelity Scorecard - March 31, 2010

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>			
						Mar	YTD	2009	1 Year	3 Year	5 Year				
<b>INTERNATIONAL</b>						<b>Category Averages</b>			<b>6.9</b>	<b>2.6</b>	<b>41.9</b>	<b>61.4</b>	<b>-4.5</b>	<b>6.8</b>	<b>1.41</b>
309	FICDX	Canada	1.50%/90 days	51.58	Hold	7.3	6.4	39.6	59.5	3.4	10.1	1.51			
352	FHKCX	China Region	1.50%/90 days	27.83	OK to Buy↓	6.6	-0.2	65.6	65.0	10.3	14.8	1.59			
325	FDIVX	Diversified International	1.00%/30 days	28.17	OK to Sell↓	6.3	0.6	31.8	50.3	-6.5	3.9	1.26			
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90 days	8.15	OK to Buy	9.3	7.0	61.4	68.8	--	--	--			
322	FEMKX	Emerging Markets	1.50%/90 days	23.09	Buy	8.4	2.1	76.0	85.6	0.0	13.8	1.77			
301	FIEUX	Europe	1.00%/30 days	29.15	OK to Sell↓	7.0	-1.1	31.7	50.4	-6.1	4.2	1.25			
341	FECAX	Europe Capital App	1.00%/30 days	17.57	OK to Sell↓	7.2	-1.0	32.1	50.9	-8.3	4.6	1.27			
335	FIVFX	Int'l Cap App	1.00%/30 days	11.83	Buy	9.4	4.3	55.2	77.4	-7.1	2.2	1.53			
305	FIGRX	International Discovery	1.00%/30 days	30.61	OK to Sell↓	7.1	0.9	30.1	51.7	-5.5	5.1	1.22			
2010	FIENX	International Enhanced Index	1.00%/30 days	6.97	OK to Sell	5.9	1.0	24.6	51.9	--	--	--			
1979	FIGFX	International Growth	1.00%/30 days	7.63	Hold	6.6	2.0	36.5	56.5	--	--	--			
818	FISMX	Int'l Small Cap	2.00%/90 days	18.17	Hold	6.1	3.5	45.5	67.8	-4.9	5.0	1.35			
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90 days	8.85	Hold	6.8	3.2	46.3	66.7	-15.5	--	1.51			
1597	FIVLX	International Value	1.00%/30 days	7.94	OK to Sell↓	6.6	-0.5	36.1	58.0	-8.7	--	1.41			
350	FJPNX	Japan	1.50%/90 days	10.98	OK to Sell	5.8	8.5	15.3	41.3	-9.6	1.1	1.12			
360	FJSCX	Japan Smaller Companies	1.50%/90 days	8.72	OK to Sell	4.3	4.8	18.1	54.9	-10.3	-4.7	1.24			
349	FLATX	Latin America	1.50%/90 days	51.76	OK to Buy	5.6	-0.2	91.6	87.2	6.6	22.2	1.80			
342	FNORX	Nordic	1.50%/90 days	29.00	Hold	8.5	5.9	47.5	78.8	-6.9	6.3	1.57			
94	FOSFX	Overseas	1.00%/30 days	30.66	OK to Sell	5.2	-0.9	25.2	45.6	-8.4	3.1	1.27			
302	FPBFX	Pacific Basin	1.50%/90 days	22.18	Buy	8.3	9.3	59.3	90.1	-2.6	8.3	1.64			
351	FSEAX	Southeast Asia	1.50%/90 days	25.86	OK to Sell	7.0	1.7	39.2	49.0	0.5	13.4	1.47			
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90 days	33.72	OK to Sell↓	6.2	0.8	28.5	54.1	-6.9	3.9	1.24			
1978	FTIEX	Total International Equity	1.00%/30 days	6.84	OK to Buy	6.9	1.2	41.2	61.1	--	--	--			
318	FWWFX	Worldwide	1.00%/30 days	16.57	Hold	7.0	3.1	28.5	50.7	-3.2	5.0	1.11			
<b>SELECT PORTFOLIOS</b>						<b>Category Averages</b>			<b>6.6</b>	<b>7.4</b>	<b>44.7</b>	<b>65.8</b>	<b>-1.3</b>	<b>5.2</b>	<b>1.40</b>
34	FSAIX	Air Transportation	0.75%/30 days	38.70	OK to Buy↑	9.6	21.5	22.3	113.0	-1.7	7.8	1.65			
502	FSAVX	Automotive	0.75%/30 days	33.87	OK to Buy	7.1	7.6	122.3	177.2	-3.7	2.0	2.54			
507	FSRBX	Banking	0.75%/30 days	18.21	Hold	9.5	19.4	5.1	88.2	-14.0	-5.7	1.59			
42	FBIOX	Biotechnology	0.75%/30 days	72.64	Hold	7.1	10.9	10.8	26.3	5.4	8.5	1.02			
68	FSLBX	Brokerage & Investment	0.75%/30 days	52.11	Hold	10.1	9.8	50.4	86.0	-5.7	6.9	1.49			
69	FSCHX	Chemicals	0.75%/30 days	79.99	OK to Buy	6.1	6.3	65.3	66.6	6.1	8.0	1.36			
518	FSDCX	Communications Equipment	0.75%/30 days	22.41	Buy	7.8	8.0	80.7	83.3	2.4	5.7	1.62			
7	FDCPX	Computers	0.75%/30 days	46.41	OK to Buy	6.5	1.8	83.2	72.8	5.4	6.8	1.44			
511	FSHOX	Construction & Housing	0.75%/30 days	31.87	OK to Buy	6.6	9.6	22.9	55.0	-5.3	0.2	1.47			
517	FSCPX	Consumer Discretionary	0.75%/30 days	20.89	OK to Buy	7.9	11.2	38.1	59.4	-4.0	1.8	1.18			
9	FDFAX	Consumer Staples	0.75%/30 days	63.84	Hold	4.1	5.0	20.9	41.6	4.6	8.7	0.78			
67	FSDAX	Defense & Aerospace	0.75%/30 days	68.33	Hold↑	10.1	13.1	24.9	69.5	-1.6	6.2	1.33			
8	FSELX	Electronics	0.75%/30 days	42.88	Buy	8.1	3.3	85.0	76.5	-0.6	3.2	1.54			
60	FSENX	Energy	0.75%/30 days	44.32	Hold	1.8	0.4	47.1	56.2	-2.4	7.9	1.67			
43	FSESX	Energy Service	0.75%/30 days	58.58	Hold	0.5	0.8	62.0	65.5	-4.6	6.3	1.95			
516	FSLEX	Environmental	0.75%/30 days	15.43	Sell↓	3.3	-0.8	17.2	41.1	-3.1	3.4	1.06			
66	FIDSX	Financial Services	0.75%/30 days	65.01	Hold	9.6	12.1	25.9	81.7	-14.8	-4.0	1.48			
41	FSAGX	Gold	0.75%/30 days	41.65	OK to Sell↓	2.0	-2.8	38.0	24.2	10.2	19.2	2.24			
63	FSPHX	Health Care	0.75%/30 days	114.93	Hold	5.3	7.7	32.1	44.2	2.2	6.1	0.94			
98	FSVLX	Home Finance	0.75%/30 days	12.51	OK to Sell	8.0	13.9	1.9	46.2	-31.7	-18.8	1.40			
510	FSCGX	Industrial Equipment	0.75%/30 days	28.53	Hold	9.1	12.1	38.9	85.9	-0.2	5.3	1.49			
515	FCYIX	Industrials	0.75%/30 days	20.07	Hold	9.1	10.7	38.9	80.7	2.2	6.8	1.40			
45	FSPCX	Insurance	0.75%/30 days	45.01	OK to Sell	8.3	13.8	21.8	68.4	-10.5	-1.7	1.39			
353	FBSOX	IT Services	0.75%/30 days	18.19	Hold	6.5	2.0	59.1	59.7	6.0	9.3	1.19			
62	FDLSX	Leisure	0.75%/30 days	76.42	Hold	9.2	14.9	24.3	52.1	1.3	6.3	1.08			
509	FSDPX	Materials	0.75%/30 days	56.64	OK to Buy	7.7	4.9	78.7	81.6	5.1	11.4	1.54			
505	FSHCX	Medical Delivery	0.75%/30 days	46.90	Hold	5.7	9.0	49.0	79.1	-0.5	4.6	1.33			
354	FSMEX	Medical Equipment	0.75%/30 days	26.49	OK to Sell	5.0	8.3	32.6	43.4	7.4	8.1	0.93			
503	FBMPX	Multimedia	0.75%/30 days	37.25	OK to Buy	8.3	9.1	54.4	88.3	-2.3	3.4	1.30			
513	FSNGX	Natural Gas	0.75%/30 days	31.31	Hold	-0.1	-0.7	56.3	55.2	-5.1	4.9	1.78			
514	FNARX	Natural Resources	0.75%/30 days	28.52	Hold	3.1	0.3	51.7	57.0	-0.1	10.8	1.70			
580	FPHAX	Pharmaceuticals	0.75%/30 days	11.53	Hold	5.5	6.0	25.4	38.6	4.7	9.2	0.89			
46	FSRPX	Retailing	0.75%/30 days	48.58	Buy	7.7	13.2	57.8	62.0	2.9	7.2	1.23			
28	FSCSX	Software & Computer Svcs	0.75%/30 days	76.74	OK to Buy	6.2	1.1	61.5	58.6	4.8	10.5	1.21			
64	FSPTX	Technology	0.75%/30 days	77.80	Buy	7.7	3.1	90.3	84.5	3.7	7.0	1.57			
96	FSTCX	Telecommunications	0.75%/30 days	39.96	Hold	5.9	-0.2	51.6	38.6	-6.9	4.4	1.30			
512	FSRFX	Transportation	0.75%/30 days	47.49	Hold	13.0	20.7	23.3	89.1	0.9	6.3	1.29			
65	FSUTX	Utilities	0.75%/30 days	43.84	Hold	3.8	-2.0	14.4	27.1	-8.3	3.9	0.96			
963	FWRLX	Wireless	0.75%/30 days	6.88	Hold	6.3	1.8	59.0	42.6	0.4	6.4	1.38			

## Fidelity Scorecard - March 31, 2010

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			SEC %Yield	Dist <sup>7</sup> %Yield	Dur <sup>2</sup> (Yrs)	Tax-Equivalent Yield Federal Tax Bracket						
						Mar	YTD	2009										
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>-0.2</b>	<b>1.5</b>	<b>5.5</b>	<b>2.52</b>	<b>3.03</b>	<b>4.3</b>				
15	FGMNX	Ginnie Mae		11.49	Hold	0.1	1.9	6.9	2.82	3.38	3.0							
54	FGOVX	Government Income		10.46	OK to Sell	-0.5	1.3	1.3	2.34	2.92	4.5							
794	FINPX	Inflation-Protected Bond <sup>3</sup>		11.23	Hold	0.1	0.5	9.7	0.62	1.07	6.1							
32	FTHRX	Intermediate Bond		10.30	Buy	0.1	2.4	17.1	3.07	4.16	3.7							
452	FSTGX	Intermediate Gov't Income		10.75	OK to Sell	-0.5	1.1	0.9	1.65	2.08	3.6							
26	FBNDX	Investment Grade Bond		7.15	Buy	0.3	2.4	16.0	3.44	3.98	4.2							
40	FMSFX	Mortgage Securities		10.58	Hold	0.1	2.0	9.6	3.87	4.86	2.8							
450	FSHBX	Short-Term Bond		8.37	Buy	0.1	1.2	7.4	1.70	2.57	1.8							
1561	FIBIX	Sptn Interm Treas Index <sup>5</sup>		10.33	OK to Sell	-1.0	1.6	-5.0	3.07	3.16	6.5							
1562	FLBIX	Sptn Lng-Term Treas Index <sup>5</sup>		10.04	Sell	-1.5	0.9	-13.4	4.30	4.09	12.7							
1560	FSBIX	Sptn Sht-Term Treas Index <sup>5</sup>		10.39	Hold	-0.4	0.9	-0.1	1.18	1.61	2.6							
820	FTBFX	Total Bond		10.64	Buy	0.6	2.6	19.8	3.73	4.31	3.8							
651	FBIDX	U.S. Bond Index		11.15	Hold	-0.1	1.7	6.5	2.97	3.48	4.2							
812	FUSFX	Ultra-Short Bond	0.25%/60 days	8.15	Hold	-0.1	0.4	1.0	0.48	0.78	0.6							
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>2.8</b>	<b>3.9</b>	<b>44.0</b>	<b>5.72</b>	<b>5.73</b>					
38	FAGIX	Capital & Income	1.00%/90 days	8.92	OK to Buy	4.1	5.0	72.1	6.52	6.46	--							
814	FFRHX	Floating Rate High Income	1.00%/60 days	9.63	OK to Buy	1.9	3.1	28.9	3.63	2.99	--							
1366	FHIFX	Focused High Income	1.00%/90 days	9.35	Buy	2.7	3.6	35.1	6.38	6.63	--							
455	SPHIX	High Income	1.00%/90 days	8.67	Buy	3.1	4.2	51.5	7.17	6.72	--							
331	FNMIX	New Markets Income	1.00%/90 days	15.49	Buy	3.2	4.5	44.6	5.76	6.84	--							
368	FSICX	Strategic Income		10.98	Buy	1.8	2.8	31.8	4.85	4.76	--							
<b>NATIONAL MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.1</b>	<b>1.1</b>	<b>10.2</b>	<b>2.83</b>	<b>3.57</b>	<b>6.1</b>	<b>25%</b>	<b>28%</b>	<b>33%</b>	<b>35%</b>
36	FLTMX	Interm Municipal Income	0.50%/30 days	10.17	Buy	-0.3	1.1	8.8	2.61	3.47	5.4	3.5	3.6	3.9	4.0			
37	FHIGX	Municipal Income	0.50%/30 days	12.51	Buy	0.0	1.4	13.1	3.67	4.14	8.2	4.9	5.1	5.5	5.6			
404	FSTFX	Short-Int Municipal Income	0.50%/30 days	10.63	OK to Buy	-0.4	0.6	5.6	1.40	2.57	2.8	1.9	1.9	2.1	2.2			
90	FTABX	Tax-Free Bond	0.50%/30 days	10.79	Buy	0.1	1.4	13.3	3.64	4.12	8.1	4.9	5.1	5.4	5.6			
<b>STATE-SPECIFIC MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.3</b>	<b>1.0</b>	<b>11.1</b>	<b>3.02</b>	<b>3.66</b>	<b>7.0</b>				
434	FSAZX	Arizona Muni Income	0.50%/30 days	11.30	OK to Buy	0.0	1.1	13.7	3.45	3.70	8.3	4.6	4.8	5.1	5.3			
91	FCFTX	California Muni Income	0.50%/30 days	11.85	Hold	0.1	1.9	11.7	3.95	4.24	7.9	5.3	5.5	5.9	6.1			
1534	FCTSTX	Calif Short-Interm Tax Free	0.50%/30 days	10.57	OK to Buy	-0.5	0.6	6.2	1.49	2.48	3.0	2.0	2.1	2.2	2.3			
407	FICNX	Connecticut Muni Income	0.50%/30 days	11.37	OK to Buy	-0.6	0.8	11.0	2.74	3.47	6.8	3.7	3.8	4.1	4.2			
429	SMDMX	Maryland Muni Income	0.50%/30 days	10.92	OK to Buy	-0.3	1.0	13.8	2.85	3.49	7.2	3.8	4.0	4.3	4.4			
70	FDMMX	Mass Muni Income	0.50%/30 days	11.83	OK to Buy	-0.3	1.2	12.7	3.33	3.85	7.9	4.4	4.6	5.0	5.1			
81	FMHTX	Michigan Muni Income	0.50%/30 days	11.84	Hold	-0.4	0.9	9.3	3.18	3.88	6.8	4.2	4.4	4.7	4.9			
82	FIMIX	Minnesota Muni Income	0.50%/30 days	11.39	OK to Buy	-0.6	1.0	9.9	2.58	3.51	6.5	3.4	3.6	3.9	4.0			
416	FNJHX	New Jersey Muni Income	0.50%/30 days	11.48	Hold	-0.6	0.9	11.8	3.09	3.76	7.4	4.1	4.3	4.6	4.8			
71	FTFMX	New York Muni Income	0.50%/30 days	12.89	Hold	0.0	1.4	12.1	3.24	3.82	8.1	4.3	4.5	4.8	5.0			
88	FOHFX	Ohio Muni Income	0.50%/30 days	11.59	OK to Buy	-0.3	0.9	11.1	3.25	3.91	7.7	4.3	4.5	4.9	5.0			
402	FPXTX	Pennsylvania Muni Income	0.50%/30 days	10.77	OK to Buy	-0.2	0.9	9.7	3.12	3.83	6.8	4.2	4.3	4.7	4.8			
<b>TAXABLE MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.01</b>	<b>0.45</b>	<b>0.02</b>						
55	FDRXX	Cash Reserves		1.00	--	0.00	0.01	0.61	0.02	na	na							
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.00	0.29	0.01	na	na							
630	FRTXX	Retirement MM		1.00	--	0.00	0.00	0.63	0.01	na	na							
458	SPAXX	Government MM		1.00	--	0.00	0.00	0.32	0.01	na	na							
454	SPRXX	Money Market		1.00	--	0.00	0.01	0.62	0.01	na	na							
85	FSLXX	Select MM		1.00	--	0.01	0.03	0.67	0.08	na	na							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.00	0.37	0.01	na	na							
415	FDLXX	US Treasury MM (closed)		1.00	--	0.00	0.00	0.05	0.01	na	na							
<b>MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.00</b>	<b>0.15</b>	<b>0.01</b>						
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.00	0.20	0.01	na	na	0.0	0.0	0.0	0.0			
10	FTEXX	Municipal Money Market		1.00	--	0.00	0.00	0.17	0.01	na	na	0.0	0.0	0.0	0.0			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.00	0.09	0.01	na	na	0.0	0.0	0.0	0.0			
<b>STATE MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.00</b>	<b>0.11</b>	<b>0.02</b>						
433	FSAXX	Arizona		1.00	--	0.00	0.00	0.08	0.01	na	na	0.0	0.0	0.0	0.0			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.00	0.15	0.04	na	na	0.1	0.1	0.1	0.1			
97	FCFXX	California		1.00	--	0.00	0.00	0.05	0.01	na	na	0.0	0.0	0.0	0.0			
418	FCMXX	Connecticut		1.00	--	0.00	0.00	0.09	0.01	na	na	0.0	0.0	0.0	0.0			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.00	0.18	0.02	na	na	0.0	0.0	0.0	0.0			
74	FDMXX	Massachusetts		1.00	--	0.01	0.01	0.07	0.01	na	na	0.0	0.0	0.0	0.0			
420	FMIXX	Michigan		1.00	--	0.00	0.00	0.02	0.01	na	na	0.0	0.0	0.0	0.0			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.00	0.19	0.03	na	na	0.0	0.0	0.0	0.0			
417	FNJXX	New Jersey		1.00	--	0.00	0.00	0.07	0.01	na	na	0.0	0.0	0.0	0.0			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.00	0.19	0.03	na	na	0.0	0.0	0.0	0.0			
92	FNYXX	New York		1.00	--	0.00	0.00	0.11	0.01	na	na	0.0	0.0	0.0	0.0			
419	FOMXX	Ohio		1.00	--	0.00	0.00	0.15	0.01	na	na	0.0	0.0	0.0	0.0			
401	FPTXX	Pennsylvania		1.00	--	0.00	0.00	0.09	0.01	na	na	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 - March 31, 2010

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
						Mar	YTD	2009	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>												
9067	FLRQC	Fid VIP Asset Manager		11.92	Hold	3.8	3.7	28.7	38.3	2.3	4.3	0.79
9066	FAEEC	Fid VIP Asset Manager: Growth		11.43	Hold	5.2	4.5	32.4	47.6	0.9	3.5	1.00
9069	FJBAC	Fid VIP Balanced		12.07	Hold	4.8	5.3	38.1	53.2	0.3	4.3	0.93
9081	FVHAC	Fid VIP Consumer Discretionary	1.00%/60 days	10.40	OK to Buy	7.8	11.0	37.8	59.2	-3.9	1.5	1.18
9171	FCSAC	Fid VIP Consumer Staples	1.00%/60 days	11.01	Hold	4.1	4.9	20.4	41.4	--	--	--
9065	FPDFC	Fid VIP Contrafund		11.35	Hold	6.7	5.2	35.3	55.8	-2.0	4.2	1.12
9148	FPRGC	Fid VIP Disciplined Small Cap		8.51	OK to Sell	7.3	7.3	21.8	53.9	-6.4	--	1.18
9074	FZAMC	Fid VIP Dynamic Capital App		11.41	Hold↑	6.9	8.6	35.7	60.8	-3.5	5.1	1.17
9198	FEMAC	Fid VIP Emerging Markets	1.00%/60 days	7.96	Buy	8.5	2.2	75.1	82.5	--	--	--
9085	FJLLC	Fid VIP Energy	1.00%/60 days	12.49	Hold	1.8	0.5	47.4	56.7	-2.7	7.9	1.67
9061	FLOLC	Fid VIP Equity-Income		9.76	Buy	6.5	6.0	29.8	58.6	-7.7	0.3	1.16
9083	FONNC	Fid VIP Financial Services	1.00%/60 days	7.57	Hold	9.7	12.3	27.0	82.5	-14.7	-4.1	1.52
9157	FMPAC	Fid VIP FundsManager 20		11.35	Hold	1.5	1.9	10.0	14.0	2.2	--	0.28
9158	FMPBC	Fid VIP FundsManager 50		10.69	Hold	3.3	3.1	18.7	28.6	-0.4	--	0.59
9197	FMPPC	Fid VIP FundsManager 60		9.52	Hold	4.0	3.6	22.2	34.5	--	--	--
9159	FMPCC	Fid VIP FundsManager 70		10.04	Hold	4.6	3.9	24.1	38.7	-2.8	--	0.81
9160	FMPDC	Fid VIP FundsManager 85		9.59	Hold	5.8	4.6	28.2	47.6	-4.4	--	0.97
9062	FMNDC	Fid VIP Growth		9.90	OK to Sell	7.6	6.5	27.8	47.6	-3.7	1.1	1.13
9070	FLFNC	Fid VIP Growth & Income		10.25	OK to Sell	5.8	5.3	26.8	45.5	-5.1	1.2	1.03
9068	FIDPC	Fid VIP Growth Opportunities		9.57	Buy	9.0	7.3	45.2	57.1	-6.4	0.0	1.38
9078	FPVDC	Fid VIP Growth Stock		10.62	OK to Buy	6.5	5.1	44.3	57.3	0.4	--	1.16
9077	FQBRC	Fid VIP Growth Strategies		10.04	Hold	7.9	8.3	39.4	53.8	-4.1	--	1.24
9084	FPDRC	Fid VIP Health Care	1.00%/60 days	11.61	Hold	5.3	7.8	32.2	44.1	1.4	5.6	0.93
9060	FBBLC	Fid VIP High Income		12.79	Buy	2.8	3.7	43.4	39.5	3.6	5.6	0.71
9064	FXVLT	Fid VIP Index 500		10.33	Hold	6.0	5.3	26.3	49.5	-4.4	1.5	1.00
9082	FBALC	Fid VIP Industrials	1.00%/60 days	13.21	Hold	9.3	10.7	39.6	81.9	2.6	7.0	1.41
9076	FVJIC	Fid VIP Int'l Capital App	1.00%/60 days	10.24	Buy	9.5	4.2	55.2	77.3	-7.4	--	1.53
9063	FTLKC	Fid VIP Investment Grade Bond		12.40	Buy	0.2	2.3	15.5	16.1	5.3	4.7	0.25
9172	FVMAC	Fid VIP Materials	1.00%/60 days	11.25	OK to Buy	7.7	5.0	77.6	80.7	--	--	--
9071	FNBSC	Fid VIP Mid Cap		12.38	Hold	6.0	6.5	39.6	54.9	0.2	6.1	1.11
9059	FTNJC	Fid VIP Money Market		11.46	--	0.0	0.0	0.4	0.2	2.3	2.8	0.03
9088	FEMMC	Fid VIP Overseas	1.00%/60 days	10.88	OK to Sell	7.5	1.1	26.1	50.8	-7.2	3.3	1.22
9072	FFWKC	Fid VIP Real Estate		10.66	Hold	10.9	11.1	37.2	130.0	-10.1	4.3	2.15
9075	FGDQC	Fid VIP Strategic Income		13.61	Buy	1.7	2.6	29.7	30.3	7.2	6.8	0.44
9086	FYENC	Fid VIP Technology	1.00%/60 days	13.14	Buy	7.5	2.7	95.4	86.6	3.6	7.4	1.57
9173	FVTAC	Fid VIP Telecommunications	1.00%/60 days	7.61	Hold	5.6	-0.7	47.5	35.6	--	--	--
9087	FXRRC	Fid VIP Utilities	1.00%/60 days	11.43	Hold	3.7	-2.0	14.9	27.4	-7.7	4.5	0.97
9079	FKMSC	Fid VIP Value		9.84	Buy	7.3	8.7	42.1	80.0	-7.1	--	1.44
9080	FUEBC	Fid VIP Value Leaders		9.30	Hold	5.9	6.2	27.4	56.7	-8.8	--	1.17
9073	FRBSC	Fid VIP Value Strategies		10.62	Buy	8.4	10.8	57.1	97.5	-6.0	2.3	1.58
9272	FYBXC	Credit Suisse Int'l Equity Flex III		10.30	OK to Sell	6.4	2.0	1.0p	--	--	--	--
9147	FPRLC	Lazard Retirement Emerging Mkts		13.60	Buy	9.9	6.1	69.8	84.3	6.1	--	1.56
9143	FPRMC	Morgan Stanley Emerg Mkt Debt		13.23	Buy	2.6	4.2	29.9	31.0	6.1	8.7	0.63
9144	FPRNC	Morgan Stanley Emerg Mkt Equity		11.66	Buy	8.3	1.5	69.4	78.1	0.6	13.3	1.67
9145	FPROC	Morgan Stanley Gbl Value Equity		8.48	OK to Sell	6.3	3.8	15.7	37.0	-9.3	-0.5	0.94
9146	FPRPC	Morgan Stanley Int'l Magnum		9.18	Hold	5.8	0.4	32.2	54.9	-6.9	3.0	1.27
9276	FPMBC	Pimco VIT Low Duration		10.36	Buy↑	0.6	2.0	1.6p	--	--	--	--
9277	FPNBC	Pimco VIT Real Return		10.43	Hold↓	0.3	1.3	3.0p	--	--	--	--
9278	FPOBC	Pimco VIT Total Return		10.39	Buy	0.5	2.6	1.3p	--	--	--	--
9174	FMCCC	Strategic Adv Mid Cap Val										
9175	FSCCC	Strategic Adv Small Cap										

Funds have been liquidated

### Annuity Model Portfolios

Annuity Growth Model	
Fund	Allocation
Fidelity VIP Strategic Income	33%
Fidelity VIP Growth Opportunities	25
Fidelity VIP Value	19
Fidelity VIP Emerging Markets	12
Fidelity VIP Equity-Income	11
<b>Total Return: Mar: 5.8% YTD: 5.2%</b>	

Annuity Growth & Income Model	
Fund	Allocation
Fidelity VIP Investment Grade	29%
Fidelity VIP Strategic Income	26
Fidelity VIP Growth Opportunities	24
Fidelity VIP Value	17
Fidelity VIP Equity-Income	4
<b>Total Return: Mar: 4.0% YTD: 4.7%</b>	

Annuity Income & Preservation Model	
Fund	Allocation
Fidelity VIP Investment Grade	34%
Fidelity VIP Money Market	21
Fidelity VIP Strategic Income	19
Fidelity VIP Value	14
Fidelity VIP Growth Opportunities	12
<b>Total Return: Mar: 2.4% YTD: 3.3%</b>	

## Question & Answer

### Taxes And Income-Producing Funds

**Q:** *I am following your Aggressive Growth Model in a combination of taxable and non-taxable accounts; **Convertible Securities** [FCVSX] is in the taxable portion. Where does it make the most sense to hold it?*

— B.J., via e-mail

**A:** It's often a good idea to put your fixed-income funds in tax-advantaged accounts such as an IRA or 403(b) plan, as most of the return comes in the form of interest income, which is typically taxed at a higher rate than capital gains, which make up a larger portion of the return on stock funds. [This is actually subject to a variety of factors such as your tax-bracket, absolute returns, how often you trade, and more.] But as Convertible Secs. invests for income *and* capital appreciation, there's a twist.

Unlike companies whose debt is rated "investment grade," "converts" are often issued by struggling companies. (Notably, Convertible Secs. is run by veteran junk bond manager Tom Soviero. He also oversees **Leveraged Co. Stock** — both of his funds are in our Aggressive Growth Model — and he has also run the junk bond fund **High Income**.) So rather than issue high-yield bonds with very high interest costs, they issue lower-yielding, less costly converts.

But why would an investor settle for a lower yield from an at-risk company? Answer: upside potential.

Converts transform into common stock at a predetermined price that's higher than when issued. They are also "higher" in the issuer's capital structure, so there's a margin of safety should the company fold.

In 2009, this approach worked beautifully. Attractive valuations, and the prospect of economic recovery drove Convertible Securities 64% higher. Only a sliver of that was in the form of higher-taxed income, so

it wasn't all that bad to keep it in a taxable account. However, among your choices in the Aggressive Model, it probably makes the most sense to hold Convertible Securities in your tax-deferred account going forward.

### The Role Of Cash In A Portfolio

**Q:** *Please comment on why the Growth and Income portfolio recommendation has included 13% in cash, given the near zero interest rate in **Cash Reserves**. What are you waiting to happen to become more fully invested?*

— J.R., via e-mail

**A:** The cash in the Growth & Income Model isn't there because we are waiting for some trigger/event to get more fully invested. The neutral allocation for that model is 50% in stocks and 50% in cash and bonds. Currently we are around 57% in stocks, so it already has a stock bias which reflects our view of their relative attractiveness.

We are not thrilled by earning essentially 0% on our cash position either, but it is important to remember that its primary role in the portfolio is risk reduction. We could invest that cash elsewhere in an attempt to increase returns, but that would involve taking greater risk. The model's relative volatility is currently 0.72, near the top of our target range (0.25 - 0.75).

The least risky alternative would be to move some of the cash into bonds, but most bond funds actually had losses in March as longer-term interest rates rose. (See *Yield Curve* chart.) We don't expect rates to rise much higher for now (see *Market Outlook*), but they do still carry that risk.

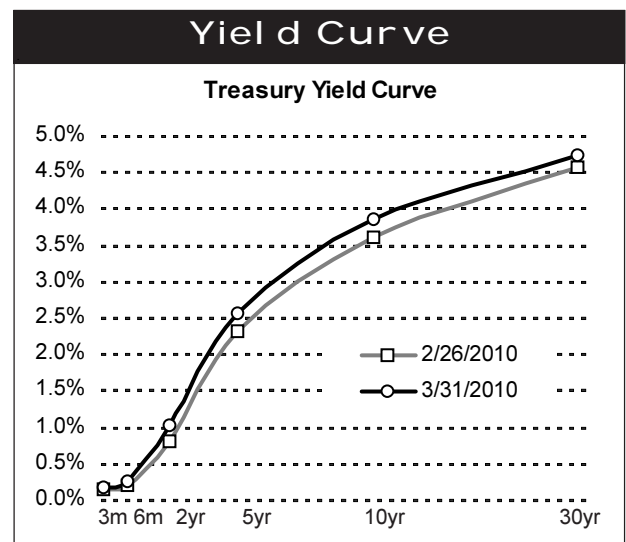
Longer-term, rising rates may pose a more serious threat to bond funds. The last major peak in interest rates was in 1990. Back then, the 10-year Treasury yielded around 9%. It bottomed-out at just over 2% at the end of 2008 in the midst of the Great Recession. Today it is back up to just under 4%. Is this the end of a great 20-year bull market in bonds? Time will tell, but we think it is a reasonable assumption.

If rates are eventually headed back towards much higher levels, what will we do with our bond positions?

Well, similar to cash, their role in our models is, at least in part, risk reduction. As noted, **we do not think rates are going too much higher from here in the near-term**. We believe it will take clear evidence of a much stronger economy to begin to pressure rates substantially.

When that does begin to occur, it is likely that the Fed will be finally raising short-term rates and the returns on cash (money market funds) will start to improve.

With that in mind, one potential way to handle the problem of rising rates would be to use a combination of cash and a higher-risk asset, such as a conservative stock fund in place of an investment-grade bond fund. With the right "mix" one could "engineer" a similar risk level as an investment-grade bond fund, and hopefully generate better returns in a rising rate environment. ■



sector bets. And to the extent that this fund and its benchmark (the Nasdaq Composite) are 50% weighted in tech, OTC must be on steroids.

On that score, Gavin has consistently kept sectors in line with the Nasdaq. Also, their top-10 names are quite similar, but holdings as a percent of assets may differ greatly. (Notably, OTC has 218 holdings versus 2,082 for the Nasdaq!) For example, Intel is 3.3% of the index, but is underweighted by OTC at 1.6%. Moreover, OTC has investment themes that the passive index lacks.

Last year, Gavin began playing cellular growth via U.S. companies in the emerging markets of Brazil and India. (Network provider Qualcomm and device maker Apple remain significant positions in this strategy.) Another of Gavin's tech themes is "cloud computing." That's centralized computing via the Internet, and none other than Microsoft (an 8% stake) is Gavin's top holding.

The second-biggest sector is health care; more specifically, lots of faster-growing biotech names. Amgen and Human Genome Sciences are his two biggest names there, but he also likes Isreal's high-flying Teva Pharmaceutical, a low-priced generic drug maker.

### Action Recommendations

With OTC's volatility of 1.32 and Small Cap Stock's measuring 1.44, they are best held by more aggressive members. (Even though the former is a large-cap fund and the latter is a small cap, we don't advise owning both as they are very highly correlated.) Should the market correct, expect some pain. But as long as the economy continues to recover, these Buy-rated funds make good sense. ■

## Message To Members

As you may have already heard, read or seen on page 1, members can now call a toll-free number (800-303-4470) for our telephone Hotline Updates. (We plan to phase out the current number in a few weeks.)

Of course, Hotlines are still sent via e-mail and are posted on our website each Friday after the market closes, or whenever the Dow Jones Industrials rise or fall 300 or more points in a day. (At today's level, that's just shy of a 3% move.)

We hope you find this toll-free service to be useful. For our members who are overseas where the 800# will not work, you can still access the Hotline by calling 916-552-1450.

And speaking of Hotlines, some members report having trouble receiving our e-mails. Even if you

don't, it's still a good idea to add [hotline@mfi.com](mailto:hotline@mfi.com) into your computer's address book or, if you have it, the "white list" which is sometimes called the "my friends" list on your computer's "spam filter." This step should allow our e-mails to reach you.

Separately, some members have noticed that monthly returns on our bond funds tend to trail those they see on Fidelity's website. That's because Fidelity accrues a fund's income on a daily basis, whereas we amalgamate income at month-end. The difference is usually measurable in just hundredths of a percentage point, and perhaps a tenth of a percent owing to rounding.

Finally, we greatly appreciate hearing from our members on all topics investment-related. In that regard, we have a new email address for editorial questions, concerns and comments: [editorial@mfi.com](mailto:editorial@mfi.com).

Your insights as to how we can improve your monthly *Fidelity Insight* reports are especially welcome!

Sincerely,  
John Boyd  
& John Bonnanzio  
[editorial@mfi.com](mailto:editorial@mfi.com)

### Dividend Update

*In addition to regular monthly dividends paid by bond and money market funds and Asset Mgr: 20%/30%, the following funds may make a dividend or cap gain distribution in April:*

Asst Mgr 40%, Asst Mgr 50%, Balanced, CA Muni, CA Sh-Int Tax-Free, Convertible Secs, Eqty-Inc, Eqty-Inc II, Fidelity Fund, Four-in-One Idx, Growth & Inc, Int'l Enhcd Idx, L Cap Core Enh Idx, L Cap Gr Enhcd Idx, L Cap Val Enhcd Idx, Mid Cap Enhcd Idx, Puritan, Small Cap Enhcd Idx, Sptn Interm Treas, Sptn Int'l Idx, Sptn Long Treas, Sptn Short Treas, Sptn Extd Mkt Idx, Sptn Total Mkt Idx, Strat Div & Inc, Strat Real Ret, Telecom & Utilities and all Selects.

*The final distributions for March were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Real Estate Inv	3/5	0.07	21.06
Real Estate Inc	3/5	0.04	9.52
Mid Cap Growth	3/5	0.004	10.50

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