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FIDELITY INSIGHT

The Independent Report on Fidelity Funds

**SPECIAL
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2010 Market Outlook

More Room For Gains, But Expect A Bumpier Road

What a difference a year makes! This time last year, we were still reeling from the effects of a near catastrophic collapse of financial systems around the world. Credit markets were frozen. Two of our most venerable financial institutions, Bear Stearns and Lehman Brothers, had disappeared in the blink of an eye, and speculation about which firms might be next abounded. The fear was palpable. We

What's on the minds of Fidelity fund managers? *From the Mouths of Managers* appears on p. 16.

were in the midst of the worst recession in over 30 years, and as we noted in this space last January, "it is going to get worse before it gets better."

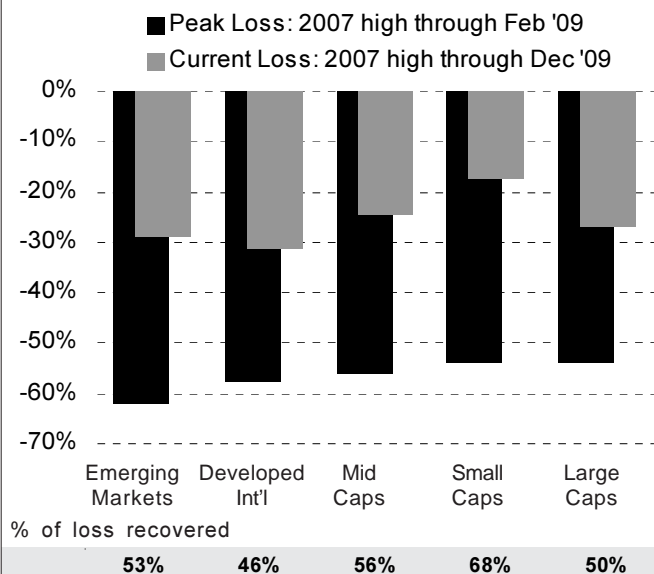
But, as we also noted last year, "from an investment standpoint, the situation looks much different. **In fact, there should be solid investment opportunities unfolding in 2009.**" And indeed, there were.

Our reasoning was simple: so-called "risk assets" (stocks, corporate bonds, commodities, etc.) were being priced as if the world was coming to an end. While we expected a very severe recession, it was unlikely we were heading into a second Great Depression. If our logic was correct, then valuations on risk assets were compelling. For example, the yield premium (spread) on high-yield corporate bonds over Treasuries (all anyone wanted to own then) reached a record high of around 20 percentage points! From a forecasting point of view, last year was pretty easy.

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Loss Recovery Continues



We first ran this chart in September. Using the average returns of Fidelity funds by category, the power of 2009's rally is evident, as much of the heavy losses suffered from the peak in 2007 have been recovered. But, we can also see that there is still a good way to go before returning to 2007's levels. Of note, is the fact that mid-caps and particularly small caps have recovered much faster than large caps. This is one reason we trimmed our small-cap exposure a bit last month.

As long as we avoided Armageddon, the prices of stocks and higher risk bonds were very likely to move higher.

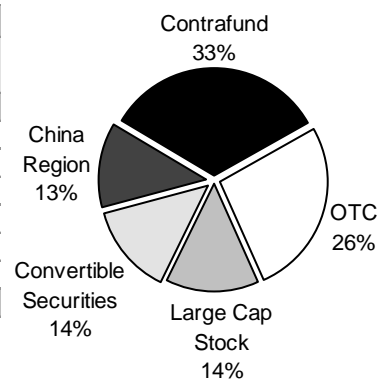
Forecasting what 2010 will bring is a much tougher proposition. In 2009, while we suffered through what might aptly be called the "Great Recession," we avoided the "D" word. Beginning in March, and continuing throughout the year, the economy staged a slow, but mostly steady advance. The S&P 500 enjoyed its best year since 2003, and most categories of risk assets recovered a good portion of their losses (see chart above). High yield bonds actually recovered all of their losses and then some, finishing 2009 above their previous high in 2007.

The result of 2009's gains in risk assets is that the significant extremes in valuations versus safer fare have largely disappeared. Entering 2010, pricing is much closer to historical norms. Returning to high-yield bonds again, their yield premium versus Treasuries shrunk to around

Market Outlook cont'd on page 3

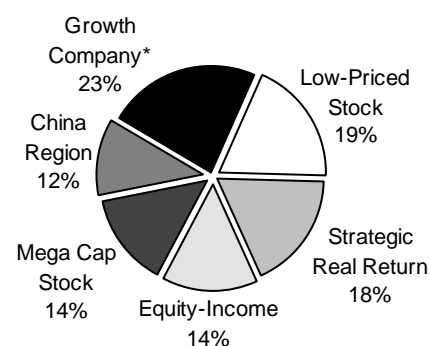
Fidelity Insight Model Portfolios - December 31, 2009

Aggressive Growth Model		Rel Vol: 1.00	Est. Yield: 1.0%	YTD Return: 28.6%		
Current Asset Allocation		Stocks 85.3%	Bonds 0.0%	Cash 2.1%	Alternative ¹ 12.5%	Foreign 23.4%
Holdings	Ticker	Alloc	NAV	Shares	Value	Dec Ret
Contrafund	FCNTX	33%	\$58.28	844.40	\$49,211	3.0%
OTC	FOCPX	26	45.72	814.41	37,235	7.8
Large Cap Stock	FLCSX	14	14.99	1,331.78	19,963	2.4
Convertible Securities	FCVSX	14	21.80	901.79	19,659	3.7
China Region	FHKCX	13	27.89	673.99	18,798	1.9
Current Value (4/7/99 = \$100,000)					\$144,866	4.0%



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

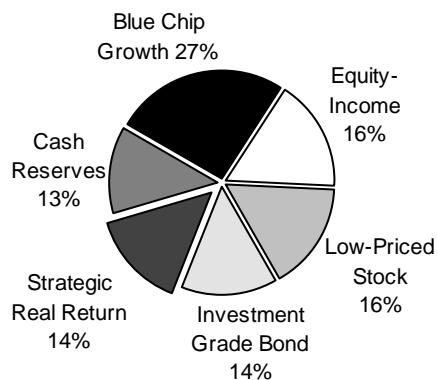
Growth Model		Rel Vol: 1.04	Est. Yield: 1.0%	YTD Return: 32.2%		
Current Asset Allocation		Stocks 79.9%	Bonds 4.8%	Cash 2.5%	Alternative ¹ 12.9%	Foreign 21.0%
Holdings	Ticker	Alloc	NAV	Shares	Value	Dec Ret
Growth Company*	FDGRX	23%	\$68.98	3,326.14	\$229,437	5.1%
Low-Priced Stock	FLPSX	19	31.94	5,792.44	185,011	4.2
Strategic Real Return	FSRRX	18	8.51	20,311.25	172,849	1.8
Equity-Income	FEQIX	14	39.14	3,645.23	142,674	1.6
Mega Cap Stock	FGRTX	14	8.80	15,920.66	140,102	1.2
China Region	FHKCX	12	27.89	4,083.66	113,893	1.9
Current Value (1/1/87 = \$100,000)					\$983,966	2.9%



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

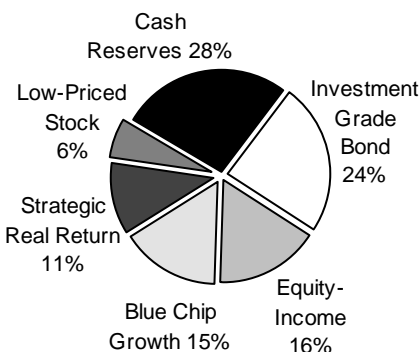
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.73	Est. Yield: 1.3%	YTD Return: 25.3%		
Current Asset Allocation		Stocks 56.1%	Bonds 17.5%	Cash 15.8%	Alternative ¹ 10.5%	Foreign 7.3%
Holdings	Ticker	Alloc	NAV	Shares	Value	Dec Ret
Blue Chip Growth	FBGRX	27%	\$37.95	5,673.15	\$215,296	5.0%
Equity-Income	FEQIX	16	39.14	3,456.32	135,280	1.6
Low-Priced Stock	FLPSX	16	31.94	4,083.20	130,417	4.2
Investment Grade Bond	FBNDX	14	7.04	16,705.49	117,607	-0.9
Strategic Real Return	FSRRX	14	8.51	13,800.42	117,442	1.8
Cash Reserves	FDRXX	13	1.00	108,773.23	108,773	0.0
Current Value (1/1/87 = \$100,000)					\$824,815	2.3%



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: 1.5%	YTD Return: 19.2%		
Current Asset Allocation		Stocks 36.6%	Bonds 25.6%	Cash 29.4%	Alternative ¹ 8.5%	Foreign 4.0%
Holdings	Ticker	Alloc	NAV	Shares	Value	Dec Ret
Cash Reserves	FDRXX	28%	\$1.00	141,004.88	\$141,005	0.0%
Investment Grade Bond	FBNDX	24	7.04	17,283.82	121,678	-0.9
Equity-Income	FEQIX	16	39.14	2,127.56	83,273	1.6
Blue Chip Growth	FBGRX	15	37.95	2,086.82	79,195	5.0
Strategic Real Return	FSRRX	11	8.51	6,892.84	58,658	1.8
Low-Priced Stock	FLPSX	6	31.94	1,005.90	32,129	4.2
Current Value (1/1/87 = \$100,000)					\$515,937	1.2%



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.

¹Alternative investments include such areas as high-yield bonds, commodities, real estate. Portfolio trades and total returns do not take taxes into account, however, redemption and exchange fees are included. Some percentage figures may not sum to 100 due to rounding. Dividends are reinvested. Consider the tax implications of trades before you decide to buy or sell any fund. Any trades are detailed on p. 3 and are announced on Friday evening Hotline updates via telephone, e-mail, and web (see p. 16). **Annuity Model Portfolios** are on p. 10.

5.8 percentage points by mid-December, just under the 6-point average since 1997.

While there are no longer the “easy” valuation plays anymore, there are still several reasons to expect that stocks and other risk assets can continue to move higher in 2010.

Most Of Stimulus Hits in 2010

Despite our own misgivings about the amount of government intervention in the economy, and its impact down the road, government support remains a prime reason to expect the recovery to continue. One of the concerns frequently heard from commentators is that most, if not all, of the improvements we saw in 2009 were a direct result of various government programs and actions. What will happen, they wonder, when these programs are removed?

Well, we’ll have to wait awhile to find out. Less than 30% of the record \$792 billion Economic Recovery Act has been spent. The bulk of those funds will be distributed in 2010 — and 2011 will see even more stimulus funds than 2009.

The other piece of the government puzzle is, of course, the Federal Reserve. They have pledged to keep short-term rates low for “an extended period.” We think there is a reasonable chance they will not hike rates at all in 2010, but if they do, it will most likely be in the second half — and only if they have seen evidence of real (i.e. — not just stimulus-driven) economic improvement. Ben Bernanke, an authority on the Great Depression, is determined to avoid deflation at (nearly) all costs. He is also well aware of the mistakes made in 1937, when policy turned restrictive too early, snuffing out the incipient recovery.

Which Funds Should You Buy Now!

Equity Funds: **Mega Cap Stock, Equity-Income, Contrafund, Large Cap Stock, Blue Chip Growth, Growth Company** and **OTC** are (in order of descending market-cap) our favorite large-cap funds, while **Low-Priced Stock** offers mid- and small-cap stock exposure.

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 corporate bonds. For more aggressive members, **High Income** invests in high-yield bonds.

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

ery. Determined not to repeat them, Bernanke’s Fed has already shown a willingness to extend programs, such as the first-time home buyers credit, beyond their initial expiration should the need be there.

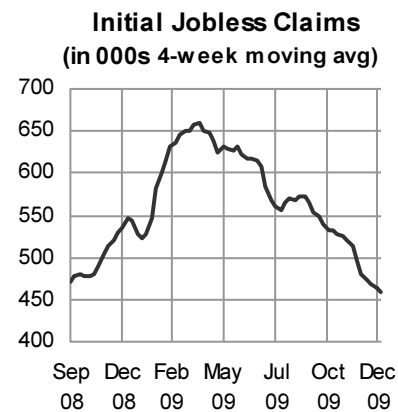
Corporate Earnings Rebound

As we noted in last month’s issue, while there may be doubt about the strength of the economic recovery, the recovery in corporate earnings should be very strong. First quarter operating earnings for the S&P 500 are forecasted to be 64% higher than in 2009, and the second quarter is expected to come in 33% higher. Gains in the mid-20’s are expected for the second half.

Jobs Picture Brightening

Since peaking at 674,000 in March, initial claims for unemployment have dropped fairly steadily, reaching 432,000 by the end of 2009. This is significant because it means we could actually start seeing job growth as early as the first quarter of the year. According to the Labor Department, initial claims in the range of 400,000 - 449,000 are consistent with an increase in payrolls of 65,000. Another positive sign in this regard comes from temporary employment figures. In the

beginning stages of a recovery, firms typically meet increased demand by



hiring temporary workers. At the end of 2009, temporary employment was rising at the fastest rate ever, 28.7% on a 3-month annualized basis.

Although November’s unemployment rate did manage to dip to 10.0% from 10.2% in October, it is too soon to say we have reached the peak yet. Typically it takes claims of less than 400,000 per week to generate enough job growth to begin to lower unemployment. Nevertheless, the trend is positive.

Home Improvement

Sales of existing homes have been

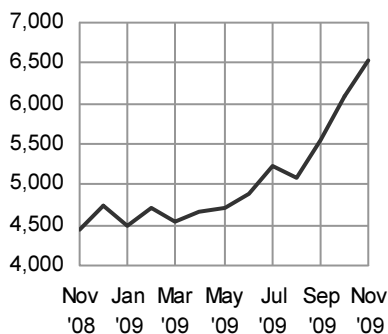
Market Outlook *cont'd on page 4*

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

rising steadily since March, and are now running at an annual rate of about 6.5 million units, not that far below the historic high of 7.1 million units sold in

Existing Home Sales
(000s of units)



2005. As a result, inventories have fallen to about a 6.5 month supply, right around the average since 1982.

More important, prices seem to be stabilizing. The median sales price on existing homes sold in November was down “just” 4.3% from a year ago, compared to a peak year-over-year decline of 17.2% in April.

Two caveats are in order, however. First, much of the increase in sales can be attributed to the government’s first-time home buyer credit. Originally set to expire this past November (new home sales fell sharply in November because of that), it has since been extended to April of 2010. Second, it is estimated that there are up to seven million homes with delinquent mortgages that may eventually end up in foreclosure, which could swell inventories, putting renewed downward pressure on home prices. The negative wealth effect from falling home values would put pressure on consumer spending (see *Risks To Our Outlook*).

Rally In Stocks Below Average

While the S&P 500’s 65% rally off the March lows (ex-dividends) seems very impressive, in reality it is below average. According to Fidelity, Since 1949, market rallies that reached a new one-year high after a decline of more than 20% have been very strong, with an average gain of 116% from

the bottom. In fact, the only rally of less magnitude than the current one was in 1966 (48%). So there appears room for further gains.

Lastly, we’ve mentioned this before, but it remains important: Most investors have not fully participated in the stock market’s big run-up this year. Through November, investors were continuing to pull money out of domestic stock funds! Bull markets don’t usually end with the public on the sidelines.

Risks To Our Outlook

There are several risks to our forecast. We have raised concerns in this space before about consumers who are still struggling with high debt and high unemployment. Starting in the second half of 2008, monthly retail sales fell, plunging \$40 billion by year-end. But monthly sales have slowly come back in 2009, recovering by about \$15 billion. Should spending turn down again, it would seriously threaten the recovery.

On that score, another risk is a (further) rise in long-term interest rates. In December, the 10-year Treasury yield moved from 3.28% to 3.85%. Part of the reason is that the Fed has stopped its direct purchases of Treasuries. But it is also due to the strengthening economy along with inflation fears stoked by massive government (deficit) spending. The risk is that mortgage rates (which are often pegged to the 10-year Treasury) rise high enough to choke off the fragile recovery in housing and trigger another round of declines in home prices.

Action Recommendation

In short, we still like risk assets, and believe they have further room for gains, especially in the first half of 2010. However, they are no longer the bargain they were a year ago. What this means is we have less “insurance” (in the form of historically cheap valuations) should our forecast go awry. This makes a well-diversified portfolio (which we always favor) even more important for 2010.

As we noted in the headline, you should also expect a bumpier ride than last year. A 10-15% correction at any point would not be a huge surprise.

The market segments we favor are the same as last year. For U.S. stock funds, that means funds with healthy exposures to technology (**OTC, Growth Company, Blue Chip Growth**) along with consumer discretionary (**Contrafund, Low-Priced-Stock, Large Cap Stock**). We also like energy (**Equity-Income, Mega Cap Stock**).

We are less enamored of defensive sectors such as consumer staples and health care (although in the latter case, finally getting a health care reform bill would ease uncertainty and likely boost the sector).

From a market-cap perspective we are roughly neutral. While large caps remain cheap relative to smaller-cap fare, and should hold up better when the market corrects, the steep yield curve suggests that smaller stocks will retain their advantage during market advances.

Overseas, we still favor emerging markets such as **China Region** and **Emerging Markets**. For more risk-averse members, **Total Int’l Equity** offers broad developed market exposure with 20% in emerging markets.

In fixed-income, rising rates are a real concern. We continue to favor more credit-sensitive corporate bonds over more interest-rate sensitive Treasury bonds. **Investment Grade Bond** offers a mix of corporates and Treasuries, and for more aggressive members, **High Income** invests in high-yield bonds. **Total Bond** offers a good mix of Treasuries, corporates and high-yield. We would avoid “pure” longer-term Treasury funds except for **Inflation-Protected Bond**, which invests in inflation-linked Treasuries (TIPS).

Speaking of inflation, we also like the specialty fund **Strategic Real Return** for its diverse mix of investments that are designed to help you beat inflation: TIPS, real estate, floating-rate high-yield and commodities. ■

A Decade Of Bursting Bubbles & Recoveries

Boy, that was a lot of work for nothin'!

Over the past 10 years, the S&P 500 delivered an average annual return of -0.9%, ending 2009 9.1% below where it started (after factoring in dividends).

In relative terms, the 1929 stock market crash, the ensuing Great Depression and the Dust Bowl of the 1930s were far more devastating than what we've just experienced. But in absolute terms, the past 10 years (the Aughts) are unrivaled in American history for the sheer magnitude of wealth destruction. And it all began with the New Millennium barely in its infancy. (See *Message to Members* on p. 16.)

Bubble #1

Years of spectacular growth in the technology sector drove the Nasdaq Composite to extraordinary heights; 1999 alone saw a doubling of its value without — we might add — a commensurate doubling in earnings growth! But the tech bubble started to deflate in March 2000 when the Nasdaq reached its zenith of 5049. Over the next 31 months it would lose almost 80% of its value, while the broader S&P 500 fell about 40% during the same period.

The tech bubble had burst. And so had the “bubble” of our safety, as terrorism came to our shores on a scale that no one could ever have imagined. With the financial markets in a free-fall from 2000 to 2002, and the World Trade Center complex obliterated, the U.S. went to war in Afghanistan and Iraq and, so it was hoped, on terrorism itself.

Separately, the Fed began its own battle against a recession that it feared could turn into something worse. Its weapon: interest rates. Its strategy: slashing them to (what seemed back then) an incredibly low 1.0% to stimulate the economy. And it kept them low until the economy was humming

along again.

But keeping rates so low, for so long, was like squeezing a balloon: another bubble appeared elsewhere, this time in the housing market.

Bubble #2

As with stocks in the 1990s, home values soared through most of the prior decade. Low mortgage interest rates, coupled with a good dose of predatory lending, fueled a housing boom which helped to sustain the economy even as the equity markets stumbled. Adjustable and teaser-rate mortgages allowed existing homeowners to “trade up” (or stay put and tap into their equity for spending money!), while “relaxed” lending standards fueled the long-standing mythology that owning your own home is an American birthright (welcome to subprime mortgages).

That bubble seemed to have the ability to grow endlessly, at least as long as interest rates remained low and home prices continued to increase.

But, interest rates started to rise, re-sets on adjustable mortgages became tougher and tougher to handle, refinancings dried up, and home prices began to slide. Perhaps just as important, soaring fuel prices were soaking up an increasingly large part of homeowners' disposable incomes.

Bubble #3

With the housing bubble deflating, it was only a matter of time until a third, very closely related bubble also popped: the credit bubble.

With subprime mortgage holders struggling to meet their monthly “nut,” foreclosures quickly mounted and home price declines began to accelerate. Homeowners who had previously been seen as a good (prime) credit risk suddenly found themselves “upside down” on their mortgages, and many were also swimming in credit card debt. Lenders such as Countrywide found themselves out of

Fund Commentary *cont'd on page 6*

January Scorecard Rating Changes

Fund	Ratings		Comments
	Old	New	
California Muni Inc	B	H ↓	Budget woes increase this fund's risk.
EMEA	H	B ↑	A risky, emerging markets stock fund with potential.
Fifty	S	H ↑	A concentrated large-cap growth fund with moxie.
Government Income	H	S ↓	We prefer corporates over government debt.
Interm Gov't Income	H	S ↓	We prefer corporates over government debt.
Int'l Value	B	H ↓	Stock selection needs improvement.
Mid-Cap Stock	H	B ↑	Stock selection has been sharp.
Nasdaq Comp Idx	H	B ↑	We like large-cap growth and technology.
NJ Muni Inc	B	H ↓	We prefer nationally diversified muni funds.
NY Muni Inc	B	H ↓	We prefer nationally diversified muni funds.
Select Utilities	S	H ↑	Lagging investment area starting to catch up.
Short-Interm Muni Inc	B	B ↓	We prefer longer-term muni funds.
Short-Term Bond	H	B ↑	We prefer corporates over government debt.
Sptn Interm Treas Idx	H	S ↓	We prefer corporates over government debt.
Sptn L-T Treas Idx	S	S ↓	We prefer corporates over government debt.
Telecom & Utilities	S	H ↑	Attractive dividend yields increase our interest.
Ultra-Short Bond	S	H ↑	This fund's problems are behind it.
Value Strategies	B	B ↑	This is a good choice among mid-cap funds.
Personal Retirement Annuity Portfolios			
CS Int'l Equity Flex III		S	New annuity fund replaces CS Int'l Focus.
Strat Adv Mid Cap Val			This fund has been liquidated.
Strat Adv Small Cap			This fund has been liquidated.
VIP Int'l Cap App	B	B ↑	Strong stock selection within materials sector.
VIP Utilities	S	H ↑	Investor interest in this area is picking up.
VIP Value Strategies	B	B ↑	This is a a good choice among mid-cap funds.

B = Buy; **B** = OK to Buy; **H** = Hold; **S** = OK to Sell; **S** = Sell, **NC** = No change
(↑) Rating upgraded; (↓) Rating downgraded.

Fidelity Scorecard - December 31, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Dec	2009	2008	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500 (Large Cap)*				1.9	26.5	-37.1	26.5	-5.7	0.4	1.00			
		Nasdaq Composite (OTC)*				5.9	45.0	-40.0	45.0	-1.3	1.5	1.00			
		MSCI EAFE (International)*				1.4	28.5	-41.4	28.5	-5.9	3.6	1.15			
		Barclays Aggregate Bond*				-1.6	6.5	3.8	6.5	5.2	4.4	1.25			
LARGE CAP GROWTH						Category Averages			4.2	39.1	-43.0	39.1	-3.0	1.8	1.17
312	FBGRX	Blue Chip Growth		37.95	Buy	5.0	45.0	-38.6	45.0	-0.2	1.8	1.09			
307	FDCAX	Capital Appreciation		21.43	OK to Sell	7.3	36.4	-40.5	36.4	-4.6	0.9	1.16			
22	FCNTX	Contrafund		58.28	Buy	3.0	29.2	-37.2	29.2	-0.9	4.8	0.93			
332	FEXPX	Export and Multinational	0.75%/30 days	19.62	Hold	2.0	37.1	-43.4	37.1	-3.6	2.3	1.13			
500	FFTYX	Fifty		15.04	Hold↑	2.1	37.1	-49.1	37.1	-7.7	-0.6	1.25			
25	FDGRX	Growth Company (closed)		68.98	Buy	5.1	41.2	-40.9	41.2	0.0	4.5	1.11			
339	FDSVX	Growth Discovery		11.10	OK to Sell	4.0	29.3	-46.7	29.3	-4.4	0.3	1.12			
73	FDFFX	Independence		19.92	Hold	4.5	39.9	-48.1	39.9	-2.0	3.1	1.42			
763	FSLGX	Large Cap Growth		8.13	Hold	3.6	24.0	-38.1	24.0	-7.8	-1.3	1.02			
1829	FLGEX	Large Cap Growth Enhcd Index		8.53	OK to Buy	3.1	35.1	-37.0	35.1	--	--	--			
338	FLCSX	Large Cap Stock		14.99	Buy	2.4	50.5	-47.5	50.5	-3.7	1.7	1.30			
21	FMAGX	Magellan		64.32	Hold	4.4	41.1	-49.4	41.1	-5.3	-0.6	1.32			
1282	FNCMX	Nasdaq Composite Index	0.75%/90 days	30.07	OK to Buy↑	5.9	45.0	-40.0	45.0	-1.3	1.5	1.15			
93	FOCPX	OTC		45.72	Buy	7.8	62.2	-46.0	62.2	3.4	5.7	1.31			
320	FDSSX	Stock Selector		21.72	Hold	4.3	28.8	-41.7	28.8	-5.7	0.7	1.03			
5	FTRNX	Trend		56.25	OK to Buy	3.4	44.5	-44.5	44.5	-1.6	3.0	1.15			
LARGE CAP BLEND						Category Averages			2.7	27.6	-40.2	27.6	-6.1	0.4	1.09
315	FDEQX	Disciplined Equity		21.01	OK to Sell	2.2	22.0	-40.1	22.0	-6.8	0.5	1.02			
330	FDGFX	Dividend Growth		23.67	Buy	5.0	51.0	-43.0	51.0	-4.5	0.7	1.29			
3	FFIDX	Fidelity Fund		28.34	OK to Buy	2.0	26.8	-40.3	26.8	-4.1	1.5	1.05			
333	FTQGX	Focused Stock		11.00	Hold	2.0	25.2	-33.0	25.2	-0.6	4.1	0.99			
27	FGRIX	Growth & Income		16.06	OK to Sell	3.0	23.1	-50.9	23.1	-15.3	-7.1	1.20			
1827	FLCEX	Large Cap Core Enhcd Index		7.75	Hold	1.9	23.3	-35.8	23.3	--	--	--			
361	FGRTX	Mega Cap Stock		8.80	Buy	1.2	28.6	-39.4	28.6	-4.7	1.0	1.04			
317	FSPKX	Spartan 500 Index ⁴		76.92	Hold	1.9	26.5	-37.1	26.5	-5.7	0.4	1.00			
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90 days	31.57	Hold	2.8	28.4	-37.2	28.4	-5.2	1.0	1.03			
343	FTXMX	Tax Managed Stock		10.90	Sell	3.4	20.7	-42.7	20.7	-7.6	0.2	1.09			
832	FVDFX	Value Discovery		12.87	Hold	4.2	27.7	-42.3	27.7	-6.9	2.1	1.16			
LARGE CAP VALUE						Category Averages			1.7	22.7	-40.5	22.7	-9.1	-1.2	1.14
1271	FBCVX	Blue Chip Value		9.96	Hold	2.2	27.8	-44.8	27.8	-9.7	-1.4	1.18			
23	FEQIX	Equity-Income		39.14	Buy	1.6	29.5	-41.6	29.5	-8.5	-0.6	1.15			
319	FEQTX	Equity-Income II		16.33	Buy	1.4	25.1	-40.4	25.1	-8.0	-1.5	1.11			
708	FSLVX	Large Cap Value		9.74	OK to Sell	1.6	15.6	-39.7	15.6	-10.2	-1.2	1.09			
1828	FLVEX	Large Cap Value Enhcd Index		6.70	Hold	1.7	15.6	-35.9	15.6	--	--	--			

Notes: *Fidelity's index funds (Spartan 500 Index, Nasdaq Composite Index, Spartan Int'l Index and U.S. Bond Index) used as proxies for their respective indexes. ¹ Relative Volatility of the fund versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ² Durations (a measure of interest rate sensitivity) reflect prior quarter figures. ³ Stated yield is before any inflation adjustment, your effective yield may be different. ⁴ Also available in an Advantage share class with a minimum of \$100,000, but a lower expense ratio of 0.07% (versus 0.10% for the Investor class). ⁵ Also available in Advantage shares with a minimum of \$100,000, but a lower expense ratio of 0.10% (versus 0.20% for the Investor class). ⁶ Formerly Small Cap Retirement. ⁷ 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 page 5*

business, while many large financial institutions — from banks to pension funds to mutual fund companies — found themselves holding hundreds of billions of dollars in a dizzying array of dubious mortgage-backed debt.

Lehman Brothers vanished virtually overnight, and one particular money market fund that held a bundle of its short-term debt just as suddenly “broke the buck.” Now, it seemed, even “riskless” money market funds were under threat (though that fear was largely exaggerated).

In late 2008 and early 2009, panic consumed the credit markets. If you wanted to buy a home, or start a new business — good luck! Credit lines were reined in. In fact, borrowing money for anything became extremely difficult. Any security with even a hint of credit-risk was in free-fall. High-yield bonds, stocks and even investment-grade bonds were sold without any regard to fundamentals.

With credit seizing up, unemployment rising and the economy in recession, the only way out of the mess (or so went the thinking in Washington) were massive and coordinated inter-

ventions, with the Fed becoming the lender of last resort.

In 2009, with a new Congress and president now running the country, the Fed and Treasury ramped up their involvement in the private sector. Financial concerns were taken over, and so were car makers.

Although the federal government's full liabilities are unknown, this much is: The budget deficit ballooned by \$2 trillion to over \$12 trillion. While the massive increase in debt worried many (and still does), the deep freeze that enveloped the economy started to thaw with the onset of spring.

Fidelity Scorecard - December 31, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Dec	2009	2008	1 Year	3 Year	5 Year				
MID-CAP GROWTH						Category Averages			5.8	42.9	-44.7	42.9	-4.8	1.4	1.27
324	FDEGX	Growth Strategies	1.50%/90 days	16.27	Hold	6.5	39.7	-49.3	39.7	-5.6	-0.3	1.24			
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30 days	8.28	Hold	5.1	37.6	-38.7	37.6	--	--	--			
793	FSMGX	Mid Cap Growth	0.75%/30 days	9.94	Hold	6.7	46.4	-49.3	46.4	-8.7	-1.4	1.30			
337	FMCSX	Mid-Cap Stock	0.75%/30 days	23.42	OK to Buy↑	5.9	50.4	-46.0	50.4	-4.2	3.2	1.37			
300	FMLX	New Millennium		24.63	OK to Buy	4.9	40.2	-40.2	40.2	-0.8	4.1	1.18			
MID-CAP BLEND						Category Averages			5.6	48.6	-45.1	48.6	-4.6	2.1	1.42
122	FLVCX	Leveraged Company Stock	1.50%/90 days	22.92	Buy	5.5	59.6	-54.5	59.6	-5.1	3.4	1.72			
316	FLPSX	Low-Priced Stock	1.50%/90 days	31.94	Buy	4.2	39.1	-36.2	39.1	-2.9	3.2	1.16			
398	FSEMXX	Spartan Extended Mkt Index ⁴	0.75%/90 days	30.40	Hold	6.7	36.7	-38.5	36.7	-3.9	2.4	1.19			
14	FSLSX	Value Strategies		22.11	Buy↑	5.8	59.2	-51.2	59.2	-6.4	-0.4	1.60			
MID-CAP VALUE						Category Averages			5.5	39.8	-43.5	39.8	-6.9	1.1	1.39
762	FSMVX	Mid Cap Value	0.75%/30 days	12.77	Hold	5.5	35.4	-40.5	35.4	-6.2	1.5	1.30			
39	FDVLX	Value		56.94	Buy	5.4	44.1	-46.5	44.1	-7.7	0.7	1.48			
SMALL CAP GROWTH						Category Averages			8.0	32.9	-41.9	32.9	-5.9	1.3	1.32
2011	FCPEX	Small Cap Enhanced Index	1.50%/90 days	8.05	OK to Sell	7.5	23.6	-33.7	23.6	--	--	--			
1388	FCPGX	Small Cap Growth	1.50%/90 days	12.42	Hold	8.5	42.9	-44.9	42.9	-2.8	3.5	1.27			
336	FDSCX	Small Cap Independence	1.50%/90 days	13.92	Hold	8.0	32.3	-47.0	32.3	-9.1	-0.9	1.38			
SMALL CAP BLEND						Category Averages			9.1	50.0	-33.6	50.0	0.3	4.8	1.39
384	FSCRX	Small Cap Discovery ⁶	1.50%/90 days	14.07	Hold	9.1	50.7	-27.6	50.7	2.0	4.9	1.39			
340	FSLCX	Small Cap Stock	2.00%/90 days	15.94	OK to Buy	9.7	62.7	-42.9	62.7	0.0	4.0	1.44			
1389	FCPVX	Small Cap Value	1.50%/90 days	12.68	Hold	8.6	36.6	-30.3	36.6	-1.3	5.5	1.34			
SPECIALTY															
2063	FOTTX	130/30 Large Cap (2008 ret from 1st full month)		6.60	OK to Sell	2.5	3.6	-35.3p	3.6	--	--	--			
304	FBALX	Balanced		16.36	Hold	1.9	28.1	-31.3	28.1	-1.4	3.5	0.80			
308	FCVSX	Convertible Securities		21.80	Buy	3.7	64.1	-47.8	64.1	-0.1	4.0	1.36			
1960	FDYSX	Dynamic Strategies		8.46	Hold	1.3	28.7	-28.4	28.7	--	--	--			
355	FFNOX	Four-in-One Index		24.26	Hold	1.9	25.0	-32.6	25.0	-3.7	1.9	0.91			
334	FGBLX	Global Balanced	1.00%/30 days	20.11	OK to Buy	-0.3	22.5	-23.3	22.5	2.3	5.8	0.74			
2120	FFGCX	Global Commodity Stock	1.00%/30 days	14.71	Buy	2.3	48.0p	--	--	--	--	--			
1368	FIREX	International Real Estate	1.50%/90 days	8.80	Hold	1.8	35.8	-50.5	35.8	-14.9	0.3	1.41			
4	FPURX	Puritan		16.06	OK to Buy	1.6	26.7	-29.2	26.7	-1.6	2.7	0.72			
833	FRIFX	Real Estate Income	0.75%/90 days	9.21	OK to Buy	2.8	46.8	-31.0	46.8	-1.8	2.2	0.80			
303	FRESX	Real Estate Investment	0.75%/90 days	20.16	Hold	6.8	32.9	-38.2	32.9	-13.6	-0.3	2.09			
1329	FSDIX	Strategic Dividend & Income		9.54	OK to Buy	4.8	37.7	-41.2	37.7	-5.8	0.9	1.16			
1505	FSRRX	Strategic Real Return	0.75%/60 days	8.51	Buy	1.8	28.4	-23.4	28.4	0.7	--	0.69			
311	FIUIX	Telecom & Utilities		14.02	Hold↑	6.6	11.1	-34.6	11.1	-7.0	2.9	0.92			
ASSET ALLOCATION															
328	FASIX	Asset Manager 20%		11.98	Hold	0.4	19.5	-14.2	19.5	2.4	4.1	0.37			
1957	FTANX	Asset Manager 30%		9.15	Hold	0.7	23.6	-19.7	23.6	--	--	--			
1958	FFANX	Asset Manager 40%		8.91	Hold	1.2	26.0	-23.2	26.0	--	--	--			
314	FASMXX	Asset Manager 50%		13.85	Hold	1.7	30.9	-27.8	30.9	0.2	2.7	0.71			
1959	FSANX	Asset Manager 60%		8.64	Hold	2.1	32.7	-30.0	32.7	--	--	--			
321	FASGX	Asset Manager 70%		14.33	Hold	2.5	35.7	-34.9	35.7	-1.8	1.6	0.91			
347	FAMRX	Asset Manager 85%		11.65	Hold	3.2	38.7	-38.6	38.7	-2.8	2.1	1.03			

Off The Bottom

Unbeknownst to all, the market bottomed (as measured by the S&P 500) on March 9, 2009, when the index hit 676.53. From that low through year-end, stocks surged 64.8%!

“Risk assets”—the worst performing areas in 2008—emerged as the top-performers in 2009. In general, the bigger their 2008 thrashing, the bigger their rebound in 2009. That was true of both stocks and fixed-income securities around the world.

Although the aforementioned intervention by the government was extremely controversial, a sinking ship

requires bailing, and the government had the buckets to get the job done. Slowly but surely, opportunities presented themselves to the valuation-sensitive investor, and those with some vision and guts. And even though rising unemployment continues to keep consumer confidence in check, investor confidence returned thanks, in large part, to liquidity being restored to the credit markets.

Global economic growth was also reestablishing itself. Just about every imaginable economic indicator started to improve—albeit slowly and unevenly. But improve they did. And,

most importantly, corporate earnings started to recover (see p. 3 of *Market Outlook*). On the homefront, smaller-cap and value-oriented funds were the first to benefit. But tech-rich, growth funds soon gathered steam, and so did mid-caps. Overseas, stocks rebounded, and the falling dollar bolstered the returns of Fidelity’s unhedged foreign stock funds (at least until later in the year, when the dollar started to rebound). The world, it seems, was not coming to an end after all!

Fund Commentary *cont'd on page 12*

Fidelity Scorecard - December 31, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Dec	2009	2008	1 Year	3 Year	5 Year				
INTERNATIONAL						Category Averages			2.2	41.9	-47.0	41.9	-4.2	6.4	1.42
309	FICDX	Canada	1.50%/90 days	48.48	Hold	2.0	39.6	-42.6	39.6	2.6	9.7	1.50			
352	FHKCX	China Region	1.50%/90 days	27.89	Buy	1.9	65.6	-44.9	65.6	10.1	14.7	1.60			
325	FDIVX	Diversified International	1.00%/30 days	28.00	OK to Buy	1.7	31.8	-45.2	31.8	-5.7	3.8	1.27			
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90 days	7.62	OK to Buy↑	2.9	61.4	-52.4p	61.4	--	--	--			
322	FEMKX	Emerging Markets	1.50%/90 days	22.61	Buy	4.0	76.0	-60.8	76.0	0.0	14.0	1.79			
301	FIEUX	Europe	1.00%/30 days	29.47	Hold	0.8	31.7	-44.0	31.7	-5.0	4.9	1.25			
341	FECAX	Europe Capital App	1.00%/30 days	17.74	Hold	0.9	32.1	-46.3	32.1	-6.6	5.1	1.28			
335	FIVFX	Int'l Cap App	1.00%/30 days	11.34	Buy	3.0	55.2	-50.7	55.2	-7.0	1.2	1.53			
305	FIGRX	International Discovery	1.00%/30 days	30.35	Hold	2.4	30.1	-44.3	30.1	-4.8	4.9	1.22			
2010	FIENX	International Enhanced Index	1.00%/30 days	6.90	OK to Sell	1.0	24.6	-43.3	24.6	--	--	--			
1979	FIGFX	International Growth	1.00%/30 days	7.48	Hold	3.0	36.5	-41.3	36.5	--	--	--			
818	FISMX	Int'l Small Cap	2.00%/90 days	17.55	Hold	0.7	45.5	-46.5	45.5	-4.2	5.4	1.37			
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90 days	8.58	Hold	4.4	46.3	-58.4	46.3	-14.5	--	1.53			
1597	FIVLX	International Value	1.00%/30 days	7.98	Hold↓	1.2	36.1	-46.7	36.1	-7.4	--	1.42			
350	FJPNX	Japan	1.50%/90 days	10.12	OK to Sell	2.6	15.3	-36.8	15.3	-10.8	-0.8	1.14			
360	FJSCX	Japan Smaller Companies	1.50%/90 days	8.32	OK to Sell	2.0	18.1	-34.5	18.1	-12.2	-5.5	1.27			
349	FLATX	Latin America	1.50%/90 days	51.85	OK to Buy	1.0	91.6	-54.6	91.6	7.7	22.8	1.81			
342	FNORX	Nordic	1.50%/90 days	27.38	Hold	0.6	47.5	-56.0	47.5	-7.2	5.3	1.60			
94	FOSFX	Overseas	1.00%/30 days	30.93	OK to Sell	1.0	25.2	-47.3	25.2	-7.0	2.9	1.29			
302	FPBFX	Pacific Basin	1.50%/90 days	20.30	Buy	3.9	59.3	-55.8	59.3	-4.1	6.3	1.67			
351	FSEAX	Southeast Asia	1.50%/90 days	25.43	OK to Sell	4.6	39.2	-51.9	39.2	1.3	13.8	1.48			
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90 days	33.45	Hold	1.4	28.5	-41.4	28.5	-5.9	3.6	1.25			
1978	FTIEX	Total International Equity	1.00%/30 days	6.76	OK to Buy	2.3	41.2	-47.2	41.2	--	--	--			
318	FWWFX	Worldwide	1.00%/30 days	16.07	Hold	2.6	28.5	-40.2	28.5	-3.1	4.0	1.15			
SELECT PORTFOLIOS						Category Averages			4.8	44.7	-40.5	44.7	-2.6	3.4	1.41
34	FSAIX	Air Transportation	0.75%/30 days	31.85	Hold	17.3	22.3	-32.6	22.3	-6.8	3.8	1.65			
502	FSAVX	Automotive	0.75%/30 days	31.48	OK to Buy	7.2	122.3	-61.2	122.3	-4.8	-0.8	2.59			
507	FSRBX	Banking	0.75%/30 days	15.25	OK to Sell	-1.1	5.1	-37.5	5.1	-19.7	-10.2	1.58			
42	FBIOX	Biotechnology	0.75%/30 days	65.49	Hold	4.8	10.8	-11.4	10.8	0.3	2.6	1.03			
68	FSLBX	Brokerage & Investment	0.75%/30 days	47.45	Buy	1.2	50.4	-49.3	50.4	-8.7	3.7	1.50			
69	FSCHX	Chemicals	0.75%/30 days	75.26	OK to Buy	2.3	65.3	-43.3	65.3	6.4	7.3	1.37			
518	FSDCX	Communications Equipment	0.75%/30 days	20.76	OK to Buy	6.5	80.7	-48.5	80.7	0.7	1.6	1.62			
7	FDCPX	Computers	0.75%/30 days	45.59	OK to Buy	8.3	83.2	-48.5	83.2	4.9	5.3	1.43			
511	FSHOX	Construction & Housing	0.75%/30 days	29.08	OK to Buy	6.1	22.9	-26.8	22.9	-8.2	-1.9	1.49			
517	FSCPX	Consumer Discretionary	0.75%/30 days	18.79	OK to Buy	4.7	38.1	-34.6	38.1	-6.1	-0.8	1.18			
9	FDFAX	Consumer Staples	0.75%/30 days	60.79	Hold	0.3	20.9	-22.3	20.9	4.5	7.7	0.79			
67	FSDAX	Defense & Aerospace	0.75%/30 days	60.43	OK to Sell	4.7	24.9	-40.2	24.9	-4.2	4.6	1.32			
8	FSELX	Electronics	0.75%/30 days	41.50	Buy	14.2	85.0	-49.9	85.0	-1.0	2.4	1.52			
60	FSENX	Energy	0.75%/30 days	44.15	Buy	4.9	47.1	-54.0	47.1	-0.5	11.3	1.71			
43	FSESX	Energy Service	0.75%/30 days	58.14	Buy	4.2	62.0	-63.2	62.0	-2.5	9.2	2.01			
516	FSLEX	Environmental	0.75%/30 days	15.55	OK to Sell	4.7	17.2	-30.5	17.2	-2.9	2.1	1.07			
66	FIDSX	Financial Services	0.75%/30 days	58.02	Hold	1.8	25.9	-49.9	25.9	-18.3	-7.4	1.48			
41	FSAGX	Gold	0.75%/30 days	42.83	OK to Buy	-7.3	38.0	-20.5	38.0	11.1	19.3	2.26			
63	FSPHX	Health Care	0.75%/30 days	106.69	Hold	3.9	32.1	-32.4	32.1	0.1	4.3	0.95			
98	FSVLX	Home Finance	0.75%/30 days	10.98	OK to Sell	6.2	1.9	-58.6	1.9	-36.0	-22.9	1.37			
510	FSCGX	Industrial Equipment	0.75%/30 days	25.45	Hold	3.1	38.9	-46.8	38.9	-3.1	2.8	1.50			
515	FCYIX	Industrials	0.75%/30 days	18.13	Hold	4.1	38.9	-40.1	38.9	-0.7	4.8	1.40			
45	FSPCX	Insurance	0.75%/30 days	39.56	Hold	1.2	21.8	-47.0	21.8	-14.8	-4.8	1.39			
353	FBSOX	IT Services	0.75%/30 days	17.83	Hold	5.4	59.1	-32.9	59.1	6.0	7.7	1.20			
62	FDLSX	Leisure	0.75%/30 days	66.50	Hold	2.3	24.3	-29.1	24.3	-2.8	2.1	1.07			
509	FSDPX	Materials	0.75%/30 days	53.98	OK to Buy	3.3	78.7	-47.6	78.7	6.6	10.6	1.55			
505	FSHCX	Medical Delivery	0.75%/30 days	43.04	Hold	5.8	49.0	-44.6	49.0	-1.2	4.1	1.35			
354	FSMEX	Medical Equipment	0.75%/30 days	24.47	OK to Sell	4.0	32.6	-23.4	32.6	6.2	6.0	0.95			
503	FBMPX	Multimedia	0.75%/30 days	34.13	OK to Buy	6.3	54.4	-39.3	54.4	-5.3	0.8	1.30			
513	FSNGX	Natural Gas	0.75%/30 days	31.53	Hold	5.7	56.3	-56.7	56.3	-1.5	7.9	1.82			
514	FNARX	Natural Resources	0.75%/30 days	28.45	Hold	3.8	51.7	-52.4	51.7	2.7	13.5	1.73			
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	10.88	Hold	2.7	25.4	-22.7	25.4	3.2	6.3	0.90			
46	FSRPX	Retailing	0.75%/30 days	42.91	Buy	4.5	57.8	-29.6	57.8	0.8	4.8	1.23			
28	FSCSX	Software & Computer Svcs	0.75%/30 days	75.91	OK to Buy	5.7	61.5	-42.1	61.5	5.0	7.7	1.21			
64	FSPTX	Technology	0.75%/30 days	75.47	Buy	8.1	90.3	-51.1	90.3	3.7	4.7	1.57			
96	FSTCX	Telecommunications	0.75%/30 days	40.03	Hold	5.4	51.6	-47.6	51.6	-5.0	2.7	1.32			
512	FSRFX	Transportation	0.75%/30 days	39.34	Hold	9.0	23.3	-27.0	23.3	-3.7	1.9	1.23			
65	FSUTX	Utilities	0.75%/30 days	44.72	Hold↑	6.3	14.4	-36.0	14.4	-4.7	4.2	0.99			
963	FWRLX	Wireless	0.75%/30 days	6.76	Hold	5.8	59.0	-49.6	59.0	0.7	5.4	1.39			

Fidelity Scorecard - December 31, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			SEC %Yield	Dist ⁷ %Yield	Dur ² (Yrs)	Tax-Equivalent Yield Federal Tax Bracket						
						Dec	2009	2008				25%	28%	33%	35%			
TAXABLE BOND						Category Averages			-1.7	5.5	3.6	2.72	3.22	4.1				
15	FGMNX	Ginnie Mae		11.35	Hold	-1.5	6.9	7.1	3.22	3.92	2.1							
54	FGOVX	Government Income		10.39	OK to Sell↓	-2.0	1.3	11.0	2.47	3.22	4.4							
794	FINPX	Inflation-Protected Bond ⁸		11.21	Buy	-2.2	9.7	-2.3	0.57	0.79	6.2							
32	FTHRX	Intermediate Bond		10.15	Buy	-1.2	17.1	-5.8	3.44	4.41	3.7							
452	FSTGX	Intermediate Gov't Income		10.68	OK to Sell↓	-1.9	0.9	10.1	1.67	2.25	3.6							
26	FBNDX	Investment Grade Bond		7.04	Buy	-0.9	16.0	-7.1	3.86	4.34	4.1							
40	FMSFX	Mortgage Securities		10.47	Hold	-0.9	9.6	1.3	4.36	5.18	1.9							
450	FSHBX	Short-Term Bond		8.31	OK to Buy↑	-0.4	7.4	-3.7	1.91	2.73	1.8							
1561	FIBIX	Sptn Interm Treas Index ⁵		10.25	OK to Sell↓	-3.8	-5.0	16.4	3.03	3.24	6.5							
1562	FLBIX	Sptn Lng-Term Treas Index ⁵		10.05	Sell↓	-5.7	-13.4	24.1	4.20	4.08	12.7							
1560	FSBIX	Sptn Sht-Term Treas Index ⁵		10.34	Hold	-1.3	-0.1	8.7	1.08	1.73	2.7							
820	FTBFX	Total Bond		10.47	Buy	-0.4	19.8	-5.6	4.29	4.58	3.7							
651	FBIDX	U.S. Bond Index		11.06	Hold	-1.6	6.5	3.8	3.17	3.73	3.8							
812	FUSFX	Ultra-Short Bond	0.25%/60 days	8.13	Hold↑	-0.2	1.0	-7.8	0.87	0.83	0.7							
HIGH-YIELD BOND						Category Averages			2.4	44.0	-20.4	6.11	5.81					
38	FAGIX	Capital & Income	1.00%/90 days	8.62	OK to Buy	4.9	72.1	-31.9	7.05	6.67	--							
814	FFRHX	Floating Rate High Income	1.00%/60 days	9.41	OK to Buy	2.6	28.9	-16.5	4.29	3.02	--							
1366	FHIFX	Focused High Income	1.00%/90 days	9.17	Buy	3.0	35.1	-20.5	6.91	6.53	--							
455	SPHIX	High Income	1.00%/90 days	8.46	Buy	3.7	51.5	-23.7	7.46	6.73	--							
331	FNMIK	New Markets Income	1.00%/90 days	15.03	Buy	0.1	44.6	-18.2	5.90	7.00	--							
368	FSICX	Strategic Income		10.81	Buy	0.5	31.8	-11.4	5.05	4.90	--							
NATIONAL MUNICIPAL BOND						Category Averages			0.3	10.2	-0.9	2.92	3.62	6.2	25%	28%	33%	35%
36	FLTMX	Interm Municipal Income	0.50%/30 days	10.16	Buy	0.2	8.8	1.0	2.68	3.51	5.3	3.6	3.7	4.0	4.1			
37	FHIGX	Municipal Income	0.50%/30 days	12.46	Buy	0.6	13.1	-4.6	3.77	4.15	8.3	5.0	5.2	5.6	5.8			
404	FSTFX	Short-Int Municipal Income	0.50%/30 days	10.63	OK to Buy↓	0.0	5.6	3.5	1.49	2.70	2.7	2.0	2.1	2.2	2.3			
90	FTABX	Tax-Free Bond	0.50%/30 days	10.75	Buy	0.5	13.3	-3.4	3.75	4.12	8.3	5.0	5.2	5.6	5.8			
STATE-SPECIFIC MUNICIPAL BOND						Category Averages			0.2	11.1	-1.9	3.12	3.68	7.1				
434	FSAZX	Arizona Muni Income	0.50%/30 days	11.28	OK to Buy	0.3	13.7	-4.2	3.49	3.72	8.3	4.7	4.8	5.2	5.4			
91	FCTFX	California Muni Income	0.50%/30 days	11.75	Hold↓	0.4	11.7	-5.6	4.15	4.28	8.1	5.5	5.8	6.2	6.4			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30 days	10.57	OK to Buy	0.3	6.2	4.0	1.72	2.56	3.2	2.3	2.4	2.6	2.6			
407	FICNX	Connecticut Muni Income	0.50%/30 days	11.38	OK to Buy	0.0	11.0	-1.1	2.89	3.54	7.0	3.9	4.0	4.3	4.4			
429	SMDMX	Maryland Muni Income	0.50%/30 days	10.90	OK to Buy	0.0	13.8	-4.0	3.01	3.51	7.5	4.0	4.2	4.5	4.6			
70	FDMMX	Mass Muni Income	0.50%/30 days	11.80	OK to Buy	0.2	12.7	-3.6	3.32	3.84	7.8	4.4	4.6	5.0	5.1			
81	FMHTX	Michigan Muni Income	0.50%/30 days	11.85	Hold	0.4	9.3	-0.1	3.18	3.88	6.8	4.2	4.4	4.7	4.9			
82	FIMIX	Minnesota Muni Income	0.50%/30 days	11.38	OK to Buy	-0.1	9.9	-0.3	2.61	3.55	6.4	3.5	3.6	3.9	4.0			
416	FNJHX	New Jersey Muni Income	0.50%/30 days	11.49	Hold↓	0.4	11.8	-3.0	3.20	3.75	7.5	4.3	4.4	4.8	4.9			
71	FTFMX	New York Muni Income	0.50%/30 days	12.83	Hold↓	0.5	12.1	-2.5	3.46	3.83	8.4	4.6	4.8	5.2	5.3			
88	FOHFX	Ohio Muni Income	0.50%/30 days	11.60	OK to Buy	0.3	11.1	-1.6	3.28	3.92	7.5	4.4	4.6	4.9	5.0			
402	FPXTX	Pennsylvania Muni Income	0.50%/30 days	10.78	OK to Buy	0.1	9.7	-0.8	3.17	3.77	6.9	4.2	4.4	4.7	4.9			
TAXABLE MONEY MARKET						Category Averages			0.01	0.45	2.54	0.05						
55	FDRXX	Cash Reserves		1.00	--	0.01	0.61	2.89	0.08	na	na							
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.29	2.37	0.01	na	na							
630	FRTXX	Retirement MM		1.00	--	0.00	0.63	2.93	0.04	na	na							
458	SPAXX	Government MM		1.00	--	0.00	0.32	2.31	0.01	na	na							
454	SPRXX	Money Market		1.00	--	0.01	0.62	2.90	0.06	na	na							
85	FSLXX	Select MM		1.00	--	0.01	0.67	2.97	0.15	na	na							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.01	0.37	2.45	0.01	na	na							
415	FDLXX	US Treasury MM (closed)		1.00	--	0.00	0.05	1.49	0.01	na	na							
MUNICIPAL MONEY MARKET						Category Averages			0.00	0.15	1.83	0.01						
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.20	1.87	0.02	na	na	0.0	0.0	0.0	0.0			
10	FTEXT	Municipal Money Market		1.00	--	0.00	0.17	1.91	0.01	na	na	0.0	0.0	0.0	0.0			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.09	1.70	0.01	na	na	0.0	0.0	0.0	0.0			
STATE MUNICIPAL MONEY MARKET						Category Averages			0.00	0.11	1.77	0.01						
433	FSAXX	Arizona		1.00	--	0.00	0.08	1.75	0.01	na	na	0.0	0.0	0.0	0.0			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.15	1.86	0.02	na	na	0.0	0.0	0.0	0.0			
97	FCFX	California		1.00	--	0.00	0.05	1.67	0.01	na	na	0.0	0.0	0.0	0.0			
418	FCMXX	Connecticut		1.00	--	0.00	0.09	1.72	0.01	na	na	0.0	0.0	0.0	0.0			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.18	1.85	0.02	na	na	0.0	0.0	0.0	0.0			
74	FDMXX	Massachusetts		1.00	--	0.00	0.07	1.67	0.01	na	na	0.0	0.0	0.0	0.0			
420	FMIXX	Michigan		1.00	--	0.00	0.02	1.68	0.01	na	na	0.0	0.0	0.0	0.0			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.19	1.91	0.03	na	na	0.0	0.0	0.0	0.0			
417	FNJXX	New Jersey		1.00	--	0.00	0.07	1.67	0.01	na	na	0.0	0.0	0.0	0.0			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.19	1.86	0.02	na	na	0.0	0.0	0.0	0.0			
92	FNYXX	New York		1.00	--	0.00	0.11	1.69	0.01	na	na	0.0	0.0	0.0	0.0			
419	FOMXX	Ohio		1.00	--	0.00	0.15	1.77	0.01	na	na	0.0	0.0	0.0	0.0			
401	FPTXX	Pennsylvania		1.00	--	0.00	0.09	1.85	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 - December 31, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
						Dec	2009	2008	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS												
9067	FLRQC	Fid VIP Asset Manager		11.49	Hold	1.7	28.7	-29.0	28.7	1.7	3.0	0.80
9066	FAEEC	Fid VIP Asset Manager: Growth		10.94	Hold	2.5	32.4	-36.0	32.4	0.1	1.9	1.01
9069	FJBAC	Fid VIP Balanced		11.46	Hold	3.2	38.1	-34.2	38.1	-0.4	2.9	0.94
9081	FVHAC	Fid VIP Consumer Discretionary	1.00%/60 days	9.37	OK to Buy	4.6	37.8	-34.3	37.8	-6.1	-1.0	1.17
9171	FCSAC	Fid VIP Consumer Staples	1.00%/60 days	10.49	Hold	0.2	20.4	-21.6	20.4	--	--	--
9065	FPDFC	Fid VIP Contrafund		10.79	Hold	3.8	35.3	-42.7	35.3	-3.2	3.2	1.12
9148	FPRGC	Fid VIP Disciplined Small Cap		7.93	OK to Sell	7.4	21.8	-34.0	21.8	-7.9	--	1.16
9074	FZAMC	Fid VIP Dynamic Capital App		10.51	OK to Sell	7.2	35.7	-41.4	35.7	-5.4	2.9	1.15
9198	FEMAC	Fid VIP Emerging Markets	1.00%/60 days	7.79	Buy	3.9	75.1	--	75.1	--	--	--
9085	FJLLC	Fid VIP Energy	1.00%/60 days	12.43	Buy	4.9	47.4	-54.4	47.4	-0.8	10.5	1.74
9061	FLOLC	Fid VIP Equity-Income		9.21	Buy	1.6	29.8	-42.9	29.8	-9.1	-1.2	1.17
9083	FONNC	Fid VIP Financial Services	1.00%/60 days	6.75	Hold	1.8	27.0	-50.3	27.0	-18.4	-7.6	1.55
9157	FMPAC	Fid VIP FundsManager 20		11.13	Hold	0.0	10.0	-8.5	10.0	2.1	--	0.28
9158	FMPBC	Fid VIP FundsManager 50		10.36	Hold	1.1	18.7	-22.8	18.7	-0.7	--	0.60
9197	FMPPC	Fid VIP FundsManager 60		9.19	Hold	1.4	22.2	--	22.2	--	--	--
9159	FMPCC	Fid VIP FundsManager 70		9.66	Hold	1.9	24.1	-32.2	24.1	-3.3	--	0.82
9160	FMPDC	Fid VIP FundsManager 85		9.16	Hold	2.4	28.2	-38.3	28.2	-5.0	--	0.98
9062	FMNDC	Fid VIP Growth		9.30	OK to Sell	3.9	27.8	-47.3	27.8	-5.2	-1.0	1.11
9070	FLFNC	Fid VIP Growth & Income		9.73	OK to Sell	2.8	26.8	-41.9	26.8	-6.3	-0.2	1.03
9068	FIDPC	Fid VIP Growth Opportunities		8.92	Buy	5.3	45.2	-55.2	45.2	-7.2	-2.0	1.37
9078	FPVDC	Fid VIP Growth Stock		10.10	OK to Buy	3.3	44.3	-44.8	44.3	-0.9	--	1.16
9077	FQBRC	Fid VIP Growth Strategies		9.27	Hold	6.5	39.4	-49.0	39.4	-5.9	--	1.21
9084	FPDRC	Fid VIP Health Care	1.00%/60 days	10.77	Hold	3.9	32.2	-32.5	32.2	-0.7	3.8	0.92
9060	FBBLC	Fid VIP High Income		12.33	Buy	3.1	43.4	-25.1	43.4	3.2	4.4	0.73
9064	FXVLT	Fid VIP Index 500		9.81	Hold	1.9	26.3	-37.2	26.3	-5.8	0.0	1.00
9082	FBALC	Fid VIP Industrials	1.00%/60 days	11.93	Hold	4.1	39.6	-40.0	39.6	-0.4	4.9	1.40
9076	FVJIC	Fid VIP Int'l Capital App	1.00%/60 days	9.83	Buy↑	3.0	55.2	-50.8	55.2	-7.1	--	1.55
9063	FTLKC	Fid VIP Investment Grade Bond		12.12	Buy	-1.1	15.5	-3.5	15.5	5.0	4.1	0.25
9172	FVMAC	Fid VIP Materials	1.00%/60 days	10.71	OK to Buy	3.2	77.6	-47.1	77.6	--	--	--
9071	FNBSC	Fid VIP Mid Cap		11.63	Buy	1.6	39.6	-39.7	39.6	-1.0	5.0	1.12
9059	FTNJC	Fid VIP Money Market		11.46	--	0.0	0.4	2.7	0.4	2.7	2.9	0.03
9088	FEMMC	Fid VIP Overseas	1.00%/60 days	10.76	OK to Sell	1.7	26.1	-44.0	26.1	-6.2	2.7	1.24
9072	FFWKC	Fid VIP Real Estate		9.60	Hold	7.6	37.2	-40.1	37.2	-12.3	0.9	2.19
9075	FGDQC	Fid VIP Strategic Income		13.27	Buy	0.3	29.7	-10.6	29.7	6.9	6.0	0.46
9086	FYENC	Fid VIP Technology	1.00%/60 days	12.80	Buy	8.1	95.4	-51.0	95.4	3.2	5.4	1.57
9173	FVTAC	Fid VIP Telecommunications	1.00%/60 days	7.66	Hold	5.5	47.5	-47.6	47.5	--	--	--
9087	FXRRC	Fid VIP Utilities	1.00%/60 days	11.67	Hold↑	6.3	14.9	-35.8	14.9	-3.9	4.8	0.99
9079	FKMSC	Fid VIP Value		9.05	Buy	5.2	42.1	-46.7	42.1	-8.3	--	1.46
9080	FUEBC	Fid VIP Value Leaders		8.76	Hold	2.1	27.4	-44.8	27.4	-9.8	--	1.18
9073	FRBSC	Fid VIP Value Strategies		9.58	Buy↑	5.9	57.1	-51.3	57.1	-7.0	-1.1	1.60
9272	FYBXC	Credit Suisse Int'l Equity Flex III		10.10	OK to Sell	1.0	1.0p	--	--	--	--	--
9147	FPRLC	Lazard Retirement Emerging Mkts		12.82	Buy	3.7	69.8	-48.7	69.8	5.1	--	1.59
9143	FPRMC	Morgan Stanley Emerg Mkt Debt		12.70	Buy	0.5	29.9	-15.2	29.9	5.4	7.5	0.65
9144	FPRNC	Morgan Stanley Emerg Mkt Equity		11.49	Buy	2.7	69.4	-56.7	69.4	0.9	13.2	1.71
9145	FPROC	Morgan Stanley Gbl Value Equity		8.17	OK to Sell	2.5	15.7	-40.3	15.7	-9.8	-1.4	0.95
9146	FPRPC	Morgan Stanley Int'l Magnum		9.15	Hold	1.6	32.2	-44.8	32.2	-5.8	2.7	1.30
9276	FPMBC	Pimco VIT Low Duration		10.16	Hold	0.0	1.6p	--	--	--	--	--
9277	FPNBC	Pimco VIT Real Return		10.30	Buy	-2.0	3.0p	--	--	--	--	--
9278	FPOBC	Pimco VIT Total Return		10.13	Buy	-0.9	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	34%
Fidelity VIP Growth Opportunities	24
Fidelity VIP Value	19
Fidelity VIP Emerging Markets	12
Fidelity VIP Equity-Income	11
Total Return: Dec: 3.0% YTD: 32.8%	

Annuity Growth & Income Model	
Fund	Allocation
Fidelity VIP Investment Grade	30%
Fidelity VIP Strategic Income	26
Fidelity VIP Growth Opportunities	24
Fidelity VIP Value	16
Fidelity VIP Equity-Income	4
Total Return: Dec: 1.9% YTD: 26.9%	

Annuity Income & Preservation Model	
Fund	Allocation
Fidelity VIP Investment Grade	34%
Fidelity VIP Money Market	22
Fidelity VIP Strategic Income	19
Fidelity VIP Value	13
Fidelity VIP Growth Opportunities	12
Total Return: Dec: 0.9% YTD: 18.2%	

Year-End Distributions

Owing to the steep losses incurred by funds in 2008, year-end distributions for 2009 were, for the most part, very modest, averaging less than 1%. A handful of funds had distributions of 2% or higher, most of which were international funds. Only one fund, Select Retailing, had a distribution in excess of 5%. (Remember, you can never make money on a distribution — you can only lose money in the form of taxes.) However, when there have been large distributions in the past, we

always reminded members that it's better to have that potential tax headache, rather than the alternative: paying no taxes because of losses!

Year-end capital gains may consist of as many as four parts: qualified and non-qualified dividends, and short- and long-term capital gains. Add them together and the total distribution is in the column labelled "Dist\$".

Note that the distributions below do not include regular income distributions from bond and money

market funds.

In addition to funds that pay regular monthly dividends, funds scheduled to pay a dividend or capital gain distribution (if any) in January are: *130/30 Large Cap, Convertible Securities, CT Muni Income, Equity-Income II, Growth Company, Growth Strategies, Independence, Muni Income, Nasdaq Comp Index, New Millennium, NJ Muni Income* and *Strategic Dividend & Income*. Year-end distributions are shown below. ■

Fund	Ex-Date	Dist\$	NAV\$
130/30 Large Cap	12/18	0.063	6.52
Aggressive Int'l	12/4	0.190	11.34
Asset Manager 20%	12/18	0.053	11.97
Asset Manager 30%	12/18	0.084	9.12
Asset Manager 40%	12/18	0.076	8.86
Asset Manager 50%	12/18	0.063	13.73
Asset Manager 60%	12/18	0.118	8.55
Asset Manager 70%	12/18	0.237	14.14
Asset Manager 85%	12/18	0.135	11.45
Balanced	12/18	0.097	16.25
Banking	12/11	0.050	14.91
Blue Chip Growth	12/18	0.051	37.15
Blue Chip Value	12/11	0.030	9.82
Brokerage & Invest	12/11	0.120	46.40
Brokerage & Invest	12/30	0.040	47.62
Calif Muni Income	12/11	0.0002	11.79
Calif Sht-Int Tax Free	12/4	0.015	10.60
Canada	12/4	0.468	47.77
Capital & Income	12/4	0.040	8.42
Capital Appreciation	12/4	0.020	20.57
Capital Appreciation	12/30	0.002	21.59
Chemicals	12/11	0.970	74.37
China Region	12/4	0.274	28.35
Comm Equip	12/4	0.055	20.11
Conn Muni Income	12/18	0.047	11.42
Cons Discretionary	12/11	0.050	18.60
Const & Housing	12/11	0.230	28.13
Consumer Staples	12/11	0.829	61.21
Contrafund	12/18	0.183	57.05
Convertible Securities	12/11	0.275	21.37
Defense & Aero	12/11	0.670	60.32
Disciplined Equity	12/4	0.215	20.82
Disciplined Equity	12/30	0.006	21.22
Diversified Int'l	12/4	0.348	28.20
Dividend Growth	12/11	0.067	23.05
Dynamic Strategies	12/28	0.139	8.52
Electronics	12/4	0.270	39.25
EMEA	12/11	0.076	7.26
Emerging Markets	12/4	0.251	22.47
Energy	12/11	0.085	41.41
Energy	12/30	0.005	44.67
Energy Service	12/30	0.036	58.60
Environmental	12/4	0.135	15.28
Equity-Income	12/11	0.149	38.86
Equity-Income II	12/11	0.060	16.20
Europe Capital App	12/4	0.320	18.03
Export and Multi	12/4	0.025	19.42
Export and Multi	12/30	0.006	19.78
Fidelity Fund	12/18	0.075	27.92
Fifty	12/11	0.030	14.90
Fifty	12/30	0.005	15.17
Financial Services	12/18	0.400	57.39

Fund	Ex-Date	Dist\$	NAV\$
Financial Services	12/30	0.030	58.21
Floating Rate High Inc	12/4	0.050	9.25
Focused High Income	12/4	0.060	9.06
Focused Stock	12/4	0.045	10.86
Focused Stock	12/30	0.010	11.11
Four-in-One Index	12/28	0.505	24.44
Ginnie Mae	12/11	0.115	11.48
Glb Commod Stk	12/11	0.089	14.45
Global Balanced	12/4	0.304	20.26
Gold	12/11	0.767	43.84
Government Income	12/18	0.070	10.51
Growth & Income	12/11	0.029	15.74
Growth Company	12/11	0.124	66.72
Growth Discovery	12/18	0.003	10.90
Health Care	12/11	0.070	104.35
High Income	12/4	0.010	8.31
Home Finance	12/11	0.170	10.59
Independence	12/11	0.038	19.39
Industrial Equipment	12/11	0.135	25.26
Industrials	12/11	0.080	17.95
Inflation-Protected	12/18	0.220	11.32
Insurance	12/11	0.320	39.06
Insurance	12/30	0.015	39.90
Interm Gov't Inc	12/11	0.035	10.81
Intermediate Bond	12/18	0.020	10.25
International Growth	12/4	0.082	7.46
International Value	12/4	0.134	8.08
Int'l Discovery	12/4	0.389	30.54
Int'l Enhanced	12/11	0.150	6.83
Int'l Real Estate	12/18	0.198	8.50
Int'l Small Cap	12/4	0.423	17.70
Int'l Small Cap Opps	12/4	0.179	8.50
Japan	12/4	0.170	10.29
Japan Smaller Cos	12/4	0.150	8.52
L Cap Core Enhcd	12/11	0.105	7.68
L Cap Growth Enhcd	12/11	0.080	8.40
L Cap Value Enhcd	12/11	0.105	6.65
Large Cap Growth	12/11	0.029	7.94
Large Cap Stock	12/4	0.030	14.84
Large Cap Stock	12/30	0.005	15.11
Large Cap Value	12/11	0.131	9.69
Latin America	12/4	0.990	52.44
Latin America	12/30	0.090	51.84
Leisure	12/18	0.300	66.68
Leveraged Co Stock	12/11	0.035	22.25
Magellan	12/4	0.272	62.91
Magellan	12/30	0.015	64.80
Mass Muni Income	12/11	0.0003	11.86
Materials	12/11	0.340	52.76
Mega Cap Stock	12/11	0.035	8.74
Michigan Muni Inc	12/23	0.014	11.87
Mid Cap Enhanced	12/11	0.070	8.10

Fund	Ex-Date	Dist\$	NAV\$
Mid Cap Growth	12/11	0.002	9.60
Mid Cap Value	12/11	0.108	12.46
Mid-Cap Stock	12/18	0.055	23.09
Minnesota Muni Inc	12/23	0.007	11.42
Multimedia	12/11	0.110	33.97
Municipal Income	12/23	0.0004	12.48
Nasdaq Comp Index	12/18	0.150	29.30
Natural Resources	12/11	0.115	26.86
New Markets Income	12/18	0.020	15.02
New Millennium	12/18	0.105	24.04
Nordic	12/4	0.340	27.99
Ohio Muni Income	12/23	0.007	11.62
Overseas	12/4	0.465	31.43
Overseas	12/30	0.010	30.99
Pacific Basin	12/4	0.850	20.11
Pharmaceuticals	12/11	0.115	10.77
Puritan	12/18	0.115	15.95
Real Estate Income	12/18	0.210	9.12
Real Estate Income	12/30	0.005	9.23
Real Estate Invest	12/18	0.130	19.70
Real Estate Invest	12/30	0.005	20.56
Retailing	12/18	2.220	42.47
Sm Cap Enhanced	12/11	0.050	7.76
Sel Utilities	12/4	1.060	43.37
Sm Cap Discovery	12/4	0.030	14.74
Sm Cap Independence	12/4	0.009	13.31
Small Cap Value	12/4	0.009	12.03
Southeast Asia	12/4	0.827	25.13
Spartan 500 Index	12/18	1.030	75.99
Spartan Int'l Index	12/18	0.790	32.66
Sptn Ext Mkt Index	12/18	0.385	29.88
Sptn Ext Mkt Index	12/30	0.010	30.72
Sptn Interm Treas	12/18	0.200	10.46
Sptn Lng-Term Treas	12/18	0.045	10.32
Sptn Sht-Term Treas	12/18	0.105	10.44
Sptn Total Mkt. Index	12/18	0.480	31.16
Stock Selector	12/4	0.148	21.20
Strategic Divi & Inc	12/18	0.061	9.40
Strategic Income	12/18	0.080	10.83
Strategic Real Return	12/18	0.165	8.41
Tax Managed Stock	12/4	0.105	10.70
Telecommunications	12/18	0.310	39.31
Total Bond	12/18	0.034	10.54
Total Int'l Equity	12/4	0.087	6.78
Transportation	12/11	0.350	38.83
Trend	12/23	0.195	56.41
Utilities	12/4	0.100	13.57
Value	12/4	0.473	55.50
Value	12/30	0.005	57.59
Value Discovery	12/11	0.033	12.55
Wireless	12/4	0.060	6.53
Worldwide	12/4	0.107	16.00
Worldwide	12/30	0.005	16.14

Stock Indexes

Using the **Spartan 500 Index** fund as a proxy for the S&P 500, the market rose 1.9% in December and closed 2009 with a gain of 26.5%. Another large-cap gauge didn't fare quite as well, but did just fine, thank you: the Dow Jones Industrials gained 1.0% last month, and finished the year ahead some 22.7%.

Elsewhere, the tech-rich **Nasdaq Composite Index** fund did better than its large-cap brethren with its year-to-date gain of 45.0% (it rose 5.9% in December). Indeed, in the first half of the year, tech outpaced most other sectors (with the notable exception of autos — thank you “Cash for Clunkers”!), while financials and other sectors needed more evidence of an economic upturn.

As for small-cap stocks, the Russell 2000 was initially as sluggish as its large-cap counterpart, although Fidelity's small-cap funds were on fire early on owing, in part, to good tech bets. That said, the Russell 2000 edged up 8.1% in December and finished the year 27.2% higher.

Equity Funds

Turning to Fidelity's 49 diversified equity funds, they returned an average of 36.1% for the year — that's 9.6 percentage points more than the S&P 500. Of course, not all funds are benchmarked to that stock gauge, but suffice to say, it was a good year to own most any Fidelity stock fund!

The best overall results were produced by their small contingent of mid-cap blend funds. In that arena, **Leveraged Company Stock** (which could easily be categorized as a Specialty fund) led the way with its gain of 59.6%. Of course, the fund fared especially well investing in financially distressed stocks, many of which survived the 2008/'09 bear market in better-than-expected condition. **Value Strategies** (up 59.2%) was another star-performing mid-cap fund: its manager racked up big gains partly by

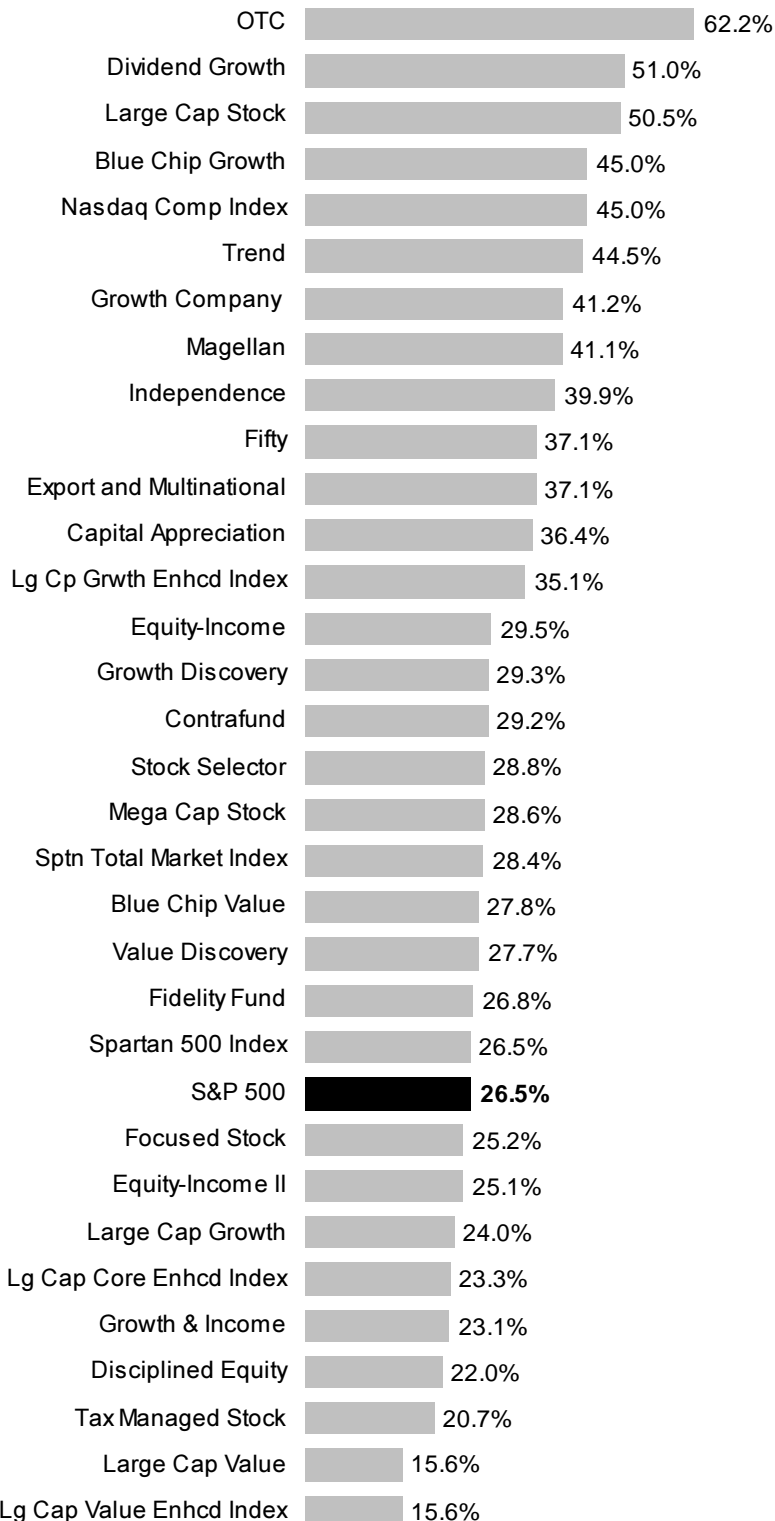
playing financials (and REITs) exactly the right way.

Turning to large-cap funds (where most investors keep the lion's share of their stock assets), the growth-oriented variety fared particularly well with an average gain of 39.1%. While this fell far short of recovering 2008's

losses, it certainly helped to mitigate a lot of that pain.

The best-performing large-cap fund in that area was OTC, which gained 62.2%. Of course, the rally in tech stocks played right into new manager Gavin Baker's hands, who smartly held on to his predecessor's

2009 Large-Cap Stock Fund Returns



large stake in Apple Inc, which doubled in value. Elsewhere, Manager Matt Fruhan of **Large Cap Stock** deserves much credit for playing tech and financials well. In the first case, he overweighted the sector, and in the second case, he held many strong “recovery” names among big banks. All this contributed to a hefty gain of 50.5% last year.

Turning to the equity funds in our model portfolios (apart from the aforementioned OTC and Large Cap Stock), Manager Will Danoff’s **Contrafund** (up 29.2%) had a pretty good year in absolute terms. He went head-to-head with the S&P 500, and came out a couple of points better than his benchmark. However, relative to other funds that are positioned as large-cap growth offerings, Contra trailed by 9.9 percentage points.

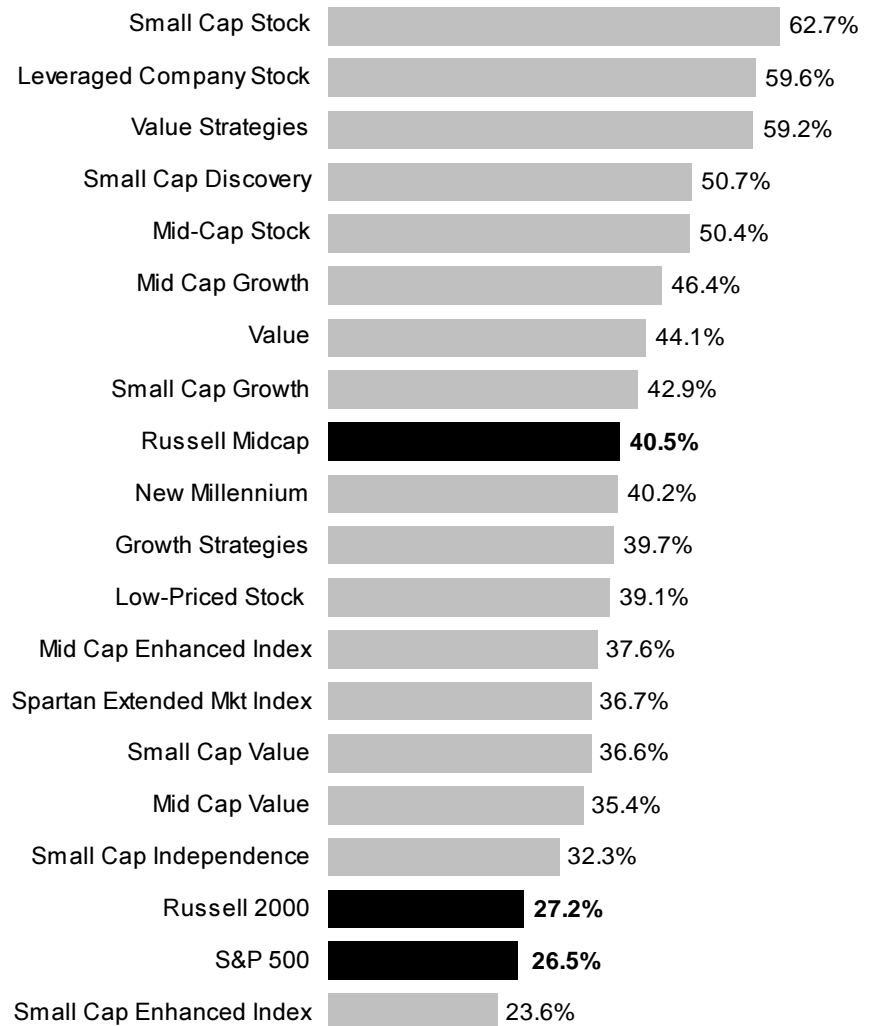
Another large-cap growth fund, **Growth Company** (up 41.2%), enjoyed very good returns under long-time manager Steve Wymer. In this case, a modest overweight in tech helped to power returns. (Also, Apple is the fund’s biggest position.)

Then there’s **Blue Chip Growth** (up 45.0%). Yet another Fidelity fund with Apple in the top slot, new manager Sonu Kalra had the good sense to overweight tech relative to his benchmark which, at the end of the third quarter, amounted to more than a third of the fund’s assets.

In the meantime, another large-cap fund we own, **Mega Cap Stock** (up 28.6%), got a slow start in 2009. However, we only recently purchased it (November 30) in our Growth Model. We like it for its huge market cap (\$92 billion — the highest at Fidelity). Such stocks currently enjoy a valuation advantage over small caps. By the way, Mega Cap, like Large Cap Stock, is also run by Matt Fruhan. We’ll have more to say about both funds in our February report.

On the value side of the large-cap fence is our position in **Equity-Income** (up 29.5%). Although there are only five funds in this category, longtime manager Steve Petersen

2009 Mid- and Small-Cap Stock Fund Returns



“bested” his peers by 6.8 percentage points. Though an earlier position in financials was a damaging headwind, the fund eventually regained its footing thanks, in part, to good timing in energy, and good stock selection within financials. The fund is held in all but our Aggressive Growth Model portfolio.

Moving down the market-cap scale is **Low-Priced Stock**. Legendary manager Joel Tillinghast helped his shareholders to celebrate his 20th anniversary at this mid-cap fund by delivering a return of 39.1%. Although this is well below many of his peers, it’s important to remember this is really a go-anywhere fund with respect to market cap and investment style (growth versus value). With that in mind, his absolute performance warrants no complaints from us.

Turning to small-cap funds (our models don’t own any dedicated funds here, getting small-cap exposure from within mid- and large-cap funds), Fidelity’s three small-cap blend funds returned an average of 50.0%. **Small Cap Stock** (up 62.7%) led the way owing to Manager Andrew Sassine’s incredibly adept stockpicking. And his timing was equally sharp, as he loaded up on financials right at the bottom.

Finally, it’s worth noting the good year that **Magellan** shareholders enjoyed. Up 41.1%, Manager Harry Lange managed to beat his benchmark (the S&P 500) and slightly outpace his large-cap growth fund peers. As we’ve seen elsewhere at Fidelity, a substantial bet in tech proved to be a beneficial strategy.

Fund Commentary *cont’d on page 14*

International Funds

Mirroring the “risk-theme” seen last year in the U.S., foreign markets also came roaring back in 2009.

Using the **Spartan Int'l Index** fund as a proxy for the world's developed foreign markets (ex- the U.S. and Canada), last year's gains amounted to 28.5%. This was slightly better than large-cap U.S. stock performance, though these gains benefited from about a 5% decline in the value of the U.S. dollar.

[Foreign funds that invest in developed markets benefited last year from the falling dollar, but as most emerging markets peg their currencies to the greenback, the dollar's value is less of a factor in their returns.]

While the average Fidelity foreign stock fund returned 41.9%, funds with emerging-market exposures led the way. **Latin America** fund, whose fortunes are tied closely to commodities, soared 91.6%. **China Region** blossomed 65.6% and the **Emerging Europe, MidEast, Africa** fund jumped 61.4%. The more diversified **Emerging Markets** fund gained 76.0%.

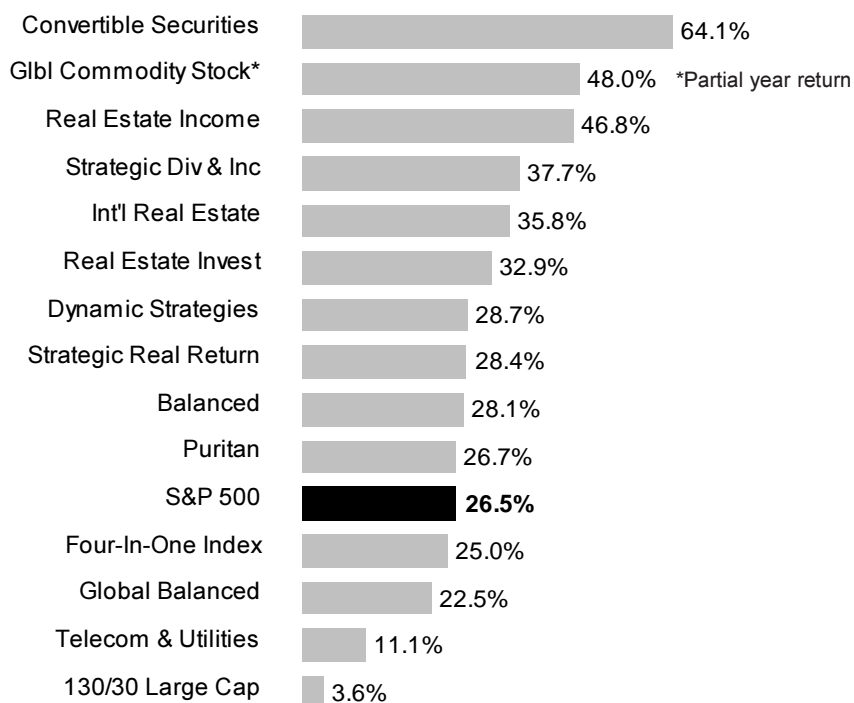
Though many of Fidelity's international funds have small emerging market exposures, those with dominant developed market positions enjoyed substantial, though more modest, returns last year. For example, Fidelity's biggest foreign fund in terms of assets is **Diversified Int'l**. Last year, it rose 31.8% while **Int'l Enhanced Index** (another big-cap player) rose a more modest 24.6%.

Taxable Bond Funds

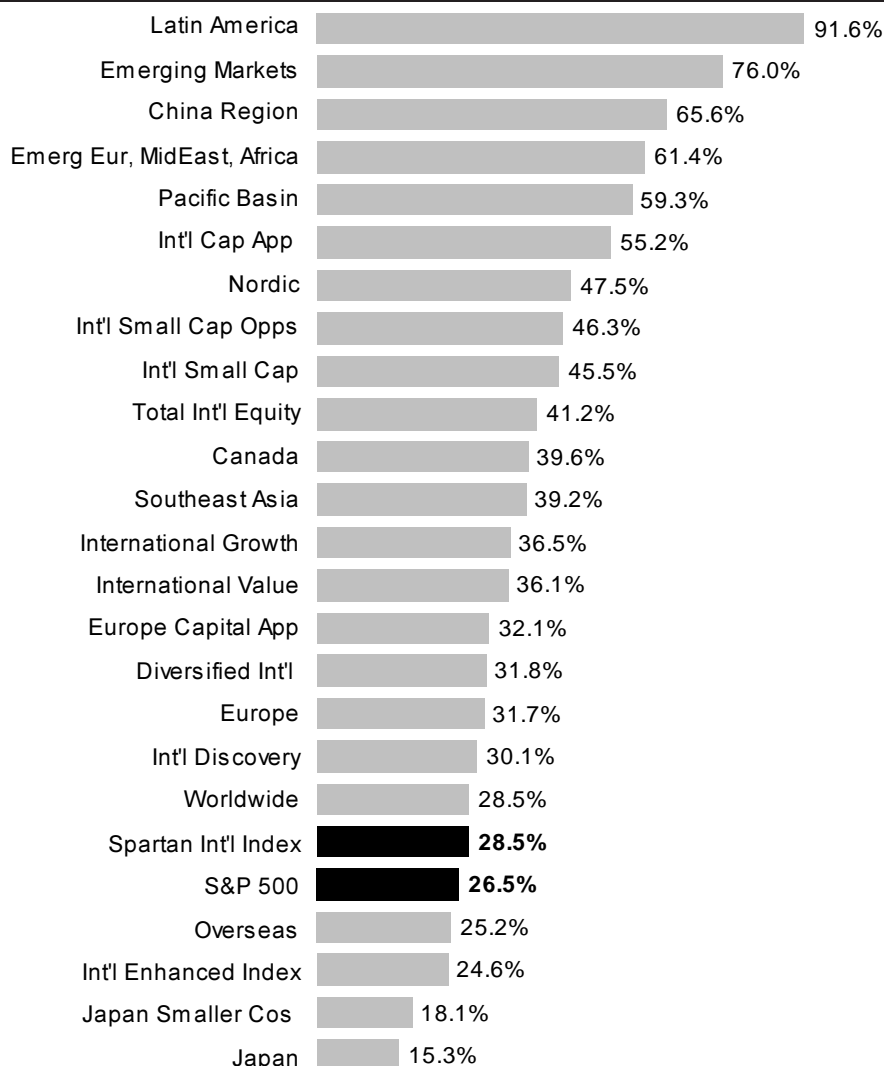
As with all other areas of the market, 2009 saw a complete reversal in fortunes for bond investors.

During the bear-market cycle, investors craved Treasuries that, in credit terms, are theoretically risk-free. In 2008, **Spartan Long-Term Treasury Index** was Fidelity's top-performing fund with a gain of 24.2%. But in 2009, it wound up the worst-performing fund with a loss of 13.4%.

2009 Specialty Fund Returns



2009 International Fund Returns



In fact, all three of Fidelity's Treasury-index funds lost ground last year. (For our part, we played this transition well as our more conservative models' direct bond fund exposures were through **Investment Grade** which gained 16.0% last year.)

But at the very top of the performance charts was **Total Bond** (up 19.8%); it sprung to that position because it holds more higher octane bonds, including high-yield and emerging market debt.

High-Yield Bond Funds

In 2008, Fidelity's six high-yield funds lost an average of 20.4%. But last year, they gained all that back by returning 44.0%, and some delivered even more! For example, the diversified **Strategic Income** fund fell 11.4% in 2008, but rallied back with a gain of 31.8% last year.

As for the riskiest of Fidelity's funds in this category, **Capital & Income** lost 31.9% two years ago, but soared 72.1% in 2009. While we remain positive on junk bonds and other high-income securities, members certainly shouldn't expect a repeat-performance in 2010.

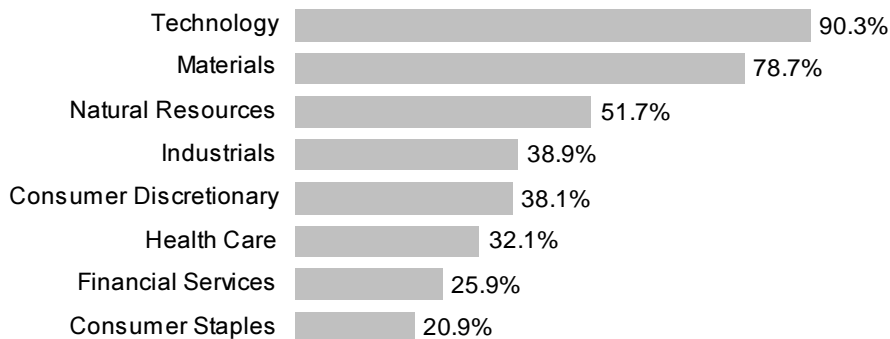
Municipal Bond Funds

Muni bond funds enjoyed strong returns as well, with longer maturity funds faring the best. **Tax-Free Bond** and **Municipal Income** both returned about 13%.

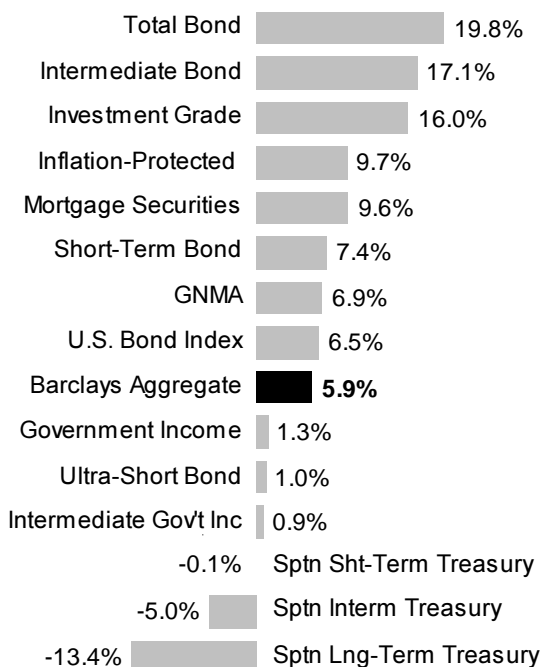
Money Market Funds

In response to the credit crisis, the SEC changed some guidelines for money market funds to reduce risk-taking. The result is likely to be lower yields. For example, Fidelity has already shortened credit exposures and increased government debt while maintaining more-liquid investments. With the Fed keeping its target for short-term interest rates lashed down to a razor-thin 0%-0.25%, Fidelity was challenged to provide a positive (after-expense) yield. **Cash Reserves** yield was just 0.08% as of December 31, down from 1.96% a year ago. ■

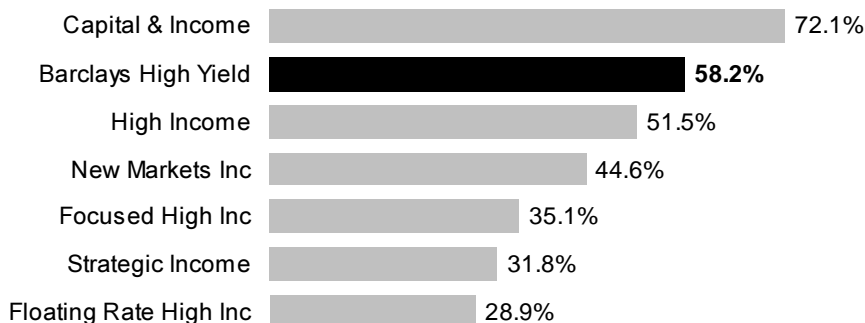
2009 Broad Select Fund Returns



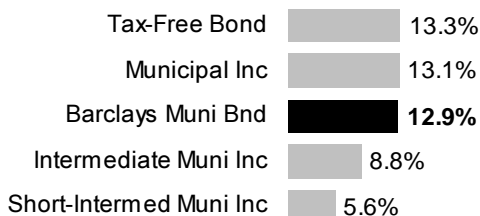
2009 Taxable Bond Fund Returns



2009 High-Yield Bond Fund Returns



2009 Municipal Bond Fund Returns



From The Mouths of Managers

Below are comments, edited for space and context, from Fidelity managers whose funds are in our model portfolios. (2009 returns are in parentheses.)

China Region (+65.6%)

"Over the longer term, the region should benefit from favorable demographics, high growth and healthy savings rates. Against this backdrop, I plan to focus on firms with strong balance sheets and solid management teams that appear capable of emerging from this bear market in a stronger competitive position." — Wilson Wong



Contrafund (+29.2%)

"Technology was our largest sector exposure. I found it attractive and added to it because [it's] a large and dynamic area in which the U.S. is a global leader. The Internet is a global 'mega-trend' that continues to change the way people live their lives, and is likely to keep growing regardless of the economy." — Will Danoff



Equity-Income (+29.5%)

"The fund was positioned to participate in an improving market, and when investors began to move from safer-haven government securities and cash into equities, we reaped the benefits. The fund performed well versus its benchmark due to both good security selection and favorable weightings across a broad spectrum of industries and sectors.

Overweighting consumer discretionary and information technology contributed significantly, as did good stock picking in energy, consumer staples and financials. The fund's overweighting in the diversified financials and automobiles/components industries also helped."

— Stephen Petersen



Investment Grade Bond (+16.0%)

"The economy is growing, and the pace of future growth will depend largely on whether the Fed keeps interest rates at current historical lows. Corporations have reduced costs and maintained their cash flows, providing an attractive fundamental backdrop for corporate bonds. I feel optimistic about the fund's near- and medium-term potential, in part because of the ability of Fidelity to un-



cover fundamentally strong securities at undeservedly low prices. Longer-term, I see possible causes for concern — including the potential for rising federal deficits and inflation — and would caution investors against taking excess risk in searching for additional yield within the very-low interest rate environment."

— Jeff Moore

Low-Priced Stock (+39.1%)

"It was a combination of factors, including good stock picking, favorable positioning across market sectors and a hefty stake in cash, which helped when the market was trending down. Having a much heavier weighting than the index in consumer discretionary and owning some of the better performers in that sector, particularly in the retailing group, was beneficial." — Joel Tillinghast



Large Cap Stock (+50.5%)

Mega Cap Stock (+28.6%)

"We're actually seeing a typical recovery pattern in a number of places. If you look at the mosaic of data, things are getting better. We're seeing it, for example, in the capital markets, in credit spreads. And look at the [home] affordability index — we're playing the housing recovery theme, too." — Matthew Fruhan



OTC (+62.2%)

"In my view, we are just beginning to see the fruits of decoding the human genome, which occurred about a decade ago. It has taken that long for companies to put the discovery to work and come up with new-era drugs that are ready for market. Now we're seeing some amazing breakthroughs. The fund had investments in all of these areas at period end."

— Gavin Baker



Strategic Real Return (+28.4%)

"It takes very little inflation to be insidious for a portfolio, and what we're currently seeing is a 'normalization' with regard to inflation expectations — in other words, we are expecting inflation." — Joanna Bewick



Message To Members

It wasn't how anyone had hoped the first decade of the New Millennium would have turned out.

At its incarnation, the world held its collective breath wondering if "Y2K" would shutter the lights and idle computers. Of course, it didn't. But other challenges quickly unfolded, dimming the world's optimism that maybe — just maybe — this new century would be more peaceful. Not yet.

First and foremost, these past 10 years must be remembered for the sacrifices made by our military. And, of course, the human carnage of September 11, 2001 should always remind us that security cannot be guaranteed. Meanwhile, our interconnected financial markets are more vulnerable than anyone ever understood, while the world itself is far riskier than most fully imagined.

Of course, it's our responsibility at *Fidelity Insight* to constantly reassess the many dimensions of risk, and weigh them against the market's potential upside. From that risk-reward perspective, we still believe it's best to err on the side of caution.

As we discuss in the *2009 Fund Commentary*, the Third Millennium is just 10 years old, but we've already endured the rollercoaster ride of the build-up and subsequent bursting of three major asset bubbles. And while we wish we were smart enough to predict when and how bad the fourth might be — no one's that smart. For that reason alone, we'll continue to manage our model portfolios with the same sensitivity to risk that we've successfully employed since 1987.

Sincerely,
John Boyd
& John Bonnanzio
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