

# FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

NOVEMBER 2010

VOLUME 26, NUMBER 11

## MARKET OUTLOOK

### **The Fundamental Case For Stocks ... But Not Bonds**

In my May *Outlook*, “The Fundamental Case For Stocks ... *And* Bonds [emphasis added],” I suggested that both should do well moving forward for a variety of reasons.

In the six months since then, the average Fidelity domestic stock fund has gained only about 0.1% while their average taxable bond fund has gained 5.4%!

#### **Four Pillars Of Support For Stocks Remain**

In making the case for stocks back then, I detailed “four pillars of support:” robust corporate earnings; an accommodative Fed; a lack of enthusiasm for stocks; and a continuing economic recovery. Most are still very much intact.

On the heels of strong second quarter results, third quarter earnings continue to provide mostly positive surprises. In May, full-year 2010 earnings were expected to be 40% higher than 2009; now that figure is 47%.

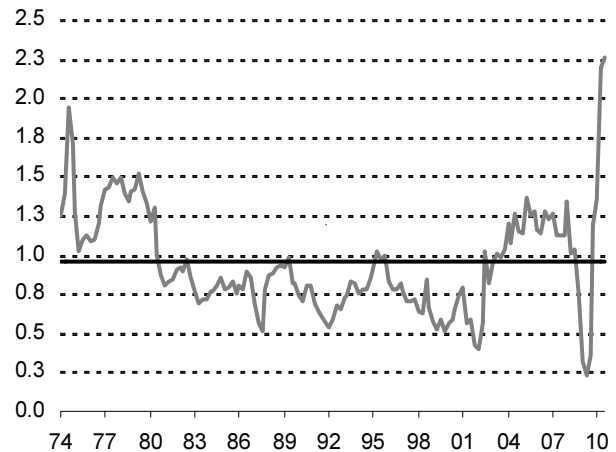
The Fed has turned out to be even more accommodating than I expected, with a second round of quantitative easing (buying Treasuries on the open market to push yields down) or “QE2” now on the table.

And while investor sentiment about the market has been quite volatile, moving between bearish and bullish extremes, investors are still voting with their pocketbooks by continuing to pull money out of stock funds.

The “pillar” that has wobbled a bit is the economic

## STOCKS CHEAP VS. BONDS

### S&P 500 Earnings Yield / 10-Year Treasury Yield



A common measure of the relative attractiveness of stocks versus bonds is the earnings yield of the S&P 500 (the past 12 months of reported S&P 500 earnings divided by the current level of the Index) divided by the yield on the 10-Year Treasury. Historically this ratio has averaged close to 1.0. But today, it stands at 2.3, making stocks extremely undervalued versus Treasury bonds.

recovery. Despite “QE1” and other government programs to get the economy moving faster, job growth remains muted. And the housing market is still held hostage to a huge supply overhang of potential foreclosures. Hence QE2. Many analysts, including yours truly, were concerned that we might fall back into recession. But recent economic data (as well as stock performance) have been more positive. Retail sales have increased for three straight months and initial jobless claims recently hit their lowest level since the first of the year, and third quarter GDP rose 2.0% on first estimate, a modest pick-up from the 1.7% pace of the second quarter. In short, the risk of a double-dip recession has faded, and stocks look attractive.

#### **But Bond Fundamentals Are Now Less Rosy**

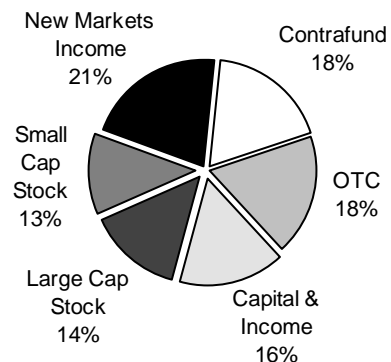
Bonds, however, do not look as appealing as they did back in May, in large measure because of their strong performance. Heading into May, the yield on the 10-year Treasury stood at about 3.7%. By the beginning of October it had fallen to a low of 2.41%, before rising a bit to

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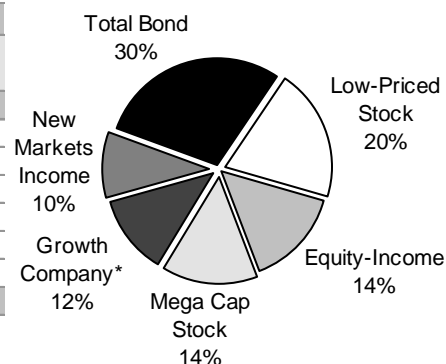
# FIDELITY INSIGHT MODEL PORTFOLIOS - OCTOBER 31, 2010

Aggressive Growth Model		Rel Vol: 0.98	Est. Yield: 1.9%	YTD Return: 5.6%		
Current Asset Allocation		Stocks 65.2%	Bonds 0.7%	Cash 2.6%	Alternative <sup>1</sup> 31.5%	Foreign 26.1%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
New Markets Income	FNMIX	21%	\$16.45	2,002.35	\$32,939	1.7%
Contrafund	FCNTX	18	64.74	422.89	27,378	4.2
OTC	FOCPX	18	50.70	542.94	27,527	4.9
Capital & Income	FAGIX	16	9.40	2,610.17	24,536	4.0
Large Cap Stock	FLCSX	14	16.03	1,333.12	21,370	2.6
Small Cap Stock	FSLCX	13	17.74	1,086.39	19,273	4.7
Current Value (4/7/99 = \$100,000)					\$153,022	3.6%



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

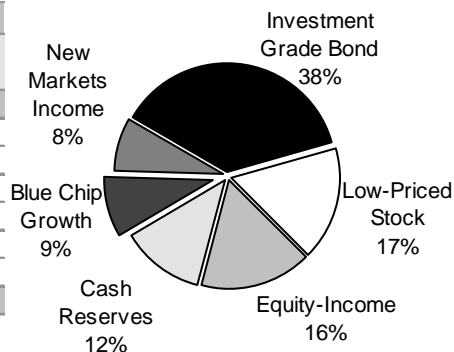
Growth Model		Rel Vol: 0.77	Est. Yield: 1.8%	YTD Return: 6.3%		
Current Asset Allocation		Stocks 58.7%	Bonds 27.7%	Cash 4.7%	Alternative <sup>1</sup> 8.9%	Foreign 18.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
Total Bond	FTBFX	30%	\$11.02	27,663.08	\$304,847	0.8%
Low-Priced Stock	FLPSX	20	36.02	5,804.42	209,075	3.9
Equity-Income	FEQIX	14	41.03	3,690.65	151,427	2.7
Mega Cap Stock	FGRTX	14	9.27	15,983.62	148,168	3.5
Growth Company*	FDGRX	12	77.41	1,663.07	128,738	3.9
New Markets Income	FNMIX	10	16.45	6,302.06	103,669	1.7
Current Value (1/1/87 = \$100,000)					\$1,045,925	2.5%



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

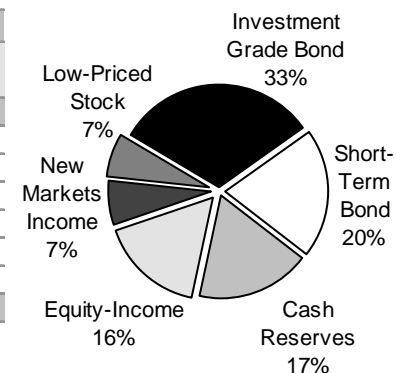
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.48	Est. Yield: 1.6%	YTD Return: 6.5%		
Current Asset Allocation		Stocks 40.2%	Bonds 35.9%	Cash 16.7%	Alternative <sup>1</sup> 7.1%	Foreign 14.9%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
Investment Grade Bond	FBNDX	38%	\$7.52	43,777.95	\$329,210	0.8%
Low-Priced Stock	FLPSX	17	36.02	4,091.64	147,381	3.9
Equity-Income	FEQIX	16	41.03	3,499.39	143,580	2.7
Cash Reserves	FDRXX	12	1.00	108,823.42	108,823	0.0
Blue Chip Growth	FBGRX	9	42.04	1,891.30	79,510	5.4
New Markets Income	FNMIX	8	16.45	4,247.26	69,867	1.7
Current Value (1/1/87 = \$100,000)					\$878,372	2.0%



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: 0.37	Est. Yield: 1.6%	YTD Return: 4.6%		
Current Asset Allocation		Stocks 22.2%	Bonds 50.7%	Cash 20.7%	Alternative <sup>1</sup> 6.4%	Foreign 10.0%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
Investment Grade Bond	FBNDX	33%	\$7.52	23,193.87	\$174,418	0.8%
Short-Term Bond	FSHBX	20	8.52	12,643.50	107,723	0.4
Cash Reserves	FDRXX	17	1.00	94,046.63	94,047	0.0
Equity-Income	FEQIX	16	41.03	2,154.07	88,382	2.7
New Markets Income	FNMIX	7	16.45	2,343.48	38,550	1.7
Low-Priced Stock	FLPSX	7	36.02	1,007.98	36,308	3.9
Current Value (1/1/87 = \$100,000)					\$539,426	1.1%



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.

end the month at 2.63% (bond prices and yields move in opposite directions). A big reason for this, of course, was the Fed's QE1, and investors bidding up bond prices in anticipation of QE2. As QE2 got "closer," longer-term bonds sold off on inflation fears.

With yields now so low, and with investors still pouring huge amounts of money into bond funds, there has been much debate about whether or not we are in a "bond bubble." I don't believe that is the case, but the argument may be largely semantic as it's clear that bonds are less attractive today, particularly in comparison to stocks.

**Valuations Favor Stocks**

One of the most common ways of looking at the relative attractiveness of stocks versus bonds is to compare the earnings yield of the S&P 500 (the past 12 months of reported S&P 500 earnings divided by the current level of the Index) to the yield on the 10-Year Treasury. As shown on the chart on page 1, that ratio has now moved to 2.4, the highest level in more than 30 years, making stocks very cheap relative to bonds. And historically, the future 12 month return of the S&P 500 has correlated quite well to movement in this ratio.

One important caveat is that this ratio has been "distorted" by the Fed's intervention in the Treasury market via QE1, so the "true" relative valuation advantage of stocks over bonds may not be quite as extreme as the chart would imply. Nevertheless, stocks are certainly the better value.

**Action Recommendation**

This does not mean you should dump all your bond funds. QE2 should provide support for short- to

**WHICH FUNDS SHOULD YOU BUY NOW!**

**Equity Funds:** **Blue Chip Growth**, **Growth Company**, **Growth Discovery**, and **OTC** are top large-cap growth picks. **Low-Priced Stock** and **Small Cap Stock** play the mid- and small-cap arenas; **Contrafund** is a conservative "all-cap" approach to growth investing.

**Taxable Bond Funds:** **Total Bond** invests in both Treasuries and corporate debt with an added kick from about 15% in high-yield/emerging market debt. For a bit less risk, **Investment Grade Bond** blends government and high-grade corporates; **Short-Term Bond** affords less interest-rate risk.

**High Yield Fund:** **New Markets Income** buys high-yield bonds — throughout the emerging markets; **Capital & Income** plies its trade at home. ■

intermediate-term investment-grade bonds, and high-yield bonds trade more like stocks. And, of course, bonds still provide diversification and reduce portfolio volatility. But if your portfolio has been carrying a heavier than normal amount of bonds, as some of our models have, you should shift some of it over to stocks.

**Model Portfolio Trades**

In that regard (and as detailed in the box below), we are making trades in three of our model portfolios.

The first week of November may well be a volatile one for the markets, featuring both the mid-term election results and the Fed's two-day meeting and expected pronouncement

about the scope of QE2. It is hard to predict what might happen, but it seems likely that substantial Republican gains and a substantial amount of "QE" have already been priced in. If all comes out as expected, the stock and bond markets could sell off, a bit. As the old Wall Street saying goes, "buy on the rumor, sell on the news." And if either or both disappoint, the selloff might be more substantial. Of course, a positive surprise could spark a rally. In any case, and at the risk of seeming like market timers (we are not), we would prefer to defer our trades till the following week (Nov. 8), hoping to avoid the initial reaction to these events. ■

— John M. Boyd

**MODEL PORTFOLIO TRADES**

As announced on our October 29 Hotline, effective Monday November 8, we will be making trades in three Model Portfolios.

**Growth Model**

We will sell 1/2 of **Total Bond** (FTBFX) and add the proceeds to **Growth Company** (FDGRX). For those who do not already own the closed Growth Co., use either **Blue Chip Growth** (FBGRX) or **Growth Discovery** (FDSVX). See p. 4.

**Growth & Income Model**

We will sell 1/3 of **Investment Grade Bond** (FBNDX) and add the proceeds to **Blue Chip Growth** (FBGRX).

**Income & Preservation Model**

We will sell 1/3 of **Investment Grade Bond** (FBNDX) and add the proceeds to **Low-Priced Stock** (FLPSX).

*Note that Low-Priced Stock has a redemption fee of 1.50% for 90 days.*

**ANNUAL MODEL PORTFOLIO RETURNS (%)**

Model	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'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 PROFILE

### **Growth Discovery: A Great Option**

In 2006, one of our favorite large-cap growth funds, **Growth Company**, was closed to new investors. As we held the fund in our Growth Model, anyone wanting to exactly follow that model couldn't. In response, we recommended the larger-cap and less tech-rich **Blue Chip Growth** fund as an imperfect alternative.

During much of this time, another

large-cap growth fund, **Growth Discovery**, has been less successful in pursuing its own path. But Manager Jason Weiner has been gradually repositioning Growth Discovery so that it now looks very much like Growth Company. Following two particularly bad years, the fund is currently firing on all cylinders. And we have every reason to believe that it will continue to do so as long as the economy improves and, here's the biggest caveat, tech stocks remain in the vanguard of this bull market.

Benchmarked against the Russell 3000 Growth Index, Growth Discovery must typically be 31% invested in tech stocks, otherwise, he's essentially betting against that sector. Right now, its tech weight is 36.4%, and it's been almost 39% earlier this year. This stake has been central to the fund's strong returns, as computer and software firms, chip makers, IT services, and others have outpaced the broader market.

**Growth Discovery** *cont'd on page 5*

## PORTFOLIO MANAGEMENT

### **Fund Correlations At Your Fingertips**

One of our most popular editorial features is the correlation matrix. Published about twice a year, it shows the degree to which the returns of any two funds tend to move in the same direction. It's a useful tool for creating a more diversified, and therefore less risky, portfolio of Fidelity funds.

But because the matrix takes a full page and only shows about 40 funds, we've made this important tool available on our website. Better yet, it's customized — you can compare any two funds that interest you — and it's updated daily. Want to know the cor-

relation between **Equity-Income** and **Short-Term Bond**? By using the same tool we use, you can quickly find the answer: a low 39. (Funds that are perfectly correlated "score" 100.)

#### **Finding Your Way**

Here's where you can find the correlation tool (screen shot below) on [fidelityinsight.com](http://fidelityinsight.com)

1. On the Homepage, click on **The Independent Guide**;
2. Click on the **Commentary** button in the upper right hand corner;
3. Click on the fund category button along the top (such as Large Cap) that interests you;
4. Scroll to the correlation tool at the bottom of the page;
5. Select the fund

you wish to find correlations for from the list on the right. The correlations will then be displayed and you can change the universe of funds you wish to compare your fund with by using the buttons on the right (see below).

Our website also has a correlation matrix by investment style that shows the relationship between categories of funds. (For example, Fidelity's large-cap growth funds and municipal bonds ... point of interest, they have a negative correlation of 27, which means that muni funds are a fantastic way to diversify most investors' equity-rich portfolios!)

To view these correlations, select "Introduction" at step 3 above and scroll to the bottom of the page. ■

## LARGE CAP CORRELATIONS

### FIDELITY FUND CORRELATION TOOL

Select a fund...

Select a fund...	Correlation between Equity-Income and...	Include for comparison:
Equity-Income II	Inflation-Protected Bond . . . . . -22	<input type="radio"/> Other Large Cap Funds
Equity Income	Municipal Income . . . . . 26	<input type="radio"/> All Domestic Stock Funds*
OTC Portfolio	Tax-Free Bond . . . . . -27	<input type="radio"/> International Funds
Nasdaq Composite Index	Total Bond . . . . . -33	<input type="radio"/> All Stock Funds*
Magellan	Ginnie Mae . . . . . -38	<input checked="" type="radio"/> Bond Funds
Large Cap Stock	Mortgage Securities . . . . . -38	<input type="radio"/> All Funds
Large Cap Growth	Short-Term Bond . . . . . -39	
Independence	Investment Grade Bond . . . . . -43	
Growth Company	Corporate Bond Fund . . . . . -45	
Fifty	Intermediate Bond . . . . . -46	
Export and Multinational	U.S. Bond Index . . . . . -49	
Contrafund	Spartan Short-Term Treasury Index . . . . . -51	
Capital Appreciation	Intermediate Government Income . . . . . -56	
Blue Chip Growth	Government Income . . . . . -57	
Trend	Spartan Intermediate Treasury Index . . . . . -68	

\* Excludes Select Funds

A slight recovery in the economy gets some credit, too. But an anticipated replenishment of PCs, plus a surge in demand for faster and cheaper electronic devices (many of them produced by Apple — the top position in Growth Discovery, Growth Company and Blue Chip Growth!), is propelling this arena. So have the tech sector's record profit margins, improved balance sheets, and robust earnings. As we've seen, Growth Discovery has been well-positioned for these developments.

Looking ahead, Jason has said that he's "somewhat cautious." He's been worried about the European debt crisis (which seems to wax and wane in importance), while the bigger issue may be the Chinese who have taken steps to cool their economy. With these issues weighing on his mind, his strategy continues to be one of trying to identify companies (in tech and elsewhere) with attractive growth prospects that are not dependent on continuing economic growth.

With its high correlation to Growth Company and Blue Chip Growth, Growth Discovery is yet another fine Fidelity fund for large-cap growth exposure. We rate it a *Buy*. ■

Growth Discovery	
Fund Data	
Trading Symbol:	FDSVX
Fund Size:	\$665 million
Expense Ratio:	0.76%
Relative Volatility:	1.11
Turnover rate:	87%
% foreign:	9.5
Top Sectors	
Information Technology	36.4%
Consumer Discretionary	16.2
Industrials	14.1
Health Care	13.2
Energy	5.9
Top 10 Holdings	
1. Apple	6. United Tech.
2. Cisco	7. Google
3. Qualcomm	8. Amazon.com
4. Juniper Networks	9. Novo-Nordisk
5. Exxon Mobil	10. Express Scripts

## QE2 Helps Lift Stocks, Sinks Some Bonds

On balance, stock investors are feeling bullish — bond investors less so as inflation worries are creeping in. Specifically, Wall Street is feeling upbeat, but a far more cautious Main Street continues to avoid stock funds and move money into bond funds. (See *Market Outlook* on p. 1 and our trade box on page 3.)

While there's plenty of positive economic data to be had (including better-than-expected third-quarter corporate earnings), the average investor is gripping the sidelines partly as a result of their 2008 experience, and partly because of high unemployment, higher "under-employment," shrinking home values and high indebtedness — all valid reasons to remain worried.

At the same time, Wall Street's optimism is partly tied (as of this writing) to another round of quantitative easing and the expectation that with expected Republican gains, a politically divided Congress may mean: 1. More moderate income and capital gains taxes; 2. A repeal of some of the more expensive parts of "Obama Care," and; 3. A more favorable environment for business.

Wishful thinking?

Well, we'll soon see. But in the meantime, the Dow Jones Industrials popped 3.2% in October, and the S&P 500 jumped 3.8% in a month that has historically been one of the most frightening to investors. And, it's important to note, that these gains were achieved even as financials (the

S&P's second-biggest sector weight at about 16%) were in the dumpster.

**Select Financial Services** fell 2.3% last month and **Home Finance** was off 1.0%. The "news" there continues to be the unknown damage to banks' balance sheets owing to mortgage defaults and foreclosures. (Mortgage rates were also climbing near month-end.) The latter, of course, saddled the returns of a related sector fund, **Construction & Housing**, which fell 1.2% as the unemployment picture failed to improve. There is also the well-founded fear that accelerated foreclosures will further dampen property values.

While large-cap stocks enjoyed strong returns in October, the small-cap Russell 2000 blazed ahead with a gain of 4.1%. Better yet, the tech-rich Nasdaq Composite soared ahead with its monthly gain of 5.9%.

Ten months into this year, riskier assets are outpacing all others, as evidence by the Russell 2000 (up 13.6%) and Nasdaq (up 11.4%). During this same period, the Dow and S&P are up 8.8% and 7.8%, respectively.

### Model Portfolios

All our model portfolios gained ground in October.

Our most equity-rich Aggressive Growth Model fared best with its 3.6% return. It's best-performing holding was **OTC** fund, whose 54.0% stake in tech helped propel it to a 4.9% gain. The model is now up 5.6% for the year.

The Growth Model tacked on a gain of 2.5% last month and is now

*Fund Commentary cont'd on page 6*

## NOVEMBER SCORECARD RATING CHANGES

Fund	Ratings		Comments
	Old	New	
Independence	H	B ↑	Stock selection has been excellent.
Large Cap Growth	H	B ↑	Big bet in tech bolstered by solid stock selection.
Magellan	H	S ↓	See fund review on p. 11.
Sptn Lg-Term Treas	H	S ↓	Yields extremely low and Fed not buying in QE2.
U.S. Bond Index	B	H ↓	Treasury portion less attractive with low yields.

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

## FIDELITY SCORECARD - OCTOBER 31, 2010

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)			
						Oct	YTD	2009	1 Year	3 Year	5 Year					
Comparative Indexes		S&P 500 (Large Cap)*				3.8	7.8	26.5	16.5	-6.5	1.7	1.00				
		Nasdaq Composite (OTC)*				5.9	11.1	45.0	23.6	-3.6	4.1	1.17				
		MSCI EAFE (International)*				3.8	4.9	28.5	9.6	-9.5	3.4	1.24				
		Barclays Aggregate Bond*				0.3	8.1	6.5	7.8	6.7	5.9	0.17				
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>4.6</b>	<b>10.3</b>	<b>38.3</b>	<b>22.0</b>	<b>-6.1</b>	<b>3.3</b>	<b>1.14</b>	
312	FGBRX	Blue Chip Growth		42.04	Buy	5.4	10.8	45.0	23.9	-1.8	3.9	1.12	\$11,142			
307	FDCAX	Capital Appreciation		24.03	OK to Buy	5.2	12.1	36.4	28.6	-6.4	3.1	1.16	4,672			
22	FCNTX	Contrafund		64.74	Buy	4.2	11.3	29.2	20.9	-4.1	5.0	0.91	58,192			
332	FEXPX	Export and Multinational	0.75%/30d	20.36	Hold	3.2	4.2	37.1	12.6	-8.6	1.2	1.09	2,444			
500	FFTYX	Fifty		16.78	Hold	5.4	11.9	37.1	23.2	-10.3	0.9	1.22	723			
333	FTQGX	Focused Stock		12.39	Hold	4.7	12.6	25.2	22.4	-3.5	4.1	1.02	147			
25	FDGRX	Growth Company (closed)		77.41	Buy	3.9	12.2	41.2	25.6	-4.1	5.7	1.10	27,228			
339	FDSVX	Growth Discovery		12.65	Buy	4.8	14.3	29.3	26.4	-8.9	3.3	1.11	701			
73	FDFFX	Independence		22.59	OK to Buy↑	6.4	13.4	39.9	27.2	-7.4	5.1	1.38	3,886			
763	FSLGX	Large Cap Growth		9.05	OK to Buy↑	5.1	11.3	24.0	22.9	-6.8	-0.5	1.04	105			
1829	FLGEX	Large Cap Growth Enhcd Index		9.13	Hold	5.2	7.3	35.1	17.5	-4.6	--	0.99	47			
338	FLCSX	Large Cap Stock		16.03	Buy	2.6	7.1	50.5	16.4	-7.0	2.7	1.27	940			
21	FMAGX	Magellan		66.79	OK to Sell↓	3.6	4.0	41.1	14.4	-10.5	-0.1	1.27	19,318			
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	33.42	OK to Buy	5.9	11.1	45.0	23.6	-3.6	4.1	1.17	276			
93	FOCPX	OTC		50.70	Buy	4.9	10.9	62.2	26.8	-3.4	7.4	1.30	5,242			
320	FDSX	Stock Selector All Cap		23.68	OK to Sell	3.4	9.0	28.8	19.4	-7.7	1.6	1.05	730			
5	FTRNX	Trend		62.60	OK to Buy	5.1	11.3	44.5	22.8	-5.1	4.7	1.13	965			
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>3.9</b>	<b>6.4</b>	<b>27.8</b>	<b>15.5</b>	<b>-8.5</b>	<b>0.6</b>	<b>1.08</b>	
315	FDEQX	Disciplined Equity		21.67	Sell	4.1	3.1	22.0	11.1	-10.1	0.0	1.01	8,963			
330	FDGFX	Dividend Growth		25.91	Buy	4.4	10.1	51.0	21.8	-4.0	2.7	1.29	8,526			
3	FFIDX	Fidelity Fund		29.63	OK to Sell	3.6	5.1	26.8	12.8	-8.3	2.1	1.03	4,826			
27	FGRIX	Growth & Income		16.91	OK to Sell	4.0	5.7	23.1	14.7	-15.7	-6.0	1.18	5,356			
1827	FLCEX	Large Cap Core Enhcd Index		8.17	Hold	4.5	5.7	23.3	14.1	-7.1	--	0.96	940			
361	FGRTX	Mega Cap Stock		9.27	Buy	3.5	5.8	28.6	13.8	-7.6	1.4	1.05	511			
650	FUSEX	Spartan 500 Index <sup>4</sup>		41.93	Hold	3.8	7.8	26.5	16.5	-6.5	1.7	1.00	25,067			
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90d	34.37	Hold	3.9	9.3	28.4	18.7	-5.8	2.3	1.03	5,814			
343	FTXMX	Tax Managed Stock		11.53	Sell	4.6	5.8	20.7	15.1	-10.8	-0.4	1.09	69			
832	FVDFX	Value Discovery		13.53	Hold	3.1	6.1	27.7	16.1	-9.6	1.4	1.16	593			
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>2.6</b>	<b>4.2</b>	<b>22.7</b>	<b>11.5</b>	<b>-10.5</b>	<b>-1.0</b>	<b>1.10</b>	
1271	FBCVX	Blue Chip Value		10.14	Sell	2.2	2.6	27.8	10.3	-12.0	-1.6	1.16	317			
23	FEQIX	Equity-Income		41.03	Buy	2.7	6.1	29.5	13.2	-9.1	0.4	1.15	10,250			
319	FEQTX	Equity-Income II		16.88	Buy	2.4	4.5	25.1	11.5	-9.5	-0.7	1.11	4,867			
708	FSLVX	Large Cap Value		10.00	OK to Sell	2.4	2.7	15.6	9.7	-12.2	-1.9	1.06	836			
1828	FLVEX	Large Cap Value Enhcd Index		7.03	OK to Sel	3.2	5.3	15.6	13.0	-9.7	--	0.99	68			

**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 Independence. <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 page 5*

up 6.3% for the year. It's two best-performing positions were **Low-Priced Stock** and **Growth Company**, as both rose 3.9% in October. In the case of the former, its smaller-cap orientation was beneficial, while tech aided the latter.

The more conservative Growth & Income Model rose 2.0 last month and it's up 6.5% for the year. Again, Low-Priced Stock helped power results, but **Blue Chip Growth** (up 5.4%) fared especially well thanks to tech and consumer discretionary stocks

which account for more than half its assets.

Our most conservative portfolio, the Income & Preservation Model, gained 1.1% last month and is now up 4.6% for the year-to-date. Once again, Low-Priced Stock helped, as did **Equity-Income**, which gained 2.7%. (See p. 11 for members' question on both these funds.) The high-yielding emerging market bond fund, **New Markets Income** (which we hold in all four models) gained 1.7% last month. While this is significantly less than either the average U.S. or foreign stock fund, it's significantly

better than the typical bond fund last month. To wit, **Investment Grade Bond** (up 0.8%) and **Short-Term Bond** (up 0.4%), both model portfolio holdings, secured decent returns.

However, owing to the falling dollar, growing federal indebtedness, and the prospect of QE2 further "inflation" the U.S. economy, bonds are starting to feel some selling pressure. Nowhere is that more true than with Fidelity's most interest-rate-sensitive bond funds. Last month, for example, **Spartan Long-Term Treasury Index** (which remains the best-performing bond fund for the year with

## FIDELITY SCORECARD - OCTOBER 31, 2010

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Oct	YTD	2009	1 Year	3 Year	5 Year				
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>3.4</b>	<b>12.0</b>	<b>42.9</b>	<b>25.6</b>	<b>-6.7</b>	<b>2.8</b>	<b>1.26</b>
324	FDEGX	Growth Strategies	1.50%/90d	18.38	OK to Buy	2.7	13.0	39.7	28.2	-9.8	1.8	1.22	\$1,882		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	9.11	Hold	5.2	12.8	37.6	24.6	--	--	--	41		
793	FSMGX	Mid Cap Growth	0.75%/30d	11.20	OK to Buy	2.7	12.7	46.4	28.5	-7.3	-0.4	1.29	247		
337	FMCSX	Mid-Cap Stock	0.75%/30d	25.96	OK to Buy	3.3	11.1	50.4	24.9	-5.6	4.1	1.38	6,170		
300	FMILX	New Millennium		27.13	OK to Buy	3.2	10.2	40.2	21.7	-4.2	5.6	1.17	1,795		
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>4.4</b>	<b>13.6</b>	<b>48.6</b>	<b>25.3</b>	<b>-5.0</b>	<b>4.2</b>	<b>1.38</b>
122	FLVCX	Leveraged Company Stock	1.50%/90d	25.17	Buy	5.1	10.0	59.6	22.8	-9.2	3.4	1.65	3,851		
316	FLPSX	Low-Priced Stock	1.50%/90d	36.02	Buy	3.9	13.0	39.1	22.4	-1.9	5.3	1.13	25,602		
398	FSEMXX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90d	34.99	Hold	4.5	16.3	36.7	29.0	-2.8	4.6	1.20	3,382		
14	FSLSX	Value Strategies		25.48	Buy	4.3	15.3	59.2	27.2	-6.3	3.6	1.55	357		
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>3.9</b>	<b>13.8</b>	<b>39.8</b>	<b>26.0</b>	<b>-5.8</b>	<b>2.3</b>	<b>1.36</b>
762	FSMVX	Mid Cap Value	0.75%/30d	14.70	Hold	3.5	15.1	35.4	27.2	-4.3	2.7	1.26	590		
39	FDVLX	Value		64.09	Buy	4.4	12.6	44.1	24.7	-7.3	1.9	1.45	7,282		
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>4.8</b>	<b>15.0</b>	<b>32.9</b>	<b>28.0</b>	<b>-7.1</b>	<b>2.7</b>	<b>1.30</b>
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	9.13	Hold	4.7	13.5	23.6	26.3	--	--	--	104		
1388	FCPGX	Small Cap Growth	1.50%/90d	14.18	Hold	5.0	14.2	42.9	28.1	-5.1	4.1	1.25	1,283		
336	FDSCX	Stock Selector Small Cap <sup>6</sup>	1.50%/90d	16.35	Hold	4.7	17.5	32.3	29.8	-9.2	1.3	1.36	1,437		
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>4.1</b>	<b>14.1</b>	<b>56.7</b>	<b>29.1</b>	<b>3.1</b>	<b>6.4</b>	<b>1.39</b>
384	FSCRX	Small Cap Discovery	1.50%/90d	14.07	OK to Buy	3.5	16.9	50.7	29.2	6.2	7.1	1.34	793		
340	FSLCX	Small Cap Stock	2.00%/90d	17.74	Buy	4.7	11.3	62.7	29.0	0.0	5.7	1.44	3,864		
<b>SMALL CAP VALUE</b>						<b>Category Averages</b>			<b>1.2</b>	<b>12.0</b>	<b>36.6</b>	<b>23.7</b>	<b>-0.6</b>	<b>5.6</b>	<b>1.31</b>
1389	FCPVX	Small Cap Value	1.50%/90d	14.09	Hold	1.2	12.0	36.6	23.7	-0.6	5.6	1.31	1,817		
<b>SPECIALTY</b>															
2063	FOTTX	130/30 Large Cap		6.83	OK to Sell	4.8	3.5	3.6	12.1	--	--	--	18		
304	FBALX	Balanced		17.57	Hold	2.6	9.1	28.1	15.3	-2.5	4.2	0.77	17,176		
308	FCVXX	Convertible Securities		23.92	OK to Buy	3.5	12.4	64.1	20.9	-2.7	6.1	1.27	2,289		
1960	FDYSX	Dynamic Strategies		9.26	Hold	3.4	9.7	28.7	16.0	-0.6	--	0.77	173		
355	FFNOX	Four-in-One Index		26.25	Hold	3.4	8.4	25.0	15.1	-4.4	3.1	0.91	2,167		
334	FGBLX	Global Balanced	1.00%/30d	21.99	Hold	3.1	9.4	22.5	13.8	-0.1	6.8	0.75	542		
2120	FFGCX	Global Commodity Stock	1.00%/30d	15.66	Hold	6.0	6.5	48.0p	18.4	--	--	--	310		
1368	FIREX	International Real Estate	1.50%/90d	9.47	Sell	4.1	11.2	35.8	13.8	-13.5	1.5	1.37	364		
4	FPURX	Puritan		17.20	OK to Buy	3.0	9.0	26.7	15.5	-1.7	4.3	0.72	16,259		
833	FRIFX	Real Estate Income	0.75%/90d	10.37	OK to Buy	2.3	16.3	46.8	22.3	4.4	4.6	0.73	1,166		
303	FRESX	Real Estate Investment	0.75%/90d	25.05	Hold	5.0	25.8	32.9	45.9	-4.4	2.7	1.93	3,204		
1329	FSDIX	Strategic Dividend & Income		10.35	OK to Buy	2.8	10.2	37.7	20.3	-5.9	2.0	1.12	533		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.38	Hold	3.2	10.8	28.4	15.8	2.6	3.9	0.65	4,101		
311	FIUIX	Telecom & Utilities		15.49	Hold	1.6	12.8	11.1	27.7	-7.3	3.8	0.87	858		
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		12.72	Hold	1.3	7.7	19.5	10.0	3.2	5.0	0.35	3,139		
1957	FTANX	Asset Manager 30%		9.81	Hold	1.7	8.8	23.6	12.0	2.1	--	0.47	116		
1958	FFANX	Asset Manager 40%		9.60	Hold	2.1	9.2	26.0	13.3	1.2	--	0.56	82		
314	FASMXX	Asset Manager 50%		14.97	Hold	2.4	9.6	30.9	14.8	0.2	4.4	0.69	6,415		
1959	FSANX	Asset Manager 60%		9.47	Hold	2.7	9.6	32.7	15.5	-0.5	--	0.77	102		
321	FASGX	Asset Manager 70%		15.75	Hold	3.1	9.9	35.7	16.9	-2.4	3.5	0.89	2,375		
347	FAMRX	Asset Manager 85%		12.75	Hold	3.6	9.4	38.7	17.7	-4.0	3.8	1.02	608		

its whopping 15.0% return), fell a somewhat frightening 3.2%. That's a huge move for a bond fund, especially when so many yield-hungry and risk-averse investors have piled into it in recent years. We downgraded the fund to *OK to Sell*, owing to those aforementioned concerns.

On the other hand, **Inflation-Protected Bond** was the top-performing bond fund. It gained an impressive 2.6% in October, and is now up 9.5% for the year. It's inflation-indexing feature makes it attractive relative to conventional Treasuries.

More highly taxed investors in

municipal bond funds also lost ground last month. While **Short-Intermediate Muni Income** was flat, the longer-duration **Tax-Free Bond** fell 0.3%, and several state muni funds lost 0.4%.

Turning to high-yield funds, optimism about the economy (plus their rich coupons) had investors buying last month. The most opportunistic version, **Capital & Income** (which we hold in our Aggressive Growth Model), fared best with its 4.0% gain.

### **Money Market Funds**

The news hasn't changed (yet) in

this arena, as yields are as mathematically close to zero as you can get! Fidelity's highest-yielding taxable money market is still **Select Money Market** at 0.11%. **Cash Reserves** yields 0.04%. (At the start of 2010 it was 0.08%.) Of course, the story is much the same for municipal money market funds, where yields are unchanged at 0.01%. As we've noted before, the money market fund you choose (particularly in this environment) should be driven by such features as checkwriting fees, while essentially ignoring yields. ■

— John Bonnanzio

## FIDELITY SCORECARD - OCTOBER 31, 2010

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)
						Oct	YTD	2009	1 Year	3 Year	5 Year		
<b>INTERNATIONAL</b>						<b>3.8</b>	<b>10.1</b>	<b>41.9</b>	<b>17.0</b>	<b>-8.9</b>	<b>5.8</b>	<b>1.35</b>	
<i>Category Averages</i>													
309	FICDX	Canada	1.50%/90d	54.14	Buy	3.5	11.7	39.6	23.0	-6.1	9.0	1.37	\$3,953
352	FHKCX	China Region	1.50%/90d	31.81	Hold	3.2	14.1	65.6	21.0	-3.5	16.8	1.39	2,128
325	FDIVX	Diversified International	1.00%/30d	29.49	OK to Sell	4.0	5.3	31.8	11.2	-10.5	3.3	1.24	26,537
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	9.00	OK to Buy	3.2	18.1	61.4	24.9	--	--	--	140
322	FEMKX	Emerging Markets	1.50%/90d	25.72	Buy	3.7	13.8	76.0	25.8	0.0	12.5	1.63	3,948
301	FIEUX	Europe	1.00%/30d	30.83	OK to Sell	4.5	4.6	31.7	10.0	-9.4	4.0	1.27	803
341	FECAX	Europe Capital App	1.00%/30d	18.56	OK to Sell	4.6	4.6	32.1	10.1	-10.7	4.5	1.31	458
335	FIVFX	Int'l Cap App	1.00%/30d	12.63	Hold	4.7	11.4	55.2	19.1	-8.1	2.8	1.51	627
305	FIGRX	International Discovery	1.00%/30d	32.34	OK to Sell	4.3	6.6	30.1	13.8	-9.9	4.5	1.21	8,131
2010	FIENX	International Enhanced Index	1.00%/30d	7.24	OK to Sell	3.9	5.1	24.6	9.8	--	--	--	22
1979	FIGFX	International Growth	1.00%/30d	8.40	Hold	4.9	12.3	36.5	21.0	--	--	--	28
818	FISMV	Int'l Small Cap	2.00%/90d	20.66	OK to Buy	4.7	17.7	45.5	21.0	-6.3	5.8	1.31	807
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90d	9.92	OK to Buy	3.9	15.6	46.3	24.4	-15.7	1.9	1.46	398
1597	FIVLX	International Value	1.00%/30d	8.22	OK to Sell	3.9	3.0	36.1	7.8	-11.3	--	1.40	163
350	FJPNX	Japan	1.50%/90d	10.57	OK to Sell	2.5	4.5	15.3	7.1	-11.1	-3.1	1.09	649
360	FJSCX	Japan Smaller Companies	1.50%/90d	8.23	OK to Sell	-0.8	-1.1	18.1	-2.5	-12.0	-8.1	1.20	286
349	FLATX	Latin America	1.50%/90d	57.50	Buy	3.7	12.5	91.6	25.9	-2.5	17.8	1.66	4,283
342	FNORX	Nordic	1.50%/90d	32.27	OK to Buy	2.5	17.9	47.5	24.1	-10.6	6.4	1.57	458
94	FOSFX	Overseas	1.00%/30d	31.56	OK to Sell	4.8	2.0	25.2	6.3	-14.3	2.1	1.25	5,544
302	FPBFX	Pacific Basin	1.50%/90d	25.11	Buy	4.8	23.7	59.3	31.7	-7.2	8.2	1.54	837
351	FSEAX	Southeast Asia	1.50%/90d	29.70	OK to Buy	3.1	16.8	39.2	27.9	-12.2	14.4	1.28	1,717
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90d	35.06	OK to Sell	3.8	4.9	28.5	9.6	-9.5	3.4	1.24	6,462
1978	FTIEX	Total International Equity	1.00%/30d	7.37	OK to Buy	4.4	9.0	41.2	16.5	--	--	--	61
318	FVWFX	Worldwide	1.00%/30d	17.58	Hold	4.4	9.4	28.5	18.2	-7.4	4.9	1.11	1,088
<b>SELECT PORTFOLIOS</b>						<b>4.2</b>	<b>12.7</b>	<b>44.7</b>	<b>25.6</b>	<b>-4.1</b>	<b>4.5</b>	<b>1.37</b>	
<i>Category Averages</i>													
34	FSAIX	Air Transportation	0.75%/30d	42.09	OK to Buy	7.3	32.2	22.3	65.3	-2.1	7.6	1.62	166
502	FSAVX	Automotive	0.75%/30d	38.61	OK to Buy	7.3	24.9	122.3	47.9	-4.1	5.2	2.44	163
507	FSRBX	Banking	0.75%/30d	16.02	Hold	0.1	5.1	5.1	9.3	-15.5	-8.7	1.57	422
42	FBIOX	Biotechnology	0.75%/30d	70.08	Hold	2.6	7.0	10.8	20.0	-1.5	3.8	1.01	1,075
68	FSLBX	Brokerage & Investment	0.75%/30d	48.04	Hold	2.4	1.3	50.4	2.4	-10.1	0.4	1.45	516
69	FSCHX	Chemicals	0.75%/30d	87.16	Hold	9.3	18.6	65.3	34.3	2.9	12.2	1.39	503
518	FSDCX	Communications Equipment	0.75%/30d	24.54	Buy	2.8	18.2	80.7	29.4	-1.6	5.5	1.60	440
7	FDCPX	Computers	0.75%/30d	52.88	OK to Buy	6.5	16.0	83.2	31.7	0.1	9.3	1.40	532
511	FSHOX	Construction & Housing	0.75%/30d	30.35	OK to Sell	-1.2	4.5	22.9	17.5	-5.4	-1.6	1.47	83
517	FSCPX	Consumer Discretionary	0.75%/30d	22.84	Hold	5.4	21.6	38.1	35.1	-0.4	3.5	1.22	147
9	FDFAX	Consumer Staples	0.75%/30d	67.48	Hold	3.3	11.2	20.9	14.0	1.6	9.3	0.78	907
67	FSDAX	Defense & Aerospace	0.75%/30d	71.17	OK to Sell	6.4	17.9	24.9	33.4	-5.9	6.0	1.31	638
8	FSELX	Electronics	0.75%/30d	43.27	Buy	8.3	4.4	85.0	25.6	-3.9	2.6	1.54	1,039
60	FSENX	Energy	0.75%/30d	44.76	Hold	6.0	1.4	47.1	8.3	-10.6	3.6	1.61	1,993
43	FSESX	Energy Service	0.75%/30d	61.89	Hold	5.3	6.5	62.0	12.6	-13.4	3.1	1.93	1,287
516	FSLEX	Environment & Alt Energy	0.75%/30d	17.04	Hold	3.2	9.6	17.2	19.5	-4.2	2.9	1.06	66
66	FIDSX	Financial Services	0.75%/30d	55.19	Hold	-2.3	-4.9	25.9	-2.0	-18.8	-8.7	1.46	378
41	FSAGX	Gold	0.75%/30d	53.71	Hold	1.9	26.5	38.0	38.6	8.3	22.0	2.01	4,204
63	FSPHX	Health Care	0.75%/30d	115.20	Hold	3.0	8.0	32.1	19.8	-2.0	3.5	0.91	1,642
98	FSVLX	Home Finance	0.75%/30d	10.75	OK to Sell	-1.0	-1.8	1.9	6.4	-30.2	-21.3	1.33	99
510	FSCGX	Industrial Equipment	0.75%/30d	29.86	OK to Buy	3.5	17.5	38.9	31.3	-5.0	6.3	1.49	200
515	FCYIX	Industrials	0.75%/30d	21.36	OK to Buy	3.6	17.9	38.9	33.4	-1.8	7.4	1.41	370
45	FSPCX	Insurance	0.75%/30d	45.00	OK to Sell	2.5	13.8	21.8	17.9	-11.3	-3.9	1.31	212
353	FBSOX	IT Services	0.75%/30d	20.15	OK to Buy	5.2	13.0	59.1	27.7	5.1	10.3	1.18	105
62	FDLSX	Leisure	0.75%/30d	86.89	OK to Buy	7.6	30.9	24.3	42.8	1.9	8.5	1.12	396
509	FSDPX	Materials	0.75%/30d	61.82	OK to Buy	8.2	14.6	78.7	32.3	1.4	12.7	1.52	735
505	FSHCX	Medical Delivery	0.75%/30d	45.01	Hold	2.3	4.6	49.0	20.2	-3.8	0.9	1.28	396
354	FSMEX	Medical Equipment	0.75%/30d	24.96	OK to Sell	1.6	2.0	32.6	13.0	1.3	5.5	0.94	1,226
503	FBMPX	Multimedia	0.75%/30d	41.55	OK to Buy	8.1	21.8	54.4	39.7	1.5	4.5	1.31	181
513	FSNGX	Natural Gas	0.75%/30d	30.14	Hold	3.9	-4.3	56.3	1.0	-13.3	0.2	1.67	878
514	FNARX	Natural Resources	0.75%/30d	29.67	Hold	5.7	4.3	51.7	13.3	-8.2	7.7	1.61	1,352
580	FPHAX	Pharmaceuticals	0.75%/30d	12.21	Hold	3.5	12.9	25.4	26.4	2.3	7.7	0.84	346
46	FSRPX	Retailing	0.75%/30d	49.03	Hold	2.7	17.4	57.8	28.3	6.2	7.8	1.26	177
28	FSCSX	Software & Computer Svcs	0.75%/30d	86.57	OK to Buy	8.6	14.0	61.5	27.9	0.7	10.6	1.16	1,111
64	FSPTX	Technology	0.75%/30d	89.19	Buy	6.0	18.2	90.3	35.3	-0.7	8.3	1.53	2,332
96	FSTCX	Telecommunications	0.75%/30d	44.87	Hold	1.8	12.8	51.6	27.4	-6.8	5.1	1.23	386
512	FSRFX	Transportation	0.75%/30d	52.95	OK to Buy	6.6	34.6	23.3	61.8	2.4	7.3	1.29	430
65	FSUTX	Utilities	0.75%/30d	49.19	Hold	3.4	10.5	14.4	22.0	-7.2	4.8	0.89	431
963	FWRLX	Wireless	0.75%/30d	7.57	OK to Buy	2.7	12.0	59.0	26.1	-7.1	5.5	1.28	330

## FIDELITY SCORECARD - OCTOBER 31, 2010

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			SEC %Yield	Dist <sup>7</sup> %Yield	Dur <sup>2</sup> (Yrs)	Tax-Equivalent Yield Federal Tax Bracket						
						Oct	YTD	2009										
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>0.4</b>	<b>8.2</b>	<b>5.5</b>	<b>1.90</b>	<b>2.57</b>	<b>4.5</b>				
2208	FCBFX	Corporate Bond		10.43	Buy	0.1	6.7p	--	3.37	--	6.4							
15	FGMNX	Ginnie Mae		11.72	Hold	1.1	8.0	6.9	3.24	2.64	2.7							
54	FGOVX	Government Income		10.78	Hold	0.1	7.2	1.3	1.60	2.08	4.8							
794	FINPX	Inflation-Protected Bond <sup>3</sup>		12.14	Hold	2.6	9.5	9.7	0.02	2.55	6.5							
32	FTHR	Intermediate Bond		10.79	Buy	0.5	9.5	17.1	2.11	3.33	4.0							
452	FSTGX	Intermediate Gov't Income		11.09	Hold	0.2	6.8	0.9	0.80	1.68	3.7							
26	FBNDX	Investment Grade Bond		7.52	Buy	0.8	9.8	16.0	2.59	3.18	4.7							
40	FMSFX	Mortgage Securities		10.97	Hold	1.1	8.0	9.6	3.74	3.95	2.5							
450	FSHBX	Short-Term Bond		8.52	Buy	0.4	4.2	7.4	0.99	1.95	1.9							
1561	FIBIX	Sptn Interm Treas Index <sup>5</sup>		11.26	Hold	0.2	13.0	-5.0	1.72	2.58	6.6							
1562	FLBIX	Sptn Lng-Term Treas Index <sup>5</sup>		11.20	OK to Sell↓	-3.2	15.0	-13.4	3.40	3.37	14.3							
1560	FSBIX	Sptn Sht-Term Treas Index <sup>5</sup>		10.68	Buy	0.4	4.7	-0.1	0.38	1.38	2.6							
820	FTBFX	Total Bond		11.02	Buy	0.8	9.8	19.8	3.24	3.71	4.1							
651	FBIDX	U.S. Bond Index		11.60	Hold↓	0.3	8.1	6.5	2.32	2.83	4.3							
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.17	Hold	0.2	1.1	1.0	0.47	0.67	0.4							
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>2.3</b>	<b>12.0</b>	<b>44.0</b>	<b>4.89</b>	<b>5.09</b>					
38	FAGIX	Capital & Income	1.00%/90d	9.40	Buy	4.0	14.5	72.1	5.56	5.58	--							
814	FFRH	Floating Rate High Income	1.00%/60d	9.77	OK to Buy	1.5	6.5	28.9	3.69	2.96	--							
1366	FHIFX	Focused High Income	1.00%/90d	9.52	Buy	2.1	12.8	35.1	5.21	6.05	--							
455	SPHIX	High Income	1.00%/90d	9.03	Buy	2.7	12.8	51.5	6.38	6.18	--							
331	FNMIX	New Markets Income	1.00%/90d	16.45	Buy	1.7	14.5	44.6	4.59	5.75	--							
368	FSICX	Strategic Income		11.58	Buy	1.7	11.1	31.8	3.92	4.03	--							
<b>NATIONAL MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.1</b>	<b>5.4</b>	<b>10.2</b>	<b>2.42</b>	<b>3.13</b>	<b>5.9</b>	<b>25%</b>	<b>28%</b>	<b>33%</b>	<b>35%</b>
36	FLTXX	Interm Municipal Income	0.50%/30d	10.38	Hold	-0.1	5.2	8.8	2.25	3.06	5.2	3.0	3.1	3.4	3.5			
37	FHIGX	Municipal Income	0.50%/30d	12.87	Hold	-0.1	6.8	13.1	3.12	3.68	7.8	4.2	4.3	4.7	4.8			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.76	OK to Buy	0.0	3.2	5.6	1.21	2.10	2.7	1.6	1.7	1.8	1.9			
90	FTABX	Tax-Free Bond	0.50%/30d	11.07	Hold	-0.3	6.5	13.3	3.11	3.67	7.8	4.1	4.3	4.6	4.8			
<b>STATE-SPECIFIC MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.3</b>	<b>5.8</b>	<b>11.1</b>	<b>2.54</b>	<b>3.24</b>	<b>6.7</b>				
434	FSAZX	Arizona Muni Income	0.50%/30d	11.64	Hold	-0.3	6.4	13.7	2.90	3.27	7.8	3.9	4.0	4.3	4.5			
91	FCTFX	California Muni Income	0.50%/30d	12.25	Hold	-0.2	7.9	11.7	3.33	3.74	7.5	4.4	4.6	5.0	5.1			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.74	OK to Buy	0.0	3.7	6.2	1.15	2.11	2.9	1.5	1.6	1.7	1.8			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.70	Hold	-0.4	5.6	11.0	2.20	2.92	6.6	2.9	3.1	3.3	3.4			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.18	Hold	-0.4	5.5	13.8	2.37	3.05	6.9	3.2	3.3	3.5	3.6			
70	FDMXX	Mass Muni Income	0.50%/30d	12.15	Hold	-0.4	6.3	12.7	2.81	3.42	7.8	3.7	3.9	4.2	4.3			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.13	Hold	-0.1	5.7	9.3	2.69	3.47	6.4	3.6	3.7	4.0	4.1			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.67	Hold	-0.3	5.5	9.9	2.14	3.10	6.2	2.9	3.0	3.2	3.3			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.79	Hold	-0.4	5.8	11.8	2.59	3.38	7.0	3.5	3.6	3.9	4.0			
71	FTFMX	New York Muni Income	0.50%/30d	13.22	Hold	-0.4	6.3	12.1	2.65	3.44	7.6	3.5	3.7	4.0	4.1			
88	FOHFX	Ohio Muni Income	0.50%/30d	11.86	Hold	-0.2	5.5	11.1	2.75	3.45	7.3	3.7	3.8	4.1	4.2			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.02	Hold	-0.3	5.5	9.7	2.90	3.48	6.9	3.9	4.0	4.3	4.5			
<b>TAXABLE MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.03</b>	<b>0.45</b>	<b>0.03</b>						
55	FDRXX	Cash Reserves		1.00	--	0.00	0.05	0.61	0.04	na	na							
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.01	0.29	0.01	na	na							
630	FRTXX	Retirement MM		1.00	--	0.00	0.01	0.63	0.01	na	na							
458	SPAXX	Government MM		1.00	--	0.00	0.01	0.32	0.01	na	na							
454	SPRXX	Money Market		1.00	--	0.00	0.03	0.62	0.02	na	na							
85	FSLXX	Select MM		1.00	--	0.01	0.10	0.67	0.11	na	na							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.01	0.37	0.01	na	na							
415	FDLXX	US Treasury MM		1.00	--	0.00	0.01	0.05	0.01	na	na							
<b>MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.01</b>	<b>0.15</b>	<b>0.01</b>						
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.01	0.20	0.01	na	na	0.0	0.0	0.0	0.0			
10	FTEXX	Municipal Money Market		1.00	--	0.00	0.01	0.17	0.01	na	na	0.0	0.0	0.0	0.0			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.01	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>0.01</b>	<b>0.11</b>	<b>0.01</b>						
433	FSAXX	Arizona		1.00	--	0.00	0.01	0.08	0.01	na	na	0.0	0.0	0.0	0.0			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.02	0.15	0.01	na	na	0.0	0.0	0.0	0.0			
97	FCFX	California		1.00	--	0.00	0.01	0.05	0.01	na	na	0.0	0.0	0.0	0.0			
418	FCMXX	Connecticut		1.00	--	0.00	0.01	0.09	0.01	na	na	0.0	0.0	0.0	0.0			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.01	0.18	0.01	na	na	0.0	0.0	0.0	0.0			
74	FDMXX	Massachusetts		1.00	--	0.00	0.01	0.07	0.01	na	na	0.0	0.0	0.0	0.0			
420	FMIXX	Michigan		1.00	--	0.00	0.01	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	0.01	0.19	0.01	na	na	0.0	0.0	0.0	0.0			
417	FNJXX	New Jersey		1.00	--	0.00	0.01	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	0.01	0.19	0.01	na	na	0.0	0.0	0.0	0.0			
92	FNYXX	New York		1.00	--	0.00	0.01	0.11	0.01	na	na	0.0	0.0	0.0	0.0			
419	FOMXX	Ohio		1.00	--	0.00	0.01	0.15	0.01	na	na	0.0	0.0	0.0	0.0			
401	FPTXX	Pennsylvania		1.00	--	0.00	0.01	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 - OCTOBER 31, 2010

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Oct	YTD	2009	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
9067	FLRQC	Fid VIP Asset Manager	Allocation		12.70	Hold	3.4	10.5	28.7	16.7	-0.2	5.1	0.76
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		12.15	Hold	4.4	11.0	32.4	19.4	-2.9	4.2	0.98
9069	FJBAC	Fid VIP Balanced	Allocation		12.63	Hold	3.3	10.2	38.1	18.3	-1.1	5.0	0.92
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	11.36	Hold	5.3	21.3	37.8	34.6	-0.3	3.3	1.22
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	11.63	Hold	3.3	10.8	20.4	13.6	1.6	--	0.77
9065	FPDFC	Fid VIP Contrafund	Large Growth		11.66	Hold	3.9	8.1	35.3	18.0	-7.0	2.8	1.10
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		8.93	Hold	4.6	12.6	21.8	25.4	-5.9	--	1.19
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		11.76	OK to Buy	5.2	11.9	35.7	28.3	-7.2	2.7	1.16
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.82	Buy	3.6	13.2	75.1	25.0	--	--	--
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	12.61	Hold	6.0	1.5	47.4	8.4	-10.9	4.4	1.61
9061	FLOLC	Fid VIP Equity-Income	Large Value		9.73	Buy	2.8	5.7	29.8	12.7	-9.8	-0.2	1.16
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	6.45	Hold	-2.2	-4.4	27.0	-1.7	-18.7	-8.7	1.49
9157	FMPAC	Fid VIP FundsManager 20	Allocation		11.83	Hold	1.1	6.2	10.0	8.1	2.1	--	0.27
9158	FMPBC	Fid VIP FundsManager 50	Allocation		11.21	Hold	2.2	8.1	18.7	12.5	-1.1	--	0.58
9197	FMPPC	Fid VIP FundsManager 60	Allocation		10.01	Hold	2.6	9.0	22.2	14.3	--	--	--
9159	FMPCC	Fid VIP FundsManager 70	Allocation		10.51	Hold	3.0	8.8	24.1	15.2	-4.2	--	0.80
9160	FMPDC	Fid VIP FundsManager 85	Allocation		10.02	Hold	3.4	9.3	28.2	17.0	-6.4	--	0.97
9062	FMNDC	Fid VIP Growth	Large Growth		10.60	Buy	4.8	14.0	27.8	25.8	-9.9	1.5	1.11
9070	FLFNC	Fid VIP Growth & Income	Large Blend		10.29	OK to Sell	4.2	5.7	26.8	14.3	-9.2	0.3	1.04
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		10.17	Buy	5.5	14.0	45.2	27.3	-11.3	0.2	1.33
9078	FPVDC	Fid VIP Growth Stock	Large Growth		11.26	OK to Buy	5.0	11.5	44.3	22.8	-5.6	2.8	1.13
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		10.39	Hold	2.7	12.0	39.4	27.1	-9.9	1.2	1.21
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	11.63	Hold	3.1	8.0	32.2	19.7	-2.1	3.2	0.91
9060	FBBLC	Fid VIP High Income	High-Yield Bond		13.94	Buy	2.6	13.0	43.4	17.4	6.3	6.9	0.67
9064	FXVLT	Fid VIP Index 500	Large Blend		10.55	Hold	3.8	7.6	26.3	16.2	-6.7	1.4	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	14.03	OK to Buy	3.5	17.6	39.6	33.3	-1.6	7.6	1.42
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	10.91	Buy	4.7	10.9	55.2	18.7	-8.2	2.3	1.51
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		13.22	Buy	0.6	9.0	15.5	9.1	7.2	5.8	0.23
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	12.27	OK to Buy	8.2	14.6	77.6	32.3	1.5	--	1.52
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		14.36	Hold	5.0	23.5	39.6	32.2	-0.5	7.6	1.09
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.45	--	0.0	-0.1	0.4	-0.1	1.3	2.5	0.02
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	11.67	OK to Sell	5.4	8.4	26.1	14.9	-10.0	3.3	1.23
9072	FFWKC	Fid VIP Real Estate	Sector		12.10	Hold	5.1	26.1	37.2	45.8	-3.8	4.2	2.01
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		14.68	Buy	1.6	10.7	29.7	12.7	8.8	8.0	0.42
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	15.14	Buy	6.0	18.3	95.4	35.3	0.2	8.3	1.53
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	8.55	Hold	1.8	11.5	47.5	26.0	-8.0	--	1.21
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	12.88	Hold	3.3	10.4	14.9	21.9	-6.8	5.5	0.89
9079	FKMSC	Fid VIP Value	Mid Value		9.82	Buy	3.0	8.4	42.1	20.0	-8.9	-0.1	1.42
9080	FUEBC	Fid VIP Value Leaders	Large Value		8.97	OK to Sell	2.2	2.4	27.4	10.1	-12.1	-1.9	1.16
9073	FRBSC	Fid VIP Value Strategies	Mid Blend		11.01	Buy	4.3	15.0	57.1	26.9	-6.9	3.0	1.54
9272	FYBXC	Credit Suisse Int'l Equity Flex III	Diversified Int'l		10.85	OK to Sell	3.8	7.4	1.0p	--	--	--	--
9285	FIGXC	Invesco Van Kampen Gbl Val Eqty	Global Stock		8.69	OK to Sell	2.8	6.4	15.7	11.4	-11.1	-0.4	0.95
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		15.22	Buy	1.7	18.7	69.8	27.7	-0.2	--	1.48
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		14.50	Buy	1.5	14.2	29.9	16.0	7.7	8.7	0.60
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		13.27	Buy	3.0	15.5	69.4	26.1	-8.2	12.9	1.52
9146	FPRPC	Morgan Stanley Int'l Magnum	Diversified Int'l		9.47	Hold	4.1	3.5	32.2	8.5	-10.6	2.7	1.27
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		10.73	Buy	0.8	5.7	1.6p	6.3	--	--	--
9277	FPNBC	Pimco VIT Real Return	TIPS		11.55	Hold	2.7	12.2	3.0p	13.0	--	--	--
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		11.13	Buy	0.9	9.9	1.3p	10.2	--	--	--

Note: **Morgan Stanley Global Value Equity** has now become **Invesco Van Kampen Global Value Equity**.

### ANNUITY MODEL PORTFOLIOS

Annuity Growth Model	
Fund	Allocation
Fidelity VIP Strategic Income	34%
Fidelity VIP Growth Opportunities	25
Fidelity VIP Value	19
Mrgn Stnly Emerg Mkt Debt	11
Fidelity VIP Equity-Income	11
<b>Total Return: Oct: 2.9% YTD: 9.3%</b>	

Annuity Growth & Income Model	
Fund	Allocation
Fidelity VIP Investment Grade	30%
Fidelity VIP Strategic Income	27
Fidelity VIP Value	16
Mrgn Stnly Emerg Mkt Debt	11
Fidelity VIP Growth Opportunities	12
Fidelity VIP Equity-Income	4
<b>Total Return: Oct: 2.0% YTD: 8.7%</b>	

Annuity Income & Preservation Model	
Fund	Allocation
Fidelity VIP Investment Grade	35%
Fidelity VIP Money Market	21
Fidelity VIP Strategic Income	20
Fidelity VIP Value	13
Mrgn Stnly Emerg Mkt Debt	11
<b>Total Return: Oct: 1.1% YTD: 6.2%</b>	

## Members' Questions

**Q:** In light of the foreclosure mess and the potential for banks being forced to buy back nonperforming mortgages, are you comfortable with having a large exposure to J.P. Morgan, Wells Fargo, Bank of America — all held by *Equity-Income* in the various *Insight* portfolios?

— A.C. via the Internet

**A:** As of this writing, there's no clear way out of the so-called robo-signing crisis, which is short-hand for the banks' sloppy paperwork during the halcyon days of the mortgage-writing business.

But the FDIC just recommended a "safe harbor" solution which would provide borrowers with an avenue for modification, while banks have a clearer path towards foreclosure. In the meantime, the performances of these money center banks has certainly held back *Equity-Income's* returns, although its overweight in consumer discretionary stocks has been quite beneficial. So while we're monitoring the fund closely, Steve Petersen remains our preferred manager to provide our models with large-cap value exposure.

**Q:** I want to buy *Low-Priced Stock*, but it's not available in my company retirement plan. Is there another fund you can recommend in its place?

— R.A. via the Internet

**A:** *Low-Priced* is unique in every way you can describe a stock fund. Although we categorize it as a mid-cap blend fund, there's a strong "value" component, and there are plenty of small- and large-cap stocks in it, too. And, its whopping 906 holdings and \$25 billion in assets aren't just invested in the U.S. — 28% is in foreign developed markets and 7% is in several emerging markets. With these provisos in mind, choose any other mid-cap blend or value fund that's offered in your company plan, but don't expect the same results! ■

## FUND PROFILE

### Magellan's Un-Happy Anniversary

Five years ago this October, **Magellan** investors breathed a sigh of relief. Having endured years of subpar returns under different managers — each following the legendary Peter Lynch — along came Harry Lange.

#### Wild About Harry

A mechanical engineer and Harvard MBA who had an excellent record at Fidelity (as manager of **Capital Appreciation** and several tech-oriented Select funds), Harry seemed the perfect choice for this high-profile assignment.

Assets stood at \$50 billion — and its management fees drove hundreds of millions of dollars annually into Fidelity's coffers. But that was half its size from five years before, and it was still rapidly shriveling. The silver lining was that, theoretically, *Magellan* was now a more manageable undertaking. And, whatever hexes may have haunted the fund before, must surely be exorcised now!

Not so fast.

It immediately fell upon Harry to

decide what to do with the hundreds of stock positions he inherited. Complicating this Herculean task were millions of dollars in unrealized taxable gains that, ideally should be offset with losses — a situation made worse by shareholder redemptions. An exodus of assets made it difficult to establish new positions while not burdening remaining shareholders with a growing tax bite.

This resulted in a poor showing in his first full year on the fund (up 7.2% versus 15.8% for the S&P 500). Despite an exceptionally strong 2007 (up 18.8% versus 5.5%), billions continued to flow out of *Magellan*. In January 2008, the fund was reopened to new investors just in time for the greatest bear market in a generation.

At the time of *Magellan's* reopening, the fund had \$45 billion in assets. But with its jaw-dropping decline of 49.4% in 2008 (against a 37.0% fall in the S&P) and investors running for the hills, the world's once most famous and successful fund had become a shadow of its former mighty self with "just" \$19 billion in assets.

#### Action Recommendation

No stranger to adversity (he joined Fidelity on Black Monday in October 1987), we believe Harry still has the ability to bounce back and be what he once was: one of the best stockpickers at Fidelity. But at age 58, and having been put through the meat grinder of 2008 and still shouldering one of the industry's largest funds, you wonder how long he may want to keep it up. At the very least, he must be looking at *Cap App* and its five-year record, and wonder why he ever agreed to the move! (*Magellan's* five-year total return is -0.3% versus +16.1% for *Cap App* and +8.7% for the S&P 500.)

Sadly, a decade has passed since *Magellan* has provided consistent value to its shareholders. You can find several other large-cap growth funds we prefer in the *Scorecard*, while we have now downgraded *Magellan* to *OK to Sell*. ■ — John Bonnanzio

MAGELLAN		
Fund Data		
Trading Symbol:	FMAGX	
Fund Size:	\$19.3 billion	
Expense Ratio:	0.75%	
Turnover Rate:	39%	
Relative Volatility:	1.28	
Market Cap	\$31.0 billion	
Foreign Exposure	20.9%	
# of Holdings	254	
Top 5 Sectors		
	Fund	Index <sup>1</sup>
Technology	28.0%	18.8%
Consumer Discretionary	13.7	10.4
Financials	11.3	15.7
Health Care	11.3	11.6
Materials	11.1	3.5
<sup>1</sup> Spartan 500 Index as a proxy for S&P 500		
Top 10 Holdings		
1. Staples	6. Nokia	
2. Applied Mat.	7. Goldcorp	
3. Apple	8. Newmont Mining	
4. Medco Health	9. Juniper Networks	
5. Corning	10. Occidental	

## Inside Fidelity

**Michael Chren** is the new manager of **Blue Chip Value**, Fidelity Advisor Value Leaders Fund, and **VIP Value Leaders**. He succeeds Charlie Hebard. Michael will continue to co-manage Fidelity's Series Large Cap Value Fund.

Prior to joining Fidelity in 2009, Michael served as senior managing director and senior portfolio manager for Allegiant Asset Management Group from 2004 to 2009. As team leader of the Large Cap Value division, he was responsible for managing both mutual fund and individual institutional accounts. From 2000 to 2003, he was a partner and senior portfolio manager for Invesco Capital Management, where he led a team of five portfolio managers and analysts within the Fundamental and Concentrated Value Equity division. Michael was a portfolio manager for

### DIVIDEND UPDATE

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

*The final distributions for October were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Export and Multi	10/8	0.08	20.19
Corporate Bond	10/8	0.04	10.52
Puritan	10/15	0.12	17.08
Intermediate Bond	10/15	0.01	10.77
Balanced	10/15	0.11	17.46
US Bond Index	10/15	0.06	11.58
Total Bond	10/15	0.12	11.00
Fidelity	10/1	0.05	28.71
Equity-Income	10/1	0.17	40.23
Growth & Income	10/1	0.03	16.33
Convertible Secs	10/1	0.21	23.18
Telecom & Utilities	10/1	0.12	15.37
Asset Manager 50	10/1	0.07	14.66
Equity-Income II	10/1	0.06	16.61
Spartan 500 Index	10/1	0.19	40.58
Strategic Div & Inc	10/1	0.06	10.11
Strategic Real Ret	10/1	0.04	9.08
Asset Manager 40	10/1	0.05	9.42

Deprince, Race and Zollo, Inc. from 1999 to 2000. He was senior vice president and portfolio manager for Eagle Asset Management, Inc. from 1996 to 1998 after joining the firm as a senior research analyst in 1994.

Blue Chip Value has certainly struggled mightily over the past 1-, 3- and 5-year periods. Though that was not all Charlie's fault — the large-cap value segment as a whole was less than stellar. However, Blue Chip still did significantly less well than Fidelity's average large value fund offering.

Michael's arrival at Fidelity from an outside firm (rather than being promoted up through its farm system of Select funds) is certainly not without precedence. It is, however, still rare, and we applaud Fidelity for looking well beyond its own real estate for top talent. To that end, Michael certainly seems well qualified to take over Blue Chip Value, and we hope this change will improve performance. But for now, and until we can assess his work, we continue to rate the fund a **Sell**.

**College Savings** — Market volatility has more than a few parents worried about the safety of their kids' college funds. So while Fidelity has always offered a money-market fund option in its various college savings plans, a traditional savings account is now an even safer option.

Fidelity has teamed up with Wells Fargo to offer a FDIC-insured savings account option in the five college savings plans it manages in Arizona, California, Delaware, Massachusetts and New Hampshire. It's also an option now in many tax-advantaged 529 plans.

Fidelity expects the interest on the savings account to be set initially at 0.19%, versus just 0.01% on the cash option in the plans. ■

### MESSAGE TO MEMBERS

## We're Listening

A day doesn't go by when our "Inbox" doesn't contain a few "insights" from our own members. Most often, we're asked for some further clarification on an investment idea we've written about, sometimes we get criticized for those very same ideas, and we also hear suggestions as to how we might consider improving this service to you. While our favorite e-mails are obviously those members thanking us for helping them to improve their financial fortunes, we especially appreciate recommendations about how we can/should improve either this monthly report, our web-based performance data and investment tools (see p. 4) or, for that matter, our annual *Independent Guide to Fidelity Funds*. (The 2011 edition is already under way!)

Separately, a sharp-eyed member pointed out to us a mistake we made (twice!) in last month's *Market Outlook*: that the market's 8.9% gain in September was "its highest monthly gain in seven decades." Well, we knew better than that, and we also know what we intended to say but didn't: stocks enjoyed their best *September* performance since 1939.

We apologize for any confusion.

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

PS — If you've been navigating your way to our website through a link on [www.kobren.com](http://www.kobren.com), you can now only reach us on the Internet directly via our own web address:

[www.fidelityinsight.com](http://www.fidelityinsight.com)

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