

FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

OCTOBER 2010

VOLUME 26, NUMBER 10

MARKET OUTLOOK

Sweet September Surprise

Despite investors' quite gloomy view at the start of the month, and precious little positive data during it, the stock market soared 8.9% in September — its highest monthly gain in seven decades.

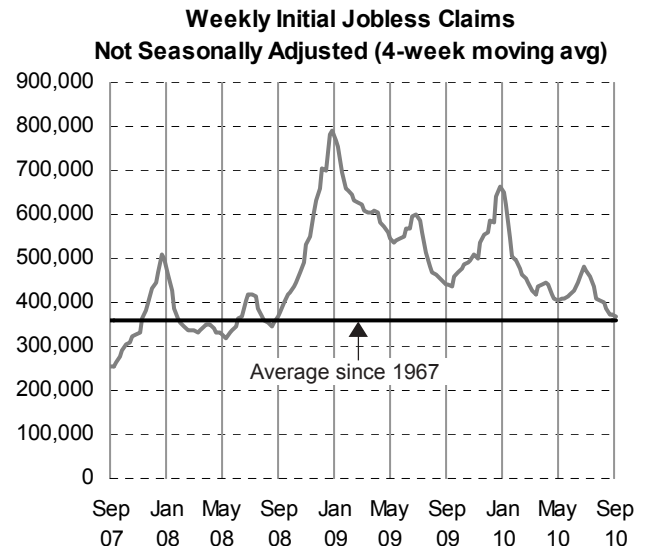
Actually, that very gloomy view likely played a part in September's rally. As I noted in last month's *Outlook*, "That [high level of pessimism] could bode well for stocks. When everyone is negative, it doesn't take much in the way of good news to send stocks higher."

In September, even news that frankly seemed pretty bad was enough to lift the market. However, a little further analysis of the data suggests it might be better than it appears on the surface. For example, August's existing home sales came in at an annualized rate of 4.1 million units, down 19% from a year ago, and the second worst pace in history. That certainly doesn't look very good.

But the government's cash-incentive programs for homebuyers have badly distorted the figures. When the programs were in place, they "stole" sales from the future, pushing current sales figures artificially higher. With the programs now ended, those "stolen" sales are missing from today's figures, making them appear weaker than they are. I'm not saying that housing is in good shape, far from it, just that it's not as bad as it seems.

Weekly jobless claims are another tricky area. The number that gets reported in the press is a seasonally adjusted figure, and on that basis, it appears that after declining steadily from a peak in early 2009, they have made

THE UNVARNISHED TRUTH?



The figure for jobless claims that gets reported in the press is a seasonally adjusted figure. On that basis, new claims have not declined this year, stalling at around 460,000. But looking at the raw data, without any adjustments, we see a steady decline (with monthly spikes in January and July) to about the long-term average of 360,000, a much better picture.

no progress this year, stalling at around an average of 460,000, uncomfortably above the long-term average of 360,000. But if one looks at the raw, unadjusted figures (see chart above), a different picture emerges — one of continuing declines (albeit with spikes in the months of January and July). The current reading is just above the 360,000 average and appears headed below that figure. Perhaps the historical seasonal adjustment factors are not working so well in this unique environment.

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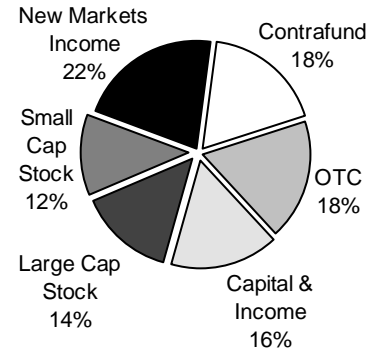
Traders, Not Investors, Driving The Market

But while individual investors' attitudes improved sharply during the month, it wasn't their change of heart that powered the markets — they pulled another \$8.4 billion out of domestic stock funds during the first three weeks of September. So who was behind all the buying? Largely it was institutional traders who continue to dominate the action amid very low trading volume.

While the individual investor is largely sitting this one

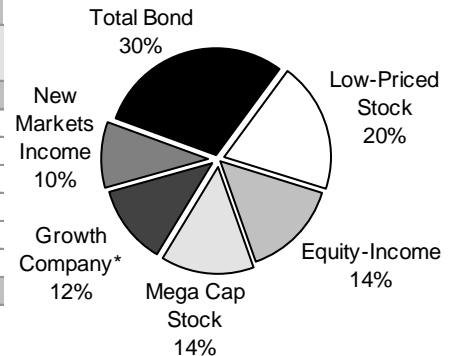
FIDELITY INSIGHT MODEL PORTFOLIOS - SEPTEMBER 30, 2010

Aggressive Growth Model		Rel Vol: 0.99	Est. Yield: 2.1%	YTD Return: 2.0%		
Current Asset Allocation		Stocks 64.5%	Bonds 1.0%	Cash 2.6%	Alternative ¹ 31.9%	Foreign 26.3%
Holdings	Ticker	Alloc	NAV	Shares	Value	Sep Ret
New Markets Income	FNMIX	22%	\$16.24	1,994.10	\$32,384	1.7%
Contrafund	FCNTX	18	62.16	422.89	26,287	10.1
OTC	FOCPX	18	48.33	542.94	26,240	14.2
Capital & Income	FAGIX	16	9.08	2,598.21	23,592	4.6
Large Cap Stock	FLCSX	14	15.63	1,333.12	20,837	10.4
Small Cap Stock	FSLCX	12	16.94	1,086.39	18,404	13.2
Current Value (4/7/99 = \$100,000)					\$147,743	8.3%



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

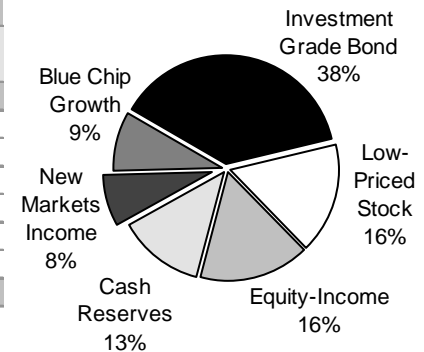
Growth Model		Rel Vol: 0.77	Est. Yield: 1.9%	YTD Return: 3.7%		
Current Asset Allocation		Stocks 57.5%	Bonds 26.8%	Cash 5.3%	Alternative ¹ 10.4%	Foreign 20.3%
Holdings	Ticker	Alloc	NAV	Shares	Value	Sep Ret
Total Bond	FTBFX	30%	\$11.08	27,290.58	\$302,380	0.6%
Low-Priced Stock	FLPSX	20	34.68	5,804.42	201,297	9.6
Equity-Income	FEQIX	14	40.10	3,675.58	147,391	9.3
Mega Cap Stock	FGRTX	14	8.96	15,983.62	143,213	9.8
Growth Company*	FDGRX	12	74.48	1,663.07	123,866	11.6
New Markets Income	FNMIX	10	16.24	6,276.09	101,924	1.7
Current Value (1/1/87 = \$100,000)					\$1,020,070	6.2%



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

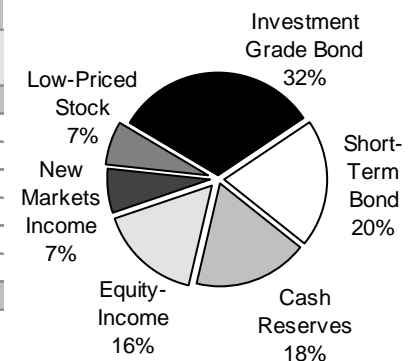
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.48	Est. Yield: 1.7%	YTD Return: 4.4%		
Current Asset Allocation		Stocks 38.9%	Bonds 33.4%	Cash 19.2%	Alternative ¹ 8.5%	Foreign
Holdings	Ticker	Alloc	NAV	Shares	Value	Sep Ret
Investment Grade Bond	FBNDX	38%	\$7.48	43,666.87	\$326,628	0.4%
Low-Priced Stock	FLPSX	16	34.68	4,091.64	141,898	9.6
Equity-Income	FEQIX	16	40.10	3,485.09	139,752	9.3
Cash Reserves	FDRXX	13	1.00	108,818.68	108,819	0.0
New Markets Income	FNMIX	8	16.24	4,229.76	68,691	1.7
Blue Chip Growth	FBGRX	9	39.88	1,891.30	75,425	12.0
Current Value (1/1/87 = \$100,000)					\$861,213	4.2%



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

Income & Preservation Model		Rel Vol: 0.37	Est. Yield: 1.7%	YTD Return: 3.4%		
Current Asset Allocation		Stocks 21.3%	Bonds 46.5%	Cash 24.7%	Alternative ¹ 7.6%	Foreign 12.7%
Holdings	Ticker	Alloc	NAV	Shares	Value	Sep Ret
Investment Grade Bond	FBNDX	32%	\$7.48	23,135.02	\$173,050	0.4%
Short-Term Bond	FSHBX	20	8.50	12,627.12	107,331	0.4
Cash Reserves	FDRXX	18	1.00	94,042.53	94,043	0.0
Equity-Income	FEQIX	16	40.10	2,145.27	86,025	9.3
New Markets Income	FNMIX	7	16.24	2,333.82	37,901	1.7
Low-Priced Stock	FLPSX	7	34.68	1,007.98	34,957	9.6
Current Value (1/1/87 = \$100,000)					\$533,306	2.3%



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. 12). **Annuity Model Portfolios** are on p. 10.

Market Outlook *cont'd from page 1*

out, traders are jumping in and out of the market for short-term gains. Trading on long-term fundamentals seems quaint. Veteran stock-pickers lamented that macro factors (such as investor sentiment!) — rather than individual company fundamentals — pushed stocks up (and down) indiscriminately, leaving them unable to add much value.

Models Enjoy Solid Gains

Nevertheless, September's gains were a welcome balm to our model portfolios with gains ranging from 8.3% in the Aggressive Model to 2.3% in the Income & Preservation Model. Of course, we did hear from a few members "questioning," to put it politely, the timing of our recent trade into **New Markets Income**.

We can certainly sympathize with their frustration at watching stocks log their best monthly gain since September of 1939, while New Markets Income rose a modest 1.7%.

But we continue to be happy with our overall stance, as significant risks to the market have not gone away. And the reasons for investing in New Markets Income remain intact: a solid yield (4.87%), exposure to emerging markets — the one place you are getting real growth these days — and less risk than emerging market stocks. (See Manager John Carlson's thoughts on New Markets Income on page 4.)

Rally Could Continue ...

Certainly stocks could continue to march higher through the remainder of the year. Historically, a positive September has led to further gains for the balance of the year. (I suppose it would be churlish of me to point out that the aforementioned 1939 was a notable exception, not only losing

WHICH FUNDS SHOULD YOU BUY NOW!

Equity Funds: **Equity-Income**, **Mega Cap Stock** and **Large Cap Stock** alternatively provide large-cap value, blend and growth exposures. **Low-Priced Stock** and **Small Cap Stock** play the mid- and small-cap arenas; **Contrafund** is a conservative "all-cap" approach to play growth stocks.

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 — with a secondary interest in growth — throughout the emerging markets. ■

ground for the next three months, but falling some 17% over the next year.)

Supporting the notion of further gains ahead, well-respected hedge fund manager David Tepper recently called this a "heads bulls win, tails bears lose" market. If the economy improves, stocks will move higher (and bonds will suffer), and if the economy falters, the Fed will come to the rescue with another round of quantitative easing (QEII), and stocks (and bonds) will go up.

That's a seductive argument and there is certainly truth in it. Bernanke has made it plain that if the economy deteriorates further the Fed would not hesitate to act. (By the way, he felt the need to make that clear because the Fed *was* seeing some deterioration in the economy!)

The question is, what can they do? They can't push short rates any lower — they are already at zero. They can buy more Treasuries and mortgage bonds to push longer rates down (benefitting bonds), but I'm not sure its axiomatic that stocks will rally on that news. Longer-term yields are already at all-time lows, and so far, this has not had much of a positive impact on the economy. Why would investors conclude that pushing them down just a bit more will do the trick? And what about the consequences of further in-

creasing government debt, other than to make gold a terrific investment?

... But Caution Still Advised

While this no-lose scenario may play out, there is still data that suggests the economy could be headed for some very tough sledding (I won't use the "r" word). We don't think it is prudent to ignore that possibility.

We have always managed our portfolios with an eye firmly on managing risk. In times when stocks are rallying sharply, while bonds and alternative investments are doing less well, our balanced, diversified portfolio approach is often viewed as too conservative. However, over the years, our approach has also meant lower losses in periods of stock market weakness and this has helped all our models to outperform the S&P 500 for the past 3, 5 and 10 years. For example, while our Growth Model modestly lags the S&P this year (3.67% vs. 3.84%), over the past decade it returned 36.1% versus a loss of 9.1% for the S&P 500.

I hope the risks we fear fade away and stocks enjoy nothing but blue skies ahead — it means all our members will make more money! But staying with the prudent approach has served our members very well. ■

— John M. Boyd

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

Managers' Views And Outlooks

The below comments from managers (shown with their tenure) have been edited by us for space and context. All but **Municipal Income** are held in our model portfolios. Fund returns (in parentheses) are for the year-to-date.

Cash Reserves (+0.04%)

Bob Litterst (since April 2004)



"I expect the Fed to keep short-term interest rates on hold for a while longer, given low inflation readings and the headwinds facing global economic growth. At the same time, I anticipate rates will grind higher as the central bank's reserve-draining steps are implemented. I plan to keep the fund's average maturity neutral relative to that of its peers, selectively add variable-rate instruments when possible, and continue to utilize our list of approved issuers and counterparties in a very conservative way. As always, my goal is to provide shareholders with safety, liquidity and return, in that order of importance."

Contrafund (+6.8%)

Will Danoff (since September 1990)



"I am bullish on Contrafund. I remain very comfortable with the fund's large position in tech, as I believe the exploding proliferation of smart phones and tablet devices will drive rapid industry growth. Additionally, we've seen consolidation in areas such as [chip making], which has boosted that industry's profitability and reduced its volatility. In the broad market, economic activity is holding up despite considerable challenges facing both consumers and governments in the U.S. and western Europe. We have extremely low interest rates, excellent profitability and cash flow, and attractive valuations, yet economic growth is slow and uncertain, leaving investors at a stalemate. In this environment, I believe bottom-up stock pickers who spend less time worrying about where the market is and more time selecting companies with solid growth potential should have an advantage."

Growth Company (+8.0%)

Steve Wymer (since January 1997)



"Companies that are tied to the economic recovery have performed well over the past year. However, in light of recent volatility related to the European debt crisis and the possibility of slowing growth in China and other global markets, I believe it's prudent to manage the fund's overall sensitivity to the economy, hedg-

ing the fund somewhat against the potential of another U.S. slowdown.

"Two areas that tend to be highly correlated with the economy are information technology and industrials. Within the fund, I've chosen to overweight tech while underweighting industrials in an effort to avoid having too many eggs in the economic recovery basket. I believe tech currently offers better product cycles, with more potential for growth over the coming months, particularly in smart phones and well-positioned software companies. Conversely, health care and consumer staples are two areas that tend to be relatively insulated from the economy and offer some balance to the fund's more-economically sensitive holdings. I'm focusing on health care because I believe its product cycles, particularly in biotechnology's new-drug-discovery areas, offer growth opportunities that are superior to those available in the consumer staples space."

Low-Priced Stock (+8.8%)

Joel Tillinghast (since December 1989)



"[The fund's] relative outperformance was driven by good stock selection, favorable sector positioning and a hefty stake in cash. In particular, the fund benefited from consumer discretionary, a sizable, early-period overweighting in defensive consumer staples, underrepresentation in the financial and industrial sectors, and picking some of the better stocks in the otherwise weak-performing energy group.

Despite a currency headwind [earlier this year], due to a generally stronger U.S. dollar, the fund's foreign holdings [currently 34%] were mostly beneficial. On the flip side, poor stock selection in the financials sector, especially among insurance companies and banks, hurt.

The biggest relative detractor was a small, but still toxic stake in the preferred stock of American International Group (AIG), which received a federal bailout last fall."

Large Cap Stock (+4.4%)¹

Mega Cap Stock (+2.2%)²

Matthew Fruhan (since: ¹5/05 and ²4/09)



"Consumer and corporate debt reduction has been replaced with increasing sovereign debt levels as a result of ballooning fiscal deficits. This remains a long-term concern, which likely will put a ceiling on potential global growth rates for many years. Against this backdrop, I will continue to shift the fund's focus from cyclical recovery stocks to stable growers as opportunities present themselves. In general, I see very attractive risk/reward profiles in integrated oils, pharmaceuticals, technology hardware, big-box retailers and money centers, which are among the largest industry overweightings in the fund as of period end."

New Markets Income (+12.6%)

John Carlson (since June 1995)



"The acute issue of developed-markets government debt has come to the forefront. I believe this issue presents more of a potential for near-term deflation than inflation, an environment that should help maintain demand for emerging-markets debt and fixed-income products in general. Emerging-markets debt should further benefit over time from the relatively better issuer fundamentals versus developed-markets sovereigns.

Challenges ahead will require me to take advantage of the changing conditions and perhaps a new paradigm in which government intervention globally plays a larger part. The real question is whether this is a detour or a permanent shift.

The credit cycle also has changed dramatically, with a switch from growth in private credit to growth in public credit, and balance-sheet repair is taking place globally within the private sector. Growth will be a key to the future, and looking at balance sheets will be my main focus going forward." ■

Municipal Income (+7.0%)

James Pagliocco (since June 2010)



Our outlook for the creditworthiness of muni issuers is mixed. Fiscally prudent issuers that maintain discipline with their budgets are most likely to benefit when the economy improves. In contrast, issuers located in areas where the economy will lag most likely will encounter the stiffest headwinds.

As for the overall muni market, we believe interest rates are likely to hold steady over the near term, which should provide a favorable environment for fixed-income investments. However, if investors begin to consider prospects for higher inflation and/or higher interest rates, bonds of all stripes could come under pressure. Against a backdrop of steady interest rates, supply and demand trends also are likely to be supportive. I don't see any meaningful uptick in supply on the immediate horizon, primarily because many issuers are tapping the federally funded "Build America Bonds" program to issue debt in the taxable bond market, often at a cheaper level than is available in the tax-free market.

At the same time, the threat of higher taxes may fuel additional demand for munis, as could ongoing economic uncertainty and equity market volatility. ■

[Editor's note: Jim Pagliocco became the fund's lead portfolio manager on June 30, with veterans Mark Sommer and Kevin Ramundo as co-managers.]

QUESTION & ANSWER

Dealing With Minimum Required Distributions

Q: I'm taking my minimum required distribution (MRD) in my IRA, but how can I follow your Growth & Income Model when New Markets Income has a 1.0% redemption fee on shares held fewer than 90 days?

— F.H. via e-mail

A: New Markets Income's redemption fee needn't be a concern, but it does warrant some planning. The same can be said of the other 90-day "short-term trading fees" (Fidelity's term) on **Capital & Income** (1.0%), **Low-Priced Stock** (1.5%) and **Small Cap Stock** (2.0%), which are also held in our models.

For starters, you don't have to take your MRD each month, though most people do. In fact, you can take it quarterly, or even take it all on the last day of the year, if you so desire.

But more practically, the most obvious way to avoid the fee is to simply take your MRD only from the other funds in your portfolio until the redemption fee no longer applies. While this will temporarily put your portfolio a bit out of balance, it will not be significant over such a short period. After the redemption fee "expires," you can "rebalance" by taking a bit more from the fund you skipped.

On a related note, while some members choose to make these calculations on their own, Fidelity's retirement specialists (at branch offices and on the phone), are quite adept at working such things out.

Finally, we don't like paying fees, either. But redemption fees discourage market-timers from buying certain funds. Their absence makes it easier for managers to stay fully invested, and not be forced to sell securities at the worst possible time: when the market is falling! So these fees (which go back to shareholders, not Fidelity!) actually protect you, the shareholder. ■

FUND COMMENTARY

Stocks Soar In September

Yes, September was the best month for stocks since 1939. As John Boyd discusses in this month's *Market Outlook* (p. 1), while much of the economic data last month didn't seem to be much to write home about, things looked a bit better under the surface.

Not accounted for in last month's economic reports are the upcoming mid-term elections. The consensus is that Republicans will take over the House, perhaps the Senate, and a number of statehouses and governorships, too. So the ensuing Congressional stalemate with the White House is viewed as a positive by many on Wall Street. Also popular with them is the growing possibility that the Bush tax credits will be extended by the next Congress. (This has made muni bonds a bit less appealing.)

Against this backdrop, and despite ongoing stress on European banks (that no one seems particularly concerned about), did the seeds of a market rally quickly bloom.

Market Indexes

Optimism that better times lay ahead, coupled with anticipated growth for wireless handsets (PDAs) and an upgrade cycle for PCs, generated double-digit returns for many

tech stocks. In turn, the Nasdaq Composite (which is weighted heavily with chip makers, software companies and device makers) gained 12.1% in September.

Big-cap stocks also fared exceedingly well. The S&P 500 jumped 8.9% and the Dow Jones Industrial Average gained a comparable 7.9%.

Further down the market-cap ladder, small-caps presumably disappointed no one as the Russell 2000 returned 12.4%.

Thanks to the great September, year-to-date returns for all major indexes are now positive, although modestly so. The Nasdaq is up 5.1%, the S&P 500 and Dow have gained 3.9% and 5.6%, respectively, and the Russell 2000 is up 9.1%.

Model Portfolios

Turning to our model portfolios, virtually all stock positions scored double-digit or near double-digit returns. In fact, whether big-cap, mid-cap or small cap, all funds provided similar gains. For example, the very large-cap blend fund **Mega Cap Stock** and the very large-cap growth fund **Large Cap Stock**, gained 9.8% and 10.4%, respectively. Large-cap growth fund **Blue Chip Growth** (up 12.0%) and the almost mid-cap **Growth Company** (up 11.6%) and

Commentary cont'd on page 6

OCTOBER SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Growth Discovery	H	B	↑	Similar to the closed Growth Company.
Sel Biotech	S	H	↑	Sector growth outlook improving.
Sel Chemicals	B	H	↓	Elevated risk after strong quarter of performance.
Sel Defense & Aer	H	S	↓	Little room in budget for defense increases.
Sel IT Services	H	B	↑	Business spending on IT looking stronger.
Sel Wireless	H	B	↑	New smart phones fueling demand.
Intermed Muni Inc	B	H	↓	Interest-rate and credit risk weighing on munis.
Municipal Income	B	H	↓	Interest-rate and credit risk weighing on munis.
Tax-Free Bond	B	H	↓	Interest-rate and credit risk weighing on munis.
Ohio Muni Income	B	H	↓	Interest-rate and credit risk weighing on munis.
PA Muni Income	B	H	↓	Interest-rate and credit risk weighing on munis.
Annuity Funds				
VIP Growth	H	B	↑	Clone of Growth Discovery.
B = Buy; B = OK to Buy; H = Hold; S = OK to Sell; S = Sell, NC = No change (↑) Rating upgraded; (↓) Rating downgraded.				

FIDELITY SCORECARD - SEPTEMBER 30, 2010

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Sep	YTD	2009	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500 (Large Cap)*				8.9	3.8	26.5	10.1	-7.2	0.6	1.00			
		Nasdaq Composite (OTC)*				12.2	5.0	45.0	12.5	-3.6	2.6	1.18			
		MSCI EAFE (International)*				10.0	1.1	28.5	3.2	-9.4	2.1	1.25			
		Barclays Aggregate Bond*				0.1	7.8	6.5	8.0	6.8	5.7	0.18			
LARGE CAP GROWTH						Category Averages			11.3	5.4	38.3	12.4	-5.9	2.0	1.15
312	FGBRX	Blue Chip Growth		39.88	Buy	12.0	5.1	45.0	14.1	-2.4	2.6	1.12	\$10,652		
307	FDCAX	Capital Appreciation		22.85	OK to Buy	10.0	6.6	36.4	13.5	-6.6	1.4	1.16	4,535		
22	FCNTX	Contrafund		62.16	Buy	10.1	6.8	29.2	14.7	-3.8	3.8	0.92	55,855		
332	FEXPX	Export and Multinational	0.75%/30d	19.80	Hold	9.6	0.9	37.1	7.6	-7.7	0.8	1.11	2,411		
500	FFTYX	Fifty		15.92	Hold	9.3	6.2	37.1	11.7	-10.9	-0.6	1.22	702		
333	FTQGX	Focused Stock		11.83	Hold	12.7	7.6	25.2	14.2	-3.3	2.4	1.02	124		
25	FDGRX	Growth Company (closed)		74.48	Buy	11.6	8.0	41.2	15.9	-3.2	4.7	1.12	26,604		
339	FDSVX	Growth Discovery		12.07	Buy↑	12.6	9.0	29.3	15.7	-8.3	2.2	1.13	665		
73	FDFFX	Independence		21.23	Hold	13.6	6.6	39.9	13.0	-6.8	3.2	1.39	3,699		
763	FSLGX	Large Cap Growth		8.61	Hold	10.8	5.9	24.0	12.8	-7.0	-1.9	1.04	101		
1829	FLGEX	Large Cap Growth Enhcd Index		8.68	Hold	10.4	2.0	35.1	10.1	-5.2	--	0.99	44		
338	FLCSX	Large Cap Stock		15.63	Buy	10.4	4.4	50.5	9.5	-6.7	2.0	1.28	928		
21	FMAGX	Magellan		64.46	Hold	10.8	0.3	41.1	4.4	-10.0	-1.0	1.28	19,327		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	31.56	OK to Buy	12.2	5.0	45.0	12.5	-3.6	2.6	1.18	264		
93	FOCPX	OTC		48.33	Buy	14.2	5.7	62.2	14.5	-1.9	6.1	1.33	5,214		
320	FDSX	Stock Selector All Cap		22.91	OK to Sell	10.8	5.5	28.8	11.9	-7.8	0.8	1.05	703		
5	FTRNX	Trend		59.58	OK to Buy	11.0	5.9	44.5	14.7	-4.3	3.3	1.15	914		
LARGE CAP BLEND						Category Averages			9.6	2.4	27.8	7.6	-8.9	-0.5	1.08
315	FDEQX	Disciplined Equity		20.82	Sell	9.0	-0.9	22.0	3.6	-10.1	-1.3	1.01	8,832		
330	FDGFX	Dividend Growth		24.83	Buy	11.6	5.5	51.0	11.2	-5.1	1.7	1.29	8,045		
3	FFIDX	Fidelity Fund		28.65	OK to Sell	9.5	1.4	26.8	5.7	-7.7	1.1	1.04	4,718		
27	FGRIX	Growth & Income		16.29	OK to Sell	9.5	1.7	23.1	6.6	-16.5	-7.0	1.18	5,248		
1827	FLCEX	Large Cap Core Enhcd Index		7.82	Hold	8.6	1.2	23.3	6.6	-7.8	--	0.96	941		
361	FGRTX	Mega Cap Stock		8.96	Buy	9.8	2.2	28.6	8.3	-7.9	0.6	1.05	500		
650	FUSEX	Spartan 500 Index ⁴		40.59	Hold	8.9	3.8	26.5	10.1	-7.2	0.6	1.00	24,442		
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	33.08	Hold	9.4	5.2	28.4	11.3	-6.4	1.2	1.03	5,670		
343	FTXMX	Tax Managed Stock		11.02	Sell	10.4	1.1	20.7	5.7	-11.1	-1.9	1.09	69		
832	FVDFX	Value Discovery		13.12	Hold	9.5	2.9	27.7	7.0	-9.8	0.1	1.17	591		
LARGE CAP VALUE						Category Averages			8.5	1.6	22.7	5.1	-11.0	-1.9	1.10
1271	FBCVX	Blue Chip Value		9.92	Sell	8.6	0.4	27.8	3.7	-12.3	-2.5	1.17	318		
23	FEQIX	Equity-Income		40.10	Buy	9.3	3.3	29.5	7.1	-9.8	-0.5	1.15	10,674		
319	FEQTX	Equity-Income II		16.55	Buy	9.2	2.1	25.1	6.0	-10.0	-1.6	1.12	4,839		
708	FSLVX	Large Cap Value		9.77	OK to Sell	7.6	0.3	15.6	2.8	-12.4	-3.0	1.07	835		
1828	FLVEX	Large Cap Value Enhcd Index		6.81	OK to Sel	7.8	2.0	15.6	5.8	-10.6	--	0.99	66		

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

Commentary *cont'd from page 5*

OTC (up 14.2%) all rode large tech positions to big gains. At the smaller end of the scale, the mid-cap **Low-Priced Stock** rose 9.6% and **Small Cap Stock** did nothing to embarrass itself with its gain of 13.2%.

Powered by OTC's strong performance, our Aggressive Growth Model gained 8.3% in September and is now up 2.0% for the year. With its more modest stock allocations, our Growth Model, rose 6.2% in September and is up 3.7% for the year. The more conservative Growth & Income

Model advanced 4.2% and is up 4.4% over the past nine months. Finally, our most risk-sensitive Income & Preservation Model scored a gain of 2.3% in September and is up 3.4% for the year.

Stock Funds

All 39 of Fidelity's Select funds were in positive territory last month, gaining an average of 10.8%. Their 49 diversified domestic stock funds, also all in the black, were right behind averaging 10.6%.

On a year-to-date basis, Select fund returns have averaged 8.1% and

domestic stock funds 5.7%.

Reflecting the Nasdaq's surge, **Select Electronics** (up 15.4%), **Communications Equipment** (up 15.3%) and **Computers** (up 15.0%) were among the month's biggest gainers. Economically sensitive **Retailing** (up 15.5%) was the top performer on the month. Anticipation that GDP growth will drive demand higher for hydrocarbons, fueled gains in **Energy Service** (up 15.4%) and **Energy** (up 10.2%).

Last month's laggards (which seems unkind given their solid gains), were financials. **Insurance, Banking**

FIDELITY SCORECARD - SEPTEMBER 30, 2010

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Sep	YTD	2009	1 Year	3 Year	5 Year				
MID-CAP GROWTH						Category Averages			11.1	8.3	42.9	14.1	-6.4	1.5	1.27
324	FDEGX	Growth Strategies	1.50%/90d	17.89	OK to Buy	11.2	10.0	39.7	16.9	-8.8	0.7	1.23	\$1,863		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	8.66	Hold	10.5	7.2	37.6	13.2	--	--	--	39		
793	FSMGX	Mid Cap Growth	0.75%/30d	10.91	OK to Buy	11.1	9.8	46.4	17.3	-7.1	-1.5	1.29	236		
337	FMCSX	Mid-Cap Stock	0.75%/30d	25.14	OK to Buy	12.1	7.6	50.4	12.3	-6.2	2.6	1.39	6,001		
300	FMILX	New Millennium		26.29	OK to Buy	10.5	6.8	40.2	10.9	-3.3	4.1	1.18	1,760		
MID-CAP BLEND						Category Averages			10.7	8.8	48.6	13.9	-5.4	2.5	1.39
122	FLVCX	Leveraged Company Stock	1.50%/90d	23.94	Buy	11.1	4.6	59.6	9.6	-9.5	1.4	1.66	3,789		
316	FLPSX	Low-Priced Stock	1.50%/90d	34.68	Buy	9.6	8.8	39.1	14.5	-2.1	3.6	1.13	24,869		
398	FSEMXX	Spartan Extended Mkt Index ⁴	0.75%/90d	33.50	Hold	11.4	11.3	36.7	16.8	-3.2	3.2	1.20	3,186		
14	FSLSX	Value Strategies		24.42	Buy	10.7	10.5	59.2	14.8	-6.8	2.0	1.55	347		
MID-CAP VALUE						Category Averages			10.1	9.6	39.8	14.7	-6.6	0.9	1.36
762	FSMVX	Mid Cap Value	0.75%/30d	14.21	Hold	10.2	11.3	35.4	17.1	-5.0	1.4	1.27	570		
39	FDVLX	Value		61.42	Buy	10.1	7.9	44.1	12.3	-8.2	0.4	1.45	7,098		
SMALL CAP GROWTH						Category Averages			11.8	9.8	32.9	13.3	-6.9	1.1	1.31
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	8.72	Hold	11.2	8.4	23.6	12.6	--	--	--	98		
1388	FCPGX	Small Cap Growth	1.50%/90d	13.51	Hold	11.8	8.8	42.9	14.2	-4.8	2.7	1.25	1,244		
336	FDSCX	Stock Selector Small Cap ⁶	1.50%/90d	15.61	Hold	12.2	12.1	32.3	13.2	-8.9	-0.5	1.37	1,443		
SMALL CAP BLEND						Category Averages			12.6	9.6	56.7	14.4	2.9	4.7	1.39
384	FSCRX	Small Cap Discovery	1.50%/90d	14.07	OK to Buy	12.0	12.9	50.7	16.8	5.9	5.5	1.35	726		
340	FSLCX	Small Cap Stock	2.00%/90d	16.94	Buy	13.2	6.3	62.7	12.0	0.0	4.0	1.44	3,718		
SMALL CAP VALUE						Category Averages			10.4	10.7	36.6	14.2	0.7	5.0	1.32
1389	FCPVX	Small Cap Value	1.50%/90d	13.93	Hold	10.4	10.7	36.6	14.2	0.7	5.0	1.32	1,804		
SPECIALTY															
2063	FOTTX	130/30 Large Cap		6.52	OK to Sell	9.8	-1.2	3.6	3.2	--	--	--	18		
304	FBALX	Balanced		17.23	Hold	5.9	6.3	28.1	10.4	-2.7	3.2	0.77	17,363		
308	FCVXX	Convertible Securities		23.33	OK to Buy	7.1	8.7	64.1	14.0	-2.8	4.6	1.28	2,244		
1960	FDYSX	Dynamic Strategies		8.96	Hold	5.2	6.2	28.7	11.1	--	--	--	165		
355	FFNOX	Four-in-One Index		25.40	Hold	8.1	4.8	25.0	9.0	-4.8	2.1	0.91	2,101		
334	FGBLX	Global Balanced	1.00%/30d	21.34	Hold	7.7	6.1	22.5	8.4	0.3	5.8	0.75	520		
2120	FFGCX	Global Commodity Stock	1.00%/30d	14.77	Hold	9.2	0.4	48.0p	10.2	--	--	--	274		
1368	FIREX	International Real Estate	1.50%/90d	9.10	Sell	11.5	6.8	35.8	9.1	-13.6	0.0	1.38	341		
4	FPURX	Puritan		16.82	OK to Buy	6.4	5.9	26.7	10.9	-2.1	3.4	0.72	15,925		
833	FRIFX	Real Estate Income	0.75%/90d	10.14	OK to Buy	2.7	13.7	46.8	20.4	3.9	3.9	0.73	1,138		
303	FRESX	Real Estate Investment	0.75%/90d	23.86	Hold	4.4	19.9	32.9	30.9	-5.9	1.3	1.94	3,099		
1329	FSDIX	Strategic Dividend & Income		10.12	OK to Buy	6.4	7.1	37.7	12.7	-6.2	0.9	1.12	512		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.13	Hold	3.2	7.3	28.4	12.8	1.9	2.8	0.64	4,075		
311	FIUIX	Telecom & Utilities		15.37	Hold	5.1	11.1	11.1	19.6	-7.3	2.5	0.87	859		
ASSET ALLOCATION															
328	FASIX	Asset Manager 20%		12.57	Hold	2.5	6.3	19.5	8.5	2.9	4.5	0.35	3,063		
1957	FTANX	Asset Manager 30%		9.66	Hold	3.6	6.9	23.6	9.7	--	--	--	110		
1958	FFANX	Asset Manager 40%		9.45	Hold	4.7	7.0	26.0	10.3	--	--	--	77		
314	FASMXX	Asset Manager 50%		14.68	Hold	5.7	7.0	30.9	10.8	0.0	3.8	0.69	6,314		
1959	FSANX	Asset Manager 60%		9.22	Hold	6.7	6.7	32.7	10.9	--	--	--	95		
321	FASGX	Asset Manager 70%		15.28	Hold	7.8	6.6	35.7	11.2	-2.7	2.8	0.90	2,359		
347	FAMRX	Asset Manager 85%		12.31	Hold	9.4	5.7	38.7	10.8	-4.3	2.5	1.03	593		

and **Home Finance** “only” rose 7-8%. As these sectors figure prominently in value-oriented funds, **Blue Chip Value** (up 8.6%) and **Large Cap Value** (up 7.6%) were comparatively poor performers. While financials also weighed on the returns of **Equity-Income**, it still managed to gain 9.3% last month, as its sizeable positions in consumer discretionary stocks, energy and industrials were very beneficial.

Separately, **Gold** gained 6.8% in September as the precious metal rose to over \$1,300 an ounce. Somewhat ironically, bullion has been moving

higher for a variety of reasons, including the not-at-all unfounded worry that currencies in the U.S. and other developed markets may unravel under the strain of growing government indebtedness.

Bond Funds

Economically sensitive high-yield funds enjoyed solid gains in September, as **Capital & Income** popped an impressive 4.6%. Meanwhile, **New Markets Income** (which invests in dollar-denominated emerging market debt) rose a more modest 1.7%.

Meanwhile, some taxable bond

funds struggled as Treasuries lost ground amid the stock euphoria. The most interest-rate-sensitive offering, **Spartan Long-Term Treasury**, retreated 1.8%. But as inflation worries rose amid optimism for higher GDP growth, **Inflation-Protected Bond** advanced 0.5%. Note: We have downgraded a number of muni bond funds amid concerns for budget shortfalls (see p. 5); comparative taxable funds are a bit more attractive to us. And, for a discussion on money market funds and some higher-yielding alternatives, please see p. 11. ■

— John Bonnanzio

FIDELITY SCORECARD - SEPTEMBER 30, 2010

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Sep	YTD	2009	1 Year	3 Year	5 Year				
INTERNATIONAL						Category Averages			10.9	6.2	41.9	10.4	-8.1	4.3	1.37
309	FICDX	Canada	1.50%/90d	52.32	Buy	5.3	7.9	39.6	12.0	-4.2	6.7	1.39	\$3,837		
352	FHKCX	China Region	1.50%/90d	30.82	Hold	11.7	10.5	65.6	18.8	-0.5	14.7	1.44	2,020		
325	FDIVX	Diversified International	1.00%/30d	28.36	OK to Sell	10.7	1.3	31.8	4.7	-10.0	1.8	1.25	26,259		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.72	OK to Buy	11.9	14.4	61.4	20.0	--	--	--	120		
322	FEMKX	Emerging Markets	1.50%/90d	24.80	Buy	11.7	9.7	76.0	19.4	0.0	10.3	1.67	3,743		
301	FIEUX	Europe	1.00%/30d	29.49	OK to Sell	12.8	0.1	31.7	2.7	-8.8	2.1	1.29	1,400		
341	FECAX	Europe Capital App	1.00%/30d	17.74	OK to Sell	12.9	0.0	32.1	2.8	-10.7	2.7	1.31	445		
335	FIVFX	Int'l Cap App	1.00%/30d	12.06	Hold	12.6	6.4	55.2	9.9	-8.4	1.2	1.51	599		
305	FIGRX	International Discovery	1.00%/30d	31.00	OK to Sell	11.6	2.1	30.1	6.0	-9.4	2.9	1.22	8,042		
2010	FIENX	International Enhanced Index	1.00%/30d	6.97	OK to Sell	9.9	1.2	24.6	3.7	--	--	--	22		
1979	FIGFX	International Growth	1.00%/30d	8.01	Hold	11.6	7.1	36.5	13.9	--	--	--	25		
818	FISMX	Int'l Small Cap	2.00%/90d	19.73	OK to Buy	13.3	12.4	45.5	13.9	-5.6	3.8	1.32	744		
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90d	9.55	OK to Buy	11.6	11.3	46.3	18.2	-15.1	0.3	1.47	386		
1597	FIVLX	International Value	1.00%/30d	7.91	OK to Sell	10.6	-0.9	36.1	1.2	-11.4	--	1.41	159		
350	FJPNX	Japan	1.50%/90d	10.31	OK to Sell	5.3	1.9	15.3	0.6	-11.6	-3.6	1.09	763		
360	FJSCX	Japan Smaller Companies	1.50%/90d	8.30	OK to Sell	5.3	-0.2	18.1	-4.1	-11.1	-7.6	1.21	303		
349	FLATX	Latin America	1.50%/90d	55.43	Buy	11.1	8.5	91.6	22.9	-0.3	15.9	1.69	4,094		
342	FNORX	Nordic	1.50%/90d	31.49	OK to Buy	16.5	15.0	47.5	20.2	-10.1	4.5	1.58	427		
94	FOSFX	Overseas	1.00%/30d	30.12	OK to Sell	11.4	-2.6	25.2	-2.4	-13.6	0.5	1.26	5,583		
302	FPBFX	Pacific Basin	1.50%/90d	23.97	Buy	10.8	18.1	59.3	22.8	-5.8	6.6	1.56	783		
351	FSEAX	Southeast Asia	1.50%/90d	28.82	OK to Buy	10.6	13.3	39.2	20.5	-9.4	12.4	1.34	1,657		
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	33.77	OK to Sell	10.0	1.1	28.5	3.2	-9.4	2.1	1.25	6,189		
1978	FTIEX	Total International Equity	1.00%/30d	7.06	OK to Buy	11.2	4.4	41.2	9.5	--	--	--	57		
318	FVWFX	Worldwide	1.00%/30d	16.84	Hold	11.9	4.8	28.5	9.6	-6.8	3.6	1.13	1,042		
SELECT PORTFOLIOS						Category Averages			10.8	8.1	44.7	14.7	-4.3	3.1	1.38
34	FSAIX	Air Transportation	0.75%/30d	39.23	OK to Buy	10.6	23.2	22.3	34.2	-3.9	6.1	1.62	146		
502	FSAVX	Automotive	0.75%/30d	35.99	OK to Buy	13.8	16.4	122.3	29.2	-4.2	2.0	2.45	118		
507	FSRBX	Banking	0.75%/30d	16.00	Hold	8.1	5.0	5.1	3.4	-16.7	-8.3	1.58	458		
42	FBIOX	Biotechnology	0.75%/30d	68.30	Hold↑	10.2	4.3	10.8	2.8	-1.0	2.7	1.02	1,068		
68	FSLBX	Brokerage & Investment	0.75%/30d	46.92	Hold	9.0	-1.0	50.4	-5.0	-8.9	0.3	1.47	481		
69	FSCHX	Chemicals	0.75%/30d	79.72	Hold↓	8.2	8.5	65.3	15.9	0.8	10.0	1.38	452		
518	FSDCX	Communications Equipment	0.75%/30d	23.87	Buy	15.3	15.0	80.7	18.7	-0.6	4.2	1.62	427		
7	FDCPX	Computers	0.75%/30d	49.67	OK to Buy	15.0	9.0	83.2	18.4	1.4	6.9	1.42	496		
511	FSHOX	Construction & Housing	0.75%/30d	30.72	OK to Sell	9.4	5.8	22.9	8.7	-4.2	-2.6	1.48	88		
517	FSCPX	Consumer Discretionary	0.75%/30d	21.67	Hold	12.6	15.4	38.1	23.5	-1.8	2.5	1.22	129		
9	FDFAX	Consumer Staples	0.75%/30d	65.34	Hold	7.7	7.6	20.9	11.9	1.6	8.5	0.78	878		
67	FSDAX	Defense & Aerospace	0.75%/30d	66.88	OK to Sell↓	10.0	10.8	24.9	20.5	-7.5	3.6	1.31	621		
8	FSELX	Electronics	0.75%/30d	39.95	Buy	15.4	-3.6	85.0	5.9	-6.9	-0.6	1.54	973		
60	FSENX	Energy	0.75%/30d	42.22	Hold	10.2	-4.4	47.1	0.6	-11.0	0.9	1.61	1,887		
43	FSESX	Energy Service	0.75%/30d	58.78	Hold	15.4	1.1	62.0	4.5	-15.1	0.9	1.93	1,198		
516	FSLEX	Environment & Alt Energy	0.75%/30d	16.52	Hold	9.8	6.2	17.2	12.0	-4.0	1.4	1.07	62		
66	FIDSX	Financial Services	0.75%/30d	56.47	Hold	9.6	-2.7	25.9	-4.2	-18.4	-7.9	1.46	412		
41	FSAGX	Gold	0.75%/30d	52.69	Hold	6.8	24.1	38.0	30.0	11.8	20.2	2.04	4,076		
63	FSPHX	Health Care	0.75%/30d	111.80	Hold	11.2	4.8	32.1	11.5	-1.9	2.6	0.92	1,607		
98	FVLX	Home Finance	0.75%/30d	10.86	OK to Sell	7.0	-0.8	1.9	1.3	-32.1	-21.1	1.35	112		
510	FSCGX	Industrial Equipment	0.75%/30d	28.86	OK to Buy	12.7	13.5	38.9	21.2	-5.6	4.6	1.49	187		
515	FCYIX	Industrials	0.75%/30d	20.62	OK to Buy	12.1	13.8	38.9	23.0	-2.3	6.0	1.41	353		
45	FSPCX	Insurance	0.75%/30d	43.92	OK to Sell	7.8	11.0	21.8	9.2	-12.6	-4.3	1.31	189		
353	FBSOX	IT Services	0.75%/30d	19.15	OK to Buy↑	14.3	7.4	59.1	19.3	5.1	9.1	1.19	92		
62	FDLSX	Leisure	0.75%/30d	80.78	OK to Buy	10.5	21.7	24.3	25.3	1.1	6.7	1.12	339		
509	FSDPX	Materials	0.75%/30d	57.16	OK to Buy	9.3	6.0	78.7	15.6	0.0	10.7	1.51	648		
505	FSHCX	Medical Delivery	0.75%/30d	44.00	Hold	12.5	2.2	49.0	16.3	-3.3	0.2	1.29	407		
354	FSMEX	Medical Equipment	0.75%/30d	24.58	OK to Sell	12.0	0.5	32.6	5.4	0.6	4.7	0.95	1,239		
503	FBMPX	Multimedia	0.75%/30d	38.44	OK to Buy	9.6	12.6	54.4	24.8	-1.1	2.9	1.30	144		
513	FSNGX	Natural Gas	0.75%/30d	29.02	Hold	8.9	-7.8	56.3	-7.1	-11.6	-2.4	1.70	874		
514	FNARX	Natural Resources	0.75%/30d	28.06	Hold	10.1	-1.3	51.7	4.2	-8.0	4.9	1.62	1,309		
580	FPHAX	Pharmaceuticals	0.75%/30d	11.80	Hold	9.7	9.1	25.4	20.0	2.6	6.6	0.84	324		
46	FSRPX	Retailing	0.75%/30d	47.74	Hold	15.5	14.3	57.8	23.3	5.3	7.2	1.27	162		
28	FSCSX	Software & Computer Svcs	0.75%/30d	79.75	OK to Buy	12.6	5.1	61.5	19.6	2.5	9.0	1.21	1,025		
64	FSPTX	Technology	0.75%/30d	84.16	Buy	15.0	11.5	90.3	24.2	0.4	6.5	1.55	2,145		
96	FSTCX	Telecommunications	0.75%/30d	44.07	Hold	10.3	10.7	51.6	18.9	-8.2	4.4	1.24	381		
512	FSRFX	Transportation	0.75%/30d	49.66	OK to Buy	10.1	26.3	23.3	40.1	1.7	5.9	1.29	358		
65	FSUTX	Utilities	0.75%/30d	47.59	Hold	3.3	6.9	14.4	12.9	-5.9	3.3	0.91	427		
963	FWRLX	Wireless	0.75%/30d	7.37	OK to Buy↑	9.5	9.0	59.0	14.3	-7.0	4.1	1.28	322		

FIDELITY SCORECARD - SEPTEMBER 30, 2010

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			SEC %Yield	Dist ⁷ %Yield	Dur ² (Yrs)	Tax-Equivalent Yield Federal Tax Bracket						
						Sep	YTD	2009				25%	28%	33%	35%			
TAXABLE BOND						Category Averages			0.1	7.8	5.5	1.91	2.59	4.0				
2208	FCBFX	Corporate Bond		10.49	Buy	0.7	6.6p	--	--	--	--							
15	FGMNX	Ginnie Mae		11.63	Hold	-0.3	6.8	6.9	2.75	2.65	0.1							
54	FGOVX	Government Income		10.79	Hold	-0.1	7.1	1.3	1.65	2.13	4.5							
794	FINPX	Inflation-Protected Bond ³		11.84	Hold	0.5	6.7	9.7	0.23	2.60	6.4							
32	FTHRX	Intermediate Bond		10.77	Buy	0.6	8.9	17.1	2.15	3.42	3.9							
452	FSTGX	Intermediate Gov't Income		11.08	Hold	0.3	6.6	0.9	0.92	1.72	3.6							
26	FBNDX	Investment Grade Bond		7.48	Buy	0.4	9.0	16.0	2.55	3.24	4.3							
40	FMSFX	Mortgage Securities		10.89	Hold	-0.1	6.9	9.6	3.64	3.98	0.5							
450	FSHBX	Short-Term Bond		8.50	Buy	0.4	3.8	7.4	1.06	2.02	1.8							
1561	FIBIX	Sptn Interm Treas Index ⁵		11.26	Hold	0.2	12.7	-5.0	1.91	2.61	6.5							
1562	FLBIX	Sptn Lng-Term Treas Index ⁵		11.61	Hold	-1.8	18.9	-13.4	3.25	3.26	14.1							
1560	FSBIX	Sptn Sht-Term Treas Index ⁵		10.65	Buy	0.2	4.3	-0.1	0.54	1.41	2.6							
820	FTBFX	Total Bond		11.08	Buy	0.6	8.9	19.8	3.28	3.70	3.7							
651	FBIDX	U.S. Bond Index		11.65	OK to Buy	0.1	7.8	6.5	2.37	2.86	3.5							
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.16	Hold	0.1	0.9	1.0	0.37	0.69	0.4							
HIGH-YIELD BOND						Category Averages			2.6	9.5	44.0	5.29	5.20					
38	FAGIX	Capital & Income	1.00%/90d	9.08	Buy	4.6	10.1	72.1	6.02	5.76	--							
814	FFRHX	Floating Rate High Income	1.00%/60d	9.65	OK to Buy	1.4	4.9	28.9	4.12	2.96	--							
1366	FHIFX	Focused High Income	1.00%/90d	9.37	Buy	2.4	10.4	35.1	5.53	6.19	--							
455	SPHIX	High Income	1.00%/90d	8.84	Buy	3.0	9.9	51.5	7.04	6.29	--							
331	FNMIX	New Markets Income	1.00%/90d	16.24	Buy	1.7	12.6	44.6	4.87	5.86	--							
368	FSICX	Strategic Income		11.42	Buy	2.2	9.2	31.8	4.18	4.11	--							
NATIONAL MUNICIPAL BOND						Category Averages			-0.2	5.6	10.2	2.39	3.12	6.0	25%	28%	33%	35%
36	FLTXX	Interm Municipal Income	0.50%/30d	10.42	Hold↓	-0.3	5.3	8.8	2.19	3.05	5.1	2.9	3.0	3.3	3.4			
37	FHIGX	Municipal Income	0.50%/30d	12.93	Hold↓	0.0	7.0	13.1	3.11	3.67	8.0	4.1	4.3	4.6	4.8			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.78	OK to Buy	-0.2	3.2	5.6	1.14	2.12	2.7	1.5	1.6	1.7	1.8			
90	FTABX	Tax-Free Bond	0.50%/30d	11.14	Hold↓	-0.1	6.8	13.3	3.12	3.66	8.0	4.2	4.3	4.7	4.8			
STATE-SPECIFIC MUNICIPAL BOND						Category Averages			-0.2	6.1	11.1	2.50	3.22	6.9				
434	FSAZX	Arizona Muni Income	0.50%/30d	11.71	Hold	-0.1	6.7	13.7	2.90	3.25	8.1	3.9	4.0	4.3	4.5			
91	FCTFX	California Muni Income	0.50%/30d	12.32	Hold	-0.1	8.2	11.7	3.29	3.72	7.6	4.4	4.6	4.9	5.1			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.76	OK to Buy	-0.3	3.7	6.2	1.11	2.12	2.9	1.5	1.5	1.7	1.7			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.78	Hold	-0.3	6.1	11.0	2.17	2.93	6.8	2.9	3.0	3.2	3.3			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.25	Hold	-0.2	5.8	13.8	2.30	3.05	7.0	3.1	3.2	3.4	3.5			
70	FDMXX	Mass Muni Income	0.50%/30d	12.24	Hold	-0.4	6.7	12.7	2.73	3.40	7.8	3.6	3.8	4.1	4.2			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.18	Hold	-0.2	5.8	9.3	2.71	3.46	6.7	3.6	3.8	4.0	4.2			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.74	Hold	-0.2	5.8	9.9	2.06	3.09	6.1	2.7	2.9	3.1	3.2			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.87	Hold	-0.2	6.2	11.8	2.53	3.35	7.2	3.4	3.5	3.8	3.9			
71	FTFMX	New York Muni Income	0.50%/30d	13.31	Hold	-0.1	6.7	12.1	2.66	3.41	7.8	3.5	3.7	4.0	4.1			
88	FOHFX	Ohio Muni Income	0.50%/30d	11.92	Hold↓	-0.1	5.7	11.1	2.75	3.44	7.6	3.7	3.8	4.1	4.2			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.09	Hold↓	0.0	5.9	9.7	2.84	3.45	7.1	3.8	3.9	4.2	4.4			
TAXABLE MONEY MARKET						Category Averages			0.00	0.03	0.45	0.03						
55	FDRXX	Cash Reserves		1.00	--	0.00	0.04	0.61	0.05	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	0.02	0.62	0.02	na	na							
85	FSLXX	Select MM		1.00	--	0.01	0.09	0.67	0.12	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							
MUNICIPAL MONEY MARKET						Category Averages			0.00	0.01	0.15	0.01						
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.01	0.20	0.02	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			
STATE MUNICIPAL MONEY MARKET						Category Averages			0.00	0.01	0.11	0.01						
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	0.01	0.15	0.01	na	na	0.0	0.0	0.0	0.0			
97	FCFXX	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 - SEPTEMBER 30, 2010

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
							Sep	YTD	2009	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
9067	FLRQC	Fid VIP Asset Manager	Allocation		12.28	Hold	6.4	6.8	28.7	10.2	0.0	4.2	0.77
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		11.63	Hold	8.9	6.3	32.4	10.3	-2.7	3.1	0.99
9069	FJBAC	Fid VIP Balanced	Allocation		12.23	Hold	7.9	6.7	38.1	11.2	-1.5	3.8	0.93
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	10.79	Hold	12.7	15.1	37.8	22.9	-1.8	2.3	1.22
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	11.26	Hold	7.6	7.3	20.4	11.4	1.6	--	0.77
9065	FPDFC	Fid VIP Contrafund	Large Growth		11.23	Hold	9.6	4.1	35.3	9.5	-6.7	1.7	1.11
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		8.54	Hold	11.2	7.7	21.8	11.7	-6.4	--	1.19
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		11.18	OK to Buy	9.8	6.3	35.7	13.0	-7.3	1.5	1.17
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.51	Buy	11.5	9.2	75.1	18.5	--	--	--
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	11.89	Hold	10.2	-4.3	47.4	0.6	-11.2	1.6	1.62
9061	FLOLC	Fid VIP Equity-Income	Large Value		9.47	Buy	9.2	2.9	29.8	6.6	-10.6	-1.1	1.16
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	6.59	Hold	9.4	-2.3	27.0	-4.0	-18.4	-8.0	1.50
9157	FMPAC	Fid VIP FundsManager 20	Allocation		11.70	Hold	2.4	5.1	10.0	6.3	2.2	--	0.27
9158	FMPBC	Fid VIP FundsManager 50	Allocation		10.97	Hold	5.4	5.8	18.7	8.4	-1.2	--	0.58
9197	FMPPC	Fid VIP FundsManager 60	Allocation		9.75	Hold	6.4	6.2	22.2	9.2	--	--	--
9159	FMPCC	Fid VIP FundsManager 70	Allocation		10.21	Hold	7.3	5.6	24.1	9.3	-4.3	--	0.81
9160	FMPDC	Fid VIP FundsManager 85	Allocation		9.69	Hold	9.0	5.7	28.2	10.1	-6.5	--	0.97
9062	FMNDC	Fid VIP Growth	Large Growth		10.12	Buy↑	12.6	8.8	27.8	15.3	-9.4	0.3	1.12
9070	FLFNC	Fid VIP Growth & Income	Large Blend		9.88	OK to Sell	9.5	1.5	26.8	6.3	-9.6	-0.7	1.04
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		9.64	Buy	12.2	8.1	45.2	16.0	-10.4	-1.0	1.35
9078	FPVDC	Fid VIP Growth Stock	Large Growth		10.72	OK to Buy	10.8	6.1	44.3	14.7	-4.8	1.1	1.15
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		10.12	Hold	11.2	9.1	39.4	15.9	-9.1	0.0	1.23
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	11.28	Hold	11.2	4.7	32.2	11.2	-1.9	2.3	0.91
9060	FBBLC	Fid VIP High Income	High-Yield Bond		13.60	Buy	2.8	10.2	43.4	15.9	5.6	6.2	0.67
9064	FXVLT	Fid VIP Index 500	Large Blend		10.17	Hold	8.9	3.7	26.3	9.9	-7.4	0.3	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	13.55	OK to Buy	12.3	13.6	39.6	22.9	-2.1	6.2	1.42
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	10.41	Buy	12.7	5.9	55.2	9.3	-8.7	0.7	1.51
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		13.14	Buy	0.4	8.4	15.5	9.5	7.1	5.5	0.23
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	11.35	OK to Buy	9.3	6.0	77.6	15.6	0.1	--	1.51
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		13.68	Hold	11.6	17.6	39.6	22.7	-1.1	5.8	1.09
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.45	--	0.0	-0.1	0.4	-0.1	1.4	2.6	0.02
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	11.07	OK to Sell	12.4	2.9	26.1	5.9	-10.0	1.6	1.24
9072	FFWKC	Fid VIP Real Estate	Sector		11.51	Hold	4.8	20.0	37.2	31.0	-4.9	2.6	2.02
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		14.44	Buy	2.2	8.9	29.7	11.4	8.6	7.5	0.42
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	14.29	Buy	14.8	11.6	95.4	24.4	1.1	6.7	1.55
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	8.40	Hold	10.4	9.5	47.5	17.6	-9.4	--	1.21
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	12.47	Hold	3.4	6.9	14.9	12.8	-5.4	3.9	0.92
9079	FKMSC	Fid VIP Value	Mid Value		9.53	Buy	9.2	5.3	42.1	9.7	-9.4	-1.1	1.43
9080	FUEBC	Fid VIP Value Leaders	Large Value		8.78	OK to Sell	8.5	0.2	27.4	3.5	-12.4	-2.8	1.16
9073	FRBSC	Fid VIP Value Strategies	Mid Blend		10.56	Buy	10.7	10.2	57.1	14.6	-7.4	1.4	1.55
9272	FYBXC	Credit Suisse Int'l Equity Flex III	Diversified Int'l		10.46	OK to Sell	11.1	3.5	1.0p	--	--	--	--
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		14.96	Buy	11.0	16.7	69.8	23.6	1.7	--	1.50
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		14.28	Buy	1.8	12.5	29.9	14.6	8.2	8.1	0.60
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		12.88	Buy	10.9	12.1	69.4	20.8	-4.8	10.9	1.58
9285	FIGXC	Invesco Van Kampen Gbl Val Eqty	Global Stock		8.45	OK to Sell	9.4	3.4	15.7	5.5	-11.2	-1.4	0.95
9146	FPRPC	Morgan Stanley Int'l Magnum	Diversified Int'l		9.09	Hold	10.1	-0.6	32.2	3.2	-10.4	1.4	1.28
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		10.65	Buy	0.7	4.8	1.6p	6.5	--	--	--
9277	FPNBC	Pimco VIT Real Return	TIPS		11.24	Hold	1.3	9.2	3.0p	12.4	--	--	--
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		11.04	Buy	0.6	8.9	1.3p	10.4	--	--	--

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	35%
Fidelity VIP Growth Opportunities	24
Fidelity VIP Value	19
Mrgn Stnly Emerg Mkt Debt	11
Fidelity VIP Equity-Income	11
Total Return: Sep: 6.5% YTD: 6.2%	

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
Total Return: Sep: 4.0% YTD: 6.5%	

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
Total Return: Sep: 1.9% YTD: 5.0%	

Your (Riskier) Money Market Alternatives

With the Fed Funds rate still targeted between 0% to 0.25%, money market funds simply can't offer much yield. Are there ways to do better? Yes. But remember that cash (money markets) is a distinct asset class whose main role in your portfolio is risk reduction and liquidity, not yield or return.

So keep in mind that if you're looking for higher-yielding alternatives to your money market fund, everything we'll discuss from this point forward means taking more credit and/or interest-rate risk.

Also, if you're using it to pay bills, checkwriting, account minimums and fees must be considered.

New Rules For Money Funds

On the subject of risk, the SEC has been writing rules that it believes will further reduce the chances a fund will break the buck (fall below its stable \$1.00 NAV).

As of May 28, money funds had to keep at least 10% of their assets in securities that mature in one day, and at least another 30% within seven days. Limits on illiquid and lower-rated securities were also adopted. And in June, still more rules shortened money funds' allowable maximum weighted average maturity from 90 to 60 days. Finally, a new measure called "weighted average life" intends to curtail risk by limiting exposure to floating-rate and other variable-rate securities.

Frankly, we think a lot of this is regulatory overkill that accomplishes nothing other than to further drive down yields. But that's a conversation for another day!

Our first alternative to money market funds are ultra-safe U.S. Treasury Bills. A new-issue 3-month T-Bill auctioned on 9/30 had a yield of 0.157% — a bit more than **Cash Reserves'** yield of 0.05%

(see p.4) for roughly the same maturity. A 6-month T-Bill sold for a yield of 0.193%. You can also buy T-Bills in one-month and one-year maturities. T-Bills are auctioned every week except one year maturities which are auctioned every 28 days. Actual yields vary depending upon the results of the auctions. You can buy T-Bills on the web with no fees through *treasurydirect.gov* or *Fidelity.com*. (If you use a phone rep, Fidelity will charge you \$19.95.) You can also buy T-Bills on the secondary market through Fidelity, and not have to wait for an auction. While these very safe securities currently offer somewhat higher yields, and excellent liquidity, they lack the convenience of money markets.

Fidelity also offers Brokered CDs, and new issues are fee-free. They are issued by commercial banks and thrifts and, in this case, are divided up by Fidelity Brokerage into smaller denominations. Unlike money market funds, their rates are locked in. (This could be a disadvantage should rates rise.) But unlike regular bank CDs, there's typically no penalty if sold before maturity, though you can suffer a loss (or gain) depending on market conditions. Also, Fidelity's new issue

WHY OWN A FIDELITY MONEY MARKET?

Why should you bother to own a Fidelity money market fund? While all the reasons below may not apply to you, "cash" has merits that are well worth remembering:

Safety ... from equity market meltdowns and interest-rate risk on longer term fixed-income instruments.

Liquidity ... you can get your cash (write a check!) on any business day.

Yield ... Fidelity's funds are always very competitive within the industry.

Experience ... Fidelity manages about a half-trillion dollars in money market assets for millions of investors. Their credit analysts are independent and supplant other credit agencies. ■

Brokered CDs are FDIC insured — in certain cases — up to \$250,000.

Fidelity's website recently listed a 3-month CD with an APY of 0.20% (a tad higher than a 3-month T-Bill); a 6-month at (0.25%); and a 12-month at (0.40%).

Once again you get a bit more yield, but unlike a Fidelity bond or money market fund that holds hundreds and sometimes thousands of different securities, Brokered CDs come from one financial institution. So, if you are investing more than the FDIC insured limit you are more exposed to credit risk.

Next up the yield and maturity ladder are short-term bond funds. **Ultra-Short-Bond** has a weighted average maturity of about 180 days versus about 50 days for the average Fidelity money market. This translates into more yield and greater interest-rate risk, although modestly so on both counts.

In terms of credit quality, Ultra-Short has been "upgraded" since the subprime meltdown. Apart from eliminating these toxic assets, Treasuries are now 15% of its assets, up from zero a few years ago. These changes, coupled with today's low interest rates, have reduced Ultra-Short's yield from over 5% two years ago to 0.37% — not all that much better than "cash."

A better option in our opinion is **Short-Term Bond**. With its slightly longer average maturity of 2.4 years, its yield of 1.06% is at least high enough to be noticeable! And with the Fed pledging to keep short-term rates low for the foreseeable future, you are not exposed to too much interest-rate risk. As with Ultra-Short, Treasuries (39%) and other agency bonds now figure prominently, keeping the fund's yield more modest than in prior years. There is no "free lunch" in this business: To get more yield, you must assume more risk, but Short-Term Bond is a good bet. ■

— John Bonnanzio

Remaking Stock Selector Funds

What's in a name (change)? In the cases of **Stock Selector All Cap** (formerly Stock Selector), and more recently **Stock Selector Small Cap** (formerly Small Cap Independence), the answer is "quite a bit!"

SEC filings indicate that All Cap has liquidated its entire portfolio of stocks and replaced them with industry-specific "Central Funds" plus a Cash Central (money market) fund. As for the renamed Small Cap, it doesn't use Central Funds, but instead has a team of sector specialists run-

DIVIDEND UPDATE

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

Asset Mgr 40%, Asset Mgr 50%, AZ Muni, Balanced, Convertible Secs, Corporate Bond, Eqty-Inc, Eqty-Inc II, Export and Multi, Fidelity Fund, Growth & Inc, Interm Bond, Invest Grade Bond, MD Muni, Mortgage Securities, Puritan, Short-Term Bond, Strategic Div & Inc, Strategic Real Ret, Tax Managed Stk, Telecom & Utilities, Total Bond, US Bond Index

The final distributions for September were as follows:

Fund	Ex-Date	\$ Amt	NAV
Gov't Income	9/8	0.16	10.75
Leveraged Co Sto	9/8	0.04	22.78
Blue Chip Growth	9/8	0.01	37.74
Low-Priced Stock	9/8	0.07	32.90
Dividend Growth	9/8	0.13	23.46
Inter Gov't Income	9/8	0.15	11.02
Value Discovery	9/8	0.12	12.64
Blue Chip Value	9/8	0.08	9.61
Int'l Real Estate	9/8	0.28	8.53
Small Cap Value	9/8	0.10	13.25
Real Estate Inv	9/3	0.11	24.31
Real Estate Inc	9/3	0.13	10.00
GNMA	9/8	0.25	11.67
Latin America	9/29	0.80	54.82

ning individual "sleeves" of the portfolio. In both cases, there are two co-managers directing sector allocations.

Central Funds are not new to Fidelity. They were introduced in 1996, but have been mostly used by money markets to improve liquidity.

Over the years, their use and diversity have grown — with mixed results. For example, while they're a useful portfolio management tool, they increase systemic risk. Most notably, this occurred when Fidelity's Ultra-Short Central fund (which no longer exists) made a bad bet on subprime securities. These toxic securities "infected" every Fidelity bond fund that had invested in that central fund, and unfortunately, that was quite a few. Of course, individual managers might have purchased these securities anyway. But this approach insured that a bad investment hurt multiple funds.

Central industry funds are clones of Selects, and share the same managers. Like all Central Funds, they are only available for in-house use and run with virtually no expenses, averaging just 0.008%. (Their lack of management fees avoid a duplication of expenses.) Fidelity has 26 such funds with \$23 billion in assets. They serve a variety of targeted areas besides industry sectors, including floating-rate securities, high-yield, mortgage and corporate bonds, commodities and foreign stocks. The **Asset Manager** funds have used Central Funds for years, as do **Global Balanced** and **Total Bond**. It appears to us that more funds may follow suit.

Returning to Stock Selector All Cap, its rating remains an *OK to Sell*, while Stock Selector Small Cap is still rated *Hold*. Needless-to-say, we'll continue to monitor these funds closely given their new investment approaches. ■

MESSAGE TO MEMBERS (Much) Faster Than Snail Mail!

If you are reading this issue of *Fidelity Insight* on October 8th or later, we just want to provide you with a gentle reminder: **Your monthly Fidelity Insight reports are always available on our website before they reach you by snail mail.** This report, for example, was posted online late Friday afternoon Oct. 1st.

Meanwhile, the printer put ink to paper over the weekend, started delivering it to the USPS on Monday Oct. 4th, and finished up on the 5th. As such, many members may be reading their report six or more days after it was available to them electronically.

So if you have not yet registered to use our website (it's free for members), we suggest you go to **www.fidelityinsight.com** now and set up your account.

On our site's home page, click on the "REGISTER NOW" button in the upper right corner. To register you will need your Membership # (which begins with "MF") and is located above your name and mailing address on the envelope or renewal form that came with this report. On our website, you'll also find daily updates on our models' performances, Fidelity fund returns (*Scorecard*), and an online version of our *Independent Guide to Fidelity Funds*. You'll also be automatically enrolled to receive our weekly Hotline updates via email on Friday evenings. It's that easy!

Sincerely,
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John Bonnanzio
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