

FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

FEBRUARY 2011

VOLUME 27, NUMBER 2

MARKET OUTLOOK

Focus On Your Long Term Strategy, Not On The Markets

At the risk of causing you to stop reading any further, let me get right to the “punch line”: Our outlook hasn’t changed from last month.

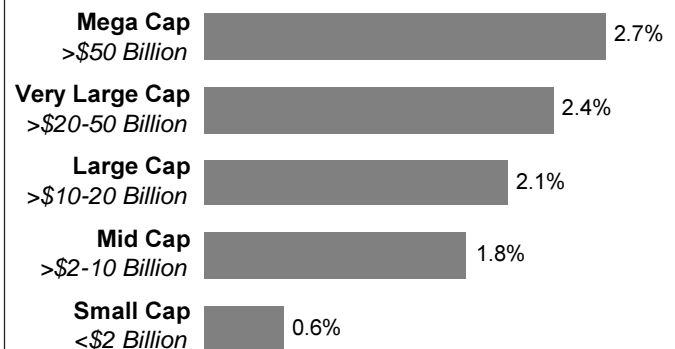
Okay, for those of you still with me, it is always a challenge to write a “new” *Market Outlook*, when our views haven’t changed. I could review in detail all the usual economic data points on housing, employment, etc., but Eric often chided me in the past that my “outlooks” were too economics-heavy, and he was right. (I can’t help it. I majored in economics at Tufts and I was accepted into a Ph.D. program in the dismal science before changing my mind and going to Harvard Business School for my MBA.)

Having a view on the economy is certainly important in making your investment decisions, and I spend a fair amount of time maintaining charts and data tables on key economic variables. But, creating an investment strategy that will meet your long-term needs is about building a well-diversified portfolio that balances risks and rewards over a full market cycle, rather than trying to constantly adjust your holdings to match the short-term gyrations in the economy or the markets. While Eric would definitely chide me about making a public mea culpa, I think we got away from that overriding principal a bit last year to the detriment of our portfolios.

A prime example of the value of diversification was on display last month. While small- and mid-cap stocks

BIGGER WAS BETTER

January Returns of Fidelity’s Domestic Equity Funds By Market Cap Range



For most of the past decade, small- and mid-cap stocks have outperformed their larger-cap cousins, often by a significant margin. 2010 was a case in point, where the (large cap) S&P 500 gained 15.0%, but the Russell MidCap Index rose 25.5% and the Russell 2000 (small cap) Index jumped 26.9%. As the chart shows, however, that situation was reversed in January. In general, the larger the market cap of the fund, the better it performed (there were exceptions of course). While one month certainly doesn’t make a trend, it does point out the value of a diversified mix of both large and small caps in your portfolio (see Market Outlook).

ran away with the performance derby — again — last year, we still held significant positions in some of Fidelity’s largest cap funds such as **Large Cap Stock** in our Aggressive Growth Model, **Mega Cap Stock** (Fidelity’s biggest in terms of market cap at \$80 billion — nearly twice the size of the S&P 500) in our Growth Model and **Equity-Income** in our Growth, Growth & Income and Income & Preservation Models. They were all among the top gainers in January, as bigger-cap funds ruled the month (see chart above). A notable exception to the large-cap dominance was **Small Cap Stock**, which we also own, but I’m not sure we could have called that one!

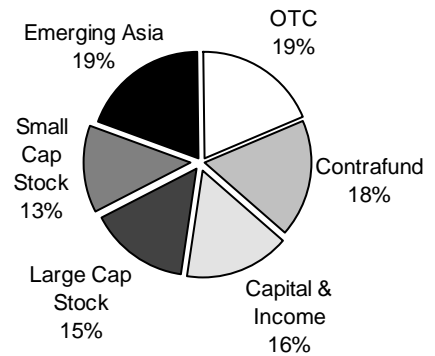
There was many a time last year, when we were tempted to get rid of some of these positions as small-cap funds left them in the dust. But besides the tenet of good diversification, large caps were very, very cheap relative to those surging small caps. Owning funds in areas that have a valuation advantage is another important portfolio discipline and one that can be hard to keep. That’s because such valu-

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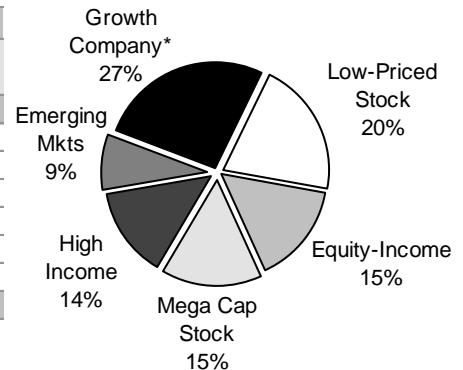
FIDELITY INSIGHT MODEL PORTFOLIOS - JANUARY 31, 2011

Aggressive Growth Model		Rel Vol: 1.08	Est. Yield: 1.2%	YTD Return: 2.2%		
Current Asset Allocation		Stocks 82.5%	Bonds 0.0%	Cash 2.4%	Alternative ¹ 15.1%	Foreign 27.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jan Ret
Emerging Asia	FSEAX	19%	\$30.57	1,042.38	\$31,866	-0.2%
OTC	FOCPX	19	57.13	542.94	31,018	4.0
Contrafund	FCNTX	18	68.13	424.79	28,941	0.6
Capital & Income	FAGIX	16	9.67	2,673.81	25,856	3.0
Large Cap Stock	FLCSX	15	18.25	1,340.24	24,459	3.6
Small Cap Stock	FSLCX	13	20.18	1,086.39	21,923	3.0
Current Value (4/7/99 = \$100,000)					\$164,063	2.2%



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

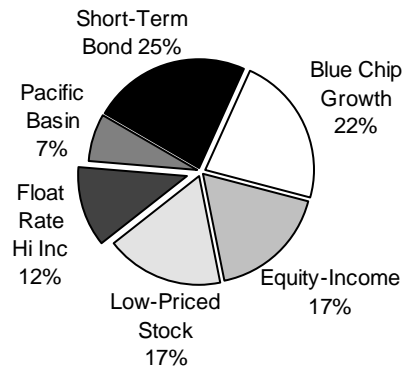
Growth Model		Rel Vol: 1.04	Est. Yield: 1.3%	YTD Return: 1.8%		
Current Asset Allocation		Stocks 82.9%	Bonds 0.4%	Cash 3.8%	Alternative ¹ 12.9%	Foreign 19.6%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jan Ret
Growth Company*	FDGRX	27%	\$84.80	3,582.28	\$303,778	2.0%
Low-Priced Stock	FLPSX	20	38.89	5,818.27	226,273	1.3
Equity-Income	FEQIX	15	45.57	3,711.25	169,122	3.0
Mega Cap Stock	FGRTX	15	10.34	16,045.29	165,908	3.5
High Income	SPHIX	14	9.11	16,960.84	154,513	2.4
Emerging Markets	FEMKX	9	25.53	3,812.35	97,329	-3.1
Current Value (1/1/87 = \$100,000)					\$1,116,923	1.8%



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

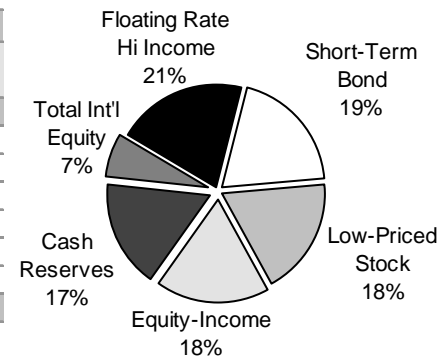
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.78	Est. Yield: 1.0%	YTD Return: 1.4%		
Current Asset Allocation		Stocks 61.3%	Bonds 23.4%	Cash 4.7%	Alternative ¹ 10.6%	Foreign 16.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jan Ret
Short-Term Bond	FSHBX	25%	\$8.48	25,657.03	\$217,572	0.4%
Blue Chip Growth	FBGRX	22	46.28	4,403.36	203,787	2.1
Equity-Income	FEQIX	17	45.57	3,518.92	160,357	3.0
Low-Priced Stock	FLPSX	17	38.89	4,101.41	159,504	1.3
Floating Rate Hi Income	FFRHX	12	9.89	11,143.94	110,214	1.3
Pacific Basin	FPBFX	7	25.82	2,596.92	67,052	-1.0
Current Value (1/1/87 = \$100,000)					\$918,486	1.4%



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: 0.56	Est. Yield: 1.2%	YTD Return: 1.1%		
Current Asset Allocation		Stocks 39.7%	Bonds 19.3%	Cash 22.6%	Alternative ¹ 18.5%	Foreign 14.1%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jan Ret
Floating Rate Hi Income	FFRHX	21%	\$9.89	11,762.00	\$116,326	1.3%
Short-Term Bond	FSHBX	19	8.48	12,696.10	107,663	0.4
Low-Priced Stock	FLPSX	18	38.89	2,586.61	100,593	1.3
Equity-Income	FEQIX	18	45.57	2,166.09	98,709	3.0
Cash Reserves	FDRXX	17	1.00	94,059.00	94,059	0.0
Total Int'l Equity	FTIEX	7	7.52	4,994.01	37,555	0.5
Current Value (1/1/87 = \$100,000)					\$554,905	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.

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.

ation divergences can persist for quite a while before the market “corrects” the imbalance. As Benjamin Graham stated, “In the short run, the market is a voting machine, but in the long run it is a weighing machine.” But you could do a lot worse than buying what is cheap and holding on.

That is not to say that small caps will have a bad year, or that large caps will “win” for the year. To our way of thinking, the environment is still supportive of small caps. The yield curve is steep (short rates are much lower than long) and likely to stay that way, as the Fed in its January meeting reiterated its pledge to keep short rates near zero for an “extended period.” Small caps also tend to outperform in the early stages of a recovery. While time-wise, this recovery might be considered mid-stage, in terms of growth, employment, etc., it is closer to early stage.

But large caps have some factors on their side, too. Most notably, they tend to be proportionately bigger exporters, and exports to the fast-growing emerging markets are a real bright spot in our economic recovery.

Another factor in large caps’ favor is dividends. With our interest rates remaining historically low, investors searching for yield are gravitating to dividend-paying stocks, and that generally means large-cap firms. Indeed, if we look at Fidelity’s 49 domestic equity funds, the highest dividend yielders (based on 2010’s actual distributed yields) had the highest returns in January. The top third gained 2.5%, while the bottom two thirds rose just 1.8%.

Outlook Steady As She Goes

As I said at the outset, our outlook hasn’t changed. We expect the U.S. economy to continue its gradual improvement; stocks are cheaper than bonds on a valuation basis and with the Fed backstopping you, stocks are the better choice than bonds. Further support for stocks could finally be

WHICH FUNDS SHOULD YOU BUY NOW!

Equity Funds: **Blue Chip Growth**, **Growth Co** and **OTC** are our top large-cap growth picks, while **Equity-Income** is a good value play. **Low-Priced Stock** and **Small Cap Stock** ply the mid- and small-cap arenas; **Contrafund** is a conservative “all-cap” approach to growth investing.

Taxable Bond Funds: With our concern over rising rates, we are not enthusiastic about investment-grade bonds. **Short-Term Bond** with its short duration is less interest-rate sensitive.

International Funds: **Emerging Asia** and **Emerging Markets** are long-term, volatile equity plays in the developing markets. **Pacific Basin** and **Total International Equity** provide broader exposure and less risk.

High Yield Fund: **Capital & Income** is an aggressive play on improving corporate balance sheets. **High Income** is a bit less risky and **Floating Rate High Income** is the most conservative high-yield option. ■

coming from individuals who have at last begun to modestly move money back into equity funds after pulling over \$300 billion from those funds since 2007.

On the bond front, we continue to favor credits (corporates) over Treasuries and, shorter duration (a measure similar to maturity but a better indicator of interest-rate sensitivity) bonds to longer duration fare. Our favorite bonds are, in fact, the most credit sensitive, high-yield bonds. That position worked well for us in January as all the high-yield funds we hold in our models, from the most aggressive, **Capital & Income**, to the most “conservative,” **Floating Rate High Income**, outperformed all taxable bond funds. And long-term Treasuries were indeed the hardest hit as **Spartan Long-Term Treasury** fell 2.3% last month.

Last month we downgraded nearly all Fidelity’s municipal bond funds to *OK to Sell*, only the shortest duration funds were spared. This was based on the very difficult budgetary situation most states and municipalities face.

While the federal government may ultimately have to come to their rescue, municipal defaults cannot be ruled out. All Fidelity’s muni funds were in the red last month with the longest duration funds hit the hardest. And investors are voting with their feet as they pulled \$10 billion from muni funds in just the first three weeks of this year.

One area that was a drag on our model returns in January was emerging markets. I noted in last month’s outlook “that the best growth prospects are in emerging market stocks ... while we could see a pullback early in 2011...”

That pullback arrived, principally because rising interest rates and other attempts at reining in growth to combat rising inflation in China, Brazil and others, caused investors to take profits. The upheaval in Egypt also reminded investors about the risks in the developing world. While the moves by these governments to constrain growth bear watching, we don’t think this signals the “end” for emerging market stocks.

While China may be taking steps to reduce growth, it is still running at close to 10% per year. And when push comes to shove, China needs to keep people working so they will not likely jeopardize a healthy growth rate for price stability. While growth may come down a bit, it should still be among the fastest in the world.

Brazil is a more worrisome situation as inflation is hotter (5.9% in 2010) and their short-term rates are already high at 11.25%. With that backdrop, we prefer Asian-focused emerging market funds, such as **Emerging Asia**, over **Latin America** and we downgraded that fund to *Hold* this month. Longer term, however, we still like Brazil a lot. ■

— John M. Boyd

FUND COMMENTARY

Stocks Start Year Strong; Munis Fall

As we went to press, Egypt was still convulsing, though Wall Street's attention span was typically brief. This reaction suggests — at least for now — that many investors see Egypt's woes as an "exogenous event." (And those of Yemen and Tunisia, too?) Unexpected, yes, but nothing warranting lost sleep. And, certainly nothing as problematic as the Euro debt crisis or, let's say, America's \$14.3 trillion debt ceiling.

Of course, against the backdrop of burning cars, tanks in downtown Cairo, and foreigners heading for the next flight to anywhere, **Select Gold** briefly reversed course and traded higher, while **Select Energy Service** added to its gains. As for Treasuries, they went largely unloved in January, until trouble struck — much like the U.S. dollar. Yes, there's still nothing like a bit of geopolitical risk to burnish the allure of these "safe harbor" investments!

But that was all in the last two trading days of a holiday-shortened January. During most of the other 18, the outlook for the economy and financial markets mostly brightened. The result was higher stock prices. Among the major market indexes, the Dow Industrials led the way up 2.8% and the S&P 500 rose 2.4%. Despite a strong month for tech, the Nasdaq rose only 1.8%, while the small-cap Russell 2000 fell 0.3%.

Stock Funds

Reflecting these moves, all of Fidelity's stock funds were pulled higher in January.

Smaller-cap funds mostly lagged (see p. 1 chart), while bigger-cap names led the way out of the performance gate. The average equity fund advanced 2.0%. **OTC** fared especially well (up 4.0%) thanks, in part, to high-velocity tech stocks.

Other big-cap winners (and model portfolio holdings) were **Large Cap**

Stock (up 3.6%) and **Mega Cap Stock** (up 3.5%), whose manager has just taken on another fund (see p. 12). Meanwhile, we were pleased that **Small Cap Stock** (up 3.0%) bucked the big-cap trend. (See p. 1 of *Market Outlook*.)

As for Fidelity's less diversified funds, the average Select gained 2.1% (see Select Model update on p. 8). **Energy** soared 7.8%, followed by **Electronics** (up 7.6%) and **Energy Service** (up 7.3%).

Elsewhere, gold's end-of-month rally only partly mitigated the profit-taking that buffeted **Select Gold**'s chilly January performance: the fund lost 11.4%.

High Yield Funds

As investors warmed in January to so-called risk assets, most high-yield funds were beneficiaries. **Capital & Income** and **High Income** (which invest in junk bonds) scored gains of 3.0% and 2.4%, respectively. Unfortunately, an altogether different high-yield fund, **New Markets Income** (down 0.8%), yielded to the same selling pressures that weighed on developing market equities.

International Funds

Among Fidelity's 24 foreign stock funds, the performance gulf was, well, gulf-like! The average offering rose just 0.3%, however, the **Spartan International Index** (which is a proxy for foreign developed markets) gained 2.4%. January's top performer was **International Value** (up 4.7%). Its performance was propelled, in

part, by its large-cap bias and its healthy stakes in Europe and, especially, Japan.

On that note, we've upgraded **Japan** fund to *Hold*. While it faces Herculean impediments owing to its aging population and an expensive social safety net (Japan's sovereign debt was just downgraded), its multinationals stand to benefit from their off-shore operations and demand for their goods in the emerging markets. This is one reason why we prefer this large-cap fund to **Japan Smaller Companies** (still rated *OK to Sell*).

Bond Funds

Spartan Long-Term Treasury Index retreated 2.3% in January. It was the victim of profit-taking, a flight to riskier assets, and especially concern over higher inflation (the result of a stronger U.S. economy). Other government-related taxable bond funds were largely flat on the month. Meanwhile, the higher-yielding **Corporate Bond** (up 0.9%) was the best performing taxable bond fund in January (58% of the fund is BBB, the lowest rung of investment grade).

All state-specific and national municipal bond funds were once again in the red last month — and there's no mystery as to why: growing concern over a lack of financial disclosure by state and local governments, and the simple fear that their debt obligations will not — in the aggregate — be fully met. **Muni Income** and **Tax-Free Bond** fell 0.9% and 0.8%, respectively.

— John Bonanzio

FEBRUARY SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old		New	
Growth & Income	S	H	↑	We're fans of new manager Matt Fruhan.
Japan	S	H	↑	Multinationals will benefit from regional growth.
Latin America	B	H	↓	High inflation is prompting gov't to cool economy.
Select Gold	H	S	↓	See Select fund ratings on p. 8.
Select Materials	B	H	↓	See Select fund ratings on p. 8.
Spartan Int'l Index	S	H	↑	We see good values and improving growth.
VIP Growth & Income	S	H	↑	We're fans of new manager Matt Fruhan.
VIP Materials	B	H	↓	See Select fund ratings on p. 8.

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

FIDELITY SCORECARD - JANUARY 31, 2011

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Jan	YTD	2010	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500 (Large cap)*				2.4	2.4	15.0	22.1	-0.1	2.2	1.00			
		Nasdaq Composite (OTC)*				1.8	1.8	17.8	26.8	5.0	3.9	1.13			
		MSCI EAFE (International)*				2.4	2.4	7.7	16.1	-3.3	1.8	1.24			
		Sptn Extd Mkt (Small-mid caps)				1.2	1.2	28.6	33.5	5.3	4.5	1.19			
		Barclays Aggregate Bond*				0.2	0.2	6.3	4.9	5.0	5.3	0.18			
LARGE CAP GROWTH						Category Averages			2.1	2.1	18.6	27.4	1.9	3.2	1.1
312	FBGRX	Blue Chip Growth		46.28	Buy	2.1	2.1	19.6	29.0	6.1	4.7	1.09	\$12,276		
307	FDCAX	Capital Appreciation		25.73	OK to Buy	1.5	1.5	18.3	24.9	1.3	2.1	1.13	4,883		
22	FCNTX	Contrafund		68.13	Buy	0.6	0.6	16.9	23.3	1.8	3.9	0.88	60,960		
332	FEXPX	Export and Multinational	0.75%/30d	22.24	OK to Sell	2.0	2.0	11.9	20.0	-0.6	0.9	1.07	2,499		
500	FFTYX	Fifty		18.00	Hold	2.1	2.1	17.8	25.9	-1.2	0.0	1.16	816		
333	FTQGX	Focused Stock		13.94	OK to Buy	2.1	2.1	24.1	35.2	5.1	4.7	0.99	257		
25	FDGRX	Growth Company (closed)		84.80	Buy	2.0	2.0	20.6	30.0	4.2	5.0	1.07	28,894		
339	FDSVX	Growth Discovery		14.10	Buy	3.1	3.1	24.0	35.4	-0.9	4.2	1.10	826		
73	FDFFX	Independence		24.65	OK to Buy	1.2	1.2	22.2	30.4	-0.6	4.2	1.36	4,186		
763	FSLGX	Large Cap Growth		9.93	OK to Buy	2.0	2.0	19.8	29.1	0.5	-0.6	1.03	121		
1829	FLGEX	Large Cap Growth Enhcd Index		9.84	Hold	2.4	2.4	14.0	22.3	2.5	--	0.98	61		
338	FLCSX	Large Cap Stock		18.25	Buy	3.6	3.6	18.2	26.1	1.5	3.7	1.28	1,014		
21	FMAGX	Magellan		72.83	OK to Sell	1.6	1.6	12.4	19.4	-3.6	-0.2	1.26	19,528		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	35.82	OK to Buy	1.8	1.8	17.8	26.8	5.0	3.9	1.13	324		
93	FOCPX	OTC		57.13	Buy	4.0	4.0	20.1	33.4	8.3	7.6	1.24	5,928		
320	FDSSX	Stock Selector All Cap		26.28	Hold	2.1	2.1	19.2	26.0	-0.6	2.2	1.05	780		
5	FTRNX	Trend		68.64	OK to Buy	1.9	1.9	19.8	28.9	3.5	5.0	1.09	1,073		
LARGE CAP BLEND						Category Averages			2.5	2.5	14.8	22.4	-1.8	1.0	1.08
315	FDEQX	Disciplined Equity		23.22	Sell	3.1	3.1	8.3	17.1	-4.0	0.0	1.00	9,105		
330	FDGFY	Dividend Growth		29.13	Buy	2.5	2.5	21.2	29.0	4.2	4.0	1.29	9,704		
3	FFIDX	Fidelity Fund		32.94	OK to Sell	2.5	2.5	14.6	23.1	-1.4	2.6	1.03	5,213		
27	FGRIX	Growth & Income		18.78	Hold↑	2.6	2.6	14.6	21.8	-9.4	-5.1	1.20	5,622		
1827	FLCEX	Large Cap Core Enhcd Index		8.76	OK to Sell	2.5	2.5	12.2	19.5	-0.8	--	0.96	938		
361	FGRTX	Mega Cap Stock		10.34	Buy	3.5	3.5	14.4	22.3	-0.5	2.3	1.06	592		
650	FUSEX	Spartan 500 Index ⁴		45.54	Hold	2.4	2.4	15.0	22.1	-0.1	2.2	1.00	27,033		
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	37.22	Hold	2.2	2.2	17.4	24.2	1.0	2.7	1.03	6,087		
343	FTXMX	Tax Managed Stock		12.67	Sell	1.7	1.7	14.7	22.9	-4.2	-0.3	1.08	70		
832	FVDFX	Value Discovery		14.95	Sell	2.1	2.1	15.4	22.0	-2.5	0.6	1.17	609		
LARGE CAP VALUE						Category Averages			2.6	2.6	12.2	18.8	-4.0	-0.6	1.11
1271	FBCVX	Blue Chip Value		11.04	Sell	2.1	2.1	10.1	15.8	-5.8	-1.8	1.18	373		
23	FEQIX	Equity-Income		45.57	Buy	3.0	3.0	15.1	22.3	-1.8	1.1	1.16	10,063		
319	FEQTX	Equity-Income II		18.80	Buy	3.0	3.0	13.5	20.8	-2.8	0.0	1.13	5,133		
708	FSLVX	Large Cap Value		10.78	OK to Sell	2.5	2.5	9.3	16.1	-5.9	-1.8	1.07	805		
1828	FLVEX	Large Cap Value Enhcd Index		7.60	OK to Sell	2.3	2.3	12.7	19.2	-3.6	--	1.00	81		
MID-CAP GROWTH						Category Averages			1.8	1.8	23.1	31.0	2.9	2.1	1.22
324	FDEGX	Growth Strategies	1.50%/90d	20.73	Buy	1.4	1.4	25.6	34.4	1.0	1.7	1.17	2,055		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	9.87	Hold	2.2	2.2	22.4	30.6	4.3	--	1.13	55		
793	FMSGX	Mid Cap Growth	0.75%/30d	12.63	Buy	1.5	1.5	25.2	34.0	1.5	-1.0	1.27	306		
337	FMCSX	Mid-Cap Stock	0.75%/30d	29.24	Hold	1.4	1.4	23.6	29.2	3.7	3.2	1.37	6,773		
300	FMILX	New Millennium		29.80	OK to Buy	2.3	2.3	18.9	26.7	4.1	4.4	1.14	1,927		

Notes: *Fidelity's Spartan 500 Index, Nasdaq Composite Index, Spartan Int'l Index and U.S. Bond Index used as proxies for their respective indexes. ¹ Relative Volatility versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ² Duration is a measure of interest rate sensitivity. ³ Stated yield is before any inflation adjustment, your effective yield may be different. ⁴ Also available in an Advantage share class with a minimum of \$100,000, but a lower expense ratio of 0.07% (versus 0.10% for the Investor class). ⁵ Also available in Advantage shares with a minimum of \$100,000, but a lower expense ratio of 0.10% (versus 0.20% for the Investor class). ⁶ Formerly Southeast Asia. ⁷ Distributed yield is calculated by taking a fund's actual distributions over the past year divided by its current NAV. ⁸ Formerly Home Finance. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

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	'10
AG													31.4	-8.4	-20.9	-15.8	36.6	14.8	17.9	14.2	14.5	-42.0	28.6	10.8
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	11.5
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	9.9
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	6.4

FIDELITY SCORECARD - JANUARY 31, 2011

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Jan	YTD	2010	1 Year	3 Year	5 Year				
MID-CAP BLEND						Category Averages			1.5	1.5	25.1	29.9	3.2	3.9	1.37
122	FLVCX	Leveraged Company Stock	1.50%/90d	29.15	Buy	2.6	2.6	24.5	31.1	0.5	3.7	1.65	\$4,308		
316	FLPSX	Low-Priced Stock	1.50%/90d	38.89	Buy	1.3	1.3	20.7	24.3	4.5	4.4	1.12	27,383		
398	FSEMX	Spartan Extended Mkt Index ⁴	0.75%/90d	38.63	Hold	1.2	1.2	28.6	33.5	5.3	4.5	1.19	4,182		
14	FSLSX	Value Strategies		28.12	Buy	1.0	1.0	26.5	30.7	2.5	2.9	1.53	380		
MID-CAP VALUE						Category Averages			2.5	2.5	23.8	30.6	2.3	2.4	1.35
762	FSMVX	Mid Cap Value	0.75%/30d	16.26	Hold	1.9	1.9	25.4	31.5	3.6	3.1	1.25	669		
39	FDVLX	Value		70.83	Buy	3.1	3.1	22.3	29.7	1.0	1.7	1.45	7,795		
SMALL CAP GROWTH						Category Averages			0.3	0.3	28.8	33.9	2.9	2.7	1.25
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	10.10	Hold	0.1	0.1	26.1	31.5	3.7	--	1.18	103		
1388	FCPGX	Small Cap Growth	1.50%/90d	15.70	Buy	0.1	0.1	26.6	30.6	2.9	4.0	1.23	1,407		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	18.67	Buy	0.9	0.9	33.7	39.7	2.2	1.4	1.33	1,767		
SMALL CAP BLEND						Category Averages			2.0	2.0	27.7	33.6	11.1	7.0	1.38
384	FSCRX	Small Cap Discovery	1.50%/90d	20.68	OK to Buy	1.0	1.0	32.4	35.0	13.9	8.1	1.33	1,446		
340	FSLCX	Small Cap Stock	2.00%/90d	20.18	Buy	3.0	3.0	23.0	32.2	8.3	5.9	1.42	4,364		
SMALL CAP VALUE						Category Averages			0.7	0.7	25.1	26.3	8.7	5.6	1.29
1389	FCPVX	Small Cap Value	1.50%/90d	15.72	Hold	0.7	0.7	25.1	26.3	8.7	5.6	1.29	2,054		
SPECIALTY						Category Averages			0.3	0.3	16.1	22.1	-1.6	3.0	1.32
2063	FOTTX	130/30 Large Cap		7.47	OK to Sell	3.2	3.2	9.7	18.8	--	--	--	19		
304	FBALX	Balanced		18.53	Hold	1.7	1.7	13.8	17.9	2.1	3.5	0.76	17,409		
308	FCVSX	Convertible Securities		26.30	Buy	3.3	3.3	20.9	27.3	4.4	6.0	1.26	2,503		
1960	FDYSX	Dynamic Strategies		9.56	Hold	-0.1	-0.1	15.0	18.5	3.4	--	0.77	223		
355	FFNOX	Four-in-One Index		27.51	Hold	1.9	1.9	13.7	19.5	0.9	2.9	0.91	2,351		
334	FGBLX	Global Balanced	1.00%/30d	22.56	Hold	1.2	1.2	12.5	17.9	3.8	5.9	0.75	526		
2120	FFGCX	Global Commodity Stock	1.00%/30d	17.35	Hold	1.2	1.2	18.1	28.6	--	--	--	514		
1368	FIREX	International Real Estate	1.50%/90d	9.35	Sell	-0.3	-0.3	14.5	22.4	-6.9	-1.1	1.37	363		
4	FPURX	Puritan		18.20	OK to Buy	1.6	1.6	14.0	18.2	3.0	4.4	0.71	16,818		
833	FRIFX	Real Estate Income	0.75%/90d	10.56	OK to Buy	1.5	1.5	18.8	19.7	7.0	4.7	0.73	1,413		
303	FRESX	Real Estate Investment	0.75%/90d	26.54	Hold	3.3	3.3	29.9	42.9	3.1	1.6	1.91	3,339		
1329	FSDIX	Strategic Dividend & Income		10.76	OK to Buy	2.0	2.0	13.7	19.3	-0.8	1.1	1.11	604		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.70	Hold	1.3	1.3	13.9	17.2	3.9	4.1	0.65	4,104		
311	FIUIX	Telecom & Utilities		16.13	Hold	1.1	1.1	17.3	24.8	-2.3	3.5	0.86	875		
ASSET ALLOCATION						Category Averages			0.3	0.3	16.1	22.1	-1.6	3.0	1.32
328	FASIX	Asset Manager 20%		12.88	Hold	0.7	0.7	8.9	9.6	4.4	4.3	0.35	3,328		
1957	FTANX	Asset Manager 30%		9.73	Hold	0.8	0.8	10.9	12.2	4.2	--	0.47	151		
1958	FFANX	Asset Manager 40%		9.63	Hold	0.9	0.9	12.1	14.1	4.1	--	0.56	102		
314	FASMX	Asset Manager 50%		15.61	Hold	1.2	1.2	13.5	16.6	4.2	4.4	0.68	6,572		
1959	FSANX	Asset Manager 60%		9.63	Hold	1.4	1.4	14.3	18.2	4.2	--	0.76	160		
321	FASGX	Asset Manager 70%		16.57	Hold	1.5	1.5	15.8	20.5	3.3	3.8	0.89	2,452		
347	FAMRX	Asset Manager 85%		13.62	Hold	1.6	1.6	16.6	22.6	2.8	3.5	1.02	664		
INTERNATIONAL						Category Averages			0.3	0.3	16.1	22.1	-1.6	3.0	1.32
309	FICDX	Canada	1.50%/90d	58.66	Buy	0.9	0.9	21.8	32.9	1.9	7.3	1.34	4,479		
352	FHKCX	China Region	1.50%/90d	32.94	Hold	1.3	1.3	18.0	29.9	8.6	14.4	1.29	2,219		
325	FDIVX	Diversified International	1.00%/30d	30.47	OK to Sell	1.1	1.1	9.7	16.9	-4.1	1.2	1.23	25,571		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.95	OK to Buy	-5.3	-5.3	25.5	20.6	--	--	--	161		
351	FSEAX	Emerging Asia ⁶	1.50%/90d	30.57	Buy	-0.2	-0.2	22.8	29.9	-0.7	9.9	1.18	1,889		
322	FEMKX	Emerging Markets	1.50%/90d	25.53	Buy	-3.1	-3.1	18.2	21.6	0.0	6.2	1.60	4,013		
301	FIEUX	Europe	1.00%/30d	32.06	OK to Sell	2.4	2.4	8.6	19.3	-3.0	1.9	1.27	799		
341	FECAX	Europe Capital App	1.00%/30d	19.47	OK to Sell	2.3	2.3	8.4	19.1	-4.3	2.4	1.31	444		
335	FIVFX	International Cap App	1.00%/30d	12.81	Hold	-0.6	-0.6	15.9	20.4	-0.6	0.2	1.48	652		
305	FIGRX	International Discovery	1.00%/30d	33.14	OK to Sell	0.3	0.3	11.0	17.9	-3.6	2.1	1.20	8,255		
2010	FIENX	International Enhanced Index	1.00%/30d	7.49	OK to Sell	2.3	2.3	8.7	17.1	-4.9	--	1.24	24		
1979	FIGFX	International Growth	1.00%/30d	8.54	OK to Buy	-1.5	-1.5	16.9	22.0	0.8	--	1.17	43		
818	FISMX	International Small Cap	2.00%/90d	21.44	Buy	0.9	0.9	25.4	29.2	2.8	3.1	1.28	945		
1504	FSCOX	International Small Cap Opps	2.00%/90d	10.33	Buy	-0.6	-0.6	23.3	27.3	-6.3	-2.8	1.43	414		
1597	FIVLX	International Value	1.00%/30d	8.52	OK to Sell	4.7	4.7	5.2	17.2	-4.5	--	1.42	171		
350	FJPNX	Japan	1.50%/90d	11.20	Hold↑	0.2	0.2	14.7	13.2	-4.1	-5.7	1.10	535		
360	FJSCX	Japan Smaller Companies	1.50%/90d	9.40	OK to Sell	2.3	2.3	12.3	14.0	-0.7	-9.7	1.20	334		
349	FLATX	Latin America	1.50%/90d	56.10	Hold↓	-5.0	-5.0	16.5	22.3	0.6	11.2	1.65	4,023		
342	FNORX	Nordic	1.50%/90d	34.34	OK to Buy	0.0	0.0	26.5	31.1	-2.8	5.6	1.58	500		
94	FOSFX	Overseas	1.00%/30d	33.06	OK to Sell	1.8	1.8	6.6	14.3	-7.4	-0.2	1.25	4,830		
302	FPBFX	Pacific Basin	1.50%/90d	25.82	Buy	-1.0	-1.0	32.8	33.0	2.2	5.0	1.50	1,029		
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	36.01	Hold↑	2.4	2.4	7.7	16.1	-3.3	1.8	1.24	6,689		
1978	FTIEX	Total International Equity	1.00%/30d	7.52	Buy	0.5	0.5	12.5	19.9	-2.4	--	1.32	90		
318	FWWFX	Worldwide	1.00%/30d	18.90	Hold	1.3	1.3	17.0	25.8	0.1	3.9	1.13	1,190		

FIDELITY SCORECARD - JANUARY 31, 2011

SELECT MODEL UPDATE

Much of the long-term benefit for holding Select funds comes their heavy weighting in smaller-cap stocks. But in January, that advantage became a bit of a hindrance.



Jack Bowers

With the Russell 2000 lagging the S&P 500 by several percentage points, our Select Model trailed the S&P 500, as did the average Select fund itself. Continuing strength in business spending and exports gave a lift to **Technology**, **Industrials** and **IT Services**. On the flip side, **Leisure**, **Consumer Staples** and **Chemicals** were held back by rising interest rates overseas and the growing possibility that the Fed will end QE2 (quantitative easing) in June.

I see no need to make changes to the model at this stage.

Select Fund Ratings

With foreign central banks taking a tougher stance on

inflation, the metals side of the materials group may be negatively impacted. As such, there are two downgrades this month: **Gold** is now rated *OK to Sell* and **Materials** is a *Hold*. Higher interest rates

tend to lure investors away from gold, which has a negative yield when storage costs are factored in. Adding to my concerns are the size of gold ETF funds, which now rival the gold reserves of some central banks. Indeed, many gold investors don't appreciate the metal's volatility (risk). As for my downgrade of Materials, while the portion of this fund allocated to precious metals is relatively small, some of its holdings of industrial metals could be hurt if emerging countries succeed in slowing their economies. ■

Select Model Portfolio

Fund	Allocation
Technology (FSPTX)	19%
Leisure (FDLSX)	16
Industrials (FCYIX)	15
Chemicals (FSCHX)	15
IT Services (FBSOX)	14
Pharmaceuticals (FPHAX)	12
Consumer Staples (FDFAX)	9
Total Return: Jan: 1.4% YTD: 1.4%	

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)
						Jan	YTD	2010	1 Year	3 Year	5 Year		
SELECT PORTFOLIOS						2.1	2.1	22.2	29.2	3.7	4.2	1.35	
Category Averages													
34	FSAIX	Air Transportation	0.75%/30d	42.68	Hold	0.8	0.8	33.4	33.2	5.0	5.0	1.59	\$132
502	FSAVX	Automotive	0.75%/30d	46.73	OK to Buy	3.4	3.4	46.2	55.3	10.4	8.0	2.41	424
507	FSRBX	Banking	0.75%/30d	18.73	Hold	1.2	1.2	21.4	14.4	-7.6	-6.5	1.61	547
42	FBIOX	Biotechnology	0.75%/30d	73.42	Hold	0.6	0.6	11.4	9.9	4.1	2.4	1.01	1,041
68	FSLBX	Brokerage & Investment	0.75%/30d	53.01	Hold	1.1	1.1	11.2	15.6	-2.8	-0.8	1.47	554
69	FSCHX	Chemicals	0.75%/30d	97.23	Buy	1.8	1.8	30.7	39.0	9.3	12.4	1.40	619
518	FSDCX	Communications Equipment	0.75%/30d	27.71	OK to Buy	4.5	4.5	27.7	43.9	12.0	5.0	1.55	502
7	FDCPX	Computers	0.75%/30d	57.78	OK to Buy	2.4	2.4	23.8	40.1	13.7	8.9	1.28	587
511	FSHOX	Construction & Housing	0.75%/30d	36.47	OK to Sell	4.0	4.0	21.5	30.1	2.6	-0.2	1.49	115
517	FSCPX	Consumer Discretionary	0.75%/30d	24.15	Hold	-1.5	-1.5	31.2	32.7	6.0	3.6	1.21	213
98	FVLX	Consumer Finance ^B	0.75%/30d	11.69	Hold	2.9	2.9	5.9	8.4	-23.2	-20.7	1.32	96
9	FDFAX	Consumer Staples	0.75%/30d	66.55	Buy	-2.6	-2.6	15.2	13.5	3.9	8.7	0.78	876
67	FSDAX	Defense & Aerospace	0.75%/30d	76.89	OK to Sell	5.0	5.0	21.9	29.7	0.9	5.7	1.30	665
8	FSELX	Electronics	0.75%/30d	52.05	OK to Buy	7.6	7.6	16.8	40.5	11.5	2.3	1.49	1,310
60	FSENX	Energy	0.75%/30d	56.35	OK to Buy	7.8	7.8	19.0	34.2	-0.9	4.3	1.60	2,655
43	FSESX	Energy Service	0.75%/30d	79.79	Hold	7.3	7.3	27.9	41.3	-0.3	2.9	1.91	1,801
516	FSLEX	Environment & Alt Energy	0.75%/30d	18.61	Hold	4.6	4.6	14.9	27.5	2.3	2.6	1.05	82
66	FIDSX	Financial Services	0.75%/30d	61.78	Hold	0.3	0.3	6.5	5.9	-11.7	-8.1	1.52	508
41	FSAGX	Gold	0.75%/30d	47.06	OK to Sell↓	-11.4	-11.4	35.3	34.6	6.6	12.2	2.01	3,874
63	FSPHX	Health Care	0.75%/30d	128.96	Hold	3.5	3.5	17.0	20.4	5.0	4.6	0.91	1,910
510	FSCGX	Industrial Equipment	0.75%/30d	35.42	OK to Buy	4.4	4.4	33.9	42.5	4.4	7.2	1.49	305
515	FCYIX	Industrials	0.75%/30d	24.61	Buy	4.0	4.0	31.1	41.1	6.9	7.7	1.41	496
45	FSPCX	Insurance	0.75%/30d	47.67	Hold	1.0	1.0	20.1	20.0	-5.6	-3.4	1.31	234
353	FBSOX	IT Services	0.75%/30d	21.60	Buy	2.3	2.3	18.5	26.5	12.7	9.8	1.13	131
62	FDLSX	Leisure	0.75%/30d	88.56	Buy	-2.8	-2.8	37.9	34.1	7.4	7.0	1.10	444
509	FSDPX	Materials	0.75%/30d	68.08	Hold↓	0.3	0.3	28.1	38.1	8.5	11.6	1.52	1,096
505	FSHCX	Medical Delivery	0.75%/30d	52.34	OK to Buy	5.4	5.4	15.4	21.2	2.5	2.9	1.29	512
354	FSMEX	Medical Equipment	0.75%/30d	28.19	OK to Sell	2.2	2.2	12.7	14.0	6.0	6.9	0.97	1,340
503	FBMPX	Multimedia	0.75%/30d	43.17	Hold	0.8	0.8	25.8	33.2	8.4	3.9	1.29	159
513	FSNGX	Natural Gas	0.75%/30d	34.82	Hold	4.8	4.8	6.4	15.6	-6.5	-0.7	1.66	955
514	FNARX	Natural Resources	0.75%/30d	36.60	Hold	5.1	5.1	23.1	38.4	1.5	7.4	1.60	1,763
580	FPHAX	Pharmaceuticals	0.75%/30d	12.44	Buy	0.9	0.9	16.4	18.3	7.2	6.6	0.82	399
46	FSRPX	Retailing	0.75%/30d	52.06	Hold	-2.7	-2.7	28.1	27.6	12.3	7.3	1.26	186
28	FSCSX	Software & Computer Svcs	0.75%/30d	89.54	OK to Buy	2.4	2.4	18.9	31.2	9.6	10.6	1.09	1,260
64	FSPTX	Technology	0.75%/30d	99.68	Buy	4.3	4.3	26.7	45.0	14.3	8.5	1.42	2,738
96	FSTCX	Telecommunications	0.75%/30d	45.81	OK to Buy	-1.4	-1.4	18.3	26.2	1.6	4.0	1.19	375
512	FSRFX	Transportation	0.75%/30d	55.29	OK to Buy	-0.2	-0.2	41.3	47.2	7.5	5.4	1.27	538
65	FSUTX	Utilities	0.75%/30d	49.11	Hold	1.5	1.5	10.9	17.8	-3.8	4.0	0.88	447
963	FWRLX	Wireless	0.75%/30d	8.08	OK to Buy	4.9	4.9	15.2	30.1	3.9	4.9	1.22	346

FIDELITY SCORECARD - JANUARY 31, 2011

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						
						Jan	YTD	2010										
TAXABLE BOND						Category Averages			0.1	0.1	6.2	2.32	2.71	4.8				
2208	FCBFX	Corporate Bond		10.21	Hold	0.9	0.9	5.6p	4.33	--	6.7							
15	FGMNX	Ginnie Mae		11.46	Hold	0.2	0.2	7.0	3.34	3.03	3.6							
54	FGOVX	Government Income		10.41	OK to Sell	0.0	0.0	5.1	1.92	2.23	4.7							
794	FINPX	Inflation-Protected Bond ³		11.64	Hold	0.1	0.1	5.9	0.26	2.98	6.2							
32	FTHRFX	Intermediate Bond		10.58	Hold	0.5	0.5	7.6	2.67	3.29	4.0							
452	FSTGX	Intermediate Gov't Income		10.72	OK to Sell	0.2	0.2	4.7	1.21	1.75	3.7							
26	FBNDX	Investment Grade Bond		7.40	Hold	0.4	0.4	8.4	2.72	3.16	5.0							
40	FMSFX	Mortgage Securities		10.83	Hold	0.3	0.3	7.3	3.32	3.55	3.4							
450	FSHBX	Short-Term Bond		8.48	Buy	0.4	0.4	3.8	1.20	1.87	1.9							
1561	FIBIX	Sptn Interm Treas Index ⁵		10.67	OK to Sell	0.2	0.2	8.5	2.50	2.97	6.5							
1562	FLBIX	Sptn Lng-Term Treas Index ⁵		10.18	Sell	-2.3	-2.3	9.2	4.08	4.04	13.9							
1560	FSBIX	Sptn Sht-Term Treas Index ⁵		10.52	Hold	0.3	0.3	3.5	0.73	1.47	2.6							
820	FTBFX	Total Bond		10.74	OK to Buy	0.5	0.5	8.6	3.45	3.94	4.4							
651	FBIDX	U.S. Bond Index		11.32	Hold	0.2	0.2	6.3	2.58	3.01	4.6							
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.19	Hold	0.3	0.3	1.2	0.52	0.60	0.4							
HIGH-YIELD BOND						Category Averages			1.5	1.5	11.9	4.88	5.64					
38	FAGIX	Capital & Income	1.00%/90d	9.67	Buy	3.0	3.0	17.1	5.06	6.34	--							
814	FFRHX	Floating Rate High Income	1.00%/60d	9.89	Buy	1.3	1.3	7.8	3.00	3.47	--							
1366	FHIFX	Focused High Income	1.00%/90d	9.33	Buy	1.8	1.8	12.1	5.39	6.54	--							
455	SPHIX	High Income	1.00%/90d	9.11	Buy	2.4	2.4	13.7	5.77	7.01	--							
331	FNMIX	New Markets Income	1.00%/90d	15.45	Hold	-0.8	-0.8	10.9	5.79	5.58	--							
368	FSICX	Strategic Income		11.18	Buy	1.2	1.2	9.9	4.24	4.90	--							
NATIONAL MUNICIPAL BOND						Category Averages			-0.5	-0.5	2.3	3.31	3.57	6.3	25%	28%	33%	35%
36	FLTXX	Interm Municipal Income	0.50%/30d	9.96	OK to Sell	-0.4	-0.4	2.7	3.08	3.49	5.4	4.1	4.3	4.6	4.7			
37	FHIGX	Municipal Income	0.50%/30d	12.12	OK to Sell	-0.9	-0.9	2.6	4.16	4.26	8.4	5.5	5.8	6.2	6.4			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.57	OK to Buy	-0.1	-0.1	2.0	1.73	2.27	2.7	2.3	2.4	2.6	2.7			
90	FTABX	Tax-Free Bond	0.50%/30d	10.42	OK to Sell	-0.8	-0.8	2.1	4.27	4.27	8.5	5.7	5.9	6.4	6.6			
STATE-SPECIFIC MUNICIPAL BOND						Category Averages			-0.6	-0.6	2.3	3.50	3.72	7.3				
434	FSAZX	Arizona Muni Income	0.50%/30d	10.99	OK to Sell	-0.9	-0.9	2.3	3.98	3.80	8.4	5.3	5.5	5.9	6.1			
91	FCTFX	California Muni Income	0.50%/30d	11.46	OK to Sell	-1.1	-1.1	3.2	4.38	4.36	8.0	5.8	6.1	6.5	6.7			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.51	Hold	-0.2	-0.2	2.2	1.82	2.36	3.1	2.4	2.5	2.7	2.8			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.13	OK to Sell	-0.5	-0.5	2.2	3.19	3.35	7.2	4.3	4.4	4.8	4.9			
429	SMDMX	Maryland Muni Income	0.50%/30d	10.69	OK to Sell	-0.5	-0.5	2.3	3.26	3.46	7.6	4.3	4.5	4.9	5.0			
70	FDMMX	Mass Muni Income	0.50%/30d	11.53	OK to Sell	-0.5	-0.5	2.4	3.72	3.93	8.2	5.0	5.2	5.6	5.7			
70	FDMMX	Mass Muni Income	0.50%/30d	11.53	OK to Sell	-0.5	-0.5	2.4	3.72	3.93	8.2	5.0	5.2	5.6	5.7			
81	FMHTX	Michigan Muni Income	0.50%/30d	11.58	OK to Sell	-0.3	-0.3	2.3	3.56	3.99	6.9	4.7	4.9	5.3	5.5			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.17	OK to Sell	-0.4	-0.4	2.4	3.04	3.53	6.6	4.1	4.2	4.5	4.7			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.17	OK to Sell	-0.8	-0.8	2.1	3.57	3.90	7.4	4.8	5.0	5.3	5.5			
71	FTFMX	New York Muni Income	0.50%/30d	12.49	OK to Sell	-0.8	-0.8	2.4	3.91	3.98	8.2	5.2	5.4	5.8	6.0			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	10.43	OK to Sell	-0.4	-0.4	2.0	3.83	4.01	7.8	5.1	5.3	5.7	5.9			
TAXABLE MONEY MARKET						Category Averages			0.00	0.00	0.04	0.03						
55	FDRXX	Cash Reserves		1.00	--	0.00	0.00	0.06	0.03	na	na							
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.00	0.01	0.01	na	na							
630	FRTXX	Retirement MM		1.00	--	0.00	0.00	0.02	0.01	na	na							
458	SPAXX	Government MM		1.00	--	0.00	0.00	0.01	0.01	na	na							
454	SPRXX	Money Market		1.00	--	0.00	0.00	0.03	0.01	na	na							
85	FSLXX	Select MM		1.00	--	0.01	0.01	0.13	0.11	na	na							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.00	0.02	0.01	na	na							
415	FDLXX	US Treasury MM		1.00	--	0.00	0.00	0.01	0.01	na	na							
MUNICIPAL MONEY MARKET						Category Averages			0.00	0.00	0.01	0.01						
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.00	0.02	0.01	na	na	0.0	0.0	0.0	0.0			
10	FTEXX	Municipal Money Market		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
STATE MUNICIPAL MONEY MARKET						Category Averages			0.00	0.00	0.01	0.01						
433	FSAXX	Arizona		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.00	0.02	0.01	na	na	0.0	0.0	0.0	0.0			
97	FCFX	California		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
418	FCMXX	Connecticut		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
74	FDMXX	Massachusetts		1.00	--	0.00	0.00	0.02	0.01	na	na	0.0	0.0	0.0	0.0			
420	FMIXX	Michigan		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
417	FNJXX	New Jersey		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.00	0.02	0.01	na	na	0.0	0.0	0.0	0.0			
92	FNYXX	New York		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
419	FOMXX	Ohio		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
401	FPTXX	Pennsylvania		1.00	--	0.00	0.00	0.01	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 - JANUARY 31, 2011

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
							Jan	YTD	2010	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
9067	FLRQC	Fid VIP Asset Manager	Allocation		13.20	Hold	0.8	0.8	13.9	17.3	3.1	4.6	0.75
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		12.82	Hold	1.0	1.0	16.0	21.2	1.8	3.8	0.96
9069	FJBAC	Fid VIP Balanced	Allocation		13.74	Hold	1.9	1.9	17.7	22.6	4.6	4.8	0.92
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	12.08	Hold	-1.5	-1.5	30.8	32.4	6.1	3.3	1.21
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	11.73	Buy	-2.6	-2.6	14.8	13.2	3.9	--	0.77
9065	FPDFC	Fid VIP Contrafund	Large Growth		12.91	Hold	2.5	2.5	16.8	25.0	0.4	2.7	1.09
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		9.93	Hold	0.1	0.1	25.1	30.5	2.7	--	1.18
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		12.59	OK to Buy	1.5	1.5	18.0	24.3	0.6	1.5	1.14
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.87	Buy	-3.1	-3.1	17.5	21.1	--	--	--
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	15.93	Buy	7.7	7.7	19.0	34.0	-1.1	4.4	1.61
9061	FLOLC	Fid VIP Equity-Income	Large Value		10.89	Buy	3.0	3.0	14.8	22.0	-2.5	0.5	1.17
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	7.24	Hold	0.3	0.3	7.0	6.1	-11.5	-8.1	1.55
9157	FMPAC	Fid VIP FundsManager 20	Allocation		11.99	Hold	0.4	0.4	7.2	7.8	3.1	--	0.27
9158	FMPBC	Fid VIP FundsManager 50	Allocation		11.68	Hold	1.0	1.0	11.6	14.4	2.3	--	0.58
9197	FMPCC	Fid VIP FundsManager 60	Allocation		10.53	Hold	1.1	1.1	13.3	16.7	--	--	--
9159	FMPCC	Fid VIP FundsManager 70	Allocation		11.16	Hold	1.2	1.2	14.0	18.4	0.9	--	0.80
9160	FMPDC	Fid VIP FundsManager 85	Allocation		10.76	Hold	1.3	1.3	15.9	21.2	-0.2	--	0.96
9062	FMNDC	Fid VIP Growth	Large Growth		11.86	Buy	3.1	3.1	23.8	35.0	-1.7	2.3	1.09
9070	FLFNC	Fid VIP Growth & Income	Large Blend		11.42	Hold↑	2.5	2.5	14.4	22.0	-2.4	1.0	1.04
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		11.19	Buy	1.7	1.7	23.4	32.8	-1.5	0.3	1.27
9078	FPVDC	Fid VIP Growth Stock	Large Growth		12.33	OK to Buy	2.0	2.0	19.7	28.6	3.2	3.0	1.08
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		11.71	Buy	1.4	1.4	24.5	33.4	0.9	1.1	1.16
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	13.03	Hold	3.5	3.5	16.9	20.5	5.0	4.2	0.91
9060	FBBLC	Fid VIP High Income	High-Yield Bond		14.33	Buy	2.1	2.1	13.8	15.1	8.3	6.9	0.67
9064	FXVLT	Fid VIP Index 500	Large Blend		11.52	Hold	2.4	2.4	14.7	21.8	-0.3	1.9	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	16.21	Buy	4.0	4.0	30.6	40.8	7.1	7.9	1.41
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	11.27	Buy	-0.6	-0.6	15.4	19.9	-0.8	-0.2	1.49
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		13.07	Hold	0.3	0.3	7.5	6.1	5.8	5.3	0.23
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	13.76	Hold↓	0.3	0.3	28.1	38.2	8.5	--	1.52
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		15.09	OK to Buy	1.0	1.0	28.4	33.8	5.9	5.3	1.06
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.45	--	0.1	0.1	-0.1	0.0	0.9	2.4	0.02
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	12.30	OK to Sell	1.3	1.3	12.8	21.4	-3.9	1.1	1.23
9072	FFWKC	Fid VIP Real Estate	Sector		12.90	Hold	3.5	3.5	29.9	42.9	3.5	3.0	1.99
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		14.67	Buy	1.1	1.1	9.4	9.6	8.5	7.5	0.43
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	16.95	Buy	4.0	4.0	27.3	45.3	15.7	7.4	1.41
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	8.86	OK to Buy	-1.4	-1.4	17.2	24.5	0.5	--	1.16
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	13.14	Hold	1.6	1.6	10.8	17.8	-3.6	4.7	0.89
9079	FKMSC	Fid VIP Value	Mid Value		10.84	Buy	2.0	2.0	17.4	23.3	-1.3	0.2	1.42
9080	FUEBC	Fid VIP Value Leaders	Large Value		9.82	Sell	2.1	2.1	9.8	15.6	-6.0	-2.1	1.18
9073	FRBSC	Fid VIP Value Strategies	Mid Blend		12.20	Buy	0.9	0.9	26.2	30.4	1.9	2.4	1.53
9272	FYBXC	Credit Suisse Int'l Equity Flex III	Diversified Int'l		11.56	OK to Sell	2.3	2.3	12.0	19.4	--	--	--
9285	FIGXC	Invesco Van Kampen Gbl Val Eqty	Global Stock		9.25	OK to Sell	2.4	2.4	10.7	17.4	-5.1	-0.5	0.95
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		14.88	Buy	-5.4	-5.4	22.7	20.9	2.5	--	1.49
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		13.78	Hold	-0.9	-0.9	9.5	8.5	5.8	6.7	0.61
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		13.00	Buy	-4.7	-4.7	18.7	20.7	-1.8	7.1	1.49
9146	FPRPC	Morgan Stanley Gbl Tactical Alloc	Diversified Int'l		9.79	Hold	1.5	1.5	5.4	13.5	-4.7	1.0	1.25
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		10.69	Buy	0.2	0.2	5.0	4.1	--	--	0.11
9277	FPNBC	Pimco VIT Real Return	TIPS		11.10	Hold	0.0	0.0	7.8	5.8	--	--	--
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		10.95	OK to Buy	0.2	0.2	7.8	6.5	--	--	--

Note: **Morgan Stanley Int'l Magnum** has been renamed **Morgan Stanley Global Tactical Allocaton**

ANNUITY MODEL PORTFOLIOS

Annuity Growth Model

Fund	Allocation
Fidelity VIP Strategic Income	33%
Fidelity VIP Growth Opportunities	26
Fidelity VIP Value	20
Fidelity VIP Equity-Income	11
Lazard Retirement Emerg Mkts	10
Total Return: Jan: 1.0% YTD: 1.0%	

Annuity Growth & Income Model

Fund	Allocation
Fidelity VIP Strategic Income	26%
Pimco Low Duration	19
Fidelity VIP Value	18
Fidelity VIP Equity-Income	14
Fidelity VIP Growth Opportunities	13
Lazard Retirement Emerg Mkts	10
Total Return: Jan: 0.8% YTD: 0.8%	

Annuity Income & Preservation Model

Fund	Allocation
Pimco Low Duration	23%
Fidelity VIP Money Market	21
Fidelity VIP Strategic Income	20
Fidelity VIP Value	14
VIP Equity-Income	12
Lazard Retirement Emerg Mkts	10
Total Return: Jan: 0.3% YTD: 0.3%	

Fidelity Revamps Its Value Funds

Fidelity's lineup of value-oriented funds has been quietly revamped. In the process, **Blue Chip Value**, **Value**, **VIP Value** and **Value Strategies** have been dramatically refashioned, and we expect more changes to come. (See p. 12 box on Large Cap Value.) Frankly, we welcome this development, as the group's performance has been disappointing.

Different Strokes

Changes in the value group started in April of last year. It came with the announcement by Rich Fentin, long-time manager of **Value** (and **VIP Value**), that he would retire. By August, Matthew Friedman was leading a newly assembled value team. There are six co-managers who pick stocks; each has a unique sector assignment or "sleeve." (See box above.) Further, they have a demonstrated record at Fidelity for successful value investing. And, unlike Fentin's approach, the

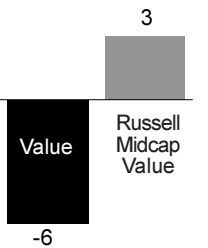
new strategy incorporates a fairly rigid industry group alignment to the Russell Mid-Cap Value Index.

Value's performance lagged

a bit in 2010, mainly during the transition when value sectors were ramped up and growth groups were cut back to match the index. (Surprisingly, after the transition, the fund actually became a bit growthier as a result of individual stock selection, moving into the mid-blend space. For now, we still classify it as mid-value.)

Rigidly imposed industry weightings present a unique dilemma on the value side of the stylebox. While they should help limit style "drift" and reduce the odds of lagging during value-driven periods, they may not help long-term performance. One of the benefits of a value strategy is that you

3-Year % Returns



TEAM-RUN FUNDS ON THE MOVE

Peter Lynch (formerly of **Magellan**: 1977-'90) is still the fund industry's icon of star-manager investing. As such, we doubt that Fidelity will ever abandon entirely that tried-and-true format in favor of team-run funds. But, increasingly, the company is betting that two-plus heads are better than one. In addition to the recent change at **Value**, teams have also been deployed at **Stock Selector All Cap**, **Stock Selector Small Cap** and **Int'l Small Cap**, **Total Int'l Equity**, plus a variety of asset allocation funds (**Balanced**, **Global**, **Balanced**, **Puritan**, **Total Bond** and **Worldwide**), including Fidelity's series of Strategic asset allocation funds.

Notably, many diversified funds now hold Fidelity's proprietary low-cost Central Funds. Unavailable to the public, they provide managers with exposure to targeted areas of the market, leaving security selection to other managers with specific, and presumably greater, expertise.

While it took Fidelity too long to recognize that its "one-size-fits-all" approach to investing could be improved, we think its newer, more flexible approach makes great sense. However, the jury is still out on its success. ■

can pursue stocks that become cheap – regardless of industry group. Value may have lost some of that advantage, but it's not yet clear if the multi-manager approach will fully offset it.

Related to this change, the new team is charged with bringing their best stock ideas to the attention of other value managers, while their "best ideas" will populate Value fund itself. So if they can't get the job done at Value, there's some chance others won't.

At this time, we still rate Value a *Buy*, but we prefer the altogether different **Low-Priced Stock** whose manager, Joel Tillinghast, now helps lead the Value Research Team.

Elsewhere, Michael Chren was named manager of **Blue Chip Value** in November, replacing Charles Hebard whose tenure on the fund was not good. 2009 was its high water mark gaining 27.8% versus 19.7% for its benchmark. But 2010 was yet another poor year. The fund rose just 10.1% versus 15.5% for its benchmark, and trailed its Fidelity large value peers. They include **Large Cap Value** and **Large Cap Value Enhanced Index** (also benchmarked to the Russell 1000 Value Index), and **Equity-Income I** and **II**, benchmarked to the broader and smaller-cap Russell 3000 Value index.

Blue Chip Value has struggled

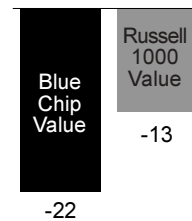
since its 2003 inception. And, with just \$373 million in assets, its weak performance likely contributed to Hebard's departure.

In turn, Michael Chren represents a "newish" breed of Fidelity managers in that he was initially hired from the outside. So as opposed to promoting a Select fund manager and hoping that he or she is up to the task of running a larger diversified equity fund, Mike arrived with a proven track record and then cut his teeth on an "internal" value fund before being offered Blue Chip Value.

There isn't enough information yet for us to evaluate what's effectively now a "new" fund, so we continue to rate Blue Chip Value a *Sell*. What we do know is that the *Buy*-rated Equity-Income I and II are run by 17-year veteran Stephen Petersen; we still prefer that members use his funds for large-cap value exposure.

Finally, Tom Soviero took over Value Strategies last May. This is on top of his other duties at **Leveraged Co. Stock** and **Convertible Securities**.

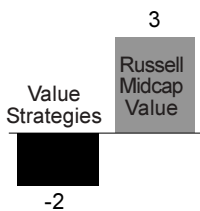
3-Year % Returns



Fund Focus cont'd on page 12

As a former high-yield analyst who looks at distressed securities, he brings a unique — and longer-term — perspective to value investing.

3-Year % Returns



2010 turned out to be a solid year for the fund, even with a slight lag around the mid-year manager transition.

Value Strategies is benchmarked against the Russell Mid-Cap Value Index, but still retains the flexibility to vary its industry mix and market cap in search of stocks that are undervalued relative to their peers.

Looking ahead, Tom has done an excellent job on his other charges and we think that his opportunistic style bodes well for the fund, though it's not without its risks. More conservative members may prefer Low-Priced Stock's much lower volatility level (1.12 vs. Value Strategy's 1.53). At the same time, more aggressive members may opt for Tom's Leveraged Co. Stock which offers more upside potential if market conditions remain bullish.

DIVIDEND UPDATE

In addition to monthly dividends paid by bond and money market funds and Asset Mgr: 20%/30%, the following funds are scheduled for a distribution in February:

Contrafund, Dyn Strategies, Intmtd Muni Inc, MI, MN, OH, and PA Muni Income, New Markets Inc, Real Estate Inc, Strategic Inc, Trend

The final distributions for January were as follows:

Fund	Ex-Date	\$ Amt	NAV
CT Municipal Inc	1/7	0.007	11.20

The Bigger Picture

It's no coincidence that changes are afoot within Fidelity's value camp. Indeed, we're glad that management recognizes this problem and have been taking concrete steps to address them — reorganizing the group and fortifying it with additional resources should certainly help.

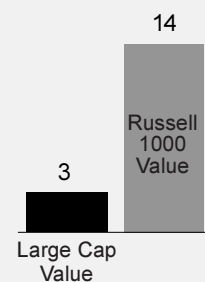
While we have some modest concerns about team management, Fidelity maintains that the high correlations that exist between their value funds will decrease. This will be the result of each fund having a more precise approach to investing in the same arena.

Of course, the most important change we'll be watching for is Fidelity's willingness to replace a fund's manager(s) long before it's clear that a change is necessary. ■

NEXT MAKEOVER?

Since 2005, Bruce Dirks has been running **Mid Cap Value** and **Large Cap Value**. Sector bets are modest, as Bruce stays very close to the industry weightings of his benchmarks (the Russell Mid Cap Value and 1000 Value Indexes respectively). He seeks to outper-

6-Year % Returns



form these indexes through stock selection. However, such "excess" returns have come more easily to the mid-cap fund than the large-cap offering. In fact, over the past six years, Large Cap Value has returned only 3.0% versus 14.1% for the Russell 1000 Value Index. Our advice: stick with veteran value investor Stephen Petersen on **Equity-Income I or II**. ■

Inside Fidelity

Manager Changes — **Matthew Fruhan** now manages the struggling **Growth & Income (G&I)** fund and its VIP annuity clone. He succeeds Jim Catudal. Fruhan continues to run two of our model holdings, **Large Cap Stock** and **Mega Cap Stock**.

Long a very disappointing fund, we welcome the change. Given our confidence in his stockpicking skills and his experience with large-cap stocks, we believe that Matt's the right man for G&I. Our only concern is the number of funds he now runs. We've upgraded Growth & Income to *Hold*, and we'll be watching to see how he repositions his new charge.

Separately, John Roth now runs **Mid-Cap Stock** succeeding Shep Perkins. John continues to manage the larger-cap-oriented **New Millennium** (rated *OK to Buy*) which we've preferred for mid-cap growth exposure.

Finally, Elizabeth McLaughlin is the lead manager on **Michigan Muni Money Market**. As money funds are essentially team-run, this change matters far less to us than our larger concern about the credit-worthiness of state-muni funds, including bond funds. (See p. 9 *Scorecard* ratings.) ■

Message To Members

Last month, we eliminated some of the category breakouts (Large Value, Blend, etc.) on our *Scorecard* to save space. However, we heard from several members who felt the new format really lost something without those breakouts. So with this issue, you will find those old categories back in place.

Sincerely,
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