

FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

MARCH 2011

VOLUME 27, NUMBER 3

MARKET OUTLOOK

Don't Let Mideast Turmoil Cause You To Dump Stocks

After a very promising start to the year, stocks were buffeted first in late January when the uprising in Egypt began and then later, and more seriously, by the descent of Libya into what amounts to a civil war. Oil prices jumped 3.6% to \$89 a barrel on Jan. 28 in response to the turmoil in Egypt, but retreated a few weeks later when Mubarak

See page 3 for details on our trade in the Select Model Portfolio.

was forced out. Then, as Libya erupted into violence, prices surged to over \$100 a barrel here in the U.S.

U.S. stocks withstood Egypt's revolution without too much harm, however, Libya was another story. Egypt is not a major oil exporter, but Libya supplies about 10% of world oil production, so any prolonged supply disruption there could have a significant effect on prices. As oil prices spiked on the Libyan conflict, the S&P 500 fell 2.6% in two days (Feb. 22 and 23), while the Nasdaq lost 3.9%.

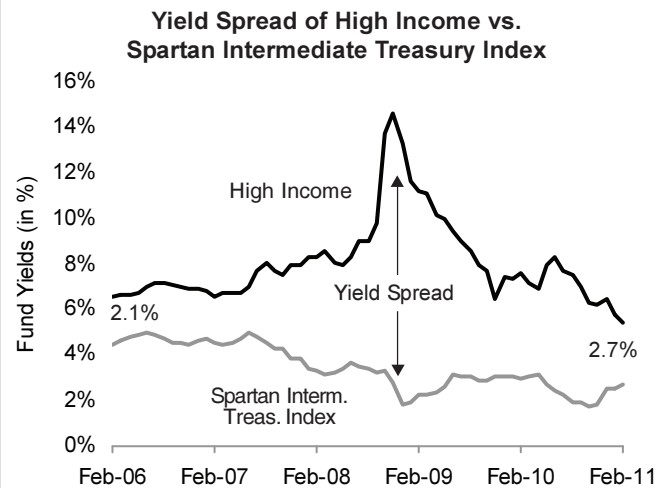
Now investors are warily eyeing the 800 pound oil gorilla Saudi Arabia for signs that it, too, might face popular unrest. Forecasts of \$150 or even \$200 a barrel for oil in the near future conjured up the twin specters of both higher inflation and lower economic growth.

While the events in the Middle East are indeed worrisome, and the risk of further problems there is very real,

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ROOM TO GROW



The yield "spread" between Treasuries and high yield bonds has narrowed considerably since Nov. 2008. While this one measure suggests that "junk" bond funds are now less attractive, today's spread of almost 3 percentage points is still greater than it was five years ago. With investors' appetite for yield (income) still great and corporate bond default rates falling, high yield still has room to grow — see story on p. 11.

you should resist the temptation to head for the hills and dump your stock funds.

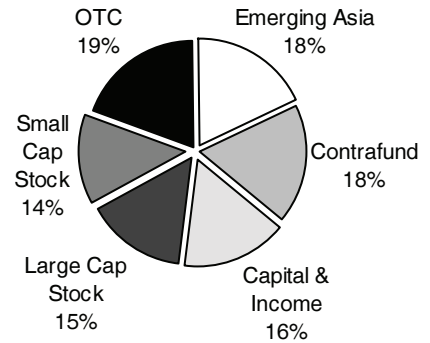
Yes, oil prices could continue to move higher but, we think that the forecasts of \$150 or higher are unlikely to be realized. Estimates of how much of Libya's oil production has been lost vary, but importantly, the shutdown is due to foreign oil companies pulling their personnel out of the region rather than (as was feared) any damage to the wells by either side in the conflict. There is still the concern that an unstable Moammar Gadhafi would deliberately try to destroy oil operations in a last desperate act, but as rebels gain more control over the country, that is less and less likely.

Moreover, Saudi Arabia, which has ample excess capacity, recently stated that there is plenty of oil on hand to replace lost Libyan production and oil prices retreated on that news. As for the popular uprising that has gripped much of the region spreading into Saudi Arabia, we think that is unlikely, as well. King Abdullah recently introduced a major aid package aimed at helping the poorest Saudis,

Market Outlook cont'd on page 3

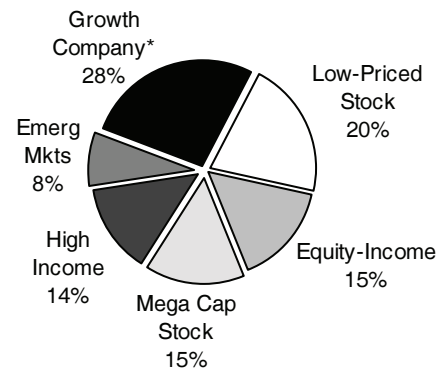
FIDELITY INSIGHT MODEL PORTFOLIOS - FEBRUARY 28, 2011

Aggressive Growth Model		Rel Vol: 1.08	Est. Yield: 1.1%	YTD Return: 4.2%		
Current Asset Allocation		Stocks 82.5%	Bonds 0.0%	Cash 2.4%	Alternative ¹ 15.1%	Foreign 26.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Feb Ret
OTC	FOCPX	19%	\$59.57	542.94	\$32,343	4.3%
Emerging Asia	FSEAX	18	29.33	1,042.38	30,573	-4.1
Contrafund	FCNTX	18	70.85	425.31	30,133	4.1
Capital & Income	FAGIX	16	9.82	2,683.96	26,356	1.9
Large Cap Stock	FLCSX	15	18.75	1,340.24	25,129	2.7
Small Cap Stock	FSLCX	14	20.90	1,086.39	22,706	3.6
Current Value (4/7/99 = \$100,000)					\$167,241	1.9%



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

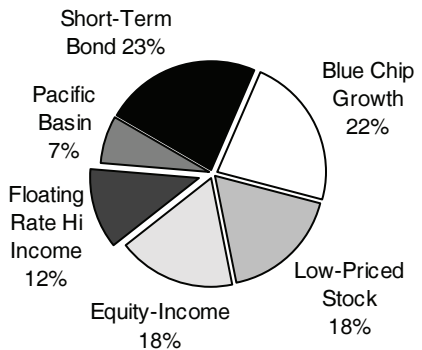
Growth Model		Rel Vol: 1.04	Est. Yield: 1.2%	YTD Return: 4.6%		
Current Asset Allocation		Stocks 83.0%	Bonds 0.4%	Cash 3.8%	Alternative ¹ 12.7%	Foreign 19.4%
Holdings	Ticker	Alloc	NAV	Shares	Value	Feb Ret
Growth Company*	FDGRX	28%	\$88.13	3,582.28	\$315,707	3.9%
Low-Priced Stock	FLPSX	20	40.28	5,818.27	234,360	3.6
Equity-Income	FEQIX	15	46.94	3,711.25	174,206	3.0
Mega Cap Stock	FGRTX	15	10.63	16,045.29	170,561	2.8
High Income	SPHIX	14	9.18	17,037.15	156,401	1.2
Emerging Markets	FEMKX	8	25.34	3,812.35	96,605	-0.7
Current Value (1/1/87 = \$100,000)					\$1,147,840	2.8%



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

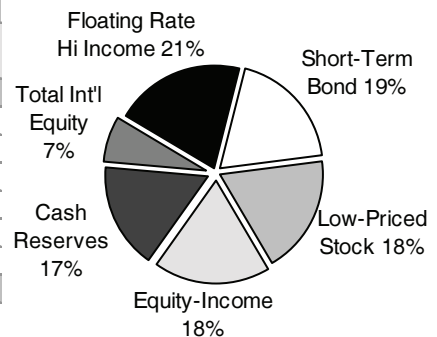
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.79	Est. Yield: 0.9%	YTD Return: 3.4%		
Current Asset Allocation		Stocks 61.9%	Bonds 23.0%	Cash 4.7%	Alternative ¹ 10.4%	Foreign 16.6%
Holdings	Ticker	Alloc	NAV	Shares	Value	Feb Ret
Short-Term Bond	FSHBX	23%	\$8.47	25,688.54	\$217,582	0.0%
Blue Chip Growth	FBGRX	22	47.79	4,403.36	210,436	3.2
Low-Priced Stock	FLPSX	18	40.28	4,101.41	165,205	3.6
Equity-Income	FEQIX	18	46.94	3,518.92	165,178	3.0
Floating Rate Hi Income	FFRHX	12	9.89	11,165.33	110,425	0.2
Pacific Basin	FPBFX	7	26.13	2,596.92	67,857	1.2
Current Value (1/1/87 = \$100,000)					\$936,684	2.0%



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

Income & Preservation Model		Rel Vol: 0.57	Est. Yield: 1.1%	YTD Return: 2.5%		
Current Asset Allocation		Stocks 40.4%	Bonds 19.0%	Cash 22.4%	Alternative ¹ 18.2%	Foreign 14.3%
Holdings	Ticker	Alloc	NAV	Shares	Value	Feb Ret
Floating Rate Hi Income	FFRHX	21%	\$9.89	11,784.58	\$116,549	0.2%
Short-Term Bond	FSHBX	19	8.47	12,711.69	107,668	0.0
Low-Priced Stock	FLPSX	18	40.28	2,586.61	104,189	3.6
Equity-Income	FEQIX	18	46.94	2,166.09	101,676	3.0
Cash Reserves	FDRXX	17	1.00	94,059.72	94,060	0.0
Total Int'l Equity	FTIEX	7	7.72	4,994.01	38,554	2.7
Current Value (1/1/87 = \$100,000)					\$562,696	1.4%



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.

including for the first time, unemployment benefits (for a year), as well as a number of reforms that speak to improving the lot of the kingdom's citizens. The scope of the package also suggests it was well thought out and planned for some time, rather than just a knee-jerk response to the current crisis.

It is also important to remember that whatever government emerges in Libya (or elsewhere) will still depend heavily on oil revenues, so they have a strong incentive to keep their oil flowing into the world markets.

U.S. Outlook Unchanged

The Middle East naturally has grabbed all the headlines, but behind the scenes, our economy continues its slow recovery. Though fourth quarter 2010 GDP growth was just revised down to 2.8% from the original estimate of 3.2%, excluding inventories (a better measure of actual demand), the economy rose 6.7% for the quarter — the best rate of growth since 1998. And while job gains are still frustratingly modest, unemployment claims continue to trend downward, albeit with some bumps.

The corporate earnings outlook remains strong, with earnings estimates continuing to be revised higher. Full year 2011 earnings are now projected to be 14.8% higher than 2010, up from an estimated 13.2% a month ago. Housing continues to be a weak spot, but that is hardly breaking news.

In addition, the events in the Middle East make it even more likely that the Federal Reserve will keep short-term interest rates unchanged until some time in 2012.

In short, our basic view of the economic landscape for making investment decisions hasn't appreciably changed, despite the historic events taking place in the Arab world.

Emerging Markets Hard Hit

One area of the world that was particularly hard-hit by the develop-

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. ■

ments in the Mideast was the emerging markets. These countries were already battling higher inflation before the oil price spike. And higher oil has exacerbated concerns that measures undertaken to curb inflation, could result in significantly lower economic growth. (Amid this crisis, John Bonnazio spoke with Colin Chickles, Manager of **Emerging Asia**; see his story on page 4.)

Indeed, our positions in emerging markets have been the major drag on our model portfolios so far this year. However, as I stated last month, while we expect growth in the emerging markets to slow, we still project it to be much stronger than in the developed world. Valuations in the emerging markets, which were a bit cheaper than our own market to start the year, are now even more attractive after the sharp selloff they have experienced. Plus the contrarian in me, takes heart from the fact that investors have been

pulling their money out of the emerging markets as fast as they can.

Besides energy stocks, one other beneficiary of the turmoil overseas has been U.S. Treasury bonds. In fact high-quality bonds of all stripes enjoyed a rebound near the end of the month, while high-yield bonds sold off. Given their prior losses, high-quality bonds had started to look more attractive and Mideast woes could keep money flowing into the "safe haven" of Treasuries for a bit. While this may represent a "trading opportunity," that is not our style, and we still view high-yield bonds as a better place for your money this year (see story on p. 11).

The changes taking place in the Middle East are long overdue, and I am hopeful that they will be a long-term good for the world. In the meantime, don't let their short-term impact derail your investments. ■

— John M. Boyd

MODEL PORTFOLIO TRADES

As announced on our February 25 Hotline, on Monday, February 28, we made trades in the Select Model Portfolio as detailed below.

Action	Fund (ticker)	Shares	Price	Value	Old %	New %
Select Model						
Sold:	Cons Staples (FDX)	131.68	\$67.98	\$8,951.28	9%	0%
Added 2/3 to:	Pharma (FPHX)	468.41	\$12.74	\$5,967.52	12%	18%
Added 1/3 to:	Chemicals (FSCHX)	29.59	\$100.85	\$2,983.76	15%	18%

Pharmaceuticals is mainly a bet on an aging population, a significant portion of the sector's growth is coming from emerging country consumers who can now afford modern medicine. **Chemicals** is a play on food and energy inflation, and includes firms that export agricultural commodities to emerging countries. (See p. 8 for further details.)

Note: Select funds have a redemption fee of 0.75% on shares held fewer than 30 days.

Mideast Tumult Sets Back Emerging Mkts

The spreading populist uprisings in the Mideast have unnerved financial markets far beyond that region, hitting other emerging market funds especially hard.

Yet, long-term fundamentals remain positive for funds that invest in developing Asia and Latin America (which we like a bit less). So if you've followed our lead overseas, here's our advice: stay put.

Because of its oil, Libya has been a greater concern to investors than was Egypt. Amid worries of supply disruptions, crude prices spiked (as did gold and Treasuries!). In turn, stock prices fell globally.

Italian shares sagged like overcooked linguini given its close ties with its former colony Libya. Other European markets, Japan, and the U.S. held up better. However, the riskier emerging markets of Latin America and Asia were hit especially hard. To understand why, you need to appreciate their dependence on oil — regardless of where it comes from.

With oil prices reaching \$100 a barrel in February, the concern is that resource-poor Asia may see its sizzling GDP growth cool — perhaps considerably — should crude prices firm. Emblematic of Asia's challenge, until 2008, Indonesia belonged to OPEC. But as its economy has grown and industrialized, it became a net oil importer. Ditto for Malaysia. In fact, there are six other Asian countries that are oil producers, but none are net exporters. China actually ranks fourth in global oil production, but

Fund Holding ¹	Model	% Emg Mkt Exp
Emerging Asia	Agg Growth	24%
Emerging Mkts	Growth	13
Pacific Basin	G&I	11
Total Int'l Equity	I&P	8
— None —	Select	6

¹The Select Model has no direct emerging market fund exposure; all annuity models have a roughly 10% stake in **Lazard Retirement Emerging Markets**.

only makes half of what it needs. Meanwhile, Japan is the world's third-largest oil user, and its market has recently been under stress, too.

Latin American stocks are weathering higher oil prices a bit better than Asia. Among other reasons, the region boasts Ecuador and Venezuela as OPEC members, while Mexico produces about as much crude as both those countries combined.

So whether we're talking developed or developing markets, in recent weeks, a primary driver of market performance has been a country's oil dependence and how its GDP growth may be affected with higher oil.

Amid this turmoil, we spoke with Colin Chickles who manages Fidelity's **Emerging Asia** fund from Hong Kong.

While he only has a "handful" of stocks with "direct" exposure to the Mideast (such as Korean companies with large infrastructure projects in that region), clearly his fund has been rocked by recent developments.

While concerned about higher commodity prices (including food), Colin shares our view that growth rates will only slow incrementally in Asia (and we'd argue in other developing regions, too). And while there's also a rising inflation risk (much of it externally driven, which is harder to control), many Asian countries have positive account balances that can help buffer higher crude costs.

Action Recommendation

Speaking of his Emerging Asia fund, Colin shared this perspective: "If you want exposure to the highest growing area in the world with the greatest earnings outlook, this is the place to go."

We think the same is true of other emerging markets, and remind members that these are long-term investments: the more risk-averse you are, the less you should own. For example, note how in our model portfolios (see box) emerging market exposures are commensurate with their risk. ■

— John Bonnanzio

Muni Funds Get An Unexpected Bump

Following two years of gains, muni bond funds started selling off last October, resulting in their worst quarterly loss since 1994.

The prime contributors were the deepening fiscal woes of state and local governments and the impending end of the two-year-old Build America Bond (BAB) program. These concerns exacerbated selling in muni funds.

But some possible relief surprised investors last month. It came buried deep inside President Obama's proposed \$3.7 trillion budget for 2012.

Although the Bush-era tax rates were preserved in December in a controversial eleventh-hour deal, Mr. Obama plans to restore the prior higher personal income tax rates for America's top wage earners. Of course, the greater one's taxable income, the better their tax-free yields look! (See tax-equivalent yields and fund ratings on p. 9 of the *Scorecard*.)

Moreover, the president's FY'12 budget intends to restore, and then make permanent, the BAB program. BABs are very popular with municipal and state borrowers as the Treasury has subsidized 35% of the interest on these securities. (This is in lieu of the income-tax exemption for buyers of regular muni bonds.)

If the president has his way over the Republican-controlled House — and we wouldn't bet on that — BABs will be trimmed, but they will not disappear. Like so many other things in the proposed budget, BABs and the desired higher tax rates are bargaining chips. And when it comes to investing, we rarely like to make a bet on a political outcome going a particular way.

So despite this month's bump higher, avoiding most muni bond funds until they are more attractively priced still seems wise. ■

Commodities Lead Equity Markets

Notwithstanding the hopeful and sometimes disturbing events that have started to unfold in the Mideast, it turns out that February was another good month to own U.S. and developed market foreign stock funds — and a wide variety of fixed-income funds, too. In fact, February marks the third consecutive month of healthy stock gains, although there's a growing list of concerns that we address throughout this report that have some investors nervous about owning any kind of mutual fund!

With parts of the Mideast lurching away from tyranny, investors briefly lost interest in the ongoing Euro and U.S. public debt problems. They instead decided that the only thing that truly matters is the price of oil (see *Market Outlook*). That moved crude to the so-called centennial level of \$100 per barrel, and energy-related stock funds gushed. Last month, **Select Energy** and **Energy Service** were among the two strongest-performing funds with gains of 6.9% and 7.6%, respectively. Not surprisingly, investor angst drove the price of bullion up to \$1,434 an ounce, and Fidelity's **Gold** fund benefited from that development by gaining 9.3% on the month. (Owing to its 11.4% decline in January, it's down 3.1% for the year.)

Last month's performance winner was unrelated to the above hysteria: **Multimedia** soared 10.7% principally because of higher ad revenues, while the lucrative Comcast-NBC deal boosted interest in online video.

Less robust results were had by **Air Transportation** (up 0.9%) and **Transportation** (up 1.8%), which were slowed by the expectation of higher fuel costs. Another laggard was **Automotive** (up 0.3%), which was a classic trade: buy on the rumor (that the sector will recover); sell on the news (boffo profits for GM and huge growth in auto sales).

Market Indexes

Overall, Fidelity's average Select fund gained an impressive 3.5% in February, a tad better than the S&P 500, which gained 3.4%. This was also better than the Dow Jones Industrials which rose 3.0%. Just two months into the year, these large-cap stock indexes are up an impressive 5.9% and 6.0%, respectively.

And while small-caps had been lagging considerably, not any more. Last month the Russell 2000 surged 5.5% and is now up 5.3% for the year. Meanwhile, the tech-rich Nasdaq Composite gained 3.1% in February, and is now up 5.0% for the year.

Stock Funds

On average, Fidelity's diversified stock funds returned 3.7% in February. For the most part, smaller-cap funds edged out larger-cap offerings, but there were, as usual, some exceptions. Funds with higher market capitalizations were often held back by weaker-performing financials. Some laggards were **Disciplined Equity** (up 2.2%), **Growth & Income** (up 2.4%) and **Mega Cap Stock** (up 2.8%). **Focused Stock** (up 5.7%) was the best-performing large-cap fund last month. Notably, it has comparatively less in financials than its peers, plus its market-cap is among the lowest within its universe.

Elsewhere, **Small Cap Enhanced Index** (up 6.1%) and **Small Cap Discovery** (up 5.7%) were not only the top-performers among small-cap funds, they also outshined large- and mid-cap stock funds. Their simple

secret? At \$1.0 billion and \$1.4 billion, respectively, they have the two smallest market caps.

International Funds

The average foreign stock fund at Fidelity rose 2.5% last month and is now up 2.8% on the year. **Canada** (up 6.4%), **Japan** (up 5.3%) and **Japan Smaller Companies** (up 4.8%) led other developed-market funds higher, while emerging market funds — with one notable exception — were laggards (see facing page). The exception was **Emerging Europe, Mideast, Africa** fund (up 4.8%), which is roughly 22% invested in energy, and has another 16% in commodities (such as gold mining stocks).

And speaking of commodities, **Global Commodity Stock** (which we've upgraded to *Buy*) gained 4.4% last month, lagging slightly **Real Estate Investment**'s 4.5% gain.

Fixed Income

Money markets continue to provide investors with safety but no income, while muni bond funds performed better last month than taxables. (See explanation on p. 4.) High yield funds also gained ground (see p. 11): **Capital & Income** fared best rising 1.9%. Note that we have modestly upgraded the **Spartan Long- and Intermediate-Term Treasury** funds. With their yields rising to 4.11% and 2.68%, respectively, they are now more attractively priced, although we still prefer other taxable bond funds (see *Scorecard*). ■

— John Bonnanzio

MARCH SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Consumer Staples	B	H	↓	Rising commodity prices may pare earnings.
Global Commod Stk	H	B	↑	Rising commodity prices bode well for this fund.
Japan Smaller Cos	S	H	↑	Yen's relative weakness will help export growth.
Select Biotechnology	H	S	↓	Unacquired firms looking less attractive.
Sptn Interm-Treas Idx	S	H	↑	Treasury yields have climbed considerably.
Sptn Lng-Term Treas	S	S	↑	Treasury yields have climbed considerably.
Value	B	H	↓	New team approach has yet to prove itself.
VIP Consumer Stapl	B	H	↓	Rising commodity prices may pare earnings.

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

FIDELITY SCORECARD - FEBRUARY 28, 2011

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)			
						Feb	YTD	2010	1 Year	3 Year	5 Year					
Comparative Indexes		S&P 500 (Large cap)*				3.4	5.9	15.0	22.5	2.2	2.8	1.00				
		Nasdaq Composite (OTC)*				3.2	5.0	17.8	25.3	7.9	4.8	1.13				
		MSCI EAFE (International)*				3.6	6.0	7.7	20.3	-2.0	2.7	1.25				
		Sptn Extd Mkt (Small-mid caps)				4.5	5.7	28.6	33.0	7.6	5.7	1.20				
		Barclays Aggregate Bond*				0.2	0.4	6.3	4.9	5.0	5.2	0.18				
LARGE CAP GROWTH						Category Averages			3.7	5.9	18.6	27.0	3.9	4.3	1.1	
312	FBGRX	Blue Chip Growth		47.79	Buy	3.2	5.4	19.6	27.7	7.8	5.5	1.09	\$12,571			
307	FDCAX	Capital Appreciation		26.57	OK to Buy	3.3	4.9	18.3	22.1	3.5	3.0	1.13	4,986			
22	FCNTX	Contrafund		70.85	Buy	4.1	4.7	16.9	24.8	3.3	5.3	0.89	63,316			
332	FEXPX	Export and Multinational	0.75%/30d	22.89	OK to Sell	2.9	5.0	11.9	19.1	0.9	2.3	1.07	2,527			
500	FFTYX	Fifty		18.53	Hold	2.9	5.1	17.8	25.1	-1.1	0.9	1.16	831			
333	FTQGX	Focused Stock		14.74	OK to Buy	5.7	8.0	24.1	36.2	8.0	6.4	1.00	344			
25	FDGRX	Growth Company (closed)		88.13	Buy	3.9	6.0	20.6	29.8	6.4	6.0	1.07	29,316			
339	FDSVX	Growth Discovery		14.67	Buy	4.0	7.2	24.0	34.5	1.0	4.9	1.10	891			
73	FDFFX	Independence		25.52	OK to Buy	3.5	4.8	22.2	27.9	-0.3	5.3	1.36	4,287			
763	FSLGX	Large Cap Growth		10.36	OK to Buy	4.3	6.4	19.8	29.5	3.1	0.7	1.03	129			
1829	FLGEX	Large Cap Growth Enhcd Index		10.19	Hold	3.6	6.0	14.0	22.1	4.6	--	0.98	68			
338	FLCSX	Large Cap Stock		18.75	Buy	2.7	6.5	18.2	25.2	4.4	4.4	1.27	1,078			
21	FMAGX	Magellan		75.86	OK to Sell	4.2	5.9	12.4	20.8	-1.8	1.0	1.27	19,794			
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	36.95	OK to Buy	3.2	5.0	17.8	25.3	7.9	4.8	1.13	337			
93	FOCPX	OTC		59.57	Buy	4.3	8.5	20.1	33.6	11.4	9.0	1.24	6,218			
320	FDSSX	Stock Selector All Cap		27.12	Hold	3.2	5.4	19.2	26.2	1.6	2.9	1.05	837			
5	FTRNX	Trend		71.62	OK to Buy	4.3	6.3	19.8	29.3	5.7	5.9	1.09	1,126			
LARGE CAP BLEND						Category Averages			3.3	5.9	14.8	22.1	0.3	1.8	1.08	
315	FDEQX	Disciplined Equity		23.74	Sell	2.2	5.4	8.3	15.5	-2.5	0.6	1.00	8,927			
330	FDGFX	Dividend Growth		30.08	Buy	3.2	5.8	21.2	28.4	6.3	4.5	1.29	10,070			
3	FFIDX	Fidelity Fund		34.31	OK to Sell	4.2	6.7	14.6	23.7	0.8	3.7	1.04	5,376			
27	FGRIX	Growth & Income		19.23	Hold	2.4	5.1	14.6	20.6	-7.2	-4.4	1.20	5,689			
1827	FLCEX	Large Cap Core Enhcd Index		9.09	OK to Sell	3.8	6.3	12.2	20.3	1.5	--	0.96	969			
361	FGRTX	Mega Cap Stock		10.63	Buy	2.8	6.4	14.4	22.6	1.5	2.9	1.05	690			
650	FUSEX	Spartan 500 Index ⁴		47.09	Hold	3.4	5.9	15.0	22.5	2.2	2.8	1.00	27,927			
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	38.56	Hold	3.6	5.9	17.4	24.4	3.2	3.4	1.03	6,311			
343	FTXMX	Tax Managed Stock		13.19	Sell	4.1	5.9	14.7	21.6	-2.8	0.8	1.09	72			
832	FVDFX	Value Discovery		15.51	Sell	3.8	5.9	15.4	21.9	-0.2	1.6	1.17	619			
LARGE CAP VALUE						Category Averages			3.3	6.0	12.2	19.1	-1.7	0.0	1.11	
1271	FBCVX	Blue Chip Value		11.36	Sell	2.9	5.1	10.1	15.3	-3.9	-1.2	1.18	484			
23	FEQIX	Equity-Income		46.94	Buy	3.0	6.1	15.1	22.6	0.4	1.7	1.16	10,256			
319	FEQTX	Equity-Income II		19.38	Buy	3.1	6.2	13.5	21.2	-0.4	0.6	1.13	5,216			
708	FSLVX	Large Cap Value		11.15	OK to Sell	3.4	6.0	9.3	16.1	-3.6	-1.2	1.07	713			
1828	FLVEX	Large Cap Value Enhcd Index		7.92	OK to Sell	4.2	6.6	12.7	20.2	-1.1	--	1.00	85			
MID-CAP GROWTH						Category Averages			3.2	5.0	23.1	28.3	4.9	3.1	1.22	
324	FDEGX	Growth Strategies	1.50%/90d	21.25	Buy	2.5	4.0	25.6	30.0	3.1	2.9	1.17	2,079			
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	10.28	Hold	4.2	6.4	22.4	29.4	6.4	--	1.14	62			
793	FMSGX	Mid Cap Growth	0.75%/30d	12.96	Buy	2.6	4.2	25.2	29.9	3.0	0.2	1.27	314			
337	FMCSX	Mid-Cap Stock	0.75%/30d	30.10	Hold	2.9	4.3	23.6	25.2	5.1	3.7	1.37	6,900			
300	FMILX	New Millennium		30.95	OK to Buy	3.9	6.3	18.9	26.9	6.7	5.6	1.14	1,984			

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 - FEBRUARY 28, 2011

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Feb	YTD	2010	1 Year	3 Year	5 Year				
MID-CAP BLEND						Category Averages			4.0	5.6	25.1	29.8	4.8	4.9	1.38
122	FLVCX	Leveraged Company Stock	1.50%/90d	30.48	Buy	4.6	7.3	24.5	32.7	1.2	5.0	1.65	\$4,543		
316	FLPSX	Low-Priced Stock	1.50%/90d	40.28	Buy	3.6	5.0	20.7	24.4	6.1	5.2	1.12	28,176		
398	FSEMXX	Spartan Extended Mkt Index ⁴	0.75%/90d	40.35	Hold	4.5	5.7	28.6	33.0	7.6	5.7	1.20	4,442		
14	FSLSX	Value Strategies		29.13	Buy	3.6	4.6	26.5	29.2	4.5	3.7	1.54	379		
MID-CAP VALUE						Category Averages			3.3	6.0	23.8	28.7	4.2	3.1	1.35
762	FSMVX	Mid Cap Value	0.75%/30d	16.84	Hold	3.6	5.6	25.4	29.4	5.2	3.8	1.26	693		
39	FDVLX	Value		73.03	Hold↓	3.1	6.3	22.3	28.0	3.2	2.4	1.45	8,023		
SMALL CAP GROWTH						Category Averages			5.1	5.5	28.8	35.4	5.8	3.9	1.25
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	10.72	Hold	6.1	6.2	26.1	34.0	6.7	--	1.18	114		
1388	FCPGX	Small Cap Growth	1.50%/90d	16.35	Buy	4.1	4.2	26.6	32.1	5.7	5.0	1.23	1,389		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	19.61	Buy	5.0	5.9	33.7	40.2	5.0	2.8	1.34	1,916		
SMALL CAP BLEND						Category Averages			4.6	6.7	27.7	35.0	13.5	7.9	1.38
384	FSCRX	Small Cap Discovery	1.50%/90d	21.86	OK to Buy	5.7	6.8	32.4	39.7	16.4	9.4	1.34	1,699		
340	FSLCX	Small Cap Stock	2.00%/90d	20.90	Buy	3.6	6.6	23.0	30.3	10.6	6.4	1.42	4,547		
SMALL CAP VALUE						Category Averages			4.3	5.1	25.1	29.7	11.1	6.2	1.29
1389	FCPVX	Small Cap Value	1.50%/90d	16.40	Hold	4.3	5.1	25.1	29.7	11.1	6.2	1.29	2,086		
SPECIALTY															
2063	FOTTX	130/30 Large Cap		7.77	OK to Sell	4.0	7.3	9.7	18.8	--	--	--	21		
304	FBALX	Balanced		18.95	Hold	2.3	4.0	13.8	18.3	3.3	4.2	0.76	17,749		
308	FCVSX	Convertible Securities		27.21	Buy	3.5	6.9	20.9	27.2	4.9	7.1	1.26	2,650		
1960	FDYSX	Dynamic Strategies		9.78	Hold	2.5	2.4	15.0	18.6	4.1	--	0.77	236		
355	FFNOX	Four-in-One Index		28.36	Hold	3.1	5.0	13.7	20.7	2.7	3.6	0.91	2,425		
334	FGBLX	Global Balanced	1.00%/30d	23.25	Hold	3.1	4.3	12.5	19.5	4.8	6.8	0.75	543		
2120	FFGCX	Global Commodity Stock	1.00%/30d	18.12	Buy↑	4.4	5.7	18.1	31.0	--	--	--	616		
1368	FIREX	International Real Estate	1.50%/90d	9.49	Sell	1.5	1.2	14.5	22.4	-5.6	-1.1	1.37	361		
4	FPURX	Puritan		18.70	OK to Buy	2.8	4.4	14.0	18.9	4.5	4.9	0.71	17,015		
833	FRIFX	Real Estate Income	0.75%/90d	10.81	OK to Buy	2.4	3.9	18.8	20.7	8.6	5.1	0.72	1,505		
303	FRESX	Real Estate Investment	0.75%/90d	27.73	Hold	4.5	7.9	29.9	39.3	5.7	2.1	1.91	3,508		
1329	FSDIX	Strategic Dividend & Income		11.15	OK to Buy	3.6	5.7	13.7	19.5	1.1	1.9	1.11	627		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.85	Hold	1.6	2.8	13.9	17.3	3.4	4.8	0.65	4,114		
311	FIUIX	Telecom & Utilities		16.50	Hold	2.3	3.5	17.3	26.6	0.4	3.5	0.85	890		
ASSET ALLOCATION															
328	FASIX	Asset Manager 20%		12.98	Hold	0.9	1.6	8.9	9.9	4.9	4.6	0.35	3,412		
1957	FTANX	Asset Manager 30%		9.83	Hold	1.1	2.0	10.9	12.4	4.9	--	0.47	166		
1958	FFANX	Asset Manager 40%		9.78	Hold	1.6	2.5	12.1	14.6	5.0	--	0.56	111		
314	FASMX	Asset Manager 50%		15.88	Hold	1.7	3.0	13.5	17.2	5.2	4.7	0.68	6,664		
1959	FSANX	Asset Manager 60%		9.82	Hold	2.0	3.4	14.3	18.7	5.4	--	0.76	185		
321	FASGX	Asset Manager 70%		16.95	Hold	2.3	3.8	15.8	21.2	4.6	4.2	0.89	2,522		
347	FAMRX	Asset Manager 85%		13.98	Hold	2.6	4.3	16.6	23.4	4.2	4.2	1.02	685		
INTERNATIONAL						Category Averages			2.5	2.8	16.1	24.2	-1.6	3.9	1.32
309	FICDX	Canada	1.50%/90d	62.44	Buy	6.4	7.4	21.8	32.0	2.3	8.9	1.34	4,853		
352	FHKCX	China Region	1.50%/90d	31.59	Hold	-4.1	-2.8	18.0	22.5	5.2	13.6	1.29	2,062		
325	FDIVX	Diversified International	1.00%/30d	31.47	OK to Sell	3.3	4.4	9.7	20.9	-3.4	2.2	1.24	25,578		
351	FSEAX	Emerging Asia ⁶	1.50%/90d	29.33	Buy	-4.1	-4.2	22.8	23.7	-3.3	9.4	1.18	1,758		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	9.38	OK to Buy	4.8	-0.7	25.5	27.2	--	--	--	152		
322	FEMKX	Emerging Markets	1.50%/90d	25.34	Buy	-0.7	-3.8	18.2	20.6	-5.4	6.3	1.59	3,765		
301	FIEUX	Europe	1.00%/30d	33.03	OK to Sell	3.0	5.5	8.6	23.9	-2.3	2.7	1.28	813		
341	FECAX	Europe Capital App	1.00%/30d	20.03	OK to Sell	2.9	5.2	8.4	23.4	-3.6	2.8	1.31	449		
335	FIVFX	International Cap App	1.00%/30d	13.16	Hold	2.7	2.1	15.9	24.1	-0.2	1.6	1.48	666		
305	FIGRX	International Discovery	1.00%/30d	34.22	OK to Sell	3.3	3.6	11.0	22.1	-2.7	3.2	1.20	8,463		
2010	FIENX	International Enhanced Index	1.00%/30d	7.77	OK to Sell	3.7	6.2	8.7	21.0	-3.7	--	1.24	25		
1979	FIGFX	International Growth	1.00%/30d	8.82	OK to Buy	3.3	1.7	16.9	24.3	1.3	--	1.17	47		
818	FISMXX	International Small Cap	2.00%/90d	21.98	Buy	2.5	3.4	25.4	32.9	2.2	4.0	1.28	1,002		
1504	FSCOX	International Small Cap Opps	2.00%/90d	10.59	Buy	2.5	1.9	23.3	30.1	-7.1	-1.7	1.43	416		
1597	FIVLX	International Value	1.00%/30d	8.81	OK to Sell	3.4	8.2	5.2	22.0	-3.4	--	1.42	212		
350	FJPNX	Japan	1.50%/90d	11.79	Hold	5.3	5.5	14.7	17.9	-2.1	-3.8	1.11	556		
360	FJSCX	Japan Smaller Companies	1.50%/90d	9.85	Hold↑	4.8	7.2	12.3	19.7	1.1	-7.0	1.20	354		
349	FLATX	Latin America	1.50%/90d	56.77	Hold	1.2	-3.8	16.5	18.5	-1.3	11.4	1.65	3,811		
342	FNORX	Nordic	1.50%/90d	35.08	OK to Buy	2.2	2.2	26.5	32.3	-3.5	5.8	1.58	492		
94	FOSFX	Overseas	1.00%/30d	33.68	OK to Sell	1.9	3.7	6.6	17.3	-7.0	0.7	1.25	4,647		
302	FPBFX	Pacific Basin	1.50%/90d	26.13	Buy	1.2	0.2	32.8	31.9	2.0	5.8	1.50	994		
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	37.29	Hold	3.6	6.0	7.7	20.3	-2.0	2.7	1.25	6,936		
1978	FTIEX	Total International Equity	1.00%/30d	7.72	Buy	2.7	3.2	12.5	22.7	-2.1	--	1.32	95		
318	FWWFX	Worldwide	1.00%/30d	19.71	Hold	4.3	5.6	17.0	28.3	1.9	5.2	1.13	1,242		

SELECT MODEL PORTFOLIO

Despite significant volatility (brought on by the events in the Mideast), our February performance reflected an improving earnings situation — except in the consumer staples arena. Companies in this sector normally have good pricing power, meaning they find it relatively easy to pass along higher costs. But with energy and agricultural commodities being pulled up by emerging country demand, these firms are finding it tough to pass along higher costs here at home. Normally, U.S. consumers are not all that sensitive to grocery, personal care, tobacco and beverage costs, because they're a relatively small percentage of household spending. But with today's high unemployment, many consumers are leaving no rock unturned when it comes to saving money.



Jack Bowers

As such, we're taking a small loss in **Consumer Staples**,

which has been a play on growing emerging country demand, its volatility helped to limit the model's overall risk. By selling Consumer Staples and moving two-thirds into **Pharmaceuticals** and one-third into **Chemicals**, we'll keep the model's overall risk about the same while staying true to our long-term investment themes. While Pharma is mainly a bet on an aging population, a significant portion of the sector's growth is coming from emerging country consumers who can now afford modern medicine. Chemicals is a play on food and energy inflation, and includes companies that export agricultural commodities to emerging countries. ■

Select Model Portfolio	
Fund	Allocation
Technology (FSPTX)	20%
Chemicals (FSCHX)	18
Pharmaceuticals (FPHAX)	18
Leisure (FDLSX)	15
Industrials (FCYIX)	15
IT Services (FBSOX)	14
<i>Table reflects Feb. 28 trade.</i>	
Total Return: Feb: 2.9% YTD: 4.3%	

[Note: Select Model trade information is on p. 3.]

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)
						Feb	YTD	2010	1 Year	3 Year	5 Year		
SELECT PORTFOLIOS						3.5	5.7	22.2	28.5	5.7	5.1	1.35	
<i>Category Averages</i>													
34	FSAIX	Air Transportation	0.75%/30d	43.05	Hold	0.9	1.7	33.4	22.3	8.0	4.7	1.57	\$115
502	FSAVX	Automotive	0.75%/30d	46.86	OK to Buy	0.3	3.7	46.2	50.9	12.6	8.1	2.41	377
507	FSRBX	Banking	0.75%/30d	18.92	Hold	1.0	2.2	21.4	13.8	-3.6	-6.7	1.59	519
42	FBIOX	Biotechnology	0.75%/30d	74.01	OK to Sell↓	0.8	1.4	11.4	9.1	5.8	1.7	1.01	1,013
68	FSLBX	Brokerage & Investment	0.75%/30d	54.11	Hold	2.1	3.2	11.2	15.0	-0.4	-0.8	1.47	553
69	FSCHX	Chemicals	0.75%/30d	100.85	Buy	3.7	5.6	30.7	37.7	9.6	13.2	1.40	690
518	FSDCX	Communications Equipment	0.75%/30d	29.60	OK to Buy	6.8	11.7	27.7	42.4	15.2	6.6	1.55	583
7	FDCPX	Computers	0.75%/30d	59.81	OK to Buy	3.5	6.0	23.8	37.2	14.1	9.8	1.28	615
511	FSHOX	Construction & Housing	0.75%/30d	37.43	OK to Sell	2.6	6.8	21.5	26.2	6.0	0.6	1.48	114
517	FSCPX	Consumer Discretionary	0.75%/30d	24.98	Hold	3.4	1.9	31.2	29.8	8.8	4.1	1.20	205
98	FVLX	Consumer Finance ^B	0.75%/30d	11.97	Hold	2.4	5.4	5.9	5.8	-19.5	-20.3	1.30	101
9	FDFAX	Consumer Staples	0.75%/30d	67.98	Hold↓	2.2	-0.5	15.2	13.6	4.2	8.8	0.78	879
67	FSDAX	Defense & Aerospace	0.75%/30d	78.21	OK to Sell	1.7	6.8	21.9	26.8	2.5	5.1	1.30	679
8	FSELX	Electronics	0.75%/30d	53.36	OK to Buy	2.5	10.3	16.8	34.9	13.6	3.3	1.49	1,386
60	FSENX	Energy	0.75%/30d	60.22	OK to Buy	6.9	15.2	19.0	39.0	-1.4	7.9	1.60	3,023
43	FSESX	Energy Service	0.75%/30d	85.87	Hold	7.6	15.5	27.9	47.4	-1.1	7.5	1.90	2,028
516	FSLEX	Environment & Alt Energy	0.75%/30d	19.19	Hold	3.1	7.8	14.9	29.0	3.3	2.5	1.06	96
66	FIDSX	Financial Services	0.75%/30d	62.82	Hold	1.7	2.0	6.5	6.2	-8.0	-8.0	1.50	513
41	FSAGX	Gold	0.75%/30d	51.44	OK to Sell	9.3	-3.1	35.3	37.4	7.3	15.8	2.02	4,250
63	FSPHX	Health Care	0.75%/30d	133.93	Hold	3.9	7.5	17.0	22.9	7.3	5.3	0.91	1,991
510	FSCGX	Industrial Equipment	0.75%/30d	36.16	OK to Buy	2.1	6.6	33.9	38.9	5.4	7.0	1.50	362
515	FCYIX	Industrials	0.75%/30d	25.24	Buy	2.6	6.7	31.1	37.9	8.1	8.0	1.41	571
45	FSPCX	Insurance	0.75%/30d	50.04	Hold	5.0	6.1	20.1	21.3	-1.4	-2.7	1.30	247
353	FBSOX	IT Services	0.75%/30d	22.31	Buy	3.3	5.6	18.5	30.6	14.7	10.1	1.13	132
62	FDLSX	Leisure	0.75%/30d	91.27	Buy	3.1	0.1	37.9	31.2	10.7	7.5	1.09	413
509	FSDPX	Materials	0.75%/30d	70.11	Hold	3.0	3.3	28.1	35.7	8.3	12.7	1.52	1,195
505	FSHCX	Medical Delivery	0.75%/30d	55.32	OK to Buy	5.7	11.4	15.4	24.7	7.3	3.9	1.27	565
354	FSMEX	Medical Equipment	0.75%/30d	29.55	OK to Sell	4.8	7.1	12.7	17.1	7.7	8.3	0.97	1,407
503	FBMPX	Multimedia	0.75%/30d	47.79	Hold	10.7	11.6	25.8	39.3	11.9	6.6	1.32	204
513	FSNGX	Natural Gas	0.75%/30d	36.50	Hold	4.8	9.8	6.4	17.6	-8.4	3.3	1.64	989
514	FNARX	Natural Resources	0.75%/30d	39.07	Hold	6.8	12.2	23.1	42.1	0.8	10.8	1.60	1,965
580	FPHAX	Pharmaceuticals	0.75%/30d	12.74	Buy	2.4	3.3	16.4	19.7	8.9	7.2	0.82	390
46	FSRPX	Retailing	0.75%/30d	53.69	Hold	3.1	0.4	28.1	22.3	16.9	7.8	1.23	169
28	FSCSX	Software & Computer Svcs	0.75%/30d	91.63	OK to Buy	2.3	4.8	18.9	30.9	12.3	11.9	1.08	1,298
64	FSPTX	Technology	0.75%/30d	102.37	Buy	2.7	7.1	26.7	41.7	15.5	9.5	1.42	2,884
96	FSTCX	Telecommunications	0.75%/30d	47.07	OK to Buy	2.8	1.4	18.3	27.2	5.1	3.8	1.17	355
512	FSRFX	Transportation	0.75%/30d	56.26	OK to Buy	1.8	1.5	41.3	34.3	10.0	5.5	1.26	470
65	FSUTX	Utilities	0.75%/30d	50.28	Hold	2.4	3.9	10.9	22.1	-1.7	3.8	0.88	454
963	FWRLX	Wireless	0.75%/30d	8.29	OK to Buy	2.6	7.7	15.2	29.6	5.9	5.5	1.22	361

FIDELITY SCORECARD - FEBRUARY 28, 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						
						Feb	YTD	2010				25%	28%	33%	35%			
TAXABLE BOND						Category Averages			0.3	0.4	6.2	2.38	2.69	4.7				
2208	FCBFX	Corporate Bond		10.28	Hold	1.0	1.9	5.6p	4.00	--	6.2							
15	FGMNX	Ginnie Mae		11.46	Hold	0.3	0.5	7.0	3.41	3.09	3.7							
54	FGOVX	Government Income		10.39	OK to Sell	0.0	0.0	5.1	2.06	2.21	4.5							
794	FINPX	Inflation-Protected Bond ³		11.73	Hold	0.9	0.9	5.9	0.34	3.02	6.2							
32	FTHRX	Intermediate Bond		10.58	Hold	0.3	0.8	7.6	2.72	3.27	3.9							
452	FSTGX	Intermediate Gov't Income		10.69	OK to Sell	-0.2	0.0	4.7	1.37	1.73	3.6							
26	FBNDX	Investment Grade Bond		7.42	Hold	0.5	0.9	8.4	2.80	3.13	4.8							
40	FMSFX	Mortgage Securities		10.81	Hold	0.1	0.3	7.3	3.34	3.52	3.2							
450	FSHBX	Short-Term Bond		8.47	Buy	0.0	0.4	3.8	1.19	1.84	1.9							
1561	FIBIX	Sptn Interm Treas Index ⁵		10.61	Hold↑	-0.4	-0.1	8.5	2.68	2.96	6.5							
1562	FLBIX	Sptn Lng-Term Treas Index ⁵		10.28	OK to Sell↑	1.3	-1.0	9.2	4.11	4.00	13.7							
1560	FSBIX	Sptn Sht-Term Treas Index ⁵		10.49	Hold	-0.2	0.1	3.5	0.88	1.45	2.6							
820	FTBFX	Total Bond		10.77	OK to Buy	0.6	1.1	8.6	3.42	3.94	4.4							
651	FBIDX	U.S. Bond Index		11.32	Hold	0.2	0.4	6.3	2.75	2.98	4.6							
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.19	Hold	0.0	0.3	1.2	0.58	0.57	0.4							
HIGH-YIELD BOND						Category Averages			0.9	2.4	11.9	4.56	5.58					
38	FAGIX	Capital & Income	1.00%/90d	9.82	Buy	1.9	5.0	17.1	4.72	6.23	--							
814	FFRHX	Floating Rate High Income	1.00%/60d	9.89	Buy	0.2	1.5	7.8	2.62	3.45	--							
1366	FHIFX	Focused High Income	1.00%/90d	9.39	Buy	1.1	2.9	12.1	4.86	6.42	--							
455	SPHIX	High Income	1.00%/90d	9.18	Buy	1.2	3.7	13.7	5.39	6.92	--							
331	FNMIX	New Markets Income	1.00%/90d	15.43	Hold	0.3	-0.5	10.9	5.67	5.58	--							
368	FSICX	Strategic Income		11.19	Buy	0.9	2.1	9.9	4.07	4.88	--							
NATIONAL MUNICIPAL BOND						Category Averages			1.1	0.6	2.3	3.28	3.55	6.3	25%	28%	33%	35%
36	FLTXX	Interm Municipal Income	0.50%/30d	10.03	OK to Sell	1.1	0.7	2.7	3.06	3.48	5.5	4.1	4.3	4.6	4.7			
37	FHIGX	Municipal Income	0.50%/30d	12.27	OK to Sell	1.6	0.7	2.6	4.09	4.21	8.6	5.5	5.7	6.1	6.3			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.58	OK to Buy	0.3	0.2	2.0	1.81	2.27	2.8	2.4	2.5	2.7	2.8			
90	FTABX	Tax-Free Bond	0.50%/30d	10.54	OK to Sell	1.5	0.7	2.1	4.14	4.23	8.4	5.5	5.8	6.2	6.4			
STATE-SPECIFIC MUNICIPAL BOND						Category Averages			1.3	0.7	2.3	3.46	3.68	7.4				
434	FSAZX	Arizona Muni Income	0.50%/30d	11.15	OK to Sell	1.8	0.8	2.3	3.88	3.75	8.6	5.2	5.4	5.8	6.0			
91	FCTFX	California Muni Income	0.50%/30d	11.63	OK to Sell	1.8	0.7	3.2	4.31	4.31	8.1	5.7	6.0	6.4	6.6			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.54	Hold	0.5	0.3	2.2	1.88	2.37	3.0	2.5	2.6	2.8	2.9			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.26	OK to Sell	1.4	1.0	2.2	3.20	3.32	7.6	4.3	4.4	4.8	4.9			
429	SMDMX	Maryland Muni Income	0.50%/30d	10.78	OK to Sell	1.1	0.6	2.3	3.14	3.43	7.4	4.2	4.4	4.7	4.8			
70	FDMXX	Mass Muni Income	0.50%/30d	11.66	OK to Sell	1.4	0.9	2.4	3.65	3.88	8.3	4.9	5.1	5.4	5.6			
81	FMHTX	Michigan Muni Income	0.50%/30d	11.67	OK to Sell	1.2	0.8	2.3	3.53	3.97	7.1	4.7	4.9	5.3	5.4			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.31	OK to Sell	1.6	1.2	2.4	2.93	3.49	6.7	3.9	4.1	4.4	4.5			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.24	OK to Sell	0.9	0.1	2.1	3.62	3.89	7.6	4.8	5.0	5.4	5.6			
71	FTFMX	New York Muni Income	0.50%/30d	12.61	OK to Sell	1.3	0.4	2.4	3.93	3.95	8.5	5.2	5.5	5.9	6.0			
88	FOHFX	Ohio Muni Income	0.50%/30d	11.41	OK to Sell	1.3	0.9	2.0	3.72	3.92	8.2	5.0	5.2	5.6	5.7			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	10.54	OK to Sell	1.4	0.9	2.0	3.68	3.95	7.8	4.9	5.1	5.5	5.7			
TAXABLE MONEY MARKET						Category Averages			0.00	0.00	0.04	0.02						
55	FDRXX	Cash Reserves		1.00	--	0.00	0.00	0.06	0.01	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	0.05	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 - FEBRUARY 28, 2011

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
							Feb	YTD	2010	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
9067	FLRQC	Fid VIP Asset Manager	Allocation		13.44	Hold	1.9	2.7	13.9	17.0	3.4	5.2	0.75
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		13.12	Hold	2.4	3.4	16.0	20.7	2.2	4.7	0.96
9069	FJBAC	Fid VIP Balanced	Allocation		14.07	Hold	2.4	4.3	17.7	22.2	5.8	5.5	0.92
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	12.50	Hold	3.5	2.0	30.8	29.5	8.9	3.9	1.20
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	11.98	Hold↓	2.1	-0.6	14.8	13.2	4.2	--	0.77
9065	FPDFC	Fid VIP Contrafund	Large Growth		13.34	Hold	3.3	5.9	16.8	25.5	2.4	4.0	1.10
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		10.54	Hold	6.1	6.2	25.1	32.9	5.7	--	1.18
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		13.02	OK to Buy	3.4	4.9	18.0	21.8	2.8	2.5	1.14
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.80	Buy	-0.9	-3.9	17.5	19.8	--	--	--
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	17.02	Buy	6.8	15.0	19.0	38.7	-1.6	7.9	1.60
9061	FLOLC	Fid VIP Equity-Income	Large Value		11.21	Buy	3.0	6.1	14.8	22.4	-0.4	1.1	1.17
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	7.36	Hold	1.8	2.0	7.0	6.7	-8.0	-8.0	1.53
9157	FMPAC	Fid VIP FundsManager 20	Allocation		12.11	Hold	1.0	1.5	7.2	8.3	3.5	--	0.27
9158	FMPBC	Fid VIP FundsManager 50	Allocation		11.91	Hold	2.0	3.0	11.6	15.1	3.4	--	0.58
9197	FMPPC	Fid VIP FundsManager 60	Allocation		10.76	Hold	2.2	3.3	13.3	17.5	--	--	--
9159	FMPCC	Fid VIP FundsManager 70	Allocation		11.46	Hold	2.7	4.0	14.0	19.5	2.4	--	0.80
9160	FMPDC	Fid VIP FundsManager 85	Allocation		11.07	Hold	2.9	4.2	15.9	22.1	1.5	--	0.96
9062	FMNDC	Fid VIP Growth	Large Growth		12.35	Buy	4.1	7.3	23.8	34.2	0.2	3.4	1.10
9070	FLFNC	Fid VIP Growth & Income	Large Blend		11.70	Hold↑	2.5	5.0	14.4	20.7	-0.5	1.5	1.04
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		11.65	Buy	4.1	5.9	23.4	32.8	0.2	1.9	1.27
9078	FPVDC	Fid VIP Growth Stock	Large Growth		12.86	OK to Buy	4.3	6.4	19.7	28.9	5.4	3.9	1.09
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		12.00	Buy	2.5	4.0	24.5	29.0	3.0	2.3	1.16
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	13.53	Hold	3.8	7.4	16.9	22.7	7.3	5.0	0.91
9060	FBBLC	Fid VIP High Income	High-Yield Bond		14.47	Buy	0.9	3.1	13.8	16.2	8.9	6.9	0.67
9064	FXVLT	Fid VIP Index 500	Large Blend		11.91	Hold	3.4	5.8	14.7	22.2	2.0	2.6	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	16.61	Buy	2.4	6.5	30.6	37.5	8.3	8.1	1.42
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	11.59	Buy	2.8	2.1	15.4	23.8	-0.4	1.2	1.49
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		13.13	Hold	0.5	0.8	7.5	6.2	6.0	5.4	0.23
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	14.16	Hold	2.9	3.2	28.1	35.6	8.3	--	1.52
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		15.54	OK to Buy	3.0	4.0	28.4	33.0	6.6	6.6	1.06
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.45	--	0.0	0.0	-0.1	0.0	0.8	2.3	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	12.74	OK to Sell	3.6	5.0	12.8	25.9	-2.8	2.2	1.23
9072	FFWKC	Fid VIP Real Estate	Sector		13.60	Hold	5.4	9.1	29.9	41.5	6.5	3.5	1.99
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		14.78	Buy	0.8	1.9	9.4	10.4	8.7	7.6	0.43
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	17.41	Buy	2.8	6.9	27.3	42.4	16.9	8.3	1.42
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	9.09	OK to Buy	2.6	1.2	17.2	26.0	3.8	--	1.15
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	13.44	Hold	2.3	3.9	10.8	21.9	-1.4	4.5	0.88
9079	FKMSC	Fid VIP Value	Mid Value		11.23	Buy	3.5	5.6	17.4	22.4	1.0	0.9	1.42
9080	FUEBC	Fid VIP Value Leaders	Large Value		10.10	Sell	2.9	5.0	9.8	15.1	-4.1	-1.4	1.18
9073	FRBSC	Fid VIP Value Strategies	Mid Blend		12.63	Buy	3.6	4.5	26.2	28.9	3.8	3.2	1.53
9272	FYBXC	Credit Suisse Int'l Equity Flex III	Diversified Int'l		11.91	OK to Sell	3.0	5.3	12.0	22.9	--	--	--
9285	FIGXC	Invesco Van Kampen Gbl Val Eqty	Global Stock		9.46	OK to Sell	2.2	4.7	10.7	18.7	-4.1	0.0	0.95
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		14.81	Buy	-0.5	-5.9	22.7	19.7	1.2	--	1.49
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		13.81	Hold	0.2	-0.7	9.5	7.1	6.1	6.3	0.61
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		12.86	Buy	-1.1	-5.8	18.7	19.5	-3.4	6.8	1.49
9146	FPRPC	Morgan Stanley Gbl Tactical Alloc	Diversified Int'l		9.98	Hold	1.9	3.5	5.4	15.0	-4.5	1.6	1.25
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		10.74	Buy	0.4	0.7	5.0	4.3	--	--	0.11
9277	FPNBC	Pimco VIT Real Return	TIPS		11.20	Hold	0.9	0.9	7.8	7.7	--	--	--
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		11.00	OK to Buy	0.5	0.7	7.8	6.4	--	--	--

ANNUITY MODEL PORTFOLIOS

Annuity Growth Model

Fund	Allocation
Fidelity VIP Strategic Income	32%
Fidelity VIP Growth Opportunities	27
Fidelity VIP Value	20
Fidelity VIP Equity-Income	12
Lazard Retirement Emerg Mkts	9
Total Return: Feb: 2.3% YTD: 3.3%	

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	14
Lazard Retirement Emerg Mkts	9
Total Return: Feb: 1.8% YTD: 2.6%	

Annuity Income & Preservation Model

Fund	Allocation
Pimco Low Duration	23%
Fidelity VIP Money Market	20
Fidelity VIP Strategic Income	20
Fidelity VIP Value	15
VIP Equity-Income	12
Lazard Retirement Emerg Mkts	10
Total Return: Feb: 1.1% YTD: 1.4%	

AT A GLANCE

“High Yield Without High Anxiety”

The above headline is ripped from a Fidelity ad touting the potential benefits of their four high-yield (“junk”) bond funds. But after two years of robust gains, and with billions of dollars still flowing into the asset class, do they still make sense?

In fact, we rate all four funds in Fidelity’s ad a “Buy,” but not every fund is appropriate for every investor. Below, we explain the funds’ differences and our outlook for each.

Risk Versus Reward

High-yield funds are, of course, riskier than other taxable investment-grade and Treasury bond funds. To compensate you for taking more risk, the bond issuer pays a higher yield.

Depending upon such things as interest rates and the economy, a junk bond’s relative attractiveness is measured by its yield relative to high-credit Treasuries. When this “spread” is at its widest, high yield bonds are typically an especially good deal. That’s because the investor is being paid a healthy premium to own them. But with gains of 58% and 13% over the past two years (like all bond funds, their yields move in the opposite direction of their price), this spread has narrowed to about four percentage points — a level not seen since 2007 — and down from nearly 20 percentage points at the height of the credit crisis.

This warrants some concern, as does the market’s desire for the most risky of junk debt.

With the economy staging an uneven recovery, high-yield investors should expect an equally bumpy ride. Using relative volatility as a risk measure, the S&P 500 is 1.00 versus just 0.20 for **Investment Grade Bond**. But, **High Income**, is almost three times as risky as Investment Grade, with its rel vol. of 0.60, and 40% less volatile than large-cap stocks (S&P 500).

So what’s to like about junk?

With interest rates still at historic lows, we believe that yield-hungry investors will sustain the bull market for junk bonds. Granted, their double-digit yields are a distant memory. But with Investment Grade Bond yielding 2.80%, for example, High Income’s 5.39% yield looks pretty enticing.

Moreover, a strengthening economy and improving corporate balance sheets suggest that falling default rates for these distressed securities will offset the potential negative of rising interest rates. Simply put: high yield bond funds warrant caution, but they remain a better alternative to investment-grade bonds which are at greater risk from higher rates.

In order of risk (lowest to highest), here are your fund choices:

Floating Rate High Income — *Buy* — This is a short-term bond fund on steroids. Its extra “juice” comes from lower-quality corporate bonds (short-term bank debt), the preponderance of which are rated BB, B and even third-party unrated securities.

Its short average maturity of 3.7 years, makes the fund less sensitive

to both credit and interest-rate-risk. That risk is further mitigated by the “floating” interest rate on its underlying holdings. Its substantially higher yield of 2.62% versus 1.19% for Short-Term Bond (which has a similar duration) is largely the result of its comparatively higher credit risk. Still, it’s an ideal holding for our conservatively positioned Income & Preservation Model.

Focused High Income — *Buy* — Less risky than High Income and more risky than Floating Rate High Income, this fund invests chiefly in bonds that are in the highest quality tiers of the junk bond market (normally, about three-fourths of its assets are typically rated BB or above). It will typically trail the Barclays Capital High Yield Index in strong up years, whereas High Income and Capital & Income tend to do better.

While more moderate in risk relative to other junk funds, its relative volatility of 0.54 is almost thrice as great as Investment Grade’s modest 0.20. But with that extra volatility

High Yield *cont’d on page 12*

A HIGH-YIELD ALTERNATIVE

Convertible Securities is a Specialty fund that’s a cousin to traditional high-yield bond funds.

Converts are often issued by companies with credit problems. (Ninety percent of this fund’s bonds are either below investment grade or are unrated.) As such, their cost of borrowing is high.

But by issuing bonds that can convert to stock, their interest payments are generally less than a “pure” junk bonds, but higher than an investment-grade bond. In lowering their cost of borrowing, convertible issuers can ease their balance sheet concerns while investors get greater upside opportunity.

Navigating this tricky landscape is Manager Tom Soviero, who has experience in high-yield debt. In

fact, he once ran **High Income**, and now runs two stock funds that are thematically similar to Convertible Secs. Expert in analyzing a company’s entire capital structure, Tom’s **Leveraged Co. Stock** and **Value Strategies** funds may own a company’s stock, while Convertible Secs. will hold its debt.

Thanks to two years of strong returns (up 64% and 21%), Convertible Secs. is now fully recovered from its painful 2008 drubbing (down 48%!). But if the economic recovery remains on track, and notwithstanding today’s somewhat diminished valuations, we share Tom’s optimism that all three of his funds (including Convertible Secs.) should perform well again.

We rate the fund a *Buy*. ■

High Yield *cont'd from page 11*

comes a much higher yield: 4.86% vs. 2.80%. Plus, Focused provides an opportunity for capital appreciation.

High Income — *Buy* — Managed by Fred Hoff, its yield of 5.39% lands it at the top of this group and it's held in our Growth Model. Yet High Income is actually less risky than Capital & Income, whose yield is lower due to its nearly 20% stake in equities.

The past two years have been very good to this fund. In 2008, at the peak of the credit crisis, the yield spread for junk bonds over investment-grades reached an extreme, discounting a default rate of around 20%. But, as the economy began a slow recovery, actual defaults were far lower,

and the prices of junk bonds soared.

While narrower today, this fund's yield advantage over investment-grade funds of similar maturity, is still wide enough relative to its higher risk.

Capital & Income — *Buy* — Held in our Aggressive Growth Model, appropriately, this fund is usually managed as Fidelity's riskiest high-yield offering. Indeed, its volatility is just 16% less than the S&P 500. Manager Mark Notkin — for whom we have high regard — may hold the market's most "distressed" bonds. (These troubled bonds are typically rated CCC and below.)

In addition, the fund invests in troubled equities — now almost 20% of assets. As noted, because of this, the fund's 30-day yield is a little

lower than High Income's, but we estimate the yield on its bond holdings alone to be close to 8%.

We generally don't suggest high-yield bond funds as an alternative to investment-grade bond funds because of their added risk. But the environment we expect this year favors high-yield over investment-grade. Nonetheless, Capital & Income is best suited for more aggressive investors.

[Note: **New Markets Income** and **Strategic Income** are also high yield funds, but they are not included here, as they are very different from the more traditional fare touted by Fidelity. Separately, most high-yield funds have redemption fees of 1% (which are paid to shareholders, not Fidelity) to discourage short-term trading.] ■

— John Bonnanzio

Inside Fidelity

Manager Change — **Large Cap Value** joins a growing list of Fidelity funds that are now team-managed. Similar arrangements exist on **Balanced**, **Stock Selector Small Cap**,

DIVIDEND UPDATE

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

Equity-Inc, Large Cap Growth, Large Cap Value, MA Muni Inc, Mid Cap Growth, Mid Cap Value, NY Muni Inc, Real Estate Inc, Real Estate Inv, Tax-Free Bond, Telecom & Utilities

The final distributions for February were as follows:

Fund	Ex-Date	\$ Amt	NAV
Contrafund	2/4	0.085	69.76
Intmtd Muni Inc	2/4	0.012	9.92
MI Municipal Inc	2/4	0.007	11.51
MN Municipal Inc	2/4	0.006	11.13
Short-Intmtd Muni	2/4	0.002	10.55
Strategic Income	2/11	0.058	11.11
Dynam Strategies	2/11	0.015	9.66

Value and International Small Cap.

In the case of Large Cap Value, Bruce Dirks (who has struggled to build a winning record since his assignment to it six years ago) becomes its "lead manager." However, he is now joined by six individuals who are charged with making stock investments in specific industry "sleeves." They are Matthew Friedman (materials and energy), Kathy Buck (consumer discretionary and staples), Stephen Barwikowski (telecom and tech), Laurie Bertner (health care), James Justin Bennett (financials), and John Mirshekari (industrials and utilities).

Each of these new "co-managers" will continue with their other fund responsibilities.

Frankly, we're happy to see this managerial change, as we expressed our displeasure with Large Cap Value in the February report (see p. 12). Pending further review, we continue to rate it *OK to Sell*, and recommend **Equity-Income** for members wanting this type of equity fund exposure. ■

Message To Members

Hopeful that democracy and civil justice will come peacefully to the Middle East, we are still left to consider the health of our own investment portfolios as oil flirts with \$100 per barrel and inflation fears mount.

We've been down this road before!

At the risk of sounding dismissive, today's oil squeeze is not what we experienced in the early 1970s with the Arab oil embargo, nor is it the mid-to-late 1970s when some Americans sported WIN buttons (Whip Inflation Now) on their lapels. Indeed, there is actually plenty of spare oil capacity that will eventually bring crude prices down, while high unemployment will keep inflation in check. Our advice: don't let current market volatility scare you away from your long-term investment goals.

Sincerely,

John Boyd

John Bonnanzio

editorial@mfi.com

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Editorial Questions: editorial@mfi.com

Subscription Questions: memberservices@mfi.com or 1-800-444-MFIA

Hotline: 800-303-4470

