

# FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

MAY 2011

VOLUME 27, NUMBER 5

**MARKET OUTLOOK**

## Facing The Market's Fears

The current bull market is a little over two years old now, and after nearly doubling off the (monthly) bottom in February of 2009 (the S&P 500 is up 94%) investors are understandably wary that stocks' best days are behind them. Add in the fact that we are now entering the seasonably unfavorable May-Nov period — the old "Sell in May and Go Away" maxim — and it is easy to understand why investors are nervous. (While the death of Osama bin Laden is certainly welcome news, it has no investment implications.)



John M. Boyd

Osama bin Laden is certainly welcome news, it has no investment implications.)

More specifically, there are a number of issues that investors fear could derail the market. Let's examine a couple of the more important concerns in detail.

*See pages 3 and 4 for details on our Aggressive Growth Model trade.*

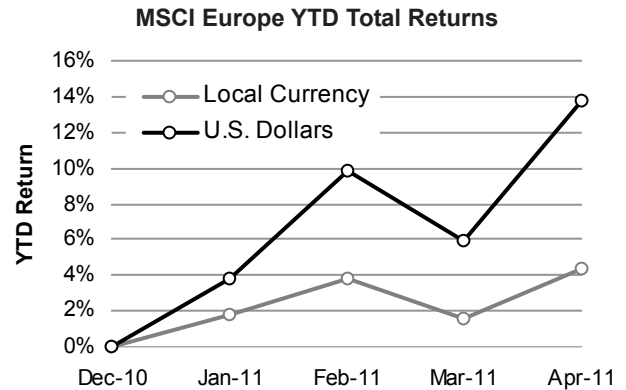
### Inflation is on the rise and will hurt stocks.

Judging by the number of emails we have received, this is the most pressing concern among members. Yes inflation is rising. The annual rate of increase in the Consumer Price Index has gone from 1.50% last December to 2.68% at the end of March and recent surveys suggest investors are expecting inflation to hit 4.6% over the next year (although longer-term expectations remain muted).

### INSIDE INSIGHT

Model Portfolios .....	2
Which Funds Should You Buy Now! .....	3
Model Portfolio Trade .....	3
A Big, New Idea For A Small-Cap Fund .....	4
Fund Commentary .....	5
May Scorecard Rating Changes .....	5
Scorecard .....	6
Annuity Model Portfolios .....	10
TIPS As A Hedge Against Inflation .....	11
Low-Priced Stock Has Wind to Its Back .....	11
Inside Fidelity .....	12
Dividend Update .....	12
Message To Members .....	12

## DOLLAR'S DROP IS EUROPE'S GAIN



*In local currency terms, Europe has gained just 4.4% this year versus 9.1% for the U.S. But in dollar terms, Europe has advanced 13.7%. Since we expect the dollar to remain weak, we have raised our ratings on Fidelity's European and several diversified developed market funds (see p. 5).*

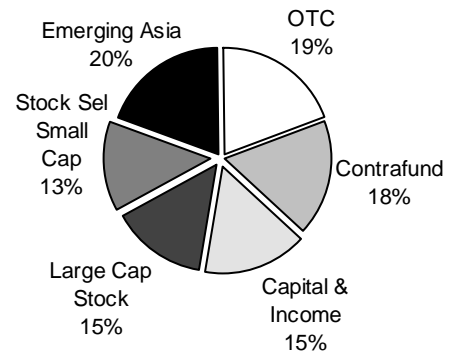
But, if you are worried about inflation, then stocks are generally the best place to be, certainly far better than bonds (for more on bonds versus inflation see "TIPS As A Hedge Against Inflation" on page 11).

When inflation really can hurt stocks is when it gets to the point of causing the Federal Reserve to initiate a series of interest rate hikes to try and bring inflation down. But the Fed has made it very clear that they believe the current jump in inflation is transitory and importantly reiterated their pledge of "exceptionally low levels for the federal funds rate (short-term interest rates) for an extended period."

The Fed argues that the inflation we are seeing now has been largely fueled by an increase in commodity prices. And that it in turn has been fed by increasing demand from emerging market economies, as well as the heavy "risk-premium" in the price of oil due to the turmoil throughout the Middle East. With emerging market countries across the globe taking steps to reduce their growth in the face of higher inflation (much higher than we are experiencing), that source of additional commodity demand should slacken, thereby easing price pressures. And, unless the situation in the Mideast worsens, the risk premium in oil should gradually ease up as well.

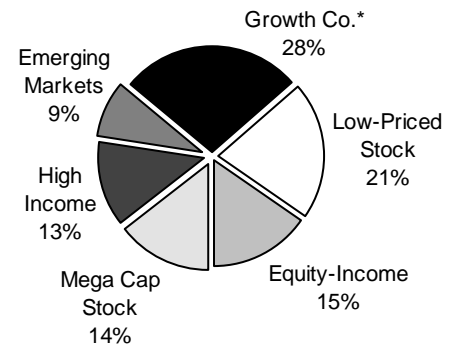
# FIDELITY INSIGHT MODEL PORTFOLIOS - APRIL 30, 2011

Aggressive Growth Model		Rel Vol: 1.07	Est. Yield: 1.2%	YTD Return: 9.1%		
Current Asset Allocation		Stocks 83.3%	Bonds 0.0%	Cash 2.5%	Alternative <sup>1</sup> 14.2%	Foreign 27.3%
Holdings	Ticker	Alloc	NAV	Shares	Value	Apr Ret
Emerging Asia	FSEAX	20%	\$32.73	1,042.38	\$34,117	4.2
OTC	FOCPX	19	62.30	542.94	33,825	3.4%
Contrafund	FCNTX	18	72.91	425.31	31,009	2.7
Capital & Income	FAGIX	15	9.95	2,706.09	26,926	2.0
Large Cap Stock	FLCSX	15	19.10	1,340.24	25,599	2.8
Stock Sel Small Cap	FDSCX	13	20.94	1,127.28	23,605	3.9
Current Value (4/7/99 = \$100,000)					\$175,081	3.2%



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

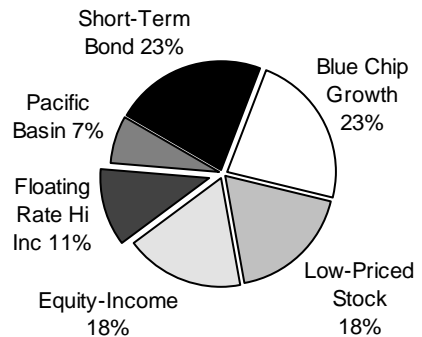
Growth Model		Rel Vol: 1.04	Est. Yield: 1.2%	YTD Return: 9.4%		
Current Asset Allocation		Stocks 83.8%	Bonds 0.3%	Cash 3.2%	Alternative <sup>1</sup> 12.6%	Foreign 20.9%
Holdings	Ticker	Alloc	NAV	Shares	Value	Apr Ret
Growth Company*	FDGRX	28%	\$93.53	3,582.28	\$335,051	3.9%
Low-Priced Stock	FLPSX	21	42.57	5,818.27	247,684	4.4
Equity-Income	FEQIX	15	48.11	3,721.07	179,021	2.4
Mega Cap Stock	FGRTX	14	10.79	16,045.29	173,129	2.8
High Income	SPHIX	13	9.23	17,209.37	158,842	1.3
Emerging Markets	FEMKX	9	27.84	3,812.35	106,136	4.2
Current Value (1/1/87 = \$100,000)					\$1,199,862	3.3%



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

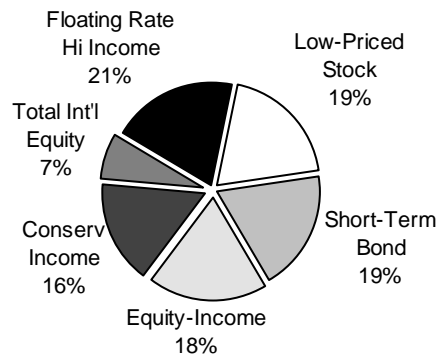
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.79	Est. Yield: 1.0%	YTD Return: 6.3%		
Current Asset Allocation		Stocks 63.1%	Bonds 22.6%	Cash 4.4%	Alternative <sup>1</sup> 9.9%	Foreign 17.4%
Holdings	Ticker	Alloc	NAV	Shares	Value	Apr Ret
Short-Term Bond	FSHBX	23%	\$8.50	25,754.65	\$218,915	0.6%
Blue Chip Growth	FBGRX	23	49.64	4,403.36	218,583	3.5
Low-Priced Stock	FLPSX	18	42.57	4,101.41	174,597	4.4
Equity-Income	FEQIX	18	48.11	3,528.22	169,743	2.4
Floating Rate Hi Income	FFRHX	11	9.90	11,212.32	111,002	0.5
Pacific Basin	FPBFX	7	27.08	2,596.92	70,325	4.7
Current Value (1/1/87 = \$100,000)					\$963,163	2.5%



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: 0.58	Est. Yield: 1.2%	YTD Return: 4.8%		
Current Asset Allocation		Stocks 41.6%	Bonds 35.2%	Cash 5.6%	Alternative <sup>1</sup> 17.6%	Foreign 8.6%
Holdings	Ticker	Alloc	NAV	Shares	Value	Apr Ret
Floating Rate Hi Income	FFRHX	21%	\$9.90	11,834.17	\$117,158	0.5%
Low-Priced Stock	FLPSX	19	42.57	2,586.61	110,112	4.4
Short-Term Bond	FSHBX	19	8.50	12,744.40	108,327	0.6
Equity-Income	FEQIX	18	48.11	2,171.82	104,486	2.4
Conservative Income	FCONX	16	10.00	9,408.43	94,084	0.0
Total Int'l Equity	FTIEX	7	8.14	4,994.01	40,651	5.3
Current Value (1/1/87 = \$100,000)					\$574,820	1.9%



For members needing income and protection of their purchasing power against inflation. Seeks a yield in excess of the S&P 500. Target volatility range: 0.10-0.50.

<sup>1</sup>Alternative investments include such areas as high-yield bonds, commodities, real estate. Portfolio trades and total returns do not take taxes into account, however, redemption and exchange fees are included. Some percentage figures may not sum to 100 due to rounding. Dividends are reinvested. Consider the tax implications of trades before you decide to buy or sell any fund. Any trades are detailed on p. 3 and are announced on Friday evening Hotline updates via telephone, e-mail, and web (see p. 12). **Annuity Model Portfolios** are on p. 10.

We tend to agree with the Fed's inflation outlook (we reduced **Select Energy to Hold** this month). Core inflation, which removes food and energy, remains very subdued at 1.2%. Of course, you and I still have to pay those higher food and energy costs and \$4 a gallon for gas definitely hurts!

But even if the Fed is wrong and those pressures remain, by themselves, they are unlikely to lead to significantly higher inflation. With unemployment remaining near 9%, and plenty of excess capacity at our nations factories, it is hard to get the kind of wage/price spiral that really ignites an inflationary period.

**The End Of Quantitative Easing Will Slow Growth**

A real slowdown in economic growth would definitely be bad for stocks. On that score, the first quarter GDP figures that came out late last month don't seem reassuring, with growth slipping to 1.8% from 3.1% for the prior quarter. However much of that decline was due to the severe winter weather across much of the country which delayed construction projects and kept consumers out of the stores. A big drop in defense spending (down 11.7%) was another significant contributing factor, and that is unlikely to become a trend. In short, growth should rebound next quarter, although it is likely to remain modest.

But what about the removal of the stimulus to the economy when the Fed winds down QE II in June — a de facto monetary tightening?

Well, we would argue that the Fed's quantitative easing programs haven't done that much to stimulate the economy up to now, so stopping them won't hurt much either. They certainly haven't brought about an end to the housing slump, a key goal. The Fed can "push" as much money into the system as it wants, but if consumers can't meet lending standards

**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 **Stock Selector Small Cap** (see p. 4) ply the mid- and small-cap arenas, respectively; **Contrafund** is a conservative "all-cap" approach to growth investing.

**Taxable Bond Funds:** **Short-Term Bond**, with its short duration, is less interest-rate sensitive. **Conservative Income** gets you a bit more yield than a money market fund.

**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. ■

it doesn't matter. Plus, as home prices continue to decline, there is no urgency to buy today anyway.

What quantitative easing (along with low rates) has done, is stoke the inflation fears we discussed earlier, and caused the dollar to lose value. The lower dollar has, however, been beneficial to the economy as it has boosted our exports, one of the bright lights in the recovery so far. That should not change even with the end of QE II. Europe and the emerging markets are raising rates, which are already higher than ours, while we continue to hold them near zero. That interest-rate differential is the main reason the dollar should remain under pressure and exports should continue to benefit.

**Action Recommendation**

It is a fact that inflation is now higher and growth slower, then at the beginning of the year, which is, on the margin, less supportive for stocks.

With stocks already up 9.1% this year and the calendar turning "unfavorable," now is probably not the time to be adding to your equity exposure. That said, we still believe stocks are the best place to be for the balance of the year. Until we either see the economy starting to falter, or the Fed change its interest-rate policy, that view is unlikely to change.

So if you are still sitting on a lot of cash, we would argue you should put it to work. But, to guard against a summer slowdown, we suggest you dollar-cost average in over the next several months, thereby taking advantage of any pullbacks.

Let me leave you with a final thought if you are worried that the market is overvalued. Two years ago, at the end of April 2009, the P/E of the market based on 2009 earnings was 15.0. This year, after a 63% gain since then, based on expected 2011 earnings, that P/E is *down* to 14.1. ■

— John M. Boyd

**MODEL PORTFOLIO TRADE**

As announced on our April 21 Hotline, on Monday April 25, we made a trade in the Aggressive Growth Model as detailed below. See p. 4 for additional information.

Action	Fund (ticker)	Shares	Price	Value	Old %	New %
<b>Aggressive Growth Model</b>						
Sold:	Small Cap Stock (FSLCX)	1,086.39	\$21.23	\$23,064.15	13%	0%
Bought:	Stock Selector S.C. (FDSCX)	1,127.28	\$20.46	\$23,064.15	0%	13%

We believe that **Stock Selector Small Cap's** unique management structure, with 6 co-managers/analysts each responsible for a narrow industry sector or sectors, leverages Fidelity's research advantage. (See *A Big, New Idea For A Small-Cap Fund* on p. 4.)

**Note:** Small Cap Stock has a redemption fee of 2.00% on shares held fewer than 90 days, so you may want to delay this trade until such time that the fee no longer applies.

## FUND PROFILE

### A Big, New Idea For A Small-Cap Fund

Sticking a new name on an old fund with a not-great track record is a tactic of marketing departments. While we can't say that Fidelity has ever done that *per se*, name changes always prompt us to look more closely. In the case of **Stock Selector Small Cap** (SSSC), which was rebranded from the struggling Small Cap Independence in November 2009, we now like what we see!

In contrast to "Independence," whose name reflected the wide investment berth its prior managers enjoyed, SSSC's sector allocations now hew closely to the same Russell 2000 benchmark. (The fund may actually deviate from any given sector in the index by about 1.5 percentage points, which allows winning stocks to "run.")

There's also been a far more profound change: for nearly two decades, one manager has marshalled its investments — but now it relies on a team. Says Fidelity, "We have always believed in the merits of individuals choosing stocks and the concept of individual accountability. This [new] management structure incorporates those investing hallmarks ... [but] this is not management by committee. Rather, the [six] equity co-portfolio managers have direct responsibility for their sector sleeve(s) and, in the Fidelity tradition, have individual accountability for their performance."

#### A Good, Small Idea

Over the past several years, this idea has been used successfully on Fidelity's Series Small Cap Opportunities fund. Now much of this same team of sector specialists has been redeployed at SSSC. ("Series" funds are used exclusively in Fidelity's Income Replacement and Freedom funds; they are unavailable directly to individual investors.)

In keeping SSSC sector-neutral, risk is reduced, and its tracking error

relative to its benchmark is also lowered. A "core" small-cap fund, it should be noted that it tends to tilt towards growth stocks. This means that you'll find faster-growing companies that often command a higher P/E relative to its benchmark.

Unofficially atop the fund's management is Tom Hense. His many roles at Fidelity include CIO of the small-cap team, as his experience includes running **Small Cap Value**. While making no investment decisions himself, he meets monthly with the fund's investment team. "We like to think of our small-cap team as a boutique within Fidelity," he told us. But their investment ideas don't just flow into SSSC and the Series fund, they also circulate throughout Fidelity. Co-manager, Chuck Meyers, for example, has also been doing an excellent job running Tom's old charge, Small Cap Value, since May

**A**n astute member asked us a great question about our purchase of **Stock Selector Small Cap** (SSSC) vis-à-vis our March downgrade of **Value** fund to *Hold* from *Buy*: "Why do we like the team-managed approach for the former, but not for the latter?"

The short answer is this fund's small-cap team has a demonstrated record of adding alpha (a fancy term for beating the fund's benchmark), but the Value team does not.

When we downgraded Value, in March we wrote this: "New team approach has yet to prove itself." We obviously hope that changes. In the meantime, Value must not only stand on its own merits, it must also demonstrate its worth relative to similar funds. Further, a positive rating is contingent upon our outlook for stocks generally, and mid-cap value stocks in particular. ■

## STOCK PICKS ADD VALUE

Manager	Sector	Contribution <sup>1</sup>
Rayna Lesser Hannaway	Technology	0.2%
	Telecom	0.0
Chuck Meyers and Morgen Peck	Financials	0.9
Shadman Riaz	Energy	1.5
	Materials	1.0
	Industrials	-0.2
	Utilities	0.0
Richard Thompson	Cons Staples	0.7
	Cons Discrec	1.8
Patrick Venanzi	Health Care	2.0

**Fund Total** **8.0%**

Strong stock selection in 7 of the fund's 10 sector "sleeves" resulted in positive contributions (some managers are new to their particular sectors).

<sup>1</sup>Contribution is the amount of additional return (in %) that the **Stock Selector Small Cap** has provided shareholders over the past 12 months (through March 31) relative to each sector of its Russell 2000 benchmark.

2008. But it's at SSSC where the managers' buy-sell directives are the final word.

The team has given Tom few concerns. Through March 31, the Series fund's 3-year average annual return was 14.5% versus the Russell 2000's 8.6% return. As for SSSC itself, in its first full year, the fund gained 33.7% and its benchmark gained 26.9%. So far in 2011, the fund's up 13.1% and the Russell has gained 10.8%. Much of this outperformance has come from smart stock picks in health care and consumer discretionary stocks; only the industrials sector was a net negative (see box above).

#### Action Recommendation

As we've already seen, Stock Selector Small Cap [ticker: FDSCX] can shoot the lights out relative to both its benchmark and other small-cap funds. In that regard, it's helpful that its expense ratio of 0.73% is about half as much as its industry peers. It does, however, have a 1.5% redemption fee on shares held fewer than 90 days. But it's our expectation that this *Buy*-rated fund will be a part of our Aggressive Growth Model for far longer. ■

— John Bonnanzio

FUND COMMENTARY

## Earnings Nourish Stocks In April Bloom

Over the long term, stocks like to follow earnings. But, as it turns out, stocks can also respond to a brighter profit picture over the short run provided, of course, there are other ingredients (such as the promise of continued low interest rates) to nourish them.



John Bonnanzio

And so spring came to Wall Street in April. Along the way, various stock indexes returned to levels not seen in years. It was as if stocks of every sector, of every investment style (growth and value), and of every market cap (large and especially small) were treated to a generous handful of Miracle-Gro. Yes, there were a few days when it seemed that a sudden frost might kill the bloom. Most notably, Standard & Poor's downgrading its outlook for US Treasuries to "negative" from "stable" was one of those days. But even that was seen as a long-term positive, as this long-overdue message was acknowledged by leading members of Congress and the president himself.

We'll see.

But in the meantime, first-quarter profits soared relative to fourth-quarter earnings, and year-over-year comparisons were quite healthy, too. Never mind that first-time unemployment claims returned to above the 400,000 level for three consecutive weeks, or that some of these corporate profits were had at the hand of downsizing. (That's a conversation for another day.) By-and-large, balance sheets are improving, and in many sectors, they're getting stronger because of productivity gains. Even better: profits are improving thanks to rising sales.

Then there's the inflation and interest-rate outlooks. John Boyd has more to say about each in his *Market*

*Outlook* (p. 1), so I'll add only this: both bode well for stock funds! And, for better or worse, something else has fallen off the list of market concerns: Japan. While supply disruptions were thought to be a problem for everything from car makers to chip makers, larger-cap Japanese companies have shown flexibility and creativity in adapting to that country's various tragedies.

Turning to the equity indexes, the small-cap Russell 2000 racked up a gain of 2.6% in April. It's now up 10.8% for the year. More importantly, these stocks have been sprinting higher ever since the market ebbed in 2009. In roughly two years, small-caps have soared about 150%!

Big-caps also flowered in April. The Dow Jones Industrials gained 4.1% and is now up 11.5% for the year. Likewise, the large-cap S&P 500 popped 3.0% in April and is now 9.1% higher for the year.

Meanwhile, the tech-rich Nasdaq Composite gained 3.4% last month and is up 8.6% for the year.

### Equity Funds

The average Fidelity stock fund gained 3.2% in April — none fell. And owing to this strong performance, the average gain over the past four months is 10.2%. Gains range from a comparatively modest 1.2% for **Small Cap Value** to as much as 5.4% for **Small Cap Growth**. While small-cap funds often edged out their larger-cap peers in April, the market was not necessarily market-cap driven (as evidenced above). Indeed, investors were especially excited to

own more economically sensitive cyclical (such as chemicals), as well as health-care related stocks (especially biotech), and technology shares. Though with plenty of exceptions, this trend favored more growth-oriented stock funds, while funds with larger energy exposures did not fare as well.

### Fixed Income

As we all know, the best parties are those where everyone is invited, and bond fund investors also enjoyed robust gains in April.

**Inflation-Protected Bond** up 2.3% (see p. 11) fared best, but right behind was the fund that could have been seriously hurt this month, **Spartan Long-Term Treasury Index**. Despite the S&P's downgrade of its outlook for U.S. Treasury debt, the fund advanced 2.3%. As we noted earlier, the market seemed to view this move as a long-term positive.

And it wasn't just a good month for taxable bonds. Fidelity's diversified muni and state muni funds all racked up good gains. High-yield funds, which tend to be more economically sensitive than inflation- or interest-rate sensitive, also fared well in April. The top-performing high-yield fund was **Capital & Income** (up 2.0%), while the average state muni fund rose 1.6%.

Finally, we'd be remiss not to mention overseas markets, and how the falling dollar has made gains in foreign funds pretty easy this year (see p. 1). Europe-centric funds are clearly the performance leaders so far this year. ■ — John Bonnanzio

## MAY SCORECARD RATING CHANGES

Fund	Ratings		Comments
	Old	New	
130/30 Large Cap	S	H ↑	"Quant" models & strong stock selection working.
Disciplined Equity	S	H ↑	"Quant" models & strong stock selection working.
Large Cap Growth	B	B ↑	Year-old manager is showing his stock skills.
Select Energy	B	H ↓	We see oil prices peaking as global GDP eases.
Select Transportation	B	H ↓	High oil prices are weighing down earnings.
VIP Energy	B	H ↓	We see oil prices peaking as global GDP eases.

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

## FIDELITY SCORECARD - APRIL 30, 2011

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)			
						Apr	YTD	2010	1 Year	3 Year	5 Year					
Comparative Indexes		S&P 500 (Large cap)*				3.0	9.0	15.0	17.2	1.7	2.9	1.00				
		Nasdaq Composite (OTC)*				3.3	8.4	17.8	17.6	6.8	5.1	1.13				
		MSCI EAFE (International)*				6.3	9.9	7.7	20.3	-2.7	1.7	1.26				
		Sptn Extd Mkt (Small-mid caps)				3.0	11.1	28.6	24.2	8.0	5.8	1.19				
		Barclays Aggregate Bond*				1.4	1.7	6.3	5.3	5.5	5.7	0.18				
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>3.2</b>	<b>10.0</b>	<b>18.6</b>	<b>21.0</b>	<b>3.5</b>	<b>4.4</b>	<b>1.1</b>	
312	FBRGX	Blue Chip Growth		49.64	Buy	3.5	9.5	19.6	21.4	7.4	6.1	1.09	\$12,917			
307	FDCGX	Capital Appreciation		27.33	OK to Buy	2.9	7.9	18.3	15.7	3.9	2.6	1.13	5,036			
22	FCNTX	Contrafund		72.91	Buy	2.7	7.8	16.9	19.7	3.1	5.0	0.88	64,782			
332	FEXPX	Export and Multinational	0.75%/30d	23.65	OK to Sell	3.2	8.4	11.9	14.5	0.4	2.2	1.05	2,525			
500	FFTYX	Fifty		19.26	OK to Buy	3.1	9.3	17.8	20.1	-1.0	0.8	1.15	846			
333	FTQGX	Focused Stock		15.26	OK to Buy	3.3	11.8	24.1	27.7	6.1	6.5	0.98	464			
25	FDGRX	Growth Company (closed)		93.53	Buy	3.9	12.5	20.6	25.1	5.9	6.9	1.06	30,889			
339	FDSVX	Growth Discovery		15.24	Buy	3.0	11.4	24.0	27.1	1.5	5.5	1.10	945			
73	FDFFX	Independence		26.75	OK to Buy	3.0	9.9	22.2	23.3	-0.8	5.4	1.34	4,392			
763	FSLGX	Large Cap Growth		10.86	Buy↑	3.7	11.5	19.8	25.4	4.5	1.3	1.02	134			
1829	FLGEX	Large Cap Growth Enhcd Index		10.58	Hold	3.2	10.3	14.0	19.4	4.6	--	0.98	77			
338	FLCSX	Large Cap Stock		19.10	Buy	2.8	8.5	18.2	16.1	3.1	4.1	1.27	1,060			
21	FMAGX	Magellan		77.46	OK to Sell	2.5	8.1	12.4	14.0	-2.4	0.5	1.26	19,566			
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	38.17	OK to Buy	3.3	8.4	17.8	17.6	6.8	5.1	1.13	347			
93	FOCPX	OTC		62.30	Buy	3.4	13.4	20.1	25.3	9.8	9.5	1.22	6,641			
320	FDSSX	Stock Selector All Cap		28.16	Hold	3.2	9.4	19.2	20.3	1.4	3.1	1.05	1,016			
5	FTRNX	Trend		75.18	OK to Buy	3.8	11.6	19.8	25.1	5.6	6.3	1.08	1,181			
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>3.2</b>	<b>9.8</b>	<b>14.8</b>	<b>17.0</b>	<b>0.4</b>	<b>1.9</b>	<b>1.08</b>	
315	FDEQX	Disciplined Equity		24.96	Hold↑	4.0	10.8	8.3	13.6	-1.7	1.0	1.00	9,261			
330	FDFGX	Dividend Growth		31.04	Buy	2.7	9.2	21.2	20.3	6.5	4.9	1.29	10,347			
3	FFIDX	Fidelity Fund		35.76	Hold	3.9	11.3	14.6	19.2	0.9	3.7	1.04	5,473			
27	FGRIX	Growth & Income		19.75	Hold	3.5	8.2	14.6	15.1	-7.4	-4.5	1.20	5,710			
1827	FLCEX	Large Cap Core Enhcd Index		9.39	OK to Sell	3.0	10.1	12.2	16.3	1.3	--	0.96	811			
361	FGRTX	Mega Cap Stock		10.79	Buy	2.8	8.0	14.4	15.7	1.2	2.7	1.05	788			
650	FUSEX	Spartan 500 Index <sup>4</sup>		48.31	Hold	3.0	9.0	15.0	17.2	1.7	2.9	1.00	28,458			
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90d	39.77	Hold	3.0	9.5	17.4	18.5	3.0	3.5	1.03	5,833			
343	FTXMX	Tax Managed Stock		14.04	Hold	3.3	12.7	14.7	20.4	-1.2	1.4	1.09	78			
832	FVDFX	Value Discovery		16.04	Hold	2.8	9.6	15.4	13.9	-0.4	1.5	1.16	610			
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>2.9</b>	<b>9.5</b>	<b>12.2</b>	<b>13.2</b>	<b>-1.9</b>	<b>0.0</b>	<b>1.11</b>	
1271	FBCVX	Blue Chip Value		11.88	Sell	3.4	9.9	10.1	11.0	-3.6	-1.0	1.18	494			
23	FEQIX	Equity-Income		48.11	Buy	2.4	9.0	15.1	15.0	-0.3	1.3	1.16	10,322			
319	FEQTX	Equity-Income II		19.84	Buy	2.5	9.0	13.5	14.0	-1.0	0.7	1.13	5,253			
708	FSLVX	Large Cap Value		11.52	OK to Sell	3.5	9.5	9.3	11.2	-3.5	-1.1	1.07	671			
1828	FLVEX	Large Cap Value Enhcd Index		8.18	OK to Sell	2.6	10.3	12.7	14.7	-1.0	--	1.00	92			
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>3.0</b>	<b>10.1</b>	<b>23.1</b>	<b>21.0</b>	<b>5.2</b>	<b>3.0</b>	<b>1.21</b>	
324	FDEGX	Growth Strategies	1.50%/90d	22.26	Buy	3.3	8.9	25.6	22.4	4.1	3.4	1.15	2,129			
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	10.56	Hold	3.0	11.7	22.4	24.3	6.6	--	1.13	75			
793	FSMGX	Mid Cap Growth	0.75%/30d	13.54	Buy	3.1	8.8	25.2	22.6	3.1	0.1	1.27	323			
337	FMCSX	Mid-Cap Stock	0.75%/30d	31.78	Hold	2.9	10.2	23.6	17.0	5.5	3.7	1.36	7,121			
300	FMLX	New Millennium		32.26	OK to Buy	2.7	10.7	18.9	18.9	6.4	5.0	1.14	1,978			

**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. <sup>1</sup> Relative Volatility versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. <sup>2</sup> Duration is a measure of interest rate sensitivity. <sup>3</sup> Stated yield is before any inflation adjustment, your effective yield may be different. <sup>4</sup> Also available in an Advantage share class with a minimum of \$100,000, but a lower expense ratio of 0.07% (versus 0.10% for the Investor class). <sup>5</sup> Also available in Advantage shares with a minimum of \$100,000, but a lower expense ratio of 0.10% (versus 0.20% for the Investor class). <sup>6</sup> Formerly U.S. Bond Index. <sup>7</sup> Distributed yield is calculated by taking a fund's actual distributions over the past year divided by its current NAV. <sup>8</sup> 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 - APRIL 30, 2011

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Apr	YTD	2010	1 Year	3 Year	5 Year				
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>3.5</b>	<b>10.8</b>	<b>25.1</b>	<b>21.2</b>	<b>5.1</b>	<b>4.9</b>	<b>1.37</b>
122	FLVCX	Leveraged Company Stock	1.50%/90d	31.59	Buy	2.9	11.2	24.5	21.0	0.1	4.4	1.64	\$4,669		
316	FLPSX	Low-Priced Stock	1.50%/90d	42.57	Buy	4.4	10.9	20.7	20.6	7.0	5.4	1.12	29,084		
398	FSEMXX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90d	41.87	Hold	3.0	11.1	28.6	24.2	8.0	5.8	1.19	4,822		
14	FSLSX	Value Strategies		30.64	Buy	3.7	10.0	26.5	19.2	5.2	4.1	1.54	382		
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>2.6</b>	<b>10.3</b>	<b>23.8</b>	<b>19.6</b>	<b>4.5</b>	<b>3.3</b>	<b>1.35</b>
762	FSMVX	Mid Cap Value	0.75%/30d	17.57	Hold	2.3	10.2	25.4	21.3	6.2	4.1	1.25	715		
39	FDVLX	Value		75.87	Hold	2.8	10.5	22.3	17.9	2.7	2.6	1.45	8,037		
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>4.1</b>	<b>12.8</b>	<b>28.8</b>	<b>27.1</b>	<b>7.5</b>	<b>4.3</b>	<b>1.26</b>
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	10.94	Hold	2.9	11.6	26.1	24.2	7.6	--	1.19	127		
1388	FPCGX	Small Cap Growth	1.50%/90d	17.84	Buy	5.4	13.7	26.6	26.7	8.5	5.8	1.23	1,511		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	20.94	Buy	3.9	13.1	33.7	30.6	6.4	2.9	1.34	2,108		
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>3.3</b>	<b>11.0</b>	<b>27.7</b>	<b>23.3</b>	<b>14.5</b>	<b>7.6</b>	<b>1.39</b>
384	FSCRX	Small Cap Discovery	1.50%/90d	22.78	OK to Buy	2.8	11.3	32.4	24.2	17.8	9.2	1.34	2,096		
340	FSLCX	Small Cap Stock	2.00%/90d	21.70	Buy	3.8	10.7	23.0	22.3	11.2	5.9	1.43	4,645		
<b>SMALL CAP VALUE</b>						<b>Category Averages</b>			<b>1.2</b>	<b>7.2</b>	<b>25.1</b>	<b>14.2</b>	<b>11.6</b>	<b>5.7</b>	<b>1.29</b>
1389	FCPVX	Small Cap Value	1.50%/90d	16.74	Hold	1.2	7.2	25.1	14.2	11.6	5.7	1.29	2,132		
<b>SPECIALTY</b>															
2063	FOTTX	130/30 Large Cap		8.17	Hold↑	3.2	12.9	9.7	17.4	-7.7	--	1.03	27		
304	FBALX	Balanced		19.40	Hold	2.5	6.8	13.8	14.4	3.3	4.2	0.76	17,890		
308	FCVSX	Convertible Securities		27.62	Buy	2.3	9.2	20.9	20.4	4.0	6.8	1.26	2,700		
1960	FDYSX	Dynamic Strategies		10.26	Hold	3.7	7.4	15.0	17.4	4.8	--	0.77	259		
355	FFNOX	Four-in-One Index		29.24	Hold	3.6	8.4	13.7	17.2	2.5	3.6	0.91	2,526		
334	FGBLX	Global Balanced	1.00%/30d	24.07	Hold	4.0	7.9	12.5	17.6	4.8	6.4	0.76	566		
2120	FFGCX	Global Commodity Stock	1.00%/30d	18.50	Buy	2.0	7.9	18.1	27.7	--	--	--	741		
1368	FIREX	International Real Estate	1.50%/90d	9.60	Sell	4.0	2.4	14.5	19.7	-6.7	-2.3	1.38	347		
4	FPURX	Puritan		19.18	OK to Buy	2.6	7.5	14.0	14.9	4.7	5.0	0.71	17,323		
833	FRIFX	Real Estate Income	0.75%/90d	10.92	OK to Buy	1.4	5.5	18.8	14.8	9.5	5.3	0.72	1,623		
303	FRESX	Real Estate Investment	0.75%/90d	28.82	Hold	5.5	12.2	29.9	23.1	2.6	2.7	1.91	3,624		
1329	FSDIX	Strategic Dividend & Income		11.61	OK to Buy	4.0	10.6	13.7	13.4	1.2	2.3	1.11	636		
1505	FSRRX	Strategic Real Return	0.75%/60d	10.11	Hold	2.4	6.0	13.9	15.9	4.4	4.9	0.65	4,253		
311	FIUIX	Telecom & Utilities		17.40	Hold	3.7	9.4	17.3	23.7	0.2	4.7	0.85	956		
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		13.17	Hold	1.6	3.4	8.9	8.8	5.3	4.8	0.35	3,556		
1957	FTANX	Asset Manager 30%		10.01	Hold	1.9	4.1	10.9	10.9	5.3	--	0.47	191		
1958	FFANX	Asset Manager 40%		9.98	Hold	2.3	4.9	12.1	12.6	5.3	--	0.56	133		
314	FASMX	Asset Manager 50%		16.27	Hold	2.6	5.8	13.5	14.6	5.5	5.1	0.68	6,769		
1959	FSANX	Asset Manager 60%		10.12	Hold	2.9	6.5	14.3	15.7	5.6	--	0.76	230		
321	FASGX	Asset Manager 70%		17.52	Hold	3.2	7.3	15.8	17.7	4.7	4.6	0.89	2,540		
347	FAMRX	Asset Manager 85%		14.51	Hold	3.6	8.3	16.6	19.4	4.2	4.2	1.02	704		
<b>INTERNATIONAL</b>						<b>Category Averages</b>			<b>5.1</b>	<b>7.6</b>	<b>16.1</b>	<b>21.9</b>	<b>-1.2</b>	<b>3.0</b>	<b>1.33</b>
309	FICDX	Canada	1.50%/90d	63.32	Buy	1.3	8.9	21.8	23.3	2.3	8.3	1.33	5,119		
352	FHKCX	China Region	1.50%/90d	33.76	Hold	4.6	3.8	18.0	24.1	6.0	13.2	1.28	2,135		
325	FDIVX	Diversified International	1.00%/30d	32.85	OK to Sell	5.6	9.0	9.7	20.5	-3.4	1.4	1.24	25,437		
351	FSEAX	Emerging Asia	1.50%/90d	32.73	Buy	4.2	6.9	22.8	27.2	0.6	9.5	1.19	1,943		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	10.31	OK to Buy	3.9	9.1	25.5	29.4	--	--	--	165		
322	FEMKX	Emerging Markets	1.50%/90d	27.84	Buy	4.2	5.7	18.2	21.4	-2.9	6.3	1.59	4,021		
301	FIEXX	Europe	1.00%/30d	35.01	OK to Sell	7.7	11.8	8.6	24.8	-1.7	2.4	1.30	849		
341	FECAX	Europe Capital App	1.00%/30d	21.27	OK to Sell	7.7	11.7	8.4	24.4	-2.9	1.6	1.33	462		
335	FIVFX	International Cap App	1.00%/30d	14.03	Hold	5.2	8.8	15.9	22.1	0.7	1.4	1.49	679		
305	FIGRX	International Discovery	1.00%/30d	35.83	OK to Sell	6.6	8.4	11.0	21.3	-2.2	2.4	1.21	8,758		
2010	FIENX	International Enhanced Index	1.00%/30d	8.02	OK to Sell	6.1	9.9	8.7	20.9	-4.1	--	1.25	29		
1979	FIGFX	International Growth	1.00%/30d	9.41	OK to Buy	6.5	8.5	16.9	26.3	2.1	--	1.18	55		
818	FISMXX	International Small Cap	2.00%/90d	23.10	Buy	6.0	8.7	25.4	29.1	3.7	2.6	1.29	1,121		
1504	FSCOX	International Small Cap Opps	2.00%/90d	11.28	Buy	5.0	8.6	23.3	27.1	-5.1	-2.9	1.43	425		
1597	FIVLX	International Value	1.00%/30d	9.02	OK to Sell	5.0	10.8	5.2	19.4	-4.6	--	1.43	229		
350	FJPNX	Japan	1.50%/90d	10.70	Hold	1.7	-4.3	14.7	-0.1	-6.9	-6.6	1.12	556		
360	FJSCX	Japan Smaller Companies	1.50%/90d	9.20	Hold	3.8	0.1	12.3	4.1	-2.0	-8.9	1.24	342		
349	FLATX	Latin America	1.50%/90d	60.25	Hold	2.3	2.1	16.5	20.7	-1.1	11.1	1.63	3,860		
342	FNORX	Nordic	1.50%/90d	38.75	OK to Buy	8.2	12.8	26.5	31.7	-0.7	4.9	1.60	538		
94	FOSFX	Overseas	1.00%/30d	35.56	OK to Sell	6.5	9.5	6.6	18.7	-6.2	0.0	1.26	4,450		
302	FPBFX	Pacific Basin	1.50%/90d	27.08	Buy	4.7	3.9	32.8	23.2	3.3	4.7	1.49	957		
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90d	38.53	Hold	6.3	9.9	7.7	20.3	-2.7	1.7	1.26	6,951		
1978	FTIEX	Total International Equity	1.00%/30d	8.14	Buy	5.3	8.8	12.5	22.4	-1.8	--	1.32	104		
318	FWWFX	Worldwide	1.00%/30d	20.56	Hold	4.8	10.2	17.0	23.3	1.3	4.8	1.13	1,311		

**SELECT MODEL PORTFOLIO**

Despite my less-than-ideal timing in purchasing **Select Natural Gas** on March 31, the Select Portfolio rose 4.2% in April. (It's up 10.6% for the year.)

The model gained ground largely on the strength of its growth-oriented fund positions. **Pharmaceuticals** performed especially well. The industry is surviving its patent expiration problem thanks to deep cost-cutting, and is even prospering somewhat as emerging country demand continues to grow. Good stock picks have been a plus, too. I also like Pharmaceuticals in the model for its low volatility of 0.80 (20% less than the market).



Jack Bowers

**Chemicals** also did well — cheap natural gas continues to provide a competitive advantage for U.S. firms, many of which see potential to grab a large share of the global market for plastics.

There are two rating changes this month. **Energy** is being downgraded to a *Hold* on the assumption that we've probably seen the lion's share of the oil price runup. (Marginal

buyers are like leverage — they can push prices up a great deal.) Unlike Natural Gas (which remains a *Buy*, of course), there may not be as much opportunity to boost energy revenues going forward.

**Transportation** is also being downgraded to a *Hold*. The fund has too much emphasis on airlines and shipping companies, and not enough on railroads, which are much better positioned for earnings improvement. Ironically, part of that positioning is tied to the recent spike in oil. ■

Select Model Portfolio	
Fund	Allocation
Technology (FSPTX)	19%
Chemicals (FSCHX)	19
Pharmaceuticals (FPHAX)	18
Industrials (FCYIX)	15
Natural Gas (FSNGX)	15
IT Services (FBSOX)	14
<b>Total Return: Apr: 4.2% YTD: 10.6%</b>	

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)
						Apr	YTD	2010	1 Year	3 Year	5 Year		
<b>SELECT PORTFOLIOS</b>						<b>3.6</b>	<b>10.3</b>	<b>22.2</b>	<b>22.1</b>	<b>6.1</b>	<b>5.1</b>	<b>1.35</b>	
<b>Category Averages</b>													
34	FSAIX	Air Transportation	0.75%/30d	40.98	Hold	2.7	4.9	33.4	14.7	10.9	3.7	1.56	\$93
502	FSAVX	Automotive	0.75%/30d	45.36	OK to Buy	2.3	2.0	46.2	31.5	8.6	6.7	2.41	218
507	FSRBX	Banking	0.75%/30d	18.44	Hold	-0.7	-0.4	21.4	-6.0	-5.2	-8.0	1.59	411
42	FBIOX	Biotechnology	0.75%/30d	86.24	OK to Sell	9.9	18.2	11.4	18.7	11.4	6.7	1.05	1,232
68	FSLBX	Brokerage & Investment	0.75%/30d	53.42	Hold	1.0	1.9	11.2	0.3	-1.3	-1.5	1.47	520
69	FSCHX	Chemicals	0.75%/30d	111.04	Buy	6.7	16.3	30.7	40.9	11.2	14.3	1.40	869
518	FSDCX	Communications Equipment	0.75%/30d	30.20	OK to Buy	5.0	13.9	27.7	29.8	12.9	6.1	1.55	570
7	FDCPX	Computers	0.75%/30d	62.14	OK to Buy	4.4	10.1	23.8	29.0	12.9	10.3	1.27	580
511	FSHOX	Construction & Housing	0.75%/30d	37.77	OK to Sell	1.2	7.7	21.5	7.0	4.4	0.4	1.48	102
517	FSCPX	Consumer Discretionary	0.75%/30d	25.03	Hold	4.2	6.2	31.2	18.4	9.7	4.3	1.21	203
98	FVLX	Consumer Finance <sup>B</sup>	0.75%/30d	12.34	Hold	2.7	8.7	5.9	-0.8	-18.3	-20.4	1.31	117
9	FDFAX	Consumer Staples	0.75%/30d	72.66	Hold	6.2	7.3	15.2	18.9	6.1	9.8	0.79	945
67	FSDAX	Defense & Aerospace	0.75%/30d	82.31	OK to Sell	3.6	12.6	21.9	18.7	2.8	5.0	1.29	698
8	FSELX	Electronics	0.75%/30d	54.17	Hold	7.1	12.0	16.8	24.4	11.0	3.1	1.50	1,276
60	FSENX	Energy	0.75%/30d	61.89	Hold↓	0.5	18.5	19.0	37.2	-2.7	6.0	1.58	3,137
43	FSESX	Energy Service	0.75%/30d	87.37	Hold	-1.0	17.5	27.9	38.7	-4.6	4.8	1.88	2,048
516	FSLEX	Environment & Alt Energy	0.75%/30d	20.22	Hold	3.9	13.6	14.9	24.4	3.9	2.0	1.05	111
66	FIDSX	Financial Services	0.75%/30d	62.59	Hold	1.7	1.6	6.5	-5.3	-9.0	-8.7	1.50	454
41	FSAGX	Gold	0.75%/30d	52.69	OK to Sell	5.1	3.1	35.3	27.5	16.2	13.2	1.99	4,502
63	FSPHX	Health Care	0.75%/30d	143.97	Hold	4.6	15.5	17.0	26.8	11.4	7.6	0.90	2,245
510	FSCGX	Industrial Equipment	0.75%/30d	37.56	OK to Buy	2.7	11.2	33.9	26.3	5.1	6.5	1.50	416
515	FCYIX	Industrials	0.75%/30d	26.12	Buy	3.4	12.3	31.1	26.0	7.7	7.7	1.41	654
45	FSPCX	Insurance	0.75%/30d	50.77	Hold	3.5	7.7	20.1	14.4	-0.3	-2.8	1.31	270
353	FBSOX	IT Services	0.75%/30d	23.29	Buy	3.7	12.0	18.5	25.5	12.9	10.7	1.11	155
62	FDLSX	Leisure	0.75%/30d	94.79	Hold	3.1	4.1	37.9	15.9	10.9	6.6	1.09	363
509	FSDPX	Materials	0.75%/30d	74.58	Hold	4.4	9.8	28.1	32.0	8.9	11.9	1.52	1,304
505	FSHCX	Medical Delivery	0.75%/30d	59.46	OK to Buy	3.5	19.7	15.4	32.9	13.5	7.2	1.21	768
354	FSMEX	Medical Equipment	0.75%/30d	31.45	OK to Sell	5.6	14.7	12.7	20.7	9.7	10.2	0.98	1,611
503	FBMPX	Multimedia	0.75%/30d	49.20	Hold	4.8	15.5	25.8	27.0	13.3	6.4	1.32	215
513	FSNGX	Natural Gas	0.75%/30d	37.11	Buy	0.2	11.8	6.4	18.0	-10.0	1.6	1.63	1,135
514	FNARX	Natural Resources	0.75%/30d	40.23	Hold	0.6	15.8	23.1	37.7	0.2	8.7	1.58	2,150
580	FPHAX	Pharmaceuticals	0.75%/30d	13.81	Buy	7.1	14.2	16.4	27.9	13.7	8.7	0.82	506
46	FSRPX	Retailing	0.75%/30d	54.61	Hold	5.3	7.7	28.1	16.0	17.6	8.4	1.24	175
28	FSCSX	Software & Computer Svcs	0.75%/30d	89.73	OK to Buy	3.7	9.6	18.9	27.0	10.1	11.8	1.05	1,342
64	FSPTX	Technology	0.75%/30d	104.88	Buy	3.4	9.7	26.7	30.6	12.9	9.4	1.40	2,870
96	FSTCX	Telecommunications	0.75%/30d	50.20	OK to Buy	4.1	8.2	18.3	27.3	5.6	4.3	1.16	385
512	FSRFX	Transportation	0.75%/30d	58.14	Hold↓	2.6	6.4	41.3	18.1	10.0	5.6	1.26	350
65	FSUTX	Utilities	0.75%/30d	52.29	Hold	4.1	8.3	10.9	18.5	-2.4	4.6	0.88	468
963	FWRLX	Wireless	0.75%/30d	8.52	OK to Buy	3.3	10.7	15.2	24.8	5.4	5.4	1.20	359

## FIDELITY SCORECARD - APRIL 30, 2011

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			SEC %Yield	Dist <sup>7</sup> %Yield	Dur <sup>2</sup> (Yrs)	Tax-Equivalent Yield Federal Tax Bracket						
						Apr	YTD	2010										
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>1.4</b>	<b>1.9</b>	<b>6.2</b>	<b>2.31</b>	<b>2.50</b>	<b>4.8</b>				
2267	FCONX	Conservative Income Bond		10.00	Buy	0.0p	0.0p	--	0.26	--	na							
2208	FCBFX	Corporate Bond		10.41	OK to Buy	2.1	3.8	5.6p	3.71	--	6.2							
15	FGMNX	Ginnie Mae		11.57	Hold	1.5	2.0	7.0	3.56	3.17	3.9							
54	FGOVX	Government Income		10.48	OK to Sell	1.3	1.2	5.1	2.11	2.16	4.7							
794	FINPX	Inflation-Protected Bond <sup>5</sup>		12.11	OK to Buy	2.4	4.4	5.9	0.19	1.03	6.3							
32	FTHRFX	Intermediate Bond		10.66	Hold	1.3	2.1	7.6	2.53	3.18	3.9							
452	FSTGX	Intermediate Gov't Income		10.77	OK to Sell	1.2	1.1	4.7	1.43	1.67	3.6							
26	FBNDX	Investment Grade Bond		7.50	Hold	1.5	2.5	8.4	3.02	3.09	5.1							
40	FMSFX	Mortgage Securities		10.92	Hold	1.4	1.9	7.3	3.23	3.41	3.6							
450	FSHFX	Short-Term Bond		8.50	Buy	0.6	1.0	3.8	1.12	1.73	1.8							
1561	FIBIX	Sptn Interm Treas Index <sup>5</sup>		10.71	Hold	1.9	1.5	8.5	2.63	2.88	6.5							
1562	FLBIX	Sptn Lng-Term Treas Index <sup>5</sup>		10.42	OK to Sell	2.2	1.1	9.2	4.07	3.94	14.0							
1560	FSBIX	Sptn Sht-Term Treas Index <sup>5</sup>		10.51	Hold	0.8	0.8	3.5	0.88	1.40	2.6							
651	FBIDX	Sptn US Bond Index <sup>6</sup>		11.41	Hold	1.4	1.7	6.3	2.77	2.93	4.7							
820	FTBFX	Total Bond		10.87	OK to Buy	1.5	2.6	8.6	3.15	3.90	4.5							
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.21	Hold	0.1	0.6	1.2	0.32	0.48	0.5							
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>1.4</b>	<b>4.3</b>	<b>11.9</b>	<b>4.57</b>	<b>5.49</b>					
38	FAGIX	Capital & Income	1.00%/90d	9.95	Buy	2.0	7.3	17.1	4.60	6.10	--							
814	FFRHX	Floating Rate High Income	1.00%/60d	9.90	Buy	0.5	2.0	7.8	2.72	3.41	--							
1366	FHIFX	Focused High Income	1.00%/90d	9.42	Buy	1.2	4.2	12.1	5.08	6.30	--							
455	SPHIX	High Income	1.00%/90d	9.23	Buy	1.3	5.3	13.7	5.59	6.86	--							
331	FNMIX	New Markets Income	1.00%/90d	15.77	Hold	1.5	2.6	10.9	5.50	5.44	--							
368	FSICX	Strategic Income		11.37	Buy	2.0	4.5	9.9	3.90	4.81	--							
<b>NATIONAL MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>1.4</b>	<b>1.8</b>	<b>2.3</b>	<b>3.18</b>	<b>3.53</b>	<b>6.2</b>	<b>25%</b>	<b>28%</b>	<b>33%</b>	<b>35%</b>
36	FLTXX	Interm Municipal Income	0.50%/30d	10.08	OK to Sell	1.3	1.8	2.7	2.96	3.48	5.4	3.9	4.1	4.4	4.6			
37	FHIGX	Municipal Income	0.50%/30d	12.35	OK to Sell	1.8	2.1	2.6	4.02	4.19	8.5	5.4	5.6	6.0	6.2			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.64	OK to Buy	0.8	1.2	2.0	1.73	2.26	2.7	2.3	2.4	2.6	2.7			
90	FTABX	Tax-Free Bond	0.50%/30d	10.61	OK to Sell	1.7	2.1	2.1	4.02	4.20	8.3	5.4	5.6	6.0	6.2			
<b>STATE-SPECIFIC MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>1.6</b>	<b>2.0</b>	<b>2.3</b>	<b>3.36</b>	<b>3.67</b>	<b>7.3</b>				
434	FSAZX	Arizona Muni Income	0.50%/30d	11.22	OK to Sell	1.8	2.1	2.3	3.79	3.74	8.3	5.3	5.5	5.9	6.1			
91	FCTFX	California Muni Income	0.50%/30d	11.71	OK to Sell	1.9	2.2	3.2	4.18	4.30	8.0	6.1	6.4	6.9	7.2			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.60	Hold	0.7	1.3	2.2	1.66	2.36	2.9	2.4	2.5	2.7	2.8			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.36	OK to Sell	1.7	2.5	2.2	3.00	3.30	7.3	4.2	4.4	4.7	4.9			
429	SMDMX	Maryland Muni Income	0.50%/30d	10.84	OK to Sell	1.5	1.7	2.3	3.11	3.40	7.5	4.4	4.5	4.9	5.1			
70	FDMMX	Mass Muni Income	0.50%/30d	11.74	OK to Sell	1.7	2.3	2.4	3.57	3.85	8.2	5.0	5.2	5.6	5.8			
81	FMHTX	Michigan Muni Income	0.50%/30d	11.71	OK to Sell	1.3	1.8	2.3	3.50	3.95	6.9	4.9	5.1	5.5	5.6			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.38	OK to Sell	1.5	2.4	2.4	2.83	3.47	6.6	4.1	4.3	4.6	4.7			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.29	OK to Sell	1.8	1.2	2.1	3.61	3.89	7.5	5.1	5.4	5.8	6.1			
71	FTFMX	New York Muni Income	0.50%/30d	12.69	OK to Sell	1.9	2.0	2.4	3.76	3.94	8.4	5.4	5.6	6.1	6.4			
88	FOHFX	Ohio Muni Income	0.50%/30d	11.47	OK to Sell	1.7	2.1	2.0	3.59	3.90	8.0	5.0	5.3	5.7	5.9			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	10.61	OK to Sell	1.6	2.3	2.0	3.71	3.93	7.7	5.1	5.3	5.7	5.9			
<b>TAXABLE MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.01</b>	<b>0.04</b>	<b>0.02</b>						
55	FDRXX	Cash Reserves		1.00	--	0.00	0.01	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	0.03	0.13	0.07	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							
<b>MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>						
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			
<b>STATE MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>						
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	FCFXX	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 (City tax excluded) tax level for that federal bracket.

## FIDELITY SCORECARD - APRIL 30, 2011

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Apr	YTD	2010	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
9067	FLRQC	Fid VIP Asset Manager	Allocation		13.90	Hold	2.6	6.2	13.9	15.3	3.4	5.5	0.74
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		13.66	Hold	3.2	7.7	16.0	18.5	2.1	4.9	0.95
9069	FJBAC	Fid VIP Balanced	Allocation		14.44	Hold	2.2	7.0	17.7	16.5	5.7	5.5	0.92
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	13.01	Hold	4.1	6.1	30.8	18.3	9.7	4.1	1.21
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	12.88	Hold	6.0	6.9	14.8	18.2	6.0	--	0.78
9065	FPDFC	Fid VIP Contrafund	Large Growth		13.78	Hold	3.0	9.4	16.8	18.9	2.0	3.8	1.09
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		11.05	Hold	2.9	11.3	25.1	23.2	6.6	--	1.19
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		13.38	OK to Buy	2.9	7.8	18.0	15.3	3.2	2.1	1.14
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	9.64	Buy	4.1	5.4	17.5	20.3	--	--	--
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	17.50	Hold↓	0.4	18.3	19.0	37.0	-2.8	5.7	1.59
9061	FLOLC	Fid VIP Equity-Income	Large Value		11.59	Buy	3.0	9.7	14.8	15.6	-0.8	0.9	1.17
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	7.33	Hold	1.7	1.6	7.0	-4.9	-9.1	-8.7	1.53
9157	FMPAC	Fid VIP FundsManager 20	Allocation		12.30	Hold	1.6	3.0	7.2	7.4	3.7	--	0.27
9158	FMPBC	Fid VIP FundsManager 50	Allocation		12.23	Hold	2.7	5.7	11.6	13.1	3.5	--	0.58
9197	FMPPC	Fid VIP FundsManager 60	Allocation		11.07	Hold	2.9	6.3	13.3	14.8	--	--	--
9159	FMPCC	Fid VIP FundsManager 70	Allocation		11.85	Hold	3.3	7.5	14.0	16.6	2.5	--	0.80
9160	FMPDC	Fid VIP FundsManager 85	Allocation		11.47	Hold	3.5	8.0	15.9	17.9	1.5	--	0.96
9062	FMNDC	Fid VIP Growth	Large Growth		12.83	Buy	3.0	11.4	23.8	27.1	0.6	3.6	1.09
9070	FLFNC	Fid VIP Growth & Income	Large Blend		12.05	Hold	3.5	8.2	14.4	15.5	-1.0	1.7	1.04
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		12.42	Buy	4.2	12.9	23.4	27.0	-0.2	2.8	1.25
9078	FPVDC	Fid VIP Growth Stock	Large Growth		13.51	OK to Buy	3.7	11.7	19.7	25.1	5.4	5.0	1.08
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		12.55	Buy	3.3	8.7	24.5	21.9	4.0	2.8	1.14
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	14.55	Hold	4.7	15.6	16.9	26.6	11.3	7.3	0.89
9060	FBBLC	Fid VIP High Income	High-Yield Bond		14.69	Buy	1.4	4.7	13.8	12.4	8.1	7.1	0.67
9064	FXVLT	Fid VIP Index 500	Large Blend		12.26	Hold	2.9	9.0	14.7	16.9	1.5	2.7	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	17.49	Buy	3.5	12.2	30.6	25.5	7.9	7.8	1.42
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	12.34	Buy	5.1	8.8	15.4	21.8	0.5	1.0	1.49
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		13.32	Hold	1.5	2.2	7.5	6.2	6.7	5.9	0.23
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	15.06	Hold	4.5	9.8	28.1	31.8	8.9	--	1.52
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		16.01	OK to Buy	2.6	7.2	28.4	23.7	7.0	5.9	1.05
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.45	--	0.0	0.0	-0.1	0.0	0.7	2.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	13.35	OK to Sell	7.2	10.0	12.8	25.0	-2.6	1.6	1.25
9072	FFWKC	Fid VIP Real Estate	Sector		14.12	Hold	5.0	13.3	29.9	23.7	3.4	4.1	2.00
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		15.12	Buy	2.0	4.3	9.4	9.7	9.2	8.0	0.43
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	17.91	Buy	3.6	9.9	27.3	31.8	14.5	8.5	1.40
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	9.64	OK to Buy	3.6	7.3	17.2	25.7	4.2	--	1.14
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	14.00	Hold	4.0	8.3	10.8	18.5	-2.2	5.3	0.88
9079	FKMSC	Fid VIP Value	Mid Value		11.59	Buy	2.6	9.0	17.4	12.1	0.4	1.2	1.42
9080	FUEBC	Fid VIP Value Leaders	Large Value		10.56	Sell	3.3	9.8	9.8	10.7	-3.8	-1.2	1.18
9073	FRBSC	Fid VIP Value Strategies	Mid Blend		13.28	Buy	3.7	9.8	26.2	18.8	4.6	3.6	1.53
9272	FYBXC	Credit Suisse Int'l Equity Flex III	Diversified Int'l		12.40	OK to Sell	6.3	9.7	12.0	22.9	--	--	--
9285	FIGXC	Invesco Van Kampen Gbl Val Eqty	Global Stock		9.81	OK to Sell	4.2	8.6	10.7	17.5	-3.9	-0.4	0.96
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		16.16	Buy	3.6	2.7	22.7	17.4	2.8	--	1.48
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		14.25	Hold	1.6	2.5	9.5	6.8	7.0	7.3	0.61
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		13.99	Buy	3.7	2.5	18.7	18.6	-1.4	7.0	1.48
9146	FPRPC	Morgan Stanley Gbl Tactical Alloc	Diversified Int'l		10.35	Hold	3.8	7.3	5.4	15.1	-4.9	0.7	1.26
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		10.87	Buy	1.0	1.9	5.0	4.4	--	--	0.11
9277	FPNBC	Pimco VIT Real Return	TIPS		11.58	OK to Buy	2.4	4.3	7.8	7.9	--	--	--
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		11.19	OK to Buy	1.5	2.4	7.8	6.6	--	--	--

## 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	11
Lazard Retirement Emerg Mkts	10
<b>Total Return: Apr: 3.0% YTD: 7.9%</b>	

Annuity Growth & Income Model	
Fund	Allocation
Fidelity VIP Strategic Income	26%
Pimco Low Duration	18
Fidelity VIP Value	18
Fidelity VIP Equity-Income	14
Fidelity VIP Growth Opportunities	14
Lazard Retirement Emerg Mkts	10
<b>Total Return: Apr: 2.5% YTD: 6.4%</b>	

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
<b>Total Return: Apr: 1.7% YTD: 4.0%</b>	

QUESTION & ANSWER

## TIPS As A Hedge Against Inflation

**Q:** I'm looking at Inflation Protected Bond [FINPX] as an inflation hedge. If inflation increases I'm thinking the return should go up. Am I thinking correctly?

— F.H. via email

**A:** Inflation erodes the price of bonds, because as inflation increases, the value of their future interest payments declines in real terms (after inflation).

Fidelity's **Inflation-Protected Bond** fund, which invests in Treasury Inflation Protected Securities (TIPS), might seem like the perfect way to address this risk, since the future interest payments on TIPS are automatically adjusted for the rate of inflation (CPI-Urban Index) on a semiannual basis. The interest rate on these securities remains fixed, but the value of the principal is adjusted, so the amount of the interest payments changes. In fact, as you can see in the chart below, the return of Inflation-Protected Bond has tracked inflation's ups and downs pretty well.

However, you can also see that there are periods when inflation was still running fairly high (i.e. in mid-2006) but the fund's yearly return is negative (shaded below). That's the result of several different factors.

First, if investors are anticipating that inflation will slow down (as it did

later in 2006), they'll tend to sell TIPS and so the fund could go down.

Second, and more important, while TIPS are adjusted for inflation, they are also affected by the direction of interest rates. In fact, the fund's duration is 6.3 years — on par with **Spartan Intermediate Treasury Index**. When inflation is rising, interest rates generally follow suit. If interest rates are rising faster than inflation, TIPS could still suffer.

Given its duration, a one percentage point jump in interest-rates could mean a decline of about 6.3%. Assuming inflation was also on the rise, that loss would be offset by the fund's built-in inflation adjustment. However, unless inflation expectations rise a full point, the net could still be a decline in its value.

The only "sure" thing you can say about TIPS is that in periods of rising inflation, they should outperform similar maturity Treasuries. That is certainly the case so far this year, as the fund is up 4.4% while **Spartan Intermediate Treasury Index** is up 1.5%.

### Action Recommendation

Right now, our preferred method of guarding against inflation in the bond portion of our models is to use high-yield funds of varying risk. But Inflation Protected Bond is also a good choice, which is why we upgraded it to *OK to Buy* last month. ■

— John M. Boyd

FUND PROFILE

## Low-Priced Stock Has Wind To Its Back

One of Fidelity's most popular funds, **Low-Priced Stock** is enjoying a resurgence in its performance. Thanks to its gain of 4.4% in April, it's now up 10.9% so far this year.

Although it has been benchmarked to the Russell 2000 index, since its inception, it hasn't been a true small-cap fund for years. It's more of a "tweener" with a median market cap of \$3.5 billion — high by small-cap standards where the average fidelity fund is \$1.8 billion, but low relative to the \$6.9 billion average of their mid-cap funds.

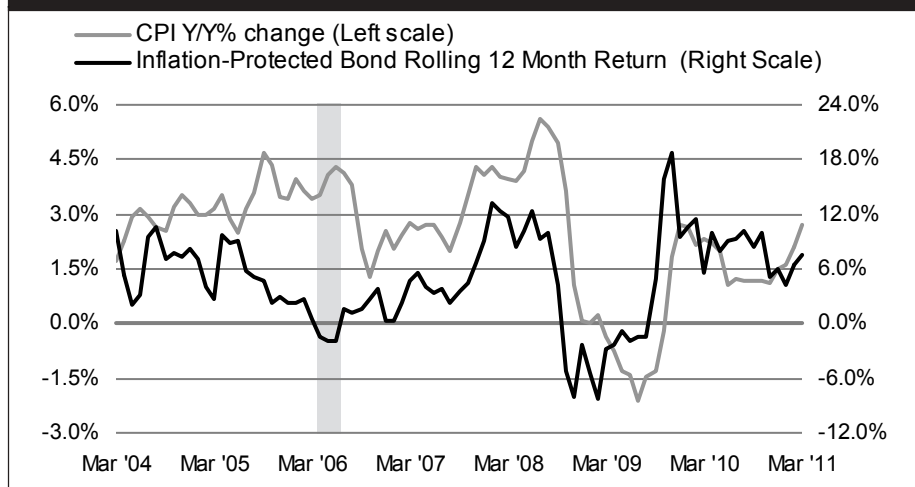
We classify the fund as a mid-cap, but whatever you call it, Joel has benefited from his "smallish" orientation. While larger cap stocks have done well, smaller firms have generally done even better this year (see *Fund Commentary* on p. 5).

But that's not the entire story. One thing that sets Joel apart from his peers is a significant foreign stake. Classified alongside other "domestic" stock funds, Joel has long allocated a significant portion of its assets to foreign companies. Today, they account for 34% of the fund's \$28.4 billion in assets (28% is in developed foreign markets and 6% is in emerging markets). As such, the fund's foreign stake makes Joel the second-biggest foreign investor at Fidelity (second only to **Diversified Int'l**).

While this held the fund back last year as developed foreign markets lagged the U.S. (as shown on page 1), this year, a falling U.S. dollar has significantly enhanced the returns of European (and other developed market) stocks — and Joel has benefited, too.

With a long-term track record the envy of the entire fund industry, we're hardly suggesting that Joel is a lucky manager. Then again, it's nice to own a fund when the wind is at its back! ■

### RETURNS ON TIPS VS. INFLATION



## Inside Fidelity

**New Managers** — Rie Shigekawa now runs **Japan** fund, replacing Robert Rowland who has been running the fund with modest success for the past four years. Shigekawa joined Fidelity in Japan in 2002 as an stock analyst. Since then, she's followed a number of industries including real estate, automotives, Internet companies and the media. In 2009, she became a portfolio manager running internal accounts.



Rie Shigekawa  
Japan Fund

Shigekawa joined Fidelity in Japan in 2002 as an stock analyst. Since then, she's followed a number of industries including real estate, automotives, Internet companies and the media. In 2009, she became a portfolio manager running internal accounts.

Prior to Fidelity, Shigekawa worked at Rothschild Asset Management (1999 - 2002), where her last position was an investment analyst following Japanese stocks. She started her career at the Industrial Bank of Japan in 1994.

We continue to rate the fund *Hold*.

Elsewhere, James Morrow is the new lead manager of **VIP Equity-Income**. He's assisted by Adam Kramer who now runs the high-yield and convertible securities portions of this fund and **Strategic Dividend & Income**. This team replaces Steve Petersen who continues to oversee **Equity-Income** and **Equity-Income II**, which are also large-cap value

funds which had been run in a near-identical fashion to its annuity counterpart.

While it's too soon to know how, we expect the VIP Equity-Income to part ways with Petersen's two products. So while we continue to rate it **Buy** and own it in all three Annuity Model Portfolios (see p. 10), we'll be watching closely for changes.

**Name Change** — U.S. Bond Index fund is now called **Spartan US Bond Index**. The retail Investor share class in our *Scorecard* has a \$10,000 minimum and will maintain its 0.22% expense ratio. However, if you have \$100,000 to invest, the soon-to-be launched Advantage share class makes more sense as its expense ratio is an even thinner 0.17%.

That said, we prefer that members own the less interest-rate-sensitive **Short-Term Bond**, **Inflation-Protected Bond** (see p. 11) or **Corporate Bond**. The latter gets its higher yield of 3.71% by holding lower-quality investment-grade securities. ■

## DIVIDEND UPDATE

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

Magellan and Real Estate Income.

*The final distributions for April were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Air Transportation	4/15	3.28	38.92
Asset Manager 40	4/6	0.03	9.81
Asset Manager 50	4/6	0.05	15.97
Automotive	4/6	0.72	44.21
Balanced	4/6	0.06	19.02
CA S-Int Tx-Free	4/6	0.01	10.54
Chemicals	4/15	0.02	105.55
Consumer Discr	4/6	0.97	24.38
Consumer Fin	4/6	0.01	12.27
Consumer Stpls	4/15	0.64	70.86
Convertible Secs	4/6	0.17	27.20
Defense & Aero	4/15	0.12	78.01
Electronics	4/6	0.01	52.72
Energy	4/6	0.08	61.57
Envir & Alt Enrgy	4/15	0.01	19.49
Equity-Income	4/6	0.13	47.63
Equity-Income II	4/6	0.05	19.64
Fidelity	4/6	0.01	34.68
Four-in-One Index	4/15	0.02	28.29
Freedom Income	4/6	0.01	11.50
Gold	4/15	2.03	51.63
Growth & Income	4/6	0.05	19.37
Industrial Equip	4/15	0.16	36.08
Industrials	4/15	0.43	25.03
Insurance	4/6	0.030	49.97
Int'l Enh Index	4/15	0.02	7.67
IT Services	4/6	0.350	22.83

Fund	Ex-Date	\$ Amt	NAV
Leisure	4/6	0.10	93.00
L-C Core Enh Idx	4/15	0.03	9.07
L-C Gro Enh Idx	4/15	0.02	10.20
L-C Val Enh Idx	4/15	0.02	7.94
Medical Equip	4/6	0.17	30.08
Mid Cap Enh Idx	4/15	0.23	10.25
Multimedia	4/6	0.26	47.18
Natural Gas	4/6	0.05	36.95
Natural Resource	4/6	0.07	40.18
Pharmaceuticals	4/6	0.26	13.22
Puritan	4/6	0.06	18.80
Retailing	4/6	2.90	53.09
Small Cap Enh Idx	4/15	0.31	10.53
Software & Comp	4/6	5.93	86.91
Spartan 500 Index	4/6	0.19	47.29
Sptn Extd Mkt Idx	4/15	0.51	40.40
Spartan Int'l Idx	4/15	0.12	36.77
Sptn Intmdt Treas	4/6	0.02	10.49
Sptn Short Treas	4/6	0.03	10.42
Sptn Total Mkt Idx	4/15	0.11	38.46
Strategic Div & Inc	4/6	0.05	11.28
Strategic Real Ret	4/6	0.04	9.92
Telecom and Util	4/6	0.05	16.92
Telecomm	4/15	0.04	48.98
Transportation	4/15	0.76	55.50
Utilities	4/6	0.11	50.87

## Message To Members

The Government Accounting Office is taking aim at fund companies and how they educate plan participants in company 401(k) accounts. All too often, it says, fund complexes do not provide impartial advice, and worse, nudge investors into products that are not especially cost effective.

For over a quarter century, *Fidelity Insight's* mission has been to provide its readers with **Independent** advice — an idea that apparently still makes a lot of sense!

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

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