

# FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

NOVEMBER 2011

VOLUME 27, NUMBER 11

## MARKET OUTLOOK

## European Deal Eases Worst Case Fears, But Falls Short

Last month, I wrote that despite widespread fears of a double-dip recession in the US, the fundamental data actually argued for a continued modest improvement. I also suggested that a “solution” to the European debt crisis, that at least avoided the worst-case scenario of a cascading series of sovereign defaults, would spark a rally in US stocks. Lastly, I argued that if analysts were right in their projections for third quarter earnings, the stock market was cheap.



John M. Boyd

Well, a month later, what do we have? Third quarter GDP came in at 2.5%, still weak, but a large improvement over the 0.4% growth in the first quarter and the 1.3% in the second. European leaders agreed on a bolder plan to contain their crisis that triggered a sharp rally in equities around the world. With 50% of the S&P 500 having reported, third quarter earnings have largely beaten expectations with 68% of the firms exceeding estimates.

Add it all up and October turned in the best monthly gain for stocks in nearly 25 years!

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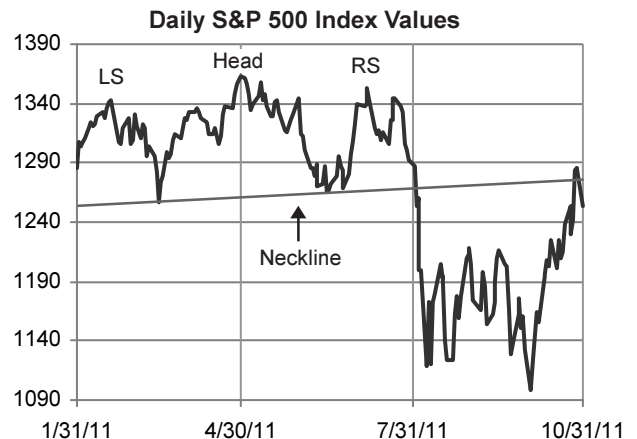
### A Dose Of Cold Water

If my purpose last month was to counter the prevailing sentiment that “all is lost,” this month I’m afraid it is to caution that “all is not won.”

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## TECHNICAL TROUBLE?



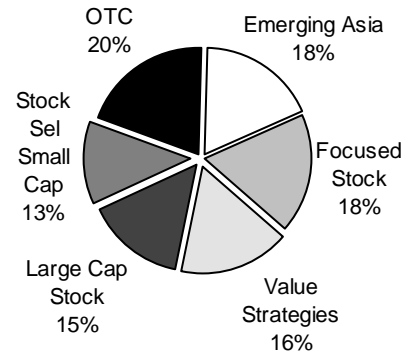
The S&P 500 has made a technical pattern known as a “Head and Shoulders.” There is a left shoulder followed by a higher peak at the head and then a lower peak for the right shoulder. The line connecting the bottoms of the left shoulder and head is called the “neckline.” Once the index falls below the neckline as it did back in July, it typically rallies back up to it. If the rally “fails” at that point and reverses, as appears to be happening now, the pattern is said to be “confirmed” which could mean a further decline is in the cards.

First, let’s take a look at the GDP figures. Consumer spending rose 2.4% in the third quarter compared to just 0.7% in the second with most of that coming in the form of durable goods purchases. Much of that can be explained by increases in auto and auto parts shipments from Japan as it recovered from the disruptions of its destructive earthquake and tsunami and that sort of catch-up is unlikely to be repeated next quarter. Add to that an increasingly gloomy consumer (recent sentiment surveys have fallen to where they were at the bottom of the 2008-09 credit crisis) and a still bleak jobs picture, and it is hard to imagine the same contribution from spending for the fourth quarter. Further muddying the picture is that much of the improvement in real GDP came from a supposed drop in the inflation rate from 3.3% in the second quarter to just 2.0% in the third, rather than a real increase in growth. (Nominal GDP is reduced by the inflation rate to get the final real GDP figure.) This doesn’t seem to mesh that well with the September CPI figure which showed infla-

Market Outlook cont’d on page 3

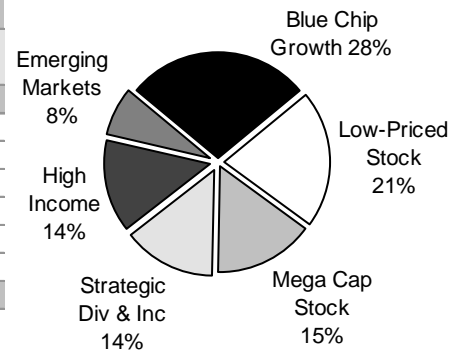
# FIDELITY INSIGHT MODEL PORTFOLIOS - OCTOBER 31, 2011

Aggressive Growth Model		Rel Vol: 1.19	Est. Yield: 0.9%	YTD Return: -1.9%		
Current Asset Allocation		Stocks 98.1%	Bonds 0.0%	Cash 1.9%	Alternative <sup>1</sup> 0.0%	Foreign 25.3%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
OTC	FOCPX	20%	\$57.72	542.94	\$31,338	12.2%
Emerging Asia	FSEAX	18	27.32	1,042.38	28,478	11.9
Focused Stock	FTQGX	18	13.97	2,008.32	28,056	10.7
Value Strategies	FLSX	16	25.48	1,027.15	26,172	13.6
Large Cap Stock	FLCSX	15	17.19	1,343.49	23,095	11.8
Stock Sel Small Cap	FDSCX	13	18.04	1,127.28	20,336	15.5
Current Value (4/7/99 = \$100,000)					\$157,475	12.4%



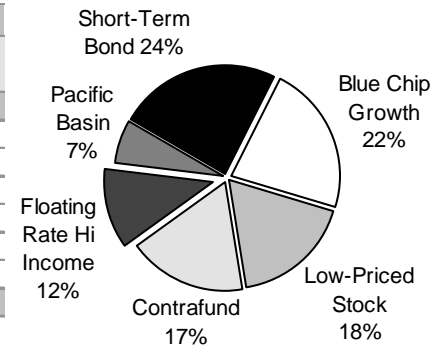
For aggressive members who have no need for income or principal for more than 10 years. Target volatility range: 0.50-1.50.

Growth Model		Rel Vol: 0.99	Est. Yield: 2.0%	YTD Return: 0.0%		
Current Asset Allocation		Stocks 79.7%	Bonds 0.0%	Cash 3.6%	Alternative <sup>1</sup> 16.6%	Foreign 18.8%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
Blue Chip Growth	FBGRX	28%	\$44.18	7,051.05	\$311,515	11.7%
Low-Priced Stock	FLPSX	21	36.57	6,221.59	227,524	11.5
Mega Cap Stock	FGRTX	15	10.04	16,136.40	162,009	11.4
Strategic Div & Inc	FSDIX	14	10.91	14,317.69	156,206	7.7
High Income	SPHIX	14	8.76	17,760.38	155,581	6.1
Emerging Markets	FEMKX	8	22.23	3,812.35	84,748	11.3
Current Value (1/1/87 = \$100,000)					\$1,097,584	10.2%



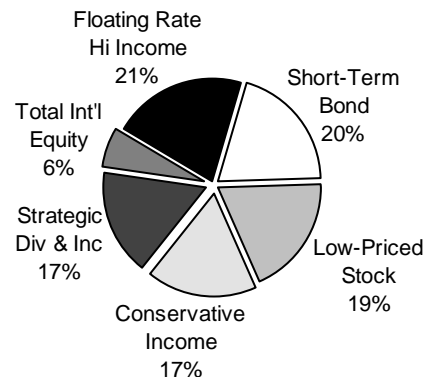
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.68	Est. Yield: 1.0%	YTD Return: 0.7%		
Current Asset Allocation		Stocks 61.0%	Bonds 24.1%	Cash 3.9%	Alternative <sup>1</sup> 11.0%	Foreign 17.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
Short-Term Bond	FSHBX	24%	\$8.51	25,930.27	\$220,667	0.2%
Blue Chip Growth	FBGRX	22	44.18	4,573.57	202,060	11.7
Low-Priced Stock	FLPSX	18	36.57	4,385.71	160,386	11.5
Contrafund	FCNTX	17	68.75	2,317.01	159,295	10.2
Floating Rate Hi Income	FFRHX	12	9.72	11,378.80	110,602	3.0
Pacific Basin	FPBFX	7	22.96	2,596.92	59,625	7.8
Current Value (1/1/87 = \$100,000)					\$912,634	7.1%



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: 0.49	Est. Yield: 2.0%	YTD Return: -0.5%		
Current Asset Allocation		Stocks 34.9%	Bonds 37.1%	Cash 4.8%	Alternative <sup>1</sup> 23.2%	Foreign 6.2%
Holdings	Ticker	Alloc	NAV	Shares	Value	Oct Ret
Floating Rate Hi Income	FFRHX	21%	\$9.72	12,009.88	\$116,736	3.0%
Short-Term Bond	FSHBX	20	8.51	12,831.31	109,194	0.2
Low-Priced Stock	FLPSX	19	36.57	2,765.91	101,149	11.5
Conservative Income	FCONX	17	9.98	9,426.75	94,079	0.0
Strategic Div & Inc	FSDIX	17	10.91	8,356.61	91,171	7.7
Total Int'l Equity	FTIEX	6	6.69	4,994.01	33,410	9.9
Current Value (1/1/87 = \$100,000)					\$545,739	4.5%



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.

tion growing at a 3.9% annualized rate. In short, continued improvement in the fourth quarter may be harder to come by.

### No Solution For Europe Yet

While the debt deal reached at the end of October was a positive step, there are still many details left to be ironed out and many questions left unanswered. Not the least of which is “will it work?” The 50% “voluntary haircut” for private holders of Greek debt is the most significant piece of the plan, but it remains unclear whether that will be enough. Because it is only the private holders (i.e. banks) that take the cut, Greece’s outstanding debt will only shrink by about 30%. Moreover, a major objective of the deal was to ease investor fears that other so-called PIIGS, notably Italy, would follow Greece into default. But, the bond markets are expressing no confidence in the plan as Italian bond yields have actually risen to a record high since the adoption of the euro.

There are a host of other problems with the deal that I won’t go into here, but suffice to say, one of the biggest concerns is that it does nothing to address the underlying problem of weak economic growth prospects for the PIIGS.

### Keep Your Seatbelts Buckled

We are now entering a traditionally strong period of the year for stocks, but don’t expect a repeat of October’s massive gains. In fact, the rest of the year may prove rockier than normal. There are also some troubling technical patterns (see page 1 chart). While we remain positive on the outlook for stocks in the year ahead, we may well see another slide downwards before we see a sustained rise in prices. So keep your emotions in check, not getting too high in months like we’ve just seen, or too low when stocks take a step back. ■

— John M. Boyd

## WHICH FUNDS SHOULD YOU BUY NOW!

**Equity Funds:** **Blue Chip Growth**, **Focused Stock**, **Growth Co.** and **OTC** are our top large-cap growth picks. **Strategic Dividend & Income** is your large-cap value option. **Low-Priced Stock** and **Stock Selector Small Cap** ply the mid- and small-cap arenas, respectively; **Contrafund** is a conservative “all-cap” approach to growth.

**Bond Funds:** **Short-Term Bond** affords limited interest-rate risk. **Conservative Income** gets you a bit more yield than a money market fund. Muni bond funds may offer higher tax-equivalent yields.

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

**High Yield Fund:** **Capital & Income** is an aggressive play on improving company balance sheets. **High Income** is a bit less risky and **Floating Rate High Income** is the most conservative high-yield option, but **Corporate Bond** (listed among Taxables) is an even less risky alternative. ■

## ANNUITY MODEL PORTFOLIO TRADES

As announced on our October 28 Hotline, on Monday October 31, we made trades in all three of our Annuity Models as detailed below.

Action	Fund (ticker)	Shares	Price	Value	Old %	New %
<b>Annuity Growth Model</b>						
Sold 1/4:	VIP Strat Inc (FGDQC)	759.69	\$15.17	\$11,524.45	34%	25%
Added to:	VIP Equity-Inc (FLOLC)	1,095.48	\$10.52	\$11,524.45	11%	20%
Sold:	VIP Value (FKMSC)	2,332.65	\$10.22	\$23,839.67	18%	0%
Bought:	VIP Value Strat (FRBSC)	2,151.59	\$11.08	\$23,839.67	0%	18%
<b>Annuity Growth &amp; Income Model</b>						
Sold:	Lazard Ret Emg Mkts (FPRLC)	829.86	\$13.79	\$11,443.80	9%	0%
Added to:	Fid Growth Opp’s (FIDPC)	981.46	\$11.66	\$11,443.80	14%	23%
<b>Annuity Growth &amp; Income Model</b>						
Sold:	Lazard Ret Emg Mkts (FPRLC)	862.40	\$13.79	\$11,892.52	9%	0%
Bought:	Fid Growth Opp’s (FIDPC)	1,019.94	\$11.66	\$11,892.52	0%	9%

As discussed on p. 4, our increased exposure to **VIP Equity-Income** in our Annuity Growth Model reflects both our positive take on that fund’s new management team, and our desire to lighten that model’s bond exposure. For its part, the addition of **VIP Value Strategies** is more growth-oriented.

Separately, the sale of **Lazard Retirement Emerging Markets** in both the Growth & Income and Income & Preservation Models isn’t a statement that we are concerned about that stock fund’s investment universe. Instead, we want to modestly increase our large-cap growth stock exposures. Moreover, Growth Opp’s is run by Steve Wymer. He’s one of Fidelity’s top stockpickers, running the very similar (and closed) **Growth Company** (see below).

Taken together, these are all modest asset allocation shifts. But they should provide a more attractive relationship between risk and potential reward that’s consistent with each model’s objective.

### Growth Model “Housekeeping”

Just a reminder: We’ve officially “swapped” **Growth Co.** with **Blue Chip Growth** in our Growth Model. This change is now reflected on page 2. If you own Growth Co., you should continue to hold this expertly-managed fund. And if you own Blue Chip Growth, you should also stay put. Importantly, the Growth Model’s risk profile and asset allocation are essentially unchanged. ■

## MANAGER CHANGES

### Equity-Income Funds Reaching For Yield

Longtime Manager Steve Petersen has relinquished the reins of **Equity-Income** and its near-clone **Equity-Income II**. This follows a midyear move when he handed over **VIP Equity-Income** (and an Advisor-sold version) to a team of managers.

This team is now taking over **Equity-Income** as well, while Scott Offen will take on **Equity-Income II**. So both funds are about to go through make-overs. Not extreme ones — but important ones.

Here's what's happening.

#### Equity-Income

In May, Jim Morrow was named lead manager of **VIP Equity-Income**.



James Morrow

He's been assisted by Adam Kramer who runs a high-yield, preferred and convertible subportfolio of the fund. As they assume the reins of **E-I**, they will be

joined by Ramona Persaud. We've learned that Ramona's been running a global equity-income pilot fund at Fidelity. Her charge on **E-I** is to run a new subportfolio of global high-yielding stocks. Both her and Adam's subportfolios will be 4%-5% stakes in the fund.

With these many changes (especially a new dividend-income focus by lead manager Jim Morrow), **Equity-Income** will mimic his **VIP** (annuity) counterpart. That should mean better downside protection (**E-I**'s current volatility is 18% greater

than the S&P 500) and a higher yield. In fact, it appears that Fidelity has gotten a head-start in that regard as the yields on both **E-I** and **E-I II** are already above 3% versus 2.2% for the S&P 500.

Brian Hogan, president of equity research, told us that the renewed emphasis on yield (**Growth & Income** has also moved in this direction) is a response to several changes in the investment landscape: 1. With 10-year Treasuries yielding a paltry 2.0%, investors are in need of income; 2. Owing to shareholder pressure, more large companies are expected to either start paying a dividend or increase it. (They're presently holding about \$2 trillion in cash!); 3. Trying to prop stock prices with share repurchases has been ineffective, whereas increased dividends in this volatile market have provided price support, and; 4. In the absence of attractive investment alternatives, companies are more willing to return their cash.

Since 1930, 40% of the stock market's 9.8% average annual return



Scott Offen

has come from dividends. This component of total return is receiving greater notice by retail investors and institutions alike.

"When any cash-rich company comes in here," one Fidelity manager told us, "they get the third-degree about that [cash]."

#### Equity-Income II

Following 2008 when financials lost half their value, in early 2009, Fidelity added **Equity-Income II** to Petersen's managerial menagerie of

## TOP-YIELDERS

(Stock funds as of 10/31/11)

Equity-Income	3.3%
Equity-Income II	3.2
Large Cap Val Enhanced Idx	2.9
Growth & Income	2.9
Blue Chip Value	2.7
Large Cap Core Enhanced Idx	2.6
Stock Selector Large Cap Value	2.6
Value Discovery	2.5
Disciplined Equity	2.5
Mega Cap Stock	2.4
<b>S&amp;P 500 Index</b>	<b>2.2</b>

Fidelity fund yields are available on our website. Click on the "Independent Guide" button on our homepage.

funds. Under Steve, it soon became a virtual clone of **Equity-Income**.

Performance-wise, Petersen's multiple charges were average. To be fair, navigating one's way through the most turbulent market for banks and other financials since the Great Depression was daunting — but there's no avoiding them as they're about 25% of the funds' Russell 3000 Value benchmark. From bank bailouts, to the collapses of Fannie and Freddie, to TARP and the Fed controlling such institutions' dividends, smart investment decisions have required large helpings of intuition and luck.

Talent also helps.

Amid this fog, Scott Offen of **Value Discovery** was doing the best he could to steer his own small fund, as well as the common stock sleeve of **Strategic Dividend & Income**. While **Value Discovery** has had the freedom to tack between growth and value stocks (landing it in the large cap blend category), his benchmark is the Russell 3000 Value index — which is also used by Fidelity's other equity-income funds, including **Strategic Dividend & Income**. But it's only been in the last year that he was given a new mandate to lower risk and hike yield, which has really paid off. And so Scott's now been tapped to run **Equity-Income II** the same way.

As such, **E-I II** will part ways a bit from the "original" **Equity-Income**. Importantly, the latter is aiming to have a slightly higher yield of the two

**Equity-Income** cont'd on page 12

### Portfolio Changes At Fidelity's Equity-Income Funds

1. Higher premium on dividend income (greater yields);
2. Risk reduction (lower beta);
3. Lower portfolio turnover (less trading often means lower expenses which, in turn, help to prop up yields);
4. Greater bias for high-quality stocks, including financials, and;
5. **Equity-Income** and **VIP Equity-Income** become "clones" — experts now run "sleeves" of converts, preferred and foreign stocks.

FUND COMMENTARY

## Euro Hope & Earnings Banish Bears

Notwithstanding the Halloween horror that spooked the market (and rolled right into November), October



John Bonnanzio

was still a banner month for stocks. The Dow Jones Industrials surged a record 1,042 points for a gain of 9.7%! (It retreated 2.3% on Halloween.)

The much broader S&P 500 surged 10.9% last month — not a record, but close to it. Unlike many prior rallies, this one was notable for both its dearth of down days and especially big one-day “pops.” Instead, the ride up was strong and sustained over the entire month. This encouraged investors to move back into riskier asset classes such as stock-, high-yield- and emerging market bond funds.

Of course, optimism that Germany and France would successfully engineer an effective EU bailout for Greece was the prime driver for last month’s bull market. (As of this writing, that sentiment was giving way to pessimism.) All along, we’ve been sharing our doubts with you, and we appeared wrong up to the point of the accord. But now the details of the deal are being scrutinized (see John Boyd’s *Market Outlook* on p. 1). And, the Greeks must decide if their euro-neighbors’ largess suits any diminution to their profligate lifestyle. Suffice to say, if Greece effectively votes to default, it may exit from the euro. Others could follow, and the currency would be in trouble.

On the brighter side of the ledger, corporate America is making money again. How it’s managing to do that is a matter for another day, but they are delivering profits to their shareholders. That, coupled with generally improving economic data (except for stubbornly high unemployment) further fueled last month’s rally.

### Stock Funds

The average Fidelity stock fund soared 12.5% in October. Consistent with investors’ renewed appetite for risk, smaller-cap funds outpaced larger-cap ones. **Small Cap Stock** skyrocketed 18.4% while our model portfolio holdings **Stock Selector Small Cap** and **Low-Priced Stock** gained 15.5% and 11.5%, respectively. (The year-to-date picture is dramatically different as Small Cap Stock is the worst-performer with its decline of 11.5%.)

The average large-cap stock fund returned 11.8% last month, topping the large-cap S&P 500. Many of the better-performing funds in this group have smaller market-caps relative to their peers. **Independence**, for example, soared 16.8%, and was the second-best-performing equity fund overall. But with its market cap of “only” \$8.8 billion versus \$30 billion for its peers, its 50%-plus weight in mid- and small-cap stocks was beneficial. The fund’s overweight in energy stocks was also a plus for Independence and Fidelity’s 17 other funds that overweight the sector.

As for some of Fidelity’s most widely owned stock funds, the conservatively positioned **Contrafund** gained 10.2% in October, the tech-rich **Growth Company** gained 11.9%, **Magellan** rose 10.9% as new manager Jeff Feingold completed his first month on the storied fund, and **Blue Chip Growth** gained 11.7%.

Elsewhere, **Leveraged Company Stock** soared 16.0% last month; this was in keeping with investors’ move to risk assets and a view that the US

economy may be improving. At the same time, with a Greek “rescue” in the offing, European bank stocks took flight, and American financials posted above-average returns, too. This proved greatly beneficial to a wide variety of funds, including **Small Cap Value** (up 14.2%) and Fidelity’s various Equity-Income products (see facing page).

### Select Funds

Strong third-quarter GDP growth propelled Fidelity’s cyclical funds higher last month, including **Energy Service** (up 22.9%), **Materials** (up 18.3%), and **Automotive** (up 18.3%).

On the other hand, defensive stocks and the funds that own them were left far behind, especially **Medical Equipment** (up 3.0%), **Utilities** (up 3.5%) and **Consumer Staples** (up 5.1%).

### Fixed Income Funds

Muni and taxable bond funds lost ground last month. In the case of the former, this year’s big gains were modestly trimmed. As for taxables, most had modest gains. However, **Spartan Long-Term US Treasury Index** retreated 3.3%, as longer-dated Treasury and other government bonds sold off in the face of stronger economic data. On the other hand, **Inflation-Protected Bond** (up 1.9%) continues to benefit from the market’s desire to own “safe” fixed-income assets and to hedge against inflation.

Finally, **Cash Reserves** and all other money market fund yields are static at effectively zero percent. ■

— John Bonnanzio

### NOVEMBER SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Dividend Growth	B	H	↓	Prefer other high-yielding stock funds.
Equity-Income	H	B	↑	New management team with dividend focus.
Equity-Income II	H	B	↑	New manager with dividend focus.
Sel Biotechnology	S	H	↑	Will benefit from increased overseas demand.
Sel Comm Equip	B	H	↓	Prefer the less risky Sel Telecommunications.
Sel Defense & Aero	S	H	↑	Emerging market demand could lift aerospace.

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

## FIDELITY SCORECARD - OCTOBER 31, 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)		
						Oct	YTD	2010	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500		1253.30		10.9	1.3	15.1	8.1	11.4	0.2	1.00			
		Nasdaq		2684.41		11.2	2.0	18.1	8.1	17.2	3.5	1.10			
		Dow Jones Industrials		11955.01		9.7	5.3	14.1	10.5	11.9	2.6	0.92			
		Russell 2000 (Small Caps)		741.06		15.1	-4.4	26.8	6.7	12.9	0.7	1.36			
		Barclays Aggregate Bond*				0.2	6.8	6.3	5.0	8.6	5.8	0.17			
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>11.8</b>	<b>0.3</b>	<b>19.0</b>	<b>8.1</b>	<b>15.1</b>	<b>2.3</b>	<b>1.09</b>
312	FBGRX	Blue Chip Growth		44.18	Buy	11.7	1.2	19.6	9.2	17.6	4.1	1.10	\$11,094		
307	FDCAX	Capital Appreciation		25.51	OK to Buy	12.4	0.7	18.3	6.2	15.8	1.5	1.15	4,321		
22	FCNTX	Contrafund		68.75	Buy	10.2	1.6	16.9	6.8	13.2	3.5	0.86	56,898		
332	FEXPX	Export and Multinational	0.75%/30d	20.91	OK to Sell	9.8	-2.9	11.9	4.3	10.9	-0.2	1.03	1,974		
500	FFTYX	Fifty		17.77	OK to Buy	10.4	0.9	17.8	6.3	14.5	-0.6	1.02	683		
333	FTQGX	Focused Stock		13.97	Buy	10.7	2.3	24.1	12.8	13.0	4.8	1.03	618		
25	FDGRX	Growth Company (closed)		86.96	Buy	11.9	4.6	20.6	12.3	18.0	5.5	1.05	25,433		
339	FDSVX	Growth Discovery		13.97	Buy	11.9	2.7	24.0	11.5	14.0	2.9	1.08	873		
73	FDFFX	Independence		23.28	OK to Buy	16.8	-4.4	22.2	3.1	14.9	2.5	1.30	3,459		
763	FSLGX	Large Cap Growth		10.09	Buy	11.7	3.6	19.8	11.5	14.3	0.2	1.00	131		
338	FLCSX	Large Cap Stock		17.19	Buy	11.8	-2.2	18.2	8.1	16.8	1.3	1.24	817		
21	FMAGX	Magellan		64.94	Hold	10.9	-9.3	12.4	-1.9	10.2	-2.5	1.20	13,926		
93	FOCPX	OTC		57.72	Buy	12.2	5.1	20.1	13.9	23.2	7.6	1.20	6,152		
320	FDSSX	Stock Selector All Cap		24.91	Hold	12.2	-3.2	19.2	5.8	10.8	-0.1	1.08	1,403		
5	FTRNX	Trend		69.80	Buy	11.8	3.6	19.8	11.5	19.1	4.0	1.03	1,078		
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>11.8</b>	<b>-2.5</b>	<b>14.7</b>	<b>5.5</b>	<b>10.0</b>	<b>-1.6</b>	<b>1.13</b>
315	FDEQX	Disciplined Equity		21.79	OK to Sell	11.7	-3.3	8.3	1.5	6.3	-2.7	1.03	7,227		
330	FDGFX	Dividend Growth		26.61	Hold↓	14.1	-6.1	21.2	3.4	17.2	0.3	1.32	8,173		
3	FFIDX	Fidelity Fund		31.80	Hold	9.2	-0.8	14.6	8.1	10.4	0.6	1.03	4,493		
27	FGRIX	Growth & Income		18.02	Hold	10.9	-0.4	14.6	8.0	8.0	-6.5	1.10	4,724		
361	FGRTX	Mega Cap Stock		10.04	Buy	11.4	1.1	14.4	9.3	11.6	0.6	1.07	866		
343	FTXMX	Tax Managed Stock		11.85	OK to Sell	13.6	-4.9	14.7	3.1	6.9	-2.4	1.13	62		
832	FVDFX	Value Discovery		14.08	Hold	11.7	-3.4	15.4	5.1	9.3	-1.5	1.19	478		
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>11.6</b>	<b>-5.0</b>	<b>12.0</b>	<b>2.3</b>	<b>7.4</b>	<b>-3.8</b>	<b>1.17</b>
1271	FBCVX	Blue Chip Value		9.94	Sell	10.9	-7.2	10.1	-0.5	6.7	-4.8	1.20	392		
23	FEQIX	Equity-Income		41.20	Buy↑	11.5	-5.6	15.1	2.5	9.7	-2.8	1.18	7,344		
319	FEQTX	Equity-Income II		17.05	Buy↑	11.9	-5.3	13.5	2.9	7.9	-3.0	1.18	4,238		
708	FSLVX	Stock Sel Large Cap Value <sup>8</sup>		10.31	OK to Sell	12.1	-2.0	9.3	4.4	5.3	-4.4	1.11	518		
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>11.9</b>	<b>-2.2</b>	<b>23.3</b>	<b>7.8</b>	<b>18.2</b>	<b>1.4</b>	<b>1.17</b>
324	FDEGX	Growth Strategies	1.50%/90d	19.39	Buy	14.1	-5.1	25.6	5.5	16.2	0.9	1.17	1,653		
793	FSMGX	Mid Cap Growth	0.75%/30d	11.89	Buy	14.3	-4.4	25.2	6.2	17.6	-1.1	1.20	251		
337	FMCSX	Mid-Cap Stock	0.75%/30d	27.05	Hold	10.2	-1.4	23.6	9.6	21.1	1.8	1.22	5,529		
300	FMILX	New Millennium		29.71	OK to Buy	8.8	2.0	18.9	10.1	17.9	4.2	1.08	1,790		
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>13.7</b>	<b>-5.5</b>	<b>23.9</b>	<b>3.7</b>	<b>17.9</b>	<b>1.2</b>	<b>1.39</b>
122	FLVCX	Leveraged Company Stock	1.50%/90d	25.61	Buy	16.0	-9.9	24.5	2.0	15.2	0.0	1.59	\$3,193		
316	FLPSX	Low-Priced Stock	1.50%/90d	36.57	Buy	11.5	1.9	20.7	8.8	19.2	3.6	1.07	24,569		
14	FSLSX	Value Strategies		25.48	Buy	13.6	-8.5	26.5	0.4	19.2	-0.2	1.50	291		
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>12.7</b>	<b>-5.4</b>	<b>23.8</b>	<b>2.9</b>	<b>15.1</b>	<b>-0.5</b>	<b>1.35</b>
762	FSMVX	Mid Cap Value	0.75%/30d	15.20	Hold	12.5	-4.7	25.4	3.8	15.4	0.3	1.28	538		
39	FDVLX	Value		64.53	Hold	12.9	-6.1	22.3	2.1	14.9	-1.2	1.43	6,012		
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>15.8</b>	<b>-1.4</b>	<b>30.1</b>	<b>10.7</b>	<b>18.4</b>	<b>2.2</b>	<b>1.31</b>
1388	FCPGX	Small Cap Growth	1.50%/90d	15.38	Buy	16.1	-0.3	26.6	10.5	19.6	3.8	1.24	1,234		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	18.04	Buy	15.5	-2.5	33.7	11.0	17.3	0.7	1.38	1,698		

**Notes:** \*Fidelity's U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. <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 Dynamic Strategies. <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 Large Cap Value. (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 - OCTOBER 31, 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)		
						Oct	YTD	2010	1 Year	3 Year	5 Year				
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>17.0</b>	<b>-7.0</b>	<b>27.7</b>	<b>4.1</b>	<b>20.5</b>	<b>4.7</b>	<b>1.50</b>
384	FSCRX	Small Cap Discovery	1.50%/90d	19.68	OK to Buy	15.7	-2.6	32.4	10.3	22.1	7.1	1.46	1,913		
340	FSLCX	Small Cap Stock	2.00%/90d	17.35	Hold	18.4	-11.5	23.0	-2.2	18.9	2.3	1.54	3,321		
<b>SMALL CAP VALUE</b>						<b>Category Averages</b>			<b>14.2</b>	<b>-6.5</b>	<b>25.1</b>	<b>4.5</b>	<b>15.6</b>	<b>3.0</b>	<b>1.37</b>
1389	FCPVX	Small Cap Value	1.50%/90d	13.70	Hold	14.2	-6.5	25.1	4.5	15.6	3.0	1.37	1,662		
<b>SPECIALTY</b>															
2063	FOTTX	130/30 Large Cap		7.04	OK to Sell	11.9	-2.8	9.7	3.1	0.5	--	1.06	19		
304	FBALX	Balanced		18.36	OK to Buy	6.7	2.1	13.8	6.4	13.1	2.7	0.67	15,380		
308	FCVSX	Convertible Securities		23.82	Buy	9.2	-4.3	20.9	2.9	20.9	3.8	1.04	2,013		
355	FFNOX	Four-in-One Index		26.82	Hold	9.3	-0.6	13.7	4.3	10.9	0.9	0.91	2,251		
334	FGBLX	Global Balanced	1.00%/30d	22.18	Hold	5.8	-0.5	12.5	2.3	11.8	4.4	0.76	520		
2120	FFGCX	Global Commodity Stock	1.00%/30d	15.21	Hold	16.8	-11.3	18.1	-1.6	--	--	--	532		
1960	FDYSX	Global Strategies <sup>6</sup>		9.03	Hold	8.1	-2.5	15.0	2.1	11.7	--	0.76	219		
1368	FIREX	International Real Estate	1.50%/90d	7.72	Sell	11.9	-14.3	14.5	-11.7	8.5	-7.3	1.41	266		
4	FPURX	Puritan		17.90	OK to Buy	6.9	1.3	14.0	6.0	12.4	2.5	0.67	15,331		
833	FRIFX	Real Estate Income	0.75%/90d	10.31	OK to Buy	4.1	2.9	18.8	5.1	17.3	3.4	0.64	1,579		
303	FRESX	Real Estate Investment	0.75%/90d	27.56	Hold	15.3	7.5	29.9	10.9	18.5	-1.6	1.96	3,293		
1329	FSDIX	Strategic Dividend & Income		10.91	Buy	7.7	5.4	13.7	8.8	15.7	0.5	1.02	1,068		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.63	Hold	4.9	2.6	13.9	5.6	12.6	3.7	0.52	645		
311	FIUIX	Telecom & Utilities		16.85	Buy	4.7	7.9	17.3	12.2	13.7	1.2	0.68	876		
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		12.96	Hold	2.7	2.7	8.9	3.9	10.0	4.0	0.29	3,698		
1957	FTANX	Asset Manager 30%		9.72	Hold	3.9	2.2	10.9	4.2	11.4	--	0.39	225		
1958	FFANX	Asset Manager 40%		9.54	Hold	5.0	1.3	12.1	4.1	12.1	--	0.50	174		
314	FASMX	Asset Manager 50%		15.27	Hold	6.1	0.4	13.5	4.0	13.5	3.2	0.62	6,231		
1959	FSANX	Asset Manager 60%		9.44	Hold	7.3	-0.6	14.3	3.6	13.9	--	0.71	319		
321	FASGX	Asset Manager 70%		16.02	Hold	8.5	-1.9	15.8	3.3	14.3	2.0	0.83	2,267		
347	FAMRX	Asset Manager 85%		12.90	Hold	10.1	-3.7	16.6	2.5	14.5	1.3	0.99	615		
<b>EQUITY INDEX</b>															
2010	FIENX	International Enhanced Index	1.00%/30d	6.75	OK to Sell	8.5	-7.6	8.7	-4.4	8.6	--	1.22	24		
1827	FLCEX	Large Cap Core Enhcd Index		8.83	OK to Sell	10.8	3.6	12.2	9.9	10.6	--	0.96	117		
1829	FLGEX	Lrge Cap Growth Enhcd Index		9.97	OK to Buy	11.0	3.9	14.0	10.4	14.7	--	0.95	88		
1828	FLVEX	Large Cap Value Enhcd Index		7.48	OK to Sell	10.8	0.9	12.7	8.0	7.5	--	1.04	85		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	9.38	Hold	13.2	-0.8	22.4	7.6	16.6	--	1.13	69		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	35.84	OK to Buy	11.2	1.8	17.8	7.9	16.9	3.3	1.10	317		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	9.75	Hold	16.5	-0.6	26.1	10.5	12.8	--	1.31	114		
650	FUSEX	Spartan 500 Index <sup>4</sup>		44.40	Hold	10.9	1.2	15.0	8.0	11.4	0.2	1.00	16,963		
2341	FPEMX	Spartan Emerging Mkts Index	1.50%/90d	9.54	Hold	11.5	-4.6p	--	--	--	--	--	14		
398	FSEMX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90d	36.48	Hold	14.0	-3.2	28.6	7.0	16.4	2.8	1.23	4,248		
2345	FSGUX	Spartan Global ex U.S. Index	1.00%/90d	10.09	Hold	10.4	0.9p	--	--	--	--	--	2		
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90d	32.39	Hold	9.2	-7.6	7.7	-5.1	9.2	-2.5	1.25	5,909		
2349	FSCIX	Spartan Mid Cap Index	0.75%/30d	10.51	Hold	13.0	5.1p	--	--	--	--	--	1		
2353	FRXIX	Spartan Real Estate Index	0.75%/90d	10.31	Hold	14.6	3.1p	--	--	--	--	--	1		
2356	FSSPX	Spartan Small Cap Index	1.50%/90d	10.67	Hold	15.0	6.7p	--	--	--	--	--	1		
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90d	36.50	Hold	11.5	0.5	17.4	8.0	12.3	0.8	1.03	5,411		
<b>INTERNATIONAL</b>						<b>Category Averages</b>			<b>9.8</b>	<b>-10.4</b>	<b>16.8</b>	<b>-5.4</b>	<b>14.2</b>	<b>-0.3</b>	<b>1.29</b>
309	FICDX	Canada	1.50%/90d	52.59	Hold	9.0	-9.6	21.8	-1.3	12.2	3.6	1.28	3,782		
352	FHKCX	China Region	1.50%/90d	27.49	Hold	11.7	-15.4	18.0	-12.5	19.4	7.8	1.33	1,516		
325	FDIVX	Diversified International	1.00%/30d	27.49	OK to Sell	10.9	-8.8	9.7	-5.1	9.5	-2.3	1.21	17,383		
351	FSEAX	Emerging Asia	1.50%/90d	27.32	Buy	11.9	-10.8	22.8	-6.2	16.3	5.3	1.18	1,527		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.37	OK to Buy	10.7	-11.4	25.5	-5.9	21.9	--	1.33	114		
322	FEMKX	Emerging Markets	1.50%/90d	22.23	Buy	11.3	-15.6	18.2	-12.3	19.3	2.2	1.42	2,912		
301	FIEUX	Europe	1.00%/30d	27.67	OK to Sell	11.8	-11.7	8.6	-8.3	8.1	-2.6	1.36	623		
341	FECAX	Europe Capital App	1.00%/30d	16.79	OK to Sell	11.9	-11.8	8.4	-8.7	8.2	-3.3	1.37	333		
335	FIVFX	International Cap App	1.00%/30d	11.89	Buy	14.3	-7.8	15.9	-4.0	18.6	-1.4	1.45	555		
305	FIGRX	International Discovery	1.00%/30d	29.69	OK to Sell	9.7	-10.1	11.0	-6.4	9.3	-1.6	1.22	6,809		
1979	FIGFX	International Growth	1.00%/30d	8.12	OK to Buy	10.5	-6.3	16.9	-2.5	15.3	--	1.14	53		
818	FISMX	International Small Cap	2.00%/90d	19.23	Buy	6.2	-9.6	25.4	-3.7	19.2	1.2	1.14	860		
1504	FSCOX	International Small Cap Opps	2.00%/90d	9.85	Buy	9.7	-5.2	23.3	1.1	17.7	-4.1	1.16	328		
1597	FIVLX	International Value	1.00%/30d	7.03	OK to Sell	7.8	-13.6	5.2	-11.9	8.2	-5.3	1.40	151		
350	FJPNX	Japan	1.50%/90d	9.57	OK to Buy	-0.3	-14.4	14.7	-6.0	4.4	-6.5	1.09	451		
360	FJSCX	Japan Smaller Companies	1.50%/90d	8.62	OK to Buy	0.1	-6.2	12.3	6.4	8.7	-6.9	1.28	304		
349	FLATX	Latin America	1.50%/90d	52.49	Hold	15.8	-11.1	16.5	-7.9	24.9	7.7	1.40	2,885		
342	FNORX	Nordic	1.50%/90d	29.59	OK to Buy	12.0	-13.8	26.5	-7.5	15.7	-0.5	1.53	362		
94	FOSFX	Overseas	1.00%/30d	29.28	OK to Sell	13.6	-9.9	6.6	-5.8	6.4	-3.8	1.30	2,217		
302	FPBFX	Pacific Basin	1.50%/90d	22.96	Buy	7.8	-11.9	32.8	-5.4	24.7	2.4	1.37	724		
1978	FTIEX	Total International Equity	1.00%/30d	6.69	Buy	9.9	-10.6	12.5	-7.7	13.0	--	1.26	131		
318	FWWFX	Worldwide	1.00%/30d	18.02	Hold	9.5	-3.4	17.0	3.3	11.5	1.6	1.14	1,115		

# FIDELITY SCORECARD - OCTOBER 31, 2011

## SELECT MODEL PORTFOLIO

Our Select Portfolio rose nicely more than the S&P 500 during October's rally. **Chemicals** and **Natural Gas** outperformed on the upside, reversing their September losses. **Pharmaceuticals** trailed owing to its defensive positioning.

Earnings season has confirmed that events in Europe are having little impact on US firms. Assuming that European leaders will continue to inch toward a solution with teeth, stocks should continue to benefit as fears of a global recession are put to rest. With that in mind, there's no need to change our current positioning. But I am making some rating changes:



Jack Bowers

**Biotechnology** gets an upgrade to *Hold*. The differences between this sector and Pharmaceuticals are continuing to narrow as biotech firms increasingly resemble drug companies operationally. And like the drug companies, some of these firms are benefiting from rising

sales to Asian emerging markets.

**Communications Equipment** has been downgraded to *Hold*. This segment of the technology group carries more risk than technology stocks in general, and it's not clear to me that it will benefit as much from global growth.

**Defense & Aerospace** moves up to *Hold*. Defense contractors must deal with a long period of reduced Federal spending, but that's fully reflected at this point. Meanwhile the aerospace side of the fund is looking up. High fuel costs are driving commercial carriers to move faster in modernizing their fleets, and some equipment-makers are seeing rising demand from emerging countries. ■

## Select Model Portfolio

Fund	Allocation
Pharmaceuticals (FPHAX)	20%
Technology (FSPTX)	19
Chemicals (FSCHX)	18
IT Services (FBSOX)	15
Industrials (FCYIX)	14
Natural Gas (FSNGX)	14
<b>Total Return: Oct: 12.8% YTD: -2.1%</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)
						Oct	YTD	2010	1 Year	3 Year	5 Year		
<b>SELECT PORTFOLIOS</b>						<b>12.4</b>	<b>-2.4</b>	<b>22.2</b>	<b>5.8</b>	<b>17.6</b>	<b>2.5</b>	<b>1.33</b>	
<b>Category Averages</b>													
34	FSAIX	Air Transportation	0.75%/30d	36.64	Hold	9.1	-6.2	33.4	-5.3	14.6	1.2	1.65	\$69
502	FSAVX	Automotive	0.75%/30d	35.89	OK to Buy	18.3	-19.3	46.2	-5.5	33.0	0.9	2.44	121
507	FSRBX	Banking	0.75%/30d	15.51	Hold	13.5	-16.2	21.4	-3.2	-3.3	-11.5	1.74	358
42	FBIOX	Biotechnology	0.75%/30d	81.77	Hold↑	8.4	12.1	11.4	16.7	11.1	4.2	1.08	1,221
68	FSLBX	Brokerage & Investment	0.75%/30d	43.37	Hold	16.2	-17.3	11.2	-9.3	8.7	-6.1	1.52	387
69	FSCHX	Chemicals	0.75%/30d	94.90	Buy	16.6	-0.6	30.7	9.5	21.6	10.6	1.50	689
518	FSDCX	Communications Equipment	0.75%/30d	23.09	Hold↓	12.2	-12.9	27.7	-5.9	21.8	3.1	1.51	336
7	FDCPX	Computers	0.75%/30d	56.46	OK to Buy	14.2	0.1	23.8	6.8	24.7	8.4	1.27	582
511	FSHOX	Construction & Housing	0.75%/30d	33.37	OK to Sell	15.3	-4.8	21.5	10.7	13.1	-0.8	1.55	77
517	FSCPX	Consumer Discretionary	0.75%/30d	23.63	Hold	12.6	0.3	31.2	8.2	19.9	1.6	1.20	233
98	FVLX	Consumer Finance	0.75%/30d	11.33	Hold	9.2	-0.2	5.9	7.6	0.1	-22.1	1.16	140
9	FDFAX	Consumer Staples	0.75%/30d	71.31	Hold	5.1	5.3	15.2	9.1	14.7	7.5	0.72	1,056
67	FSDAX	Defense & Aerospace	0.75%/30d	77.46	Hold↑	11.2	6.0	21.9	9.5	15.3	4.0	1.26	643
8	FSELX	Electronics	0.75%/30d	46.96	Buy	12.5	-2.9	16.8	8.7	22.9	2.3	1.52	1,081
60	FSENX	Energy	0.75%/30d	51.59	Hold	20.6	-1.2	19.0	16.0	14.6	4.0	1.53	2,380
43	FSESX	Energy Service	0.75%/30d	68.30	Hold	22.9	-8.2	27.9	10.4	13.6	2.6	1.89	1,338
516	FSLEX	Environment & Alt Energy	0.75%/30d	15.88	Hold	10.7	-10.8	14.9	-6.4	6.6	-1.4	1.12	79
66	FIDSX	Financial Services	0.75%/30d	52.13	Hold	16.1	-15.4	6.5	-5.3	-0.1	-12.6	1.62	358
41	FSAGX	Gold	0.75%/30d	48.59	OK to Sell	6.7	-4.9	35.3	1.7	40.8	13.8	1.88	4,084
63	FSPHX	Health Care	0.75%/30d	130.33	Hold	6.3	4.6	17.0	13.3	17.0	4.4	0.85	2,018
510	FSCGX	Industrial Equipment	0.75%/30d	31.60	OK to Buy	17.6	-6.4	33.9	6.7	18.9	3.6	1.52	277
515	FCYIX	Industrials	0.75%/30d	22.02	Buy	14.0	-5.3	31.1	5.2	18.9	4.6	1.41	463
45	FSPCX	Insurance	0.75%/30d	44.77	Hold	13.8	-5.1	20.1	0.3	14.1	-5.9	1.28	249
353	FBSOX	IT Services	0.75%/30d	21.85	Buy	13.5	5.0	18.5	10.1	24.4	9.3	1.03	217
62	FDLSX	Leisure	0.75%/30d	95.71	Hold	14.8	5.1	37.9	10.7	23.4	7.1	1.13	391
509	FSDPX	Materials	0.75%/30d	63.28	Hold	18.3	-6.8	28.1	4.2	26.3	8.8	1.51	960
505	FSHCX	Medical Delivery	0.75%/30d	54.13	OK to Buy	10.5	9.0	15.4	20.3	23.7	4.9	1.14	688
354	FSMEX	Medical Equipment	0.75%/30d	27.23	OK to Sell	3.0	-0.7	12.7	9.7	10.5	6.2	0.96	1,330
503	FBMPX	Multimedia	0.75%/30d	42.59	Hold	11.7	0.0	25.8	3.3	22.8	2.2	1.31	162
513	FSNGX	Natural Gas	0.75%/30d	31.29	Buy	17.1	-5.7	6.4	4.8	8.9	-0.3	1.52	801
514	FNARX	Natural Resources	0.75%/30d	33.39	Hold	20.2	-3.9	23.1	13.4	18.2	6.4	1.50	1,449
580	FPHAX	Pharmaceuticals	0.75%/30d	13.07	Buy	5.7	8.1	16.4	11.4	17.2	6.6	0.86	601
46	FSRPX	Retailing	0.75%/30d	54.92	OK to Buy	9.8	8.3	28.1	18.1	28.2	7.0	1.23	329
28	FSCSX	Software & Computer Svcs	0.75%/30d	86.42	OK to Buy	13.9	5.6	18.9	10.1	23.7	8.2	1.01	1,312
64	FSPTX	Technology	0.75%/30d	92.88	Buy	12.9	-2.9	26.7	4.1	28.7	7.0	1.29	2,295
96	FSTCX	Telecommunications	0.75%/30d	43.76	Buy	4.5	-5.7	18.3	-1.1	21.2	0.0	0.89	350
512	FSRFX	Transportation	0.75%/30d	51.23	Hold	14.9	-6.3	41.3	-1.6	13.0	3.4	1.42	216
65	FSUTX	Utilities	0.75%/30d	52.82	Buy	3.5	9.4	10.9	9.9	12.3	1.9	0.70	556
963	FWRLX	Wireless	0.75%/30d	7.57	OK to Buy	5.3	-1.7	15.2	1.1	20.1	3.9	1.00	272

## FIDELITY SCORECARD - OCTOBER 31, 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						
						Oct	YTD	2010										
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>0.1</b>	<b>7.4</b>	<b>6.2</b>	<b>1.91</b>	<b>2.39</b>	<b>4.7</b>				
2267	FCONX	Conservative Income Bond		9.98	Buy	0.0	0.1p	--	0.81	--	na							
2208	FCBFX	Corporate Bond		10.76	OK to Buy	1.4	10.2	5.6p	2.90	3.54	6.4							
15	FGMNX	Ginnie Mae		11.86	Hold	0.2	6.9	7.0	3.25	3.26	2.6							
54	FGOVX	Government Income		10.80	Hold	-0.4	6.6	5.1	1.44	1.99	4.6							
794	FINPX	Inflation-Protected Bond <sup>3</sup>		12.93	Hold	1.9	12.4	5.9	-0.18	0.80	6.5							
32	FTHRXX	Intermediate Bond		10.86	OK to Buy	0.3	5.5	7.6	2.16	2.93	3.9							
452	FSTGX	Intermediate Gov't Income		11.00	Hold	-0.2	4.9	4.7	0.68	1.46	3.7							
26	FBNDX	Investment Grade Bond		7.69	OK to Buy	0.3	6.9	8.4	3.12	3.13	4.9							
40	FMSFX	Mortgage Securities		11.14	Hold	0.1	5.7	7.3	3.29	3.22	2.3							
450	FSHBX	Short-Term Bond		8.51	Buy	0.2	1.8	3.8	1.06	1.47	1.9							
1561	FIBIX	Sptn Interm Treas Index <sup>5</sup>		11.54	Hold	-0.8	10.8	8.5	1.43	2.57	6.5							
1562	FLBIX	Sptn Lng-Term Treas Index <sup>5</sup>		12.51	Hold	-3.3	23.5	9.2	2.86	3.29	15.9							
1560	FSBIX	Sptn Sht-Term Treas Index <sup>5</sup>		10.67	Hold	0.1	2.9	3.5	0.30	1.27	2.6							
651	FBIDX	Sptn US Bond Index		11.75	Hold	0.2	6.8	6.3	2.34	2.91	4.5							
820	FTBFX	Total Bond		10.96	OK to Buy	1.0	6.6	8.6	3.30	3.67	4.3							
812	ULSFXX	Ultra-Short Bond	0.25%/60d	8.17	Hold	0.2	0.2	1.2	0.69	0.29	0.4							
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>4.9</b>	<b>3.6</b>	<b>11.9</b>	<b>5.81</b>	<b>5.57</b>					
38	FAGIX	Capital & Income	1.00%/90d	8.95	Buy	6.3	-0.6	17.1	6.13	6.49	--							
814	FFRHXX	Floating Rate High Income	1.00%/60d	9.72	Buy	3.0	1.6	7.8	4.26	3.35	--							
1366	FHIFX	Focused High Income	1.00%/90d	9.14	Buy	4.9	5.4	12.1	6.20	6.23	--							
2297	FGHNXX	Global High Income	1.00%/90d	9.48	OK to Buy	6.5	-2.8p	--	6.45	--	--							
455	SPHIX	High Income	1.00%/90d	8.76	Buy	6.1	3.1	13.7	7.63	7.07	--							
331	FNMIX	New Markets Income	1.00%/90d	16.01	OK to Buy	4.6	7.0	10.9	5.69	5.46	--							
368	FSICX	Strategic Income		11.18	Buy	3.1	4.9	9.9	4.30	4.80	--							
<b>NATIONAL MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.4</b>	<b>6.3</b>	<b>2.3</b>	<b>2.63</b>	<b>3.44</b>	<b>6.1</b>	<b>25%</b>	<b>28%</b>	<b>33%</b>	<b>35%</b>
36	FLTXX	Interm Municipal Income	0.50%/30d	10.28	Hold	-0.4	5.6	2.7	2.39	3.44	5.3	3.2	3.3	3.6	3.7			
37	FHIGX	Municipal Income	0.50%/30d	12.82	Hold	-0.3	8.1	2.6	3.34	4.03	8.1	4.5	4.6	5.0	5.1			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.72	Hold	-0.4	3.1	2.0	1.45	2.22	2.9	1.9	2.0	2.2	2.2			
90	FTABX	Tax-Free Bond	0.50%/30d	11.02	Hold	-0.4	8.2	2.1	3.32	4.05	8.1	4.4	4.6	5.0	5.1			
<b>STATE-SPECIFIC MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.4</b>	<b>6.9</b>	<b>2.3</b>	<b>2.72</b>	<b>3.57</b>	<b>6.9</b>				
434	FSAZX	Arizona Muni Income	0.50%/30d	11.58	Hold	-0.2	7.3	2.3	3.12	3.64	7.8	4.3	4.5	4.9	5.0			
91	FCTFX	California Muni Income	0.50%/30d	12.16	Hold	-0.3	8.3	3.2	3.54	4.16	7.6	5.2	5.4	5.8	6.1			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.66	Hold	-0.5	3.1	2.2	1.36	2.39	3.1	2.0	2.1	2.2	2.3			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.70	Hold	-0.4	7.3	2.2	2.32	3.23	6.7	3.3	3.4	3.6	3.8			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.17	Hold	-0.3	6.5	2.3	2.41	3.27	7.0	3.4	3.5	3.8	3.9			
70	FDMMX	Mass Muni Income	0.50%/30d	12.14	Hold	-0.4	7.8	2.4	2.95	3.72	7.9	4.2	4.3	4.6	4.8			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.04	Hold	-0.3	6.7	2.3	3.01	3.85	6.7	4.2	4.4	4.7	4.8			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.64	Hold	-0.4	6.6	2.4	2.32	3.46	6.2	3.4	3.5	3.8	3.9			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.71	Hold	-0.4	7.0	2.1	2.85	3.79	7.3	4.1	4.2	4.5	4.8			
71	FTFMX	New York Muni Income	0.50%/30d	13.11	Hold	-0.5	7.4	2.4	2.75	3.79	7.7	3.9	4.1	4.5	4.6			
88	FOHFX	Ohio Muni Income	0.50%/30d	11.81	Hold	-0.4	7.1	2.0	2.97	3.76	7.6	4.2	4.4	4.7	4.9			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	10.93	Hold	-0.3	7.4	2.0	3.02	3.80	7.4	4.2	4.3	4.7	4.8			
<b>TAXABLE MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.02</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	0.01	0.01	0.01	na	na							
630	FRTXX	Retirement MM		1.00	--	0.00	0.01	0.02	0.01	na	na							
458	SPAXX	Government MM		1.00	--	0.00	0.01	0.01	0.01	na	na							
454	SPRXX	Money Market		1.00	--	0.00	0.01	0.03	0.01	na	na							
85	FSLXX	Select MM		1.00	--	0.00	0.05	0.13	0.07	na	na							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.01	0.02	0.01	na	na							
415	FDLXX	US Treasury MM		1.00	--	0.00	0.01	0.01	0.01	na	na							
<b>MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>						
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.01	0.02	0.01	na	na	0.0	0.0	0.0	0.0			
10	FTEXX	Municipal Money Market		1.00	--	0.00	0.01	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.01	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>0.01</b>	<b>0.01</b>	<b>0.01</b>						
433	FSAXX	Arizona		1.00	--	0.00	0.01	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.01	0.02	0.01	na	na	0.0	0.0	0.0	0.0			
97	FCFXX	California		1.00	--	0.00	0.01	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
418	FCMXX	Connecticut		1.00	--	0.00	0.01	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.01	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
74	FDMXX	Massachusetts		1.00	--	0.00	0.01	0.02	0.01	na	na	0.0	0.0	0.0	0.0			
420	FMIXX	Michigan		1.00	--	0.00	0.01	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	0.01	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
417	FNJXX	New Jersey		1.00	--	0.00	0.01	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	0.01	0.02	0.01	na	na	0.0	0.0	0.0	0.0			
92	FNYXX	New York		1.00	--	0.00	0.01	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
419	FOMXX	Ohio		1.00	--	0.00	0.01	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
401	FPTXX	Pennsylvania		1.00	--	0.00	0.01	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 - OCTOBER 31, 2011

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Oct	YTD	2010	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
9067	FLRQC	Fid VIP Asset Manager	Allocation		13.09	Hold	7.6	0.0	13.9	3.0	12.7	4.0	0.66
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		12.40	Hold	10.4	-2.3	16.0	2.1	13.0	2.9	0.91
9069	FJBAC	Fid VIP Balanced	Allocation		13.17	OK to Buy	9.9	-2.4	17.7	4.2	15.3	2.8	0.90
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	12.25	Hold	12.7	-0.1	30.8	7.8	19.5	1.3	1.21
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	12.59	Hold	4.9	4.5	14.8	8.3	14.1	--	0.72
9065	FPDFC	Fid VIP Contrafund	Large Growth		12.39	Hold	10.7	-1.7	16.8	6.3	13.5	1.0	1.07
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		9.81	Hold	16.3	-1.2	25.1	9.8	11.6	-0.6	1.31
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		12.47	OK to Buy	12.6	0.5	18.0	6.0	15.4	0.5	1.15
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	7.69	Buy	11.3	-16.0	17.5	-12.8	18.8	--	1.40
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	14.56	Hold	20.6	-1.6	19.0	15.5	14.3	3.2	1.54
9061	FLOLC	Fid VIP Equity-Income	Large Value		10.52	Buy	10.3	-0.4	14.8	8.1	11.4	-2.6	1.15
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	6.09	Hold	16.0	-15.6	7.0	-5.6	0.0	-12.9	1.66
9157	FMPAC	Fid VIP FundsManager 20	Allocation		12.20	Hold	2.3	2.2	7.2	3.1	7.1	3.3	0.24
9158	FMPBC	Fid VIP FundsManager 50	Allocation		11.60	Hold	5.4	0.3	11.6	3.5	9.9	2.1	0.55
9197	FMPPC	Fid VIP FundsManager 60	Allocation		10.31	Hold	6.3	-1.0	13.3	3.0	11.0	--	0.66
9159	FMPCC	Fid VIP FundsManager 70	Allocation		10.83	Hold	7.4	-1.7	14.0	3.0	10.9	0.7	0.77
9160	FMPDC	Fid VIP FundsManager 85	Allocation		10.20	Hold	9.1	-4.0	15.9	1.8	11.3	-0.5	0.94
9062	FMNDC	Fid VIP Growth	Large Growth		11.76	Buy	12.2	2.2	23.8	10.9	13.1	1.3	1.08
9070	FLFNC	Fid VIP Growth & Income	Large Blend		11.09	Hold	10.8	-0.4	14.4	7.8	9.8	-1.0	1.02
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		11.66	Buy	12.2	6.0	23.4	14.7	19.4	0.9	1.08
9078	FPVDC	Fid VIP Growth Stock	Large Growth		12.63	OK to Buy	11.7	4.4	19.7	12.2	19.0	3.6	1.02
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		10.93	Buy	14.1	-5.3	24.5	5.2	15.8	-0.3	1.16
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	13.16	Hold	6.5	4.5	16.9	13.2	17.0	4.1	0.86
9060	FBBLC	Fid VIP High Income	High-Yield Bond		14.54	Buy	5.6	3.6	13.8	4.3	17.5	5.7	0.53
9064	FXVLT	Fid VIP Index 500	Large Blend		11.37	Hold	10.9	1.1	14.7	7.8	11.2	-0.3	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	14.74	Buy	14.0	-5.4	30.6	5.0	19.1	4.4	1.43
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	10.46	Buy	14.4	-7.8	15.4	-4.1	18.5	-2.1	1.45
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		13.84	OK to Buy	0.5	6.2	7.5	4.7	10.8	5.8	0.18
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	12.77	Hold	18.3	-6.9	28.1	4.1	25.9	--	1.51
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		14.00	OK to Buy	10.9	-6.3	28.4	-2.5	17.7	3.3	0.98
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.44	--	0.0	-0.1	-0.1	-0.1	0.2	1.7	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	10.79	OK to Sell	10.8	-11.1	12.8	-7.5	7.7	-2.7	1.29
9072	FFWKC	Fid VIP Real Estate	Sector		13.26	Hold	15.6	6.4	29.9	9.6	19.6	-0.6	2.02
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		15.17	Buy	3.0	4.6	9.4	3.3	15.2	7.1	0.33
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	15.68	Buy	12.9	-3.8	27.3	3.6	29.8	6.2	1.30
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	8.58	Buy	4.4	-4.5	17.2	0.4	20.3	--	0.86
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	14.11	Buy	3.4	9.1	10.8	9.5	12.4	2.0	0.70
9079	FKMSC	Fid VIP Value	Mid Value		10.22	Buy	11.2	-3.9	17.4	4.1	13.6	-2.4	1.36
9080	FUEBC	Fid VIP Value Leaders	Large Value		8.90	Sell	10.9	-7.5	9.8	-0.8	6.4	-5.2	1.20
9073	FRBSC	Fid VIP Value Strategies	Mid Blend		11.08	Buy	13.6	-8.4	26.2	0.6	18.5	-1.0	1.50
9272	FYBXC	Credit Suisse Int'l Equity Flex III	Diversified Int'l				Discontinued						
9285	FIGXC	Invesco Van Kampen Gbl Val Eqty	Global Stock		8.31	OK to Sell	11.2	-8.1	10.7	-4.3	4.4	-4.9	1.00
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		13.79	Buy	10.9	-12.4	22.7	-9.4	21.3	5.7	1.36
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		14.83	OK to Buy	4.9	6.7	9.5	2.3	17.9	6.9	0.44
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		11.93	Buy	10.4	-12.6	18.7	-10.1	19.9	3.0	1.33
9146	FPRPC	Morgan Stanley Gbl Tactical Alloc	Diversified Int'l		9.45	Hold	7.8	-2.0	5.4	-0.2	11.6	-2.0	1.14
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		10.76	Buy	1.0	0.9	5.0	0.3	--	--	0.13
9277	FPNBC	Pimco VIT Real Return	TIPS		12.29	Hold	1.9	10.7	7.8	6.4	--	--	--
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		11.23	OK to Buy	1.0	2.8	7.8	0.9	--	--	--

Note: The portfolios below reflect the October 31 trades for clarity purposes, whereas the models' returns reflect the pre-trade portfolios.

### ANNUITY MODEL PORTFOLIOS

Annuity Growth Model	
Fund	Allocation
Fidelity VIP Growth Opportunities	28%
Fidelity VIP Strategic Income	25
Fidelity VIP Equity-Income	20
Fidelity VIP Value Strategies	18
Lazard Retirement Emerg Mkts	9
<b>Total Return: Oct: 8.4% YTD: 1.0%</b>	

Annuity Growth & Income Model	
Fund	Allocation
Fidelity VIP Strategic Income	27%
Fidelity VIP Growth Opportunities	23
Pimco Low Duration	20
Fidelity VIP Value	16
Fidelity VIP Equity-Income	14
<b>Total Return: Oct: 6.8% YTD: 0.2%</b>	

Annuity Income & Preservation Model	
Fund	Allocation
Pimco Low Duration	23%
Fidelity VIP Strategic Income	21
Fidelity VIP Money Market	21
Fidelity VIP Value	14
VIP Equity-Income	12
Fidelity VIP Growth Opportunities	9
<b>Total Return: Oct: 4.4% YTD: -0.8%</b>	



## Equity-Income *cont'd from page 4*

funds. This will come partly from its two subportfolios, while this diversification will also help lower its risk.

### Action Recommendation

We welcome all these changes. Some context: Back in August, we bought Scott's Strategic Dividend & Income in favor of Petersen's Equity-Income. "Our diminished outlook for financials," we wrote at the time, "has prompted us to downgrade Equity-Income to *Hold*." We proceeded to sell the fund in both the Growth and Income & Preservation Models.

However, citing VIP Equity-Income's new team structure, we elected to hold it in all three annuity models. Our reasoning: "...it has been consistently performing better, in part, owing to a diminishing stake in the big bank stocks that have hurt its

### DIVIDEND UPDATE

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

*The final distributions for October were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Asset Manager 40	10/7	0.04	9.13
Asset Manager 50	10/7	0.08	14.50
Balanced	10/14	0.09	18.05
Convertible Secur	10/7	0.20	21.90
Corporate Bond	10/14	0.12	10.50
Equity-Income	10/7	0.25	37.58
Equity-Income II	10/7	0.09	15.50
Export and Multi	10/7	0.25	19.39
Growth & Income	10/7	0.08	16.51
Puritan	10/14	0.08	17.58
Sp US Bond Index	10/14	0.05	11.63
Spartan 500 Index	10/7	0.22	40.92
Strategic Div & Inc	10/7	0.07	10.16
Strategic Real Ret	10/7	0.06	9.20
Telecom and Utilit	10/7	0.14	16.02
Total Bond	10/14	0.14	10.81

counterpart."

This month, our confidence in VIP Equity-Income's management team is reiterated in our Annuity Growth Model as we increased our exposure to that fund (see p. 3 Trade Box). Moreover, we are elevating our ratings on Equity-Income I and II to *Buy* from *Hold*. (Strategic Dividend & Income remains a *Buy*.)

Finally, major portfolio changes can trigger undesirable year-end tax consequences. But given Equity-Income I and II's still-sizeable unrealized losses (accrued in 2007), investors who own them in their taxable accounts have nothing to fear. ■

— John Bonnanzio

## Inside Fidelity

**Fund removal** — Credit Suisse Int'l Equity Flex III is no longer offered in Fidelity's Personal Retirement Annuity Portfolios. If you did not respond to a Fidelity mailing about your new alternatives, your assets were automatically directed to VIP Money Market. A better alternative is Fidelity VIP Int'l Cap App [ticker: FVJIC], though it does have a 1% redemption fee on shares held fewer than 60 days.

**Manager Change** — Tobias Welo is now co-manager of VIP Contrafund and joins Balanced where he runs the materials sleeve. ■

### MESSAGE TO MEMBERS

## More Income For The Income-Deprived

If your mother was anything like our own mothers, she taught you early that tooting one's own horn may be the norm for politicians, but it's bad form for everyone else — especially her own child!

With apologies to moms everywhere, we feel compelled to note that our displeasure with **Equity-Income's** paltry yield and performance has now been duly noted by Fidelity's top brass (see p. 4).

As careful readers of *Insight* may recall, we've implored the company to launch a "global, dividend-oriented, blue-chip stock fund ... whose yield [is] in excess of the S&P 500." Well, that strategy has now been incorporated into Equity-Income and we suspect that such a stock fund is in the offing.

Elsewhere, **Growth & Income** has already been refashioned into a yield-hunter. (We believe that dividends will be a growing component

of the stock market's total return). Meanwhile, **Global High Income** is a new bond-fund-variation of what we desire, while **Conservative Income** was launched as a higher-yielding and riskier money market fund alternative (but without check-writing).

Taken together, Fidelity is headed in the right direction with its new and refocused funds (see below). But are they actually listening to us? We can't say, as we wouldn't want to be impolite.

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

PS — With Fidelity launching five index funds, we've slightly rearranged the *Scorecard*. The new "Equity Index" section (p. 7) consists of 16 index and "Enhanced" stock funds. And atop p. 6, we've added the values ("points") for five widely followed indexes. Note that index bond funds are still listed among Taxable Bonds (p. 9).

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**Editorial Questions:** [editorial@mfi.com](mailto:editorial@mfi.com) **Subscription Questions:** [memberservices@mfi.com](mailto:memberservices@mfi.com) or 1-800-444-MFIA **Hotline:** 800-303-4470