25 Years

Best Performing Fidelity Newsletter For The Past 25 years www.fmandi.com

FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

MARCH 2013 PUBLISHED SINCE 1985

MESSAGE FROM JACK

Don't Fall Into The Precious Metals Trap

The excessive popularity of precious metals has set the stage for a long period where the asset class will be anything but golden. I'd like to dispel a few myths on this topic:

Jack Bowers

• The Fed is not massively diluting the dollar as many believe. The central bank's balance sheet has grown by $3 trillion on a base of $90 trillion in private dollar-based assets. It seems big, but currency dilution of 3% over four years is hardly the stuff of hyperinflation. Rising prices aren't even a threat. Boomers are aggressively paying down debt due to the housing bust. We're in the second or third inning of a deleveraging cycle that imposes a deflationary bias on the economy. And with the shale boom erasing our trade deficit and also holding down energy costs, inflation may not be a problem for decades.

• The market for scarce metals is volatile and fragile, and paper currencies are far more robust than they appear. The US dollar is backed by an economy that produces huge amounts of food and energy — two things that other countries would be scrambling to buy with their gold in any global money system collapse.

• Precious metals are hardly timeless. Advancing technology makes scarce things abundant as decades pass. Improved mining techniques grew the amount of gold in circulation by a factor of four over the last century. While undersea robotic exploration is still in its infancy, and using microbes to harvest metals from low concentration sources is still too costly for anything other than cleanup efforts, it would be naive to assume that mining activities are immune to disruptive innovation.

Bottom line: We rate **Select Gold** a *Sell* as the precious metals asset class is little more than a hedge against disaster, and an expensive one at that. If it accounts for more than 5-10% of your portfolio, consider using some of the excess to increase your portfolio's US stock exposure.

Sincerely,

Jack

MARKET OUTLOOK

Taking Stock: Is This Bull On Its Last Legs?

This month, the Bull Market that began on March 9 of 2009 will reach its 4-year anniversary. This is not necessarily a cause for celebration, however, as it raises the tricky question of how much longer it has to run.

John M. Boyd

As shown in the table below, according to Bespoke Investment Group, the average length of bull markets since 1940 (defined as a 20%+ rise from a trough) is 1,639 days. As of the end of last month, the current bull has lasted 1,452 days, certainly not young, but not on life support either.

If it only matched the historical average, we'd have about another six months to go. However, the five most recent bull markets prior to this one, have tended to be longer, averaging 2,118 days. On that basis, we could have almost another two years before the current bull expires.

Bull Markets Since 1940

Start	End	Days
4/28/42	5/29/46	1,492
5/19/47	6/15/48	393
6/13/49	8/2/56	2,607
10/22/57	12/12/61	1,512
6/26/62	2/9/66	1,324
10/7/66	11/29/68	784
5/26/70	1/11/73	961
10/3/74	11/28/80	2,248
8/12/82	8/25/87	1,839
12/4/87	3/24/00	4,494
9/21/01	1/4/02	105
7/23/02	10/9/07	1,904
Current (3/9/09 - ????)		1,452
Average (ex-current)		**1,639**

Source: Bespoke Investment Group

On the basis of the average magnitude of previous bull market gains we still likely have ample room to run as well. According to J.P. Morgan, the average gain in bull markets since 1947 (their data starts after the 1942-46 bull market in the table and they date them a bit differently) is

Market Outlook *cont'd on page 3*

 See Model Portfolios Key on p. 6

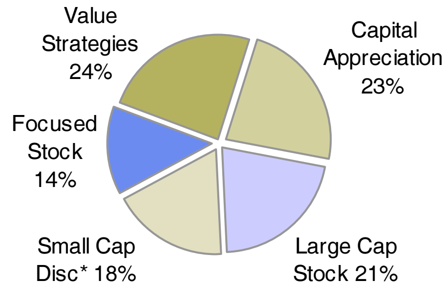
Unique Opportunities

Target Risk: 1.20 (Current: 1.18) Foreign Holdings: 8.7% **YTD Return: 6.5%**

Stocks: 94.5% Bonds: 0.0% Cash: 5.5% Alternatives: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Value Strategies	FSLSX	$33.31	2,224.92	$74,112	-0.2%
Capital Appreciation	FDCAX	30.91	2,248.54	69,502	0.9
Large Cap Stock	FLCSX	21.84	2,911.75	63,593	1.1
Small Cap Discovery*	FSCRX	26.57	1,998.03	53,088	2.4
Focused Stock	FTQGX	16.12	2,567.44	41,387	1.0
* Closed: new investors use Small Cap Enhanced Index or Mid Cap Value.					
Current Value (3/31/99 = $100,000)				**$301,682**	**0.9%**

For aggressive members who have no need for income or principal for more than 10 years.



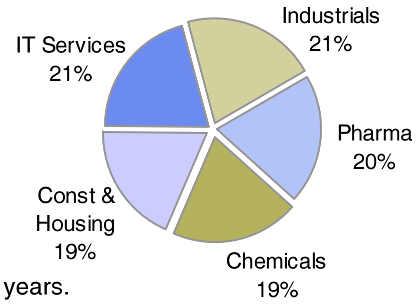
Select

Target Risk: 1.20 (Current: 1.19) Foreign Holdings: 15.0% **YTD Return: 6.3%**

Stocks: 97.2% Bonds: 0.1% Cash: 2.7% Alternatives: 0.0% Yield: 0.2%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
IT Services	FBSOX	$27.53	14,844.80	$408,677	0.5%
Industrials	FCYIX	28.04	14,501.91	406,633	2.9
Pharmaceuticals	FPHAX	16.13	24,070.45	388,256	0.6
Chemicals	FSCHX	122.98	3,106.62	382,052	-1.2
Construction & Housing	FSHOX	52.01	6,977.3	362,888	-0.6
Current Value (12/31/88 = $100,000)				**$1,948,508**	**0.6%**

For aggressive members who have no need for income or principal for more than 10 years.



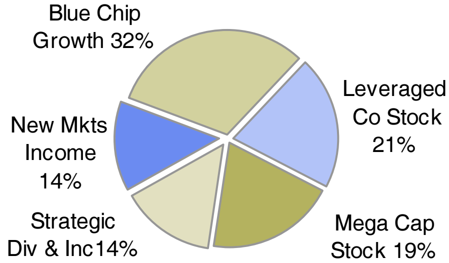
Growth

Target Risk: 1.00 (Current: 1.02) Foreign Holdings: 19.0% **YTD Return: 5.0%**

Stocks: 78.1% Bonds: 0.3% Cash: 5.4% Alternatives: 16.2% Yield: 1.1%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Blue Chip Growth	FBGRX	$51.86	9,318.81	$483,273	1.2%
Leveraged Co Stock	FLVCX	34.54	9,108.37	314,603	0.3
Mega Cap Stock	FGRTX	12.57	23,596.76	296,611	0.8
Strategic Div & Inc	FSDIX	12.99	16,908.70	219,644	1.4
New Markets Income	FNMIX	17.41	12,260.73	213,459	-0.4
Current Value (12/31/86 = $100,000)				**$1,527,591**	**0.8%**

For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years.



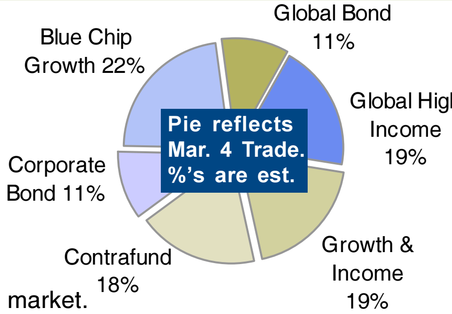
Growth & Income

Target Risk: 0.66 (Current: 0.68) Foreign Holdings: 27.6% **YTD Return: 3.2%**

Stocks: 59.2% Bonds: 3.9% Cash: 5.3% Alternatives: 31.6% Yield: 1.4%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Blue Chip Growth	FBGRX	$51.86	1,866.42	$96,793	1.2%
Global Bond	FGBFX	9.92	8,969.72	88,980	-1.3
Global High Income	FGHNX	10.27	7,864.78	80,771	-0.2
Growth & Income	FGRIX	22.64	3,455.81	78,239	1.3
Contrafund	FCNTX	80.93	943.15	76,329	1.3
Current Value (12/31/93 = $100,000)				**$421,112**	**0.4%**

A good choice for members retiring in 5-10 years looking for less volatility than the market.



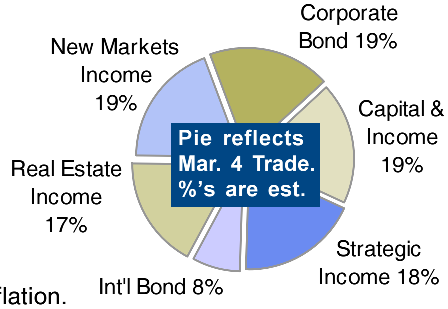
Income

Target Risk: 0.33 (Current: 0.31) Foreign Holdings: 42.6% **YTD Return: 0.1%**

Stocks: 2.1% Bonds: 24.2% Cash: 7.3% Alternatives: 66.5% Yield: 3.2%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
New Markets Income	FNMIX	$17.41	3,597.92	$62,640	-0.4%
Corporate Bond	FCBFX	11.38	5,381.36	61,240	0.7
Capital & Income	FAGIX	9.63	6,237.41	60,066	0.5
Strategic Income	FSICX	11.30	5,244.63	59,264	0.0
International Bond	FINUX	9.87	4,940.72	48,765	-2.4
Real Estate Income	FRIFX	11.85	2,651.51	31,420	1.5
Current Value (12/31/91 = $100,000)				**$323,395**	**-0.1%**

For members needing income and protection of their purchasing power against inflation.



Market Outlook *cont'd from page 1*

176%. Since the current bull began, we are up about 117%.

None of this, of course, means that this bull will not prove to be less than average in duration or magnitude. And, as I stated last month, a correction is possible at any time. But it does suggest that it does not have to die of old age just yet, either.

So to assess the current "health" of the market, let's look at some fundamentals.

Economy Still Growing

The calls for a coming recession continue, they just keep pushing the "start date" farther and farther out. But while our economy is hardly robust, we still see a continuation of modest growth.

Housing is rebounding strongly. Construction spending on new housing rose 17.5% in the fourth quarter. In January, the seasonally-adjusted annual rate of new home sales was the highest since July of 2008.

New orders for non-defense capital goods (ex-aircraft), a proxy for business investment, bottomed in the third quarter last year and has begun to move higher, notching a 5% year-over-year increase in January.

On a non-seasonally adjusted basis, January's retail sales were 6% higher than a year ago, and importantly, that was helped by strong gains in real disposable income in November and December. (However, income fell sharply in January as the impact of the expiration of the social security payroll tax cut took effect.)

While the early indications are that February's retail sales may be weak, there are some contributing factors that should subside. First there was the shock of lower paychecks due to the expiration of the Social Security tax cut mentioned above. Second, tax-refunds have been delayed by a few weeks, and third, gas prices have been rising. Though the increase in taxes will still pinch, the shock effect should wear off. Tax refunds will come eventually and that should support March's sales. Lastly, refineries are in the process of switching from producing a lot of home heating oil, to a mix featuring more gasoline, and this should bring gas prices down.

The Fed Still Supportive

Despite some recent discussions at the Fed about when they might begin to reduce their bond purchases, which briefly spooked the market, Bernanke and the Fed remain fully committed to supporting the market for the foreseeable future. The old adage: "Don't fight the Fed," is still a good one.

Valuations A Mild Concern

At a closing price of 1516 on February 27, the S&P 500 trades at 15.6 times trailing 12-months operating earnings (excludes nonrecurring items), versus an average of 18.8 since 1988. Based on reported earnings, which have a much longer history, the P/E is 17.2, versus an average of about 16 since 1900. However, P/E's tend to be higher when interest rates are low, as they are today. On balance, valuations aren't cheap, but they don't appear overly rich either.

In summary, as we pass its four year anniversary, we still think this bull is in good health.

Model Trades

Our recent investments in **Global Bond** and **International Bond** have proven more volatile than anticipated, driven largely by a strengthening of the US dollar versus the yen and the euro, along with less currency hedging on the part of the funds than we expected. While we believe these currency moves may wash out over the longer run (as Jack notes in his Q&A on page 12), we are trimming our positions in these two funds on March 4 (see box below). ■

— *John M. Boyd*

Funds You Should Buy Now

Growth: **Blue Chip Growth**, **Cap App** and **Growth Company** for large-cap growth and the now-closed **Small Cap Discovery**; **Contrafund** is a conservative approach to growth. **Leveraged Co. Stock** and **Value Strategies** play financially distressed but improving companies.

Growth & Income: **Growth & Income**, **Mega Cap Stock** and **Strategic Dividend & Income** seek growth and yield from larger-cap stocks.

Bond: **Short-Term Bond** limits interest-rate risk. **Corporate Bond** holds investment-grade (though rate-sensitive) bonds. **Global Bond** and **Int'l Bond** invest in riskier foreign markets (see p. 12). **Real Estate Income** is another alternative approach to yield and diversification.

High Yield: More risky than investment-grade bond funds, but less risky than stock funds, **Capital & Income** will boost portfolio yield, though its goal is capital appreciation. **New Markets Income** is attractive for its dollar-denominated, higher-yielding emerging market debt. ■

Model Portfolio Trades

As announced on our March 1 Hotline, on Monday, March 4, we will make trades in our *Growth & Income* and *Income* models as shown below.

Growth & Income Model:
We will sell 1/2 of our position in **Global Bond** [FGBFX], bringing it down to about 11% of the model. With the proceeds of the sale we will establish a new position in **Corporate Bond** [FCBFX] at approximately 11% of the model.

Income Model:
We will sell 1/2 of our position in **International Bond** [FINUX] bringing it down to about 8% of the model. We will add the proceeds of the sale to our existing position in **Real Estate Income** [FRIFX] bringing it up to about 17% of the model.

Annual Report

Profits Fall As Fidelity Regroups

2012 was a great year to be a Fidelity fund investor, but it wasn't an especially good one for Fidelity itself.

Though the privately and closely held fund giant isn't exactly suffering, last year's combination of slipping revenues and higher expenses resulted in a big drop in annual income. By big, we mean a 29% drop to $2.3 billion, down from $3.3 billion in 2012.

The challenges faced by Fidelity are hardly unique. Despite its stock funds posting outsized gains last year, investors pulled $35 billion from their highly profitable, actively run stock funds. (This came on top of $46 billion in outflows in 2011.) And some of that runoff may prove permanent as Fidelity is yet to launch its ETF lineup (which is likely to be launched with fixed-income products, followed by sector funds).

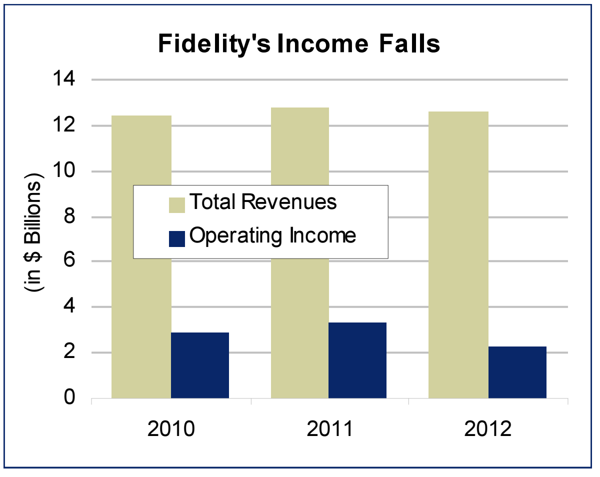
The second issue is the low interest-rate environment. Again, as with others in the industry, Fidelity has had to keep its money market funds' yields in positive territory by reimbursing or waiving fund expenses.

Although we don't know how much this actually cost the nation's #1 player in this field, with $420 billion in money fund assets at year-end, even a conservative one-basis-point in reimbursements adds $42 million in expenses, and perhaps several multiples more. (These days, money market fund reimbursements are thought to be as high as four basis points!)

Third, Fidelity is constantly investing in infrastructure (including online tools), but last year it reported that it hired more investment professionals globally, staffed up its wealth management group, and bolstered its manpower in its new Denver facility.

What Fidelity's annual report didn't dwell on is that the fund industry has grown even more competitive. In response to low-cost ETFs, for example, Fidelity reduced expenses on eight Spartan funds. A fourth, issue was that trading volume in their brokerage unit fell 14% last year.

Still, not all the news was bad for Fidelity.



First and foremost, equity fund performance was vastly improved last year. Though there are many different ways to measure "success" in this business, Fidelity says that its funds beat 69% of their peers in 2012, up from 61% a year earlier (this is on an asset-weighted basis). Their stock funds fared even better having outpaced 75% of their competitors, up from 53% in 2011.

Thanks to gains in both stock and bond funds last year, total assets under management rose 9% to $1.67 trillion (though the S&P 500 rose 16%). Another bright spot: $17.3 billion flowed into its bond funds.

Cheering Fidelity's successes in the fund arena may seem self-serving. But we need them to be profitable, too. That way it can continue to invest the appropriate resources it takes to service the needs of 20 million customers.

In its 2012 annual report, Chairman and CEO Edward C. (Ned) Johnson 3d provides this perspective: "Although some of Fidelity's financial metrics were down in 2012, the year was a good one for the firm because of our ability to choose investing for the future over immediate gratification of short-term profits."

That's not only a good strategy for Fidelity, it's also good advice for long-term investors. ■

— John Bonnanzio

Stock Fund Investing

Another Small Cap Fund Closes

On Friday March 1, **Small Cap Value** was closed to new investors. Existing shareholders may add to their accounts, but the move to taper inflows was designed to protect them as building levels of cash can hinder returns.

This move follows the January closing of **Small Cap Discovery**. (There are now eight stock funds closed for various reasons at Fidelity.) The two funds have more in common than their mutual interest in holding small-cap value stocks, their hot performances, and new assets washing in. Both funds are run in a very similar fashion by Chuck Myers, though Derek Janssen joined Chuck on "Value" at the start of the year.

With this most recent closing, members wanting to follow our *Unique Opportunities Model* (where we hold Small Cap Discovery — see p. 2) must find yet another alternative.

If available to you, **Small Cap Enhanced Index** is presently your best bet for "pure" small-cap exposure. **Mid Cap Value** is a good actively managed choice with a bigger market cap.

A couple of notes of caution:

1. Because we already hold the mid-cap fund **Value Strategies** in the *Unique Opps* model, if you go with **Mid Cap Value**, you would be a bit heavy in mid-caps, however, the overall risk of the portfolio would be less than with a small-cap option.

2. Most of Fidelity's small- and mid-cap funds have redemption fees to discourage short-term trading in this volatile and somewhat illiquid arena. ■

Fund Commentary

No February Thaw As Stocks Stay Hot

While several massive snowstorms blasted the country last month, investors' affinity for stocks remained hot to the touch. Granted, the Dow Industrials and S&P 500 each flirted with record highs only to be thwarted when within kissing distance of these records. Notwithstanding the specter of sequestration, for many investors and a bunch of computer algorithms, the technical allure of breaking into new territory proved too great to resist.


John Bonnanzio

Amid low volatility but stepped up trading volume, the mega-cap Dow Jones Industrials tacked on a gain of 1.7% last month raising its year-to-date gain to a remarkable and somewhat scary 7.7%. Over three months, it's up 8.5%.

The story line for the S&P 500 is much the same. It popped 1.4% in February on top of its 5.2% return in January. That translates into a 6.6% gain for the year, and a 7.6% return over three months. (Multiply that figure by four and you get the idea as to why these returns are quite big.)

Of course, this bull market has not been the exclusive domain of large-cap stocks. The Russell 2000 jumped 1.2% last month and is now 7.5% higher this year. (It's up 11.4% over three months when you tack on December's 3.5% gain.)

In relative terms, the tech-rich Nasdaq Composite has been a laggard, but in absolute terms, it seems a stretch to complain too loudly about a 0.7% gain in February and a 4.8% pop over two months.

How sustainable is all this? Please see John Boyd's *Outlook* on pg. 1.

Equity Funds

All 27 of Fidelity's large-cap funds gained ground last month. With tech stocks weak and Apple Computer weighing on Fidelity's large-cap growth funds, their overall performance trailed those of large-cap value funds (up 0.8% versus 1.3%).

The same scenario was repeated down the market-cap scale (though with far fewer funds to measure) with both mid-cap (growth up 1.6% vs 1.9% for value) and small-cap funds (growth up 1.3% vs 2.5% for value).

Turning to some of the large-cap stocks funds we hold in our models, last month **Contrafund** jumped 1.3%, **Blue Chip Growth** gained 1.2%, **Large Cap Stock** advanced 1.1% and **Focused Stock** rose 1.0%. **Capital Appreciation** and **Mega Cap Stocks** were laggards with fractional gains of 0.9% and 0.8%, respectively. As for the now-closed **Small Cap Discovery**, it rose 2.4%, while last month's alternative to it (**Small Cap Value**) jumped 2.5%.

As for Fidelity's most widely held funds, **Growth Company** and **OTC** suffered along with other growth funds as they gained 0.3% and 0.4%, respectively. **Magellan** managed to gain 0.7%, and **Low-Priced Stock** rose just 0.3% as it was hobbled by its smaller-cap holdings, portions of its 36% stake in foreign stocks, and an 8% out-of-market stake in cash.

International Funds

The good news in the foreign equity markets is that not every country is moving in lockstep with the other. Of course, this makes investing in international funds more of a challenge, especially as the US dollar is alternatively helping and hindering the performances of Fidelity's unhedged portfolios. With that in mind, the average foreign fund fell fractionally in February. **Latin America** fell the most (down 4.4%), but trouble in Italy sparked real concerns throughout the continent: **Europe** and **Europe Cap App** fell 1.7% and 2.2%, respectively. On the other hand, with the prospect that Japan may take a page from our own federal reserve and try to inflate asset prices by any means possible, **Japan** roared ahead with a gain of 2.9% and **Japan Small Companies** fared almost as well (up 2.8%).

Income Funds

In this varied space, US-oriented funds like **Capital & Income** and **High Income** were fractionally higher (up 0.5%), but foreign-focused ones slipped. (We address **New Markets Income** on page 11; **Int'l Bond** and **Global Bond** on p. 12.)

As for taxable bond funds, Fidelity's two international offerings, Global and Int'l Bond, lost ground, while fractional gains were the norm. Notably, **Spartan Long-Term Treasury Index** (the most interest-rate sensitive fund) was the best performer gaining 1.3% in February (though it's down 1.9% for the year). ■

— *John Bonnanzio*

March Scorecard Rating Changes

Fund	Ratings Old	Ratings New		Comments
Blue Chip Value	S	H	↑	Market embracing value stocks.
Int'l Real Estate	B	H	↓	Market is overheating plus global growth slowing.
Japan	S	H	↑	Monetary policy may inflate equity prices.
Japan Smaller Cos	H	B	↑	Monetary policy may inflate equity prices.
LC Value Enh Idx	H	B	↑	Market embracing value stocks.
Sel Brokerage & Inv	H	B	↑	Trading and investment banking activity picking up.
Sel Cons Finance	**B**	B	↓	Rises in payroll tax and gas prices slow spending.
Sel Transportation	H	B	↑	Rails moving more oil and airline profits improving.
Small Cap Value	B	B	NC	Now closed to new investors (see p. 4).
Value	B	**B**	↑	Market embracing value stocks.
VIP Value Leaders	S	H	↑	Annuity counterpart to Blue Chip Value (above).

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

FIDELITY SCORECARD — FEBRUARY 28, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) Feb	YTD	3 Mo.	Avg Annual (%) 1 Yr	3 Yr	5 Yr	10 Yr	Rel Vol (Risk)[1]
Comparative Indexes		S&P 500		1514.7		1.4	6.6	7.6	13.5	13.5	4.9	8.2	1.00
		Nasdaq		3160.2		0.7	4.8	5.7	8.1	13.5	8.0	10.0	1.16
		Dow Jones Industrials		14054.5		1.7	7.7	8.5	11.4	13.8	5.7	8.7	0.90
		Russell 2000 (Small Caps)		911.1		1.2	7.5	11.4	14.1	6.9	7.4	11.2	1.34
		Barclays Aggregate Bond*				0.5	-0.2	-0.3	3.0	5.3	5.2	4.7	0.16
Model Portfolios		Unique Opportunities				0.9	6.5	8.6	10.8	11.8	3.3	11.5	1.19
		Select				0.6	6.3	8.5	13.5	13.7	4.6	10.5	1.18
		Growth				0.8	5.0	5.7	9.9	12.4	3.4	9.5	1.02
		Growth & Income				0.4	3.2	3.9	7.9	9.3	3.2	7.9	0.68
		Income				-0.1	0.1	0.9	6.3	8.1	5.3	4.9	0.31

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Feb	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	Rel Vol (Risk)[1]	Assets ($Mil)
LARGE CAP GROWTH					***Category Averages***	***0.8***	***5.5***	***6.2***	***10.0***	***13.1***	***4.8***	***1.13***	
312	FBGRX	Blue Chip Growth		51.86	Buy	1.2	5.7	5.7	8.6	13.6	7.6	1.18	$11,743
307	FDCAX	Capital Appreciation		30.91	Buy	0.9	5.2	6.4	13.8	13.4	5.8	1.08	5,075
22	FCNTX	Contrafund		80.93	Buy	1.3	5.3	5.5	10.5	13.4	5.2	0.93	61,508
332	FEXPX	Export and Multinational	0.75%/30d	22.96	OK to Sell	1.0	4.9	5.8	10.7	10.0	2.8	1.02	1,711
3	FFIDX	Fidelity Fund		37.94	Hold	0.5	6.0	6.7	12.1	11.8	2.9	1.04	4,455
500	FFTYX	Fifty (Closed)		21.52	Buy	1.1	6.6	7.4	13.3	13.5	2.5	1.01	681
333	FTQGX	Focused Stock		16.12	Buy	1.0	6.4	7.3	13.3	16.3	7.8	1.10	738
25	FDGRX	Growth Company (Closed)		97.34	Buy	0.3	4.4	4.5	6.7	15.1	7.2	1.17	23,197
339	FDSVX	Growth Discovery		16.28	Hold	0.6	4.5	4.1	6.7	14.7	2.9	1.15	770
73	FDFFX	Independence		27.70	OK to Sell	0.7	6.9	9.1	10.1	11.7	1.6	1.43	3,213
763	FSLGX	Large Cap Growth (Closed)		11.91	Hold	0.7	4.5	4.4	9.4	14.5	4.9	1.11	136
21	FMAGX	Magellan		77.52	OK to Buy	0.7	5.8	6.6	11.1	8.0	-0.2	1.18	12,139
300	FMILX	New Millennium		32.38	OK to Buy	1.5	6.9	8.7	11.9	14.8	7.7	1.06	2,134
93	FOCPX	OTC		63.12	Hold	0.4	4.2	5.1	1.0	12.5	8.1	1.29	5,257
320	FDSSX	Stock Selector All Cap		30.11	Hold	0.8	6.4	7.5	11.9	12.5	3.5	1.16	2,568
5	FTRNX	Trend		76.36	OK to Buy	0.7	4.5	4.4	9.5	14.4	6.5	1.12	1,167
LARGE CAP BLEND					***Category Averages***	***1.3***	***6.8***	***8.4***	***14.4***	***12.4***	***3.0***	***1.17***	
315	FDEQX	Disciplined Equity		26.29	Sell	2.3	7.9	9.1	14.0	9.9	1.2	1.12	1,828
330	FDGFX	Dividend Growth		31.66	Hold	0.6	5.9	7.5	10.3	11.7	5.5	1.32	6,254
27	FGRIX	Growth & Income		22.64	Buy	1.3	6.5	8.4	15.7	13.8	-0.5	1.06	5,197
338	FLCSX	Large Cap Stock		21.84	Buy	1.1	6.6	8.8	15.2	14.2	6.2	1.19	1,386
361	FGRTX	Mega Cap Stock		12.57	Buy	0.8	5.7	7.1	14.2	14.2	4.9	1.09	1,946
343	FTXMX	Tax Managed Stock (Closed)		14.77	Sell	2.6	8.9	10.4	17.4	11.3	0.8	1.24	58
832	FVDFX	Value Discovery		17.32	Hold	0.7	6.4	7.5	14.0	11.8	2.7	1.16	413

Scorecard Key:

Notes: *Fidelity's Spartan U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. [1] Relative Volatility versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. [2] Duration is a measure of interest rate sensitivity. [3] Stated yield is before any inflation adjustment, your effective yield may be different. [4] Also available in an Advantage share class with a minimum of $100,000, but a lower expense ratio. [6] Formerly Equity-Income II. [7] Formerly Invesco Van Kampen Global Value Equity. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

Model Portfolios Key:

[1] 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.

MODEL PORTFOLIO HISTORICAL RETURNS (FIDELITY MONITOR)

	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12
Regular Models																									
Un Opp												33.8	-20.5	1.6	-2.1	43.2	20.6	18.8	16.6	11.6	-47.6	45.8	19.3	-5.8	16.8
Select		23.4	31.3	35.3	20.4	25.9	-0.9	39.0	5.2	29.3	21.7	44.9	-14.9	-7.3	-14.7	38.4	7.4	15.0	13.6	15.6	-39.3	35.4	11.6	1.2	19.2
Growth	26.0	30.4	-4.4	40.6	15.7	31.9	-2.1	27.2	19.2	25.5	9.9	29.0	-10.8	-6.4	-17.1	46.1	12.4	11.2	15.7	7.3	-42.7	31.8	17.7	-1.7	16.0
G&I							-3.7	21.6	15.8	18.7	11.1	12.2	2.7	1.3	-6.4	33.0	11.5	8.2	13.7	6.1	-33.5	28.1	12.2	-0.3	13.4
Income					10.1	11.3	-2.1	14.8	9.0	10.5	3.5	3.0	0.3	5.6	5.4	8.4	4.2	3.6	6.9	4.0	-18.2	20.0	9.1	6.3	10.7
Annuity (VIP) Models																									
Sector																57.5	6.3	14.0	17.7	11.2	-41.4	50.2	15.0	-5.0	18.1
Growth						20.6	4.6	36.1	16.1	23.5	22.6	22.1	-10.3	-14.0	-21.7	30.0	7.0	10.1	14.5	9.3	-45.5	25.1	17.7	-2.2	17.8
G&I								26.4	12.8	21.4	15.1	6.1	-4.9	3.1	-9.4	20.8	6.3	4.5	11.6	7.7	-31.0	27.1	12.0	-1.0	13.9
Income						12.3	-3.8	16.9	6.9	10.9	0.4	0.8	-2.4	-3.4	7.3	9.9	5.1	1.8	6.1	6.2	-18.3	22.9	7.3	7.4	10.0

FIDELITY SCORECARD — FEBRUARY 28, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) Feb	YTD	3 Mo.	Avg Annual (%) 1 Year	3 Year	5 Year	Rel Vol (Risk)[1]	Assets ($Mil)
LARGE CAP VALUE					***Category Averages***	***1.3***	***7.5***	***9.3***	***15.1***	***10.2***	***1.3***	***1.13***	
1271	FBCVX	Blue Chip Value		11.70	Hold↑	1.1	7.9	11.0	12.2	7.4	-0.9	1.20	$258
319	FEQTX	Equity Dividend Income[6]		20.87	OK to Buy	1.6	7.1	7.6	15.3	10.9	2.2	1.13	4,540
23	FEQIX	Equity-Income		50.29	Buy	1.2	6.9	8.1	16.5	11.3	2.6	1.14	6,413
708	FSLVX	Stock Sel Large Cap Value		12.68	Hold	1.4	8.2	10.7	16.3	11.2	1.2	1.07	469
MID-CAP GROWTH					***Category Averages***	***1.5***	***7.8***	***9.5***	***9.0***	***12.3***	***4.6***	***1.27***	
324	FDEGX	Growth Strategies	1.50%/90d	22.37	OK to Sell	1.6	8.0	9.3	7.0	11.2	3.0	1.30	1,442
793	FSMGX	Mid Cap Growth (Closed)				Merged into Stock Selector Mid Cap							
337	FMCSX	Mid-Cap Stock	0.75%/30d	31.84	Hold	2.0	8.4	10.4	11.1	13.4	6.2	1.24	4,568
2412	FSSMX	Stock Selector Mid Cap			Hold	0.7	6.9	8.9	--	--	--	--	205
MID-CAP BLEND					***Category Averages***	***0.2***	***5.9***	***9.5***	***16.2***	***14.5***	***5.5***	***1.30***	
122	FLVCX	Leveraged Company Stock	1.50%/90d	34.54	Buy	0.3	7.2	11.4	19.4	15.2	3.6	1.49	3,825
316	FLPSX	Low-Priced Stock	1.50%/90d	41.62	OK to Buy	0.3	5.4	8.5	12.0	13.9	7.3	1.07	24,587
14	FSLSX	Value Strategies		33.31	Buy	-0.2	5.2	8.5	17.2	14.4	5.7	1.33	589
MID-CAP VALUE					***Category Averages***	***1.9***	***9.9***	***12.9***	***19.2***	***15.0***	***6.0***	***1.22***	
762	FSMVX	Mid Cap Value	0.75%/30d	19.73	OK to Buy	1.9	10.8	13.4	19.6	15.7	6.9	1.17	731
39	FDVLX	Value		83.15	Buy↑	1.9	8.9	12.4	18.9	14.3	5.1	1.27	6,064
SMALL CAP GROWTH					***Category Averages***	***1.3***	***8.6***	***9.7***	***11.0***	***14.8***	***6.2***	***1.31***	
1388	FCPGX	Small Cap Growth	1.50%/90d	17.14	Hold	1.3	8.6	9.7	11.0	14.8	6.2	1.31	1,176
SMALL CAP BLEND					***Category Averages***	***0.8***	***7.4***	***10.7***	***13.1***	***14.7***	***8.4***	***1.39***	
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	26.57	Buy	2.4	10.4	15.6	24.0	21.6	15.2	1.32	5,254
340	FSLCX	Small Cap Stock	2.00%/90d	19.06	Hold	-0.1	5.4	7.6	6.6	7.1	5.0	1.50	2,571
336	FDSCX	Stock Selector Small Cap	1.50%/90d	21.40	Hold	-0.1	6.5	8.9	8.8	15.4	4.9	1.34	1,311
SMALL CAP VALUE					***Category Averages***	***2.5***	***10.6***	***15.4***	***21.7***	***16.5***	***10.8***	***1.26***	
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	17.90	Buy	2.5	10.6	15.4	21.7	16.5	10.8	1.26	2,366
SPECIALTY													
2063	FOTTX	130/30 Large Cap (Closed)		8.59	Sell	2.6	9.2	10.1	16.2	9.8	--	1.18	16
304	FBALX	Balanced		20.91	Buy	0.7	3.6	4.0	9.1	10.6	4.8	0.65	15,336
308	FCVSX	Convertible Securities		27.02	Buy	-0.1	4.3	8.3	9.3	10.3	4.0	0.96	1,833
334	FGBLX	Global Balanced	1.00%/30d	23.81	OK to Buy	-0.4	1.8	2.5	7.2	8.4	4.2	0.76	480
2120	FFGCX	Global Commodity Stock	1.00%/30d	14.41	OK to Sell	-4.6	-2.7	1.4	-7.6	2.0	--	1.60	350
1960	FDYSX	Global Strategies		9.45	OK to Sell	-0.8	1.7	3.2	6.3	7.9	3.6	0.74	231
1368	FIREX	International Real Estate	1.50%/90d	9.80	Hold↓	0.4	2.9	8.8	25.3	11.8	-0.8	1.43	387
4	FPURX	Puritan		20.15	Buy	0.9	3.8	4.4	9.2	10.6	5.4	0.70	15,695
833	FRIFX	Real Estate Income	0.75%/90d	11.85	Buy	1.5	4.0	5.3	17.6	14.5	9.8	0.39	2,935
303	FRESX	Real Estate Investment	0.75%/90d	33.62	Hold	1.1	4.6	8.5	16.6	20.0	7.9	1.19	3,959
1329	FSDIX	Strategic Dividend & Income		12.99	Buy	1.4	5.4	6.4	14.0	13.7	4.9	0.80	2,572
1505	FSRRX	Strategic Real Return	0.75%/60d	9.72	Hold	-0.5	0.8	0.8	5.3	8.2	3.6	0.48	719
311	FIUIX	Telecom & Utilities		19.41	OK to Buy	0.6	4.1	4.8	15.5	16.2	4.7	0.69	958
ASSET ALLOCATION													
328	FASIX	Asset Manager 20%		13.27	Hold	0.2	1.2	1.5	4.6	6.3	4.8	0.25	4,904
1957	FTANX	Asset Manager 30%		10.17	Hold	0.3	1.7	2.2	5.7	7.4	5.0	0.37	444
1958	FFANX	Asset Manager 40%		10.22	Hold	0.2	2.2	2.9	6.6	8.2	5.0	0.48	411
314	FASMX	Asset Manager 50%		16.90	Hold	0.2	2.7	3.7	7.3	9.0	5.2	0.60	7,035
1959	FSANX	Asset Manager 60%		10.42	Hold	0.2	3.3	4.3	7.9	9.4	5.2	0.72	706
321	FASGX	Asset Manager 70%		17.99	Hold	0.2	3.8	5.1	8.7	10.0	4.7	0.84	2,939
347	FAMRX	Asset Manager 85%		14.80	Hold	0.1	4.5	6.1	9.6	10.4	4.3	1.03	928
EQUITY INDEX													
355	FFNOX	Four-in-One Index		30.62	Hold	0.5	4.8	6.6	11.1	11.0	4.2	0.92	2,560
2010	FIENX	International Enchanced Index	1.00%/30d	7.45	Hold	-1.1	3.5	7.4	10.6	7.3	-1.8	1.29	30
1827	FLCEX	Large Cap Core Enhcd Index		10.70	Hold	1.6	6.7	7.8	13.0	13.2	4.7	0.99	209
1829	FLGEX	Lrge Cap Growth Enhcd Index		11.77	OK to Buy	1.5	6.1	5.9	9.4	13.1	6.3	1.01	172
1828	FLVEX	Large Cap Value Enhcd Index		8.89	OK to Buy↑	2.0	8.3	10.3	18.4	13.8	3.5	1.02	106
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	10.97	Hold	1.9	9.4	11.1	15.6	15.1	7.2	1.15	128
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	42.03	Hold	0.7	4.8	5.3	7.8	13.3	7.8	1.16	505
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	10.56	OK to Buy	0.9	7.5	10.7	16.2	17.0	7.7	1.33	157
650	FUSEX	Spartan 500 Index[4]		53.81	Hold	1.3	6.6	7.6	13.4	13.4	4.9	1.00	4,708
2341	FPEMX	Spartan Emerging Mkts Index[4]	1.50%/90d	10.12	Hold	-2.2	-1.2	5.0	-1.4	--	--	--	44
398	FSEMX	Spartan Extended Mkt Index[4]	0.75%/90d	43.12	Hold	1.0	8.0	10.9	14.0	15.5	7.7	1.25	972
2345	FSGUX	Spartan Global ex U.S. Index[4]	1.00%/90d	11.22	Hold	-1.3	1.7	6.1	6.4	--	--	--	4
399	FSIIX	Spartan Int'l Index[4]	1.00%/90d	35.31	Hold	-1.3	3.0	7.1	10.0	6.8	-1.0	1.31	2,280
2349	FSCLX	Spartan Mid Cap Index[4]	0.75%/30d	12.94	Hold	1.3	8.3	10.7	14.7	--	--	--	3
2353	FRXIX	Spartan Real Estate Index[4]	0.75%/90d	12.25	Hold	0.8	4.3	8.1	15.6	--	--	--	5
2356	FSSPX	Spartan Small Cap Index[4]	1.50%/90d	13.04	Hold	1.1	7.4	11.2	13.8	--	--	--	6
397	FSTMX	Spartan Total Mkt. Index[4]	0.50%/90d	44.05	Hold	1.3	6.9	8.2	13.5	13.8	5.5	1.04	1,313

FIDELITY SCORECARD — February 28, 2013

Fund	Fund		Sht-Term	$Price		Total Return (%)			Avg Annual (%)			Rel Vol	Assets
No.	Ticker	Fund Name	Fee	(NAV)	Advice	Feb	YTD	3 Mo.	1 Year	3 Year	5 Year	(Risk)[1]	($Mil)
INTERNATIONAL					***Category Averages***	***-0.2***	***3.1***	***6.8***	***9.2***	***8.3***	***-0.5***	***1.33***	
309	FICDX	Canada	1.50%/90d	53.84	OK to Sell	-1.1	0.6	1.6	1.3	5.4	-1.0	1.05	$2,709
352	FHKCX	China Region	1.50%/90d	31.58	Hold	-0.9	3.0	7.1	8.1	8.4	3.9	1.34	1,534
325	FDIVX	Diversified International	1.00%/30d	30.56	Hold	-1.6	2.1	4.4	8.9	6.8	-1.9	1.28	13,239
351	FSEAX	Emerging Asia	1.50%/90d	30.43	Hold	0.5	1.8	5.7	6.1	10.0	-0.5	1.36	1,454
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.90	Hold	-2.4	-3.3	4.3	-0.2	8.3	--	1.48	129
322	FEMKX	Emerging Markets	1.50%/90d	23.62	Hold	0.8	1.8	6.3	1.7	4.9	-4.1	1.42	2,219
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	12.66	Buy	0.4	1.4	6.6	14.9	--	--	--	141
301	FIEUX	Europe	1.00%/30d	32.23	Hold	-1.7	3.2	6.5	14.4	8.2	-0.9	1.52	708
341	FECAX	Europe Capital App	1.00%/30d	19.46	Hold	-2.2	2.3	6.1	13.5	7.8	-1.8	1.53	346
2406	FGILX	Global Equity-Income	1.00%/30d	10.72	OK to Buy	-0.1	4.2	5.7	--	--	--	--	32
335	FIVFX	International Cap App	1.00%/30d	14.47	Buy	0.6	4.3	7.5	13.6	11.7	2.2	1.43	870
305	FIGRX	International Discovery	1.00%/30d	34.05	Hold	-0.5	3.0	6.1	13.2	7.9	-1.1	1.31	6,400
1979	FIGFX	International Growth	1.00%/30d	9.64	OK to Buy	-0.1	4.2	6.8	11.3	11.6	3.1	1.21	206
818	FISMX	International Small Cap	2.00%/90d	21.40	OK to Buy	1.4	5.2	9.7	9.1	10.7	1.8	1.28	734
1504	FSCOX	International Small Cap Opps	2.00%/90d	11.67	Buy	0.3	3.1	7.1	13.2	13.7	-2.0	1.19	367
1597	FIVLX	International Value	1.00%/30d	7.73	Hold	-1.9	2.1	5.5	13.4	4.8	-3.2	1.37	142
350	FJPNX	Japan	1.50%/90d	10.43	Hold↑	2.9	6.1	11.9	6.4	3.0	-2.7	1.05	402
360	FJSCX	Japan Smaller Companies	1.50%/90d	9.83	OK to Buy↑	2.8	8.4	12.1	13.7	7.5	1.4	1.09	260
349	FLATX	Latin America	1.50%/90d	45.48	Sell	-4.4	-1.8	4.1	-10.5	2.0	-3.0	1.47	2,042
342	FNORX	Nordic	1.50%/90d	34.63	Hold	1.7	8.6	12.6	11.9	10.9	-1.5	1.70	326
94	FOSFX	Overseas	1.00%/30d	33.40	OK to Buy	-0.6	3.3	6.5	12.5	7.1	-3.4	1.44	1,711
302	FPBFX	Pacific Basin	1.50%/90d	26.63	OK to Buy	2.7	6.7	9.3	13.5	11.8	2.4	1.24	648
2369	FTEMX	Total Emerging Markets	1.50%/90d	11.34	OK to Buy	-1.1	0.0	5.1	5.6	--	--	--	118
1978	FTIEX	Total International Equity	1.00%/30d	7.51	OK to Buy	-0.9	2.5	6.1	12.7	8.5	-0.4	1.27	330
318	FWWFX	Worldwide	1.00%/30d	21.31	Hold	0.2	4.7	6.5	13.1	12.1	3.0	1.16	1,187
SELECT PORTFOLIOS					***Category Averages***	***0.5***	***6.3***	***8.4***	***11.6***	***13.1***	***5.9***	***1.33***	
34	FSAIX	Air Transportation	0.75%/30d	43.97	OK to Buy	2.0	9.0	13.6	17.6	13.6	8.6	1.14	91
502	FSAVX	Automotive	0.75%/30d	40.65	OK to Buy	1.7	4.2	13.3	7.6	12.2	6.0	1.83	144
507	FSRBX	Banking	0.75%/30d	20.58	Hold	1.2	6.6	8.8	16.9	8.0	-0.1	1.48	531
42	FBIOX	Biotechnology	0.75%/30d	120.47	OK to Buy	2.1	9.5	8.8	31.7	23.9	15.6	1.24	3,446
68	FSLBX	Brokerage & Investment	0.75%/30d	55.99	OK to Buy↑	1.4	11.7	16.7	21.1	7.2	1.2	1.64	604
69	FSCHX	Chemicals	0.75%/30d	122.98	Buy	-1.2	3.3	8.6	15.6	20.7	10.9	1.54	1,135
518	FSDCX	Communications Equipment	0.75%/30d	24.31	OK to Sell	-0.7	4.9	8.5	0.1	5.7	4.9	1.61	316
7	FDCPX	Computers	0.75%/30d	64.51	Hold	0.5	5.0	7.4	-0.4	14.0	9.9	1.36	688
511	FSHOX	Construction & Housing	0.75%/30d	52.01	Buy	-0.6	6.7	8.7	31.8	21.4	11.1	1.48	780
517	FSCPX	Consumer Discretionary	0.75%/30d	27.40	OK to Buy	1.2	7.3	6.4	15.4	17.6	10.1	1.19	398
98	FSVLX	Consumer Finance	0.75%/30d	15.37	OK to Buy↓	0.7	5.4	7.2	23.9	12.1	-7.1	1.16	305
9	FDFAX	Consumer Staples	0.75%/30d	86.17	Hold	1.7	7.7	5.7	17.9	15.6	9.0	0.82	1,424
67	FSDAX	Defense & Aerospace	0.75%/30d	91.73	Hold	2.6	5.3	8.2	8.4	15.1	5.3	1.12	608
8	FSELX	Electronics	0.75%/30d	49.82	Hold	3.0	9.1	13.6	-6.2	8.2	6.6	1.60	953
60	FSENX	Energy	0.75%/30d	54.81	Hold	-0.2	7.9	9.8	1.0	9.0	-2.2	1.71	2,128
43	FSESX	Energy Service	0.75%/30d	74.02	OK to Sell	-0.7	11.0	13.2	1.4	8.3	-3.6	2.18	1,236
516	FSLEX	Environment & Alt Energy	0.75%/30d	18.12	OK to Sell	0.8	6.3	11.0	12.0	7.5	1.3	1.19	82
66	FIDSX	Financial Services	0.75%/30d	65.56	Hold	-0.7	6.2	10.1	15.3	4.0	-3.8	1.59	616
41	FSAGX	Gold	0.75%/30d	30.72	Sell	-10.1	-16.9	-19.7	-33.2	-4.8	-4.9	1.76	2,301
63	FSPHX	Health Care	0.75%/30d	144.20	OK to Buy	1.0	7.6	7.1	20.1	17.2	10.1	0.93	2,725
510	FSCGX	Industrial Equipment	0.75%/30d	39.59	OK to Buy	1.4	7.2	10.1	10.2	15.9	5.6	1.51	370
515	FCYIX	Industrials	0.75%/30d	28.04	Buy	2.9	9.5	12.5	15.7	17.2	8.1	1.35	871
45	FSPCX	Insurance	0.75%/30d	56.81	OK to Buy	2.6	10.1	11.1	22.9	12.7	2.5	1.10	306
353	FBSOX	IT Services	0.75%/30d	27.53	Buy	0.5	9.3	10.7	17.2	18.3	13.9	1.26	469
62	FDLSX	Leisure	0.75%/30d	108.30	OK to Sell	1.1	6.7	10.5	7.5	18.1	11.3	1.29	348
509	FSDPX	Materials	0.75%/30d	73.68	Hold	-0.5	3.2	6.6	9.7	14.4	7.0	1.54	1,147
505	FSHCX	Medical Delivery	0.75%/30d	59.90	Hold	0.8	4.4	5.4	3.2	12.5	7.1	1.12	563
354	FSMEX	Medical Equipment	0.75%/30d	30.60	Hold	-0.1	9.7	9.8	14.1	10.2	7.4	1.10	1,405
503	FBMPX	Multimedia	0.75%/30d	61.55	OK to Buy	1.6	7.3	10.0	27.9	22.4	13.0	1.26	657
513	FSNGX	Natural Gas	0.75%/30d	32.86	Hold	-1.3	6.5	8.3	0.9	2.6	-6.7	1.49	651
514	FNARX	Natural Resources	0.75%/30d	34.10	OK to Sell	-0.9	5.7	7.4	-3.3	7.9	-2.0	1.68	1,055
580	FPHAX	Pharmaceuticals	0.75%/30d	16.13	Buy	0.6	7.3	7.7	17.9	17.3	11.7	0.84	910
46	FSRPX	Retailing	0.75%/30d	66.59	OK to Buy	0.9	7.1	3.9	19.0	18.9	17.1	1.22	643
28	FSCSX	Software & Computer Svcs	0.75%/30d	87.97	Buy	0.8	6.9	8.8	8.9	17.2	11.8	1.25	2,028
64	FSPTX	Technology	0.75%/30d	104.11	OK to Buy	0.8	2.8	3.3	2.5	13.0	9.4	1.32	2,030
96	FSTCX	Telecommunications	0.75%/30d	51.75	OK to Buy	-1.0	1.7	3.5	14.3	13.2	5.8	0.92	378
512	FSRFX	Transportation	0.75%/30d	57.75	OK to Buy↑	3.4	12.2	15.9	16.1	16.0	9.1	1.30	212
65	FSUTX	Utilities	0.75%/30d	61.05	OK to Buy	1.9	7.8	8.6	17.5	15.3	3.6	0.66	532
963	FWRLX	Wireless	0.75%/30d	8.60	OK to Buy	-0.1	3.7	5.6	13.9	12.9	5.7	0.94	254

FIDELITY SCORECARD — FEBRUARY 28, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) Feb	YTD	3 Mo.	Avg Annual (%) 1 Yr	3 Yr	5 Yr	SEC %Yield	Dur[2] (Yrs)	Rel Vol (Risk)[1]
TAXABLE BOND					***Category Averages***	***0.2***	***-0.4***	***-0.7***	***3.1***	***5.4***	***4.8***	***1.12***	***4.6***	***0.21***
2267	FCONX	Conservative Income Bond		10.04	Buy	0.0	0.2	0.2	1.2	--	--	0.28	0.4	--
2208	FCBFX	Corporate Bond		11.38	Buy	0.7	-0.2	-0.3	6.9	--	--	2.30	7.0	0.25
2423	FGBFX	Global Bond		9.92	Buy	-1.3	-2.1	-2.1	--	--	--	1.39	5.0	--
15	FGMNX	GNMA (Ginnie Mae)		11.71	Hold	0.3	0.0	0.1	2.6	5.3	5.9	1.88	3.1	0.13
54	FGOVX	Government Income		10.54	Hold	0.5	-0.2	-0.5	2.4	4.5	4.8	1.03	4.4	0.18
794	FINPX	Inflation-Protected Bond[3]		13.27	Hold	0.0	-0.7	-1.3	3.9	8.0	5.2	-0.44	5.3	0.28
32	FTHRX	Intermediate Bond		11.12	OK to Buy	0.5	0.2	0.0	4.0	5.5	5.5	1.33	3.9	0.15
452	FSTGX	Intermediate Gov't Income		10.85	Hold	0.5	0.2	-0.1	2.1	3.6	4.0	0.58	3.5	0.15
2428	FINUX	International Bond		9.87	Buy	-2.4	-3.0	-2.7	--	--	--	1.54	4.7	--
26	FBNDX	Investment Grade Bond		7.96	Buy	0.4	-0.2	-0.3	4.6	6.7	5.8	1.52	4.7	0.16
40	FMSFX	Mortgage Securities		11.32	Hold	0.3	-0.1	0.1	3.2	5.3	5.6	1.81	2.7	0.12
450	FSHBX	Short-Term Bond		8.60	Buy	0.1	0.1	0.2	1.8	2.3	2.2	0.43	1.8	0.06
2415	FSIQX	Sptn Inflation-Protect Index[4]		10.23	Hold	0.0	-0.6	-1.3	--	--	--	-0.10	5.3	--
1561	FIBIX	Sptn Interm Treas Index[4]		11.34	OK to Sell	1.0	-0.1	-0.8	3.2	7.2	6.0	1.17	6.6	0.33
1562	FLBIX	Sptn Lng-Term Treas Index[4]		12.69	Sell	1.3	-1.9	-4.0	3.5	11.8	8.3	2.68	16.5	0.84
1560	FSBIX	Sptn Sht-Term Treas Index[4]		10.59	Hold	0.3	0.1	0.1	0.9	2.1	2.5	0.24	2.6	0.09
651	FBIDX	Sptn US Bond Index		11.83	Hold	0.5	-0.2	-0.3	3.0	5.3	5.2	1.48	4.9	0.16
820	FTBFX	Total Bond		10.92	Buy	0.6	0.2	0.1	5.0	6.9	6.8	2.03	4.9	0.15
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.24	Hold	0.0	0.0	0.1	1.1	0.8	-0.3	0.15	0.3	0.03
HIGH-YIELD BOND					***Category Averages***	***0.1***	***0.9***	***2.2***	***9.4***	***9.5***	***8.9***	***3.85***		***0.42***
38	FAGIX	Capital & Income	1.00%/90d	9.63	Buy	0.5	2.2	4.0	10.9	10.7	10.7	4.59	3.7	0.64
814	FFRHX	Floating Rate High Income	1.00%/60d	9.95	Buy	0.0	0.8	1.5	5.4	5.3	5.7	2.72	0.4	0.25
1366	FHIFX	Focused High Income	1.00%/90d	9.41	Buy	0.3	1.0	2.1	8.0	9.9	7.9	3.72	3.3	0.37
2297	FGHNX	Global High Income	1.00%/90d	10.27	Buy	-0.2	1.2	3.1	11.6	--	--	4.33	3.2	--
455	SPHIX	High Income	1.00%/90d	9.43	Buy	0.5	1.9	3.4	10.7	10.8	10.2	4.80	3.0	0.50
331	FNMIX	New Markets Income	1.00%/90d	17.41	Buy	-0.4	-0.8	0.3	12.2	12.1	10.9	3.79	6.3	0.45
368	FSICX	Strategic Income		11.30	Buy	-0.0	0.0	0.9	7.0	8.1	8.1	3.03	4.8	0.31
MUNICIPAL BOND					***Category Averages***	***0.2***	***0.6***	***-0.6***	***4.5***	***5.5***	***5.9***	***1.57***	***6.2***	***0.21***
434	FSAZX	Arizona Muni Income	0.50%/30d	12.24	Hold	0.2	0.5	-0.6	5.5	6.3	6.7	1.76	7.1	0.25
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.81	OK to Buy	0.2	0.5	-0.1	1.8	2.9	4.0	0.81	3.0	0.11
91	FCTFX	California Muni Income	0.50%/30d	13.00	Hold	0.4	0.9	-0.3	6.4	7.2	6.6	2.01	6.6	0.27
407	FICNX	Connecticut Muni Income	0.50%/30d	11.99	Hold	0.3	0.5	-1.0	3.2	5.3	5.9	1.55	6.5	0.24
36	FLTMX	Interm Municipal Income	0.50%/30d	10.66	OK to Buy	0.2	0.6	-0.4	3.9	4.9	5.4	1.34	5.0	0.18
429	SMDMX	Maryland Muni Income	0.50%/30d	11.64	Hold	0.3	0.5	-0.7	3.8	5.2	5.8	1.41	6.6	0.21
70	FDMMX	Mass Muni Income	0.50%/30d	12.69	Hold	0.2	0.5	-1.1	4.8	6.2	6.5	1.79	7.4	0.21
81	FMHTX	Michigan Muni Income	0.50%/30d	12.54	Hold	0.3	0.6	-0.3	4.7	5.6	6.0	1.81	5.9	0.21
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.97	Hold	0.3	0.5	-0.6	3.4	5.1	5.7	1.23	5.6	0.20
37	FHIGX	Municipal Income	0.50%/30d	13.59	Hold	0.3	0.7	-0.5	6.0	6.8	6.7	1.89	7.0	0.25
416	FNJHX	New Jersey Muni Income	0.50%/30d	12.30	Hold	0.3	0.9	-0.5	4.6	5.8	6.1	1.69	6.8	0.25
71	FTFMX	New York Muni Income	0.50%/30d	13.68	Hold	0.2	0.4	-1.0	4.7	5.8	6.3	1.69	7.0	0.25
88	FOHFX	Ohio Muni Income	0.50%/30d	12.37	Hold	0.2	0.5	-0.6	5.5	6.0	6.3	1.78	7.2	0.23
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.45	Hold	0.2	0.4	-0.8	4.9	6.0	6.1	1.75	6.7	0.23
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.86	OK to Buy	0.3	0.4	0.0	1.8	2.7	3.5	0.51	2.8	0.09
90	FTABX	Tax-Free Bond	0.50%/30d	11.73	Hold	0.3	0.7	-0.6	6.2	6.8	7.0	2.04	7.2	0.25
TAXABLE MONEY MARKET					***Category Averages***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***0.5***	***0.01***		
55	FDRXX	Cash Reserves		1.00	--	0.00	0.00	0.00	0.0	0.0	0.6	0.01	na	0.00
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.4	0.01	na	0.00
630	FRTXX	Retirement MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.6	0.01	na	0.00
458	SPAXX	Government MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.4	0.01	na	0.00
454	SPRXX	Money Market		1.00	--	0.00	0.00	0.00	0.0	0.0	0.6	0.01	na	0.00
85	FSLXX	Select MM		1.00	--	0.00	0.00	0.00	0.1	0.1	0.6	0.01	na	0.00
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.00	0.00	0.0	0.0	0.4	0.01	na	0.00
415	FDLXX	US Treasury MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00
MUNICIPAL MONEY MARKET					***Category Averages***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***0.3***	***0.01***		
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
433	FSAXX	Arizona Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
97	FCFXX	California Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
418	FCMXX	Connecticut Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
74	FDMXX	Massachusetts Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
420	FMIXX	Michigan Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
10	FTEXX	Municipal Money Market		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
417	FNJXX	New Jersey Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.4	0.01	na	0.00
92	FNYXX	New York Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
419	FOMXX	Ohio Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
401	FPTXX	Pennsylvania Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00

FIDELITY SCORECARD — February 28, 2013

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) Feb	YTD	3 Mo.	Avg Annual (%) 1 Year	3 Year	5 Year	Rel Vol (Risk)[1]
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios		Annuity Sector Model					1.0	5.3	6.9	9.6	11.7	5.7	1.18
		Annuity Growth Model					0.2	4.5	5.8	11.0	12.7	1.7	1.05
		Annuity Growth & Income Model					0.2	3.2	4.0	9.3	9.0	3.5	0.72
		Annuity Income Model					0.3	0.1	0.7	5.1	7.7	5.5	0.28
9067	FLRQC	Fid VIP Asset Manager	Allocation		14.64	Hold	0.1	2.7	4.1	6.6	8.4	3.8	0.69
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		14.18	Hold	0.1	3.8	5.7	7.8	9.3	2.9	0.96
9069	FJBAC	Fid VIP Balanced	Allocation		15.43	OK to Buy	0.6	3.8	4.8	8.1	10.3	5.4	0.91
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	15.60	Buy	1.2	7.2	6.3	15.5	17.4	10.0	1.19
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	16.09	Hold	1.7	7.7	5.6	18.0	15.0	8.7	0.82
9065	FPDFC	Fid VIP Contrafund	Large Growth		14.96	Hold	0.7	5.4	5.9	10.5	12.1	3.8	1.08
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		12.45	OK to Buy	0.9	7.4	10.5	15.5	16.2	6.9	1.33
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		15.48	Buy	0.9	5.2	6.3	13.7	13.2	5.3	1.09
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.34	Hold	0.6	1.6	6.1	1.0	4.4	--	1.41
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	15.80	Hold	-0.2	7.8	9.7	1.0	8.8	-2.4	1.71
9061	FLOLC	Fid VIP Equity-Income	Large Value		13.29	Buy	1.1	6.8	8.1	16.4	13.2	3.2	1.08
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	7.77	Hold	-0.8	6.0	9.9	15.3	4.0	-3.8	1.59
9157	FMPAC	Fid VIP FundsManager 20	Allocation		12.99	Hold	0.4	1.2	1.5	3.6	5.1	3.6	0.23
9158	FMPBC	Fid VIP FundsManager 50	Allocation		12.98	Hold	0.4	2.9	3.7	6.4	7.8	3.8	0.56
9197	FMPPC	Fid VIP FundsManager 60	Allocation		11.71	Hold	0.4	3.4	4.4	7.3	8.6	--	0.67
9159	FMPCC	Fid VIP FundsManager 70	Allocation		12.53	Hold	0.4	4.0	5.3	8.5	9.3	3.3	0.80
9160	FMPDC	Fid VIP FundsManager 85	Allocation		12.00	Hold	0.5	5.1	6.6	9.4	9.8	2.5	0.97
9062	FMNDC	Fid VIP Growth	Large Growth		13.73	Hold	0.7	4.5	4.0	6.5	14.3	2.2	1.16
9070	FLFNC	Fid VIP Growth & Income	Large Blend		14.20	Buy	1.3	6.5	7.7	14.9	13.6	3.6	1.05
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		13.97	Buy	-0.4	4.5	4.6	7.0	16.8	3.8	1.22
9078	FPVDC	Fid VIP Growth Stock	Large Growth		14.97	OK to Buy	0.6	4.4	4.3	9.3	14.5	6.4	1.09
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		12.57	OK to Sell	1.5	7.7	8.9	6.4	10.5	2.7	1.29
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	17.61	Buy	1.0	7.6	7.1	19.2	16.9	10.0	0.94
9060	FBBLC	Fid VIP High Income	High-Yield Bond		16.80	Buy	0.6	1.4	2.8	9.7	10.5	8.4	0.46
9064	FXVLT	Fid VIP Index 500	Large Blend		14.11	Hold	1.4	6.6	7.5	13.2	13.1	4.7	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	19.37	Buy	2.9	9.6	12.5	15.4	17.0	8.2	1.35
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	12.92	Buy	0.5	4.1	7.1	12.9	11.4	2.0	1.43
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		14.71	Buy	0.5	-0.1	-0.3	4.1	5.9	5.9	0.15
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	15.51	Buy	-0.5	3.2	6.6	9.4	14.1	6.8	1.54
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		16.23	OK to Buy	0.4	6.6	8.7	8.8	11.6	4.8	1.05
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.42	--	0.0	0.0	0.0	-0.1	-0.1	0.4	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	12.41	OK to Buy	-1.4	3.0	6.4	8.3	7.0	-2.2	1.43
9072	FFWKC	Fid VIP Real Estate	Sector		16.63	Hold	1.3	4.8	8.6	17.3	20.0	8.1	1.24
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		16.68	Buy	-0.1	0.0	0.8	6.5	7.6	7.7	0.31
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	17.43	Buy	-0.1	1.6	2.0	1.5	12.5	9.8	1.32
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	10.68	OK to Buy	-1.1	1.7	3.6	15.0	14.0	5.6	0.90
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	16.84	OK to Buy	1.8	7.8	8.6	17.4	15.2	3.7	0.66
9079	FKMSC	Fid VIP Value	Mid Value		13.30	Buy	0.8	6.8	9.1	17.4	13.2	4.1	1.17
9080	FUEBC	Fid VIP Value Leaders	Large Value		10.81	Hold↑	1.1	7.9	11.0	11.9	7.2	-1.1	1.21
9073	FRBSC	Fid VIP Value Strategies	Mid Value		14.66	Buy	-0.2	5.2	8.4	17.2	14.4	5.4	1.33
9347	FBMEC	Black Rock Global Allocation	Global Allocation		10.43	OK to Sell	-0.2	2.6	4.2	4.3	6.4	2.9	0.73
9349	FTMEC	Franklin Templeton Gobal Bond	Global Bond		10.91	Buy	0.6	1.2	2.7	8.1	8.6	9.2	0.64
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.11	Hold	0.2	-0.4	-0.4	1.1	3.3	3.9	0.12
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		15.93	Hold	0.4	1.1	8.5	3.7	8.8	2.2	1.43
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		17.21	Buy	0.1	-1.4	-0.3	9.8	10.1	8.3	0.51
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		13.39	Hold	-0.5	0.5	4.8	5.3	7.5	-1.2	1.29
9146	FPRPC	Morgan Stanley Glb Tactical Alloc	Diversified Int'l		10.67	Hold	-0.7	1.4	3.7	6.7	7.1	-1.4	1.03
9346	FPMEC	Pimco Commodity Real Return	Commodities		10.07	OK to Sell	-3.8	-1.3	-4.0	-3.8	6.7	-5.3	1.24
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.37	Buy	0.3	0.1	0.2	4.1	3.4	--	0.16
9277	FPNBC	Pimco VIT Real Return	TIPS		13.38	Hold	0.2	-0.3	-0.8	5.9	8.7	--	0.29
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.38	Buy	0.6	0.2	0.4	7.0	6.2	--	0.20
9285	FIGXC	V.I. Global Core Eqty[7]	Global Stock		9.43	OK to Sell	-0.3	3.4	7.4	6.8	5.8	-2.5	1.20

Annuity Sector

Fund	Allocation
VIP Industrials	22%
VIP Health Care	20
VIP Cons Discretionary	20
VIP Technology	20
VIP Materials	18

Total Return: Feb: 1.0% YTD: 5.3%

Annuity Growth

Fund	Allocation
VIP Growth Opps	31%
VIP Value Strategies	24
VIP Equity-Income	21
VIP Dynamic Cap App	12
MS Emerg Mkt Debt	12

Total Return: Feb: 0.2% YTD: 4.5%

Annuity Growth & Income

Fund	Allocation
VIP Strategic Inc	25%
VIP Growth Opps	24
VIP Value	18
VIP Equity-Income	15
Pimco Low Duration	12
MS Emerg Mkt Debt	6

Total Return: Feb: 0.2% YTD: 3.2%

Annuity Income

Fund	Allocation
VIP Investment Grade	32%
VIP Strategic Income	31
VIP High Income	22
MS Emerg Mkt Debt	15

Total Return: Feb: 0.3% YTD: 0.1%

HIGH YIELD INVESTING

A Paradigm Shift For Emerging Markets

When it comes to emerging market investing, Fidelity's John Carlson is at the top of that game.

Having run **New Markets Income** almost since its 1993 debut (June 1995), he's built a record that's the industry's envy. Needless-to-say, he's seen and has invested through a variety of debt crises. As a result, his perspective on Europe is invaluable, especially as the world's interconnected markets are felt in the emerging debt and equity portfolios he oversees.

We caught up with John last month in a period sandwiched between his return from Mongolia and his Mideast departure. Dubai, Jordan and Lebanon were on his itinerary, and perhaps a pit-stop to Ghana, because he happens to know that there's now direct service there from Dubai. (Point of interest: he owns a sliver of Ghanaian sovereign debt which sports a coupon of 8.5%!)

Over the past decade, emerging market debt (EMD) has been one of the best-performing asset classes. Their high returns certainly caught growth investors' attention, while their big yields have been of growing interest to income-oriented investors — especially now as global interest rates have plunged.

Granted, when stocks were crushed in 2008, EMD (and especially EM equity) also took a drubbing. But the former didn't fall nearly as much as developed market stocks (one wouldn't expect bonds to do that anyway), and they rebounded even faster than stocks. Today, many emerging markets aren't quite emerging any more — they've matured. And this has changed the way John and his investment team invest.

In our hemisphere, some of the fastest-growing markets of the past were Venezuela, Brazil and Argentina. Today, their improved credit ratings vie with developed Europe. And even Mexico's sovereign debt, which disintegrated 30-plus years ago, has seen its yield premium narrow dramatically relative to Treasuries.

The growth rates of these older emerging markets have slowed and their bonds yield less; these are signs of maturity. In turn, the world's newest, fastest growing economies are places that Fidelity's fund managers wouldn't have visited 15 years ago, let alone purchase their securities.

Consider Mongolia's and Macau's 18.1% and 13.5% GDP growth rates: they're certainly worth the cost of a plane ticket. Ditto for Africa's up-and-comers. Never mind South Africa's minerals. There's now Mozambique, Rwanda and Ghana who are attracting investors because of their 7%-plus growth; similarly, Libya, Iraq, and the newest Asian tigers (Bhutan and Timor-Leste) have caught the eye of investors, too.

As new, high-risk markets have emerged and older ones have faded, John has been forced to consider a wider investment landscape for New Markets Income and the very new **Total Emerging Markets** and **Global High Income** funds to which he also has oversight.

The differences between these funds are fairly straightforward: New Markets Income is a debt fund that emphasizes income over capital appreciation. Global High Income's objective(s) is much the same, though it pursues its income from US, Europe and emerging debt markets. As for the team-run Total Emerging Markets, its neutral allocation of 60% equities/40% bonds leads to a paired hunt for growth and income. Currently, assets are split 73%/24%, which was initially a response to the Europe's debt crisis and a fear of contagion. Now John likes the mix because he doesn't anticipate interest rates falling further in the emerging debt markets, but does like their prospects for a pickup in growth. "If rates pick up because of growth," he told us, "the portfolio should do well."

Despite their "income" monikers and their lower correlations to other asset classes that dominate our fund portfolios, emerging market debt funds are still more volatile than investment-grade bond funds. Likewise, Total Emerging Markets has the potential for high-octane returns relative to domestic growth and income funds like **Balanced** and **Puritan**, but over time, we expect its risk profile to be manifestly greater. Yes, we recommend these funds. But use them in moderation. ■

Carlson's Emerging Market Outlook:

Cautiously optimistic is his watchword for equities and bonds. Here are his views, respectively:

John Carlson

Equities: Look cheap on a historical basis and relative basis to the developed markets;

- Has become a bit more constructive on Chinese equities (likes telecom, PC makers and truck manufacturers);
- Buying more emerging stocks — have added 10 new names since the start of the year.

Bonds: More fairly valued, pockets of opportunity exist;

- Overweighting Venezuelan bonds. Government shows a willingness and ability to pay its debt under a range of crude prices;
- Eastern European debt — especially in the Baltic and Balkan regions — have cheapened considerably;
- Sees value in Caribbean countries (Aruba, Bermuda, Barbados, Bahamas and Cayman Islands);
- Underweights Mexico owing to high valuations (yield spread has narrowed relative to US Treasuries);
- Rising food prices in the emerging markets is potentially inflationary.

QUESTION & ANSWER

Is The Best Over For Bond Funds?

***Q:** I follow your Income Model, and I'm disappointed with the losses in **Ginnie Mae** and now **International Bond**. Are you losing your touch?*

I.P. – via phone

A: After an extended period where bonds of all types benefited from declining interest rates, most of the easy money in bonds has been made at this point. While I still think the Income Model has a good shot at outperforming inflation over any 12-month period, frankly, we're now in a period where the odds of losing money in any given month are higher.

With individual investors warming up to stocks and rotating out of bonds, investment-grade bonds have seen some downward pressure this year. At the same time, the yen has been on a steep decline, making things a tad more challenging than usual for **International Bond**, and to a lessor extent, **Global Bond**. While both of these trends have been pronounced, I don't think they will last. Borrowing demand is too weak for interest rates to move permanently higher, and currency effects tend to wash out over longer periods of time.

I should also point out that it's not unusual for some Income Model holdings to underperform while others do well. (In order to diversify the Income Model and keep risk low, we've blended several different types of bond funds that behave differently). Also, when we make changes, we tend to let winners ride, while selling losers quickly (most individual investors do the exact opposite).

I once met an options trader who lost a small amount of money on 98% of his trades, while winning big on the other 2%. His strategy did very well over the long run, but it drove his clients nuts! There's a mild case of that going on in our models, but it hasn't hurt our long-term performance.

Finally, for those who have most (or all) of their money in bonds, I would like to suggest a modest increase in stock exposure. Think of it as a rebalancing exercise, where bonds are being sold high and stocks are being bought low. In today's market, stocks and bonds tend to move in opposite directions (meaning they're negatively correlated). By having money in both asset classes, it has a stabilizing impact on your overall portfolio. That kind of move is easily accomplished — if most of your money is following the Income Model, consider moving a third or half of it into the Growth and Income Model. That way you'll have enough equity exposure to do reasonably well even if bonds enter a long period of lackluster returns. ■

DIVIDEND UPDATE

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

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

The final distributions for February are shown below.

Fund	Ex-Date	$ Amt	NAV
Trend	2/8	0.499	76.75
Contrafund	2/8	0.745	81.25
Intmdt Muni Inc	2/8	0.002	10.66
MI Muni Inc	2/8	0.008	12.53
MN Muni Inc	2/8	0.025	11.97
OH Muni Inc	2/8	0.014	12.37
PA Muni Inc	2/8	0.006	11.46
Short-Intmdt Muni	2/8	0.003	10.85
New Markets Inco	2/15	0.122	17.47
Strategic Income	2/15	0.006	11.29

Inside Fidelity

Fund Closing — **Small Cap Value** has closed to new investors (see p. 4).

***Manager Changes* — Chris Lin** now runs **Select Computers**. He succeeds Matt Schuldt who recently took charge of Fidelity's various telecom funds. Elsewhere, Steve Barwikowski now oversees **Electronics** while continuing to comanage a corresponding sector sleeve of the team-run **Value** and **Stock Selector Large Cap Value** funds. No rating changes are advised.

Proxy Votes — Fidelity's plan to merge **130/30 Large Cap**, Advisor Strategic Growth, **Large Cap Growth** and **Tax Managed Stock** into **Stock Selector All Cap** moves a step closer in March when Fidelity mails shareholders proxies. If approved (each merger is independent of the others), a May 14 vote is expected while the merger is scheduled to occur on June 21.

We recommend that shareholders vote "For" the merger. That said, we rate the team-run Stock Selector All Cap a *Hold*. With roughly 40% of its assets in small- and mid-cap stocks, and a "just-okay" record, we prefer several other dedicated large-cap growth funds.

ETF Reorg? — Fidelity is forming a new investment advisor called SelectCo. With shareholder approval, the new unit will manage Select and other sector-based funds while continuing their research relationship with managers at existing diversified stock funds. We believe the significance of this move is to create a platform for a new suite of sector-specific ETF funds. Needless-to-say, we'll keep you posted. ■

Fidelity Monitor & Insight (ISSN 0892-2934) is published monthly for $229 per year by **Independent Fidelity Investors Inc (IFI)**.
Executive Editor: Jack Bowers **Editors:** John Boyd, John Bonnanzio **Production & Design:** Kim Dowgos, Teri Weir **Webmaster:** Wayne Foster. Send address changes to ***Fidelity Monitor & Insight*** P.O. Box 19189 Reno, NV 89511.

Editorial Questions: editorial@mfia.com **Subscription Questions:** memberservices@mfia.com or 1-800-444-6342 **Hotline:** 800-303-4470