

25
Years

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FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

OCTOBER 2012

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MESSAGE FROM JACK

Climbing The Wall of Worry

Why is it that stocks so often move up when a large segment of the investing population is nervous or bearish? There are several factors at work:



Jack Bowers

- Most nervous or bearish investors are holding cash or bonds, so their actions have little or no impact on how the market behaves.

- While negative expectations often lead to heavy selling activity, negative realities often take place in a lull, because those inclined to sell have already done so. With stocks in stronger hands, there can be a shortage of sellers, leading to a favorable order imbalance that sets the stage for recovery.

- When it comes to bad news, investors often overreact on the down side, because fear is a more powerful emotion than greed. But once a grim reality sets in, the bad results — as reflected in earnings — are usually not as bad as expected. So stocks move up to reflect “improved” fundamentals.

- In a tough economy with lots of forced consolidation, business models become more robust with each passing quarter. Even if the economy doesn’t get any better, earnings often do because of improved productivity.

If not for the Wall of Worry effect, timing the market would be easy — you could simply hide out in cash whenever things look ugly. But in practice, flipping between stocks and cash often destroys long-term performance, because it leads to buying high and selling low. (Big stock gains often come in very short spurts, too.) The stock market is not a casino. If you take your chips off the table, you may find that the stack is a third shorter when you buy back in.

Don’t fall into this trap. Anchor yourself to a sustainable level of risk and stick with it for the long run. Our Growth and Income Model is especially well-matched for would-be timers — it provides the opportunity to build wealth over the long run while limiting the short-term impact of stock market volatility.

Sincerely,

MARKET OUTLOOK

Positive News Is Overlooked

Quick, how much is the S&P 500 up this year? Well, given that you subscribe to this letter, you probably know within a few points that it’s up a robust 16.4% (if you haven’t already checked that out on page 6).

But the average individual investor probably wouldn’t come even close. Franklin Templeton did a recent survey where 1,000 investors were asked whether they thought the S&P was up or down during each of the past three years: 66% thought it was down in 2009, 48% thought it was down in 2010, and 53% thought it was down last year. Of course, it was up all three years and quite strongly in 2009 and 2010.

What’s going on here? Well if you just dropped in from another planet and only had the headline stories in the financial press to go by, you would probably guess the market was down, too. Doomsday forecasters are typically viewed as sages who know what’s really going on — even if they are wrong almost all the time! Meanwhile, those making positive predictions are considered naive cheerleaders for stocks.

The good news, as Jack explains to my left, is that a backdrop of worry typically coincides with a rising stock market rather than a falling one, with this year as a prime example.

That is not to say that investors are not justified in being worried. Slowing growth around the globe is a real concern, Europe is still struggling to deal with an excess of debt and slumping economies and, of course, we have our own impending “fiscal cliff.” These all involve risks to our economy and markets.

However, the market is “pricing-in” a much greater probability of negative outcomes in all these cases than positive ones. When is the last time you heard a commentator remark that European leaders have finally taken some positive steps that have largely taken a Lehman-like banking crisis off the table? (OK, we said it some months ago.)

There are usually lots of things to worry about. When there aren’t, when everything looks great as far as the eye can see, that’s when the market is most vulnerable!



John M. Boyd

Market Outlook *cont'd on page 3*

Unique Opportunities

Target Risk: 1.20 (Current: 1.18)

Foreign Holdings: 6.6%

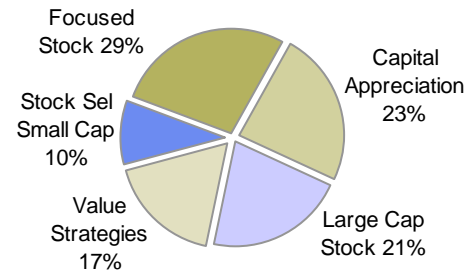
YTD Return: 14.5%

Stocks: 96.9% Bonds: 0.0% Cash: 3.1% Alternatives: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Focused Stock	FTQGX	\$15.88	4,869.04	\$77,320	3.5%
Capital Appreciation	FDCAX	29.72	2,191.25	65,124	1.9
Large Cap Stock	FLCSX	20.45	2,886.51	59,029	3.8
Value Strategies	FSLSX	30.16	1,601.50	48,301	2.0
Stock Sel Small Cap	FDSCX	20.19	1,381.47	27,892	3.0

Current Value (3/31/99 = \$100,000) **\$277,666** **2.8%**

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



Select

Target Risk: 1.20 (Current: 1.17)

Foreign Holdings: 14.7%

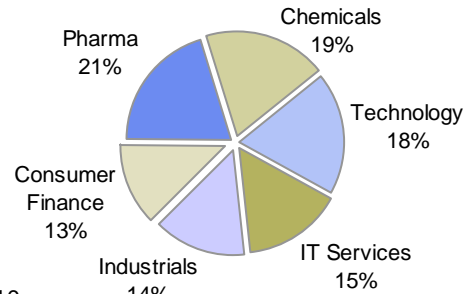
YTD Return: 17.4%

Stocks: 94.9% Bonds: 0.2% Cash: 5.0% Alternatives: 0.0% Yield: 0.2%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Pharmaceuticals	FPHAX	\$15.63	23,465.98	\$366,773	4.0%
Chemicals	FSCHX	114.83	3,013.52	346,043	1.8
Technology	FSPTX	104.66	3,182.95	333,128	1.3
IT Services	FBSOX	25.33	10,835.17	274,455	5.3
Industrials	FCYIX	24.73	10,369.22	256,431	2.1
Consumer Finance	FVLX	14.34	15,949.0	228,709	3.5

Current Value (12/31/88 = \$100,000) **\$1,805,539** **2.9%**

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



Growth

Target Risk: 1.00 (Current: 0.97)

Foreign Holdings: 7.9%

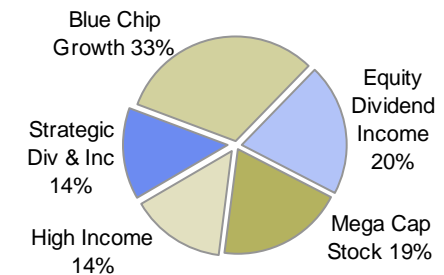
YTD Return: 15.8%

Stocks: 80.2% Bonds: 0.0% Cash: 3.7% Alternatives: 16.1% Yield: 1.9%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Blue Chip Growth	FBGRX	\$50.49	9,151.60	\$462,064	2.3%
Equity Dividend Income	FEQTX	19.77	14,871.88	294,017	2.3
Mega Cap Stock	FGRTX	11.96	23,409.64	279,979	3.3
High Income	SPHIX	9.27	22,632.83	209,806	1.2
Strategic Div & Inc	FSDIX	12.36	16,692.85	206,324	1.3

Current Value (12/31/86 = \$100,000) **\$1,452,191** **2.2%**

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: 0.70)

Foreign Holdings: 16.4%

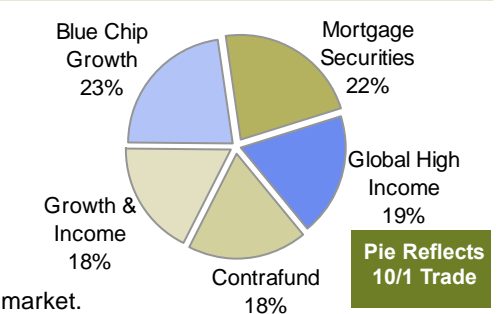
YTD Return: 12.9%

Stocks: 57.7% Bonds: 22.2% Cash: 2.7% Alternatives: 17.4% Yield: 1.4%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Blue Chip Growth	FBGRX	\$50.49	1,832.94	\$92,545	2.3%
Short-Term Bond	FSHBX	8.60	10,577.24	90,964	0.2
Global High Income	FGHIX	9.98	7,670.18	76,548	1.6
Contrafund	FCNTX	79.68	924.50	73,664	3.1
Growth & Income	FGRIX	21.31	3,414.88	72,771	3.0

Current Value (12/31/93 = \$100,000) **\$406,493** **2.0%**

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



Income

Target Risk: 0.33 (Current: 0.29)

Foreign Holdings: 29.2%

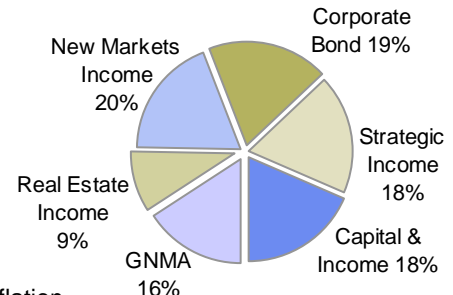
YTD Return: 8.3%

Stocks: 1.3% Bonds: 39.2% Cash: 5.5% Alternatives: 53.9% Yield: 3.5%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
New Markets Income	FNMIX	\$17.61	3,452.85	\$60,805	1.5%
Corporate Bond	FCBFX	11.48	5,287.39	60,699	0.8
Strategic Income	FSICX	11.39	5,094.90	58,031	1.0
Capital & Income	FAGIX	9.35	6,075.46	56,806	1.2
GNMA	FGMNX	11.87	4,247.19	50,414	0.3
Real Estate Income	FRIFX	11.37	2,588.37	29,430	1.6

Current Value (12/31/91 = \$100,000) **\$316,184** **1.0%**

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



Housing A Bright Spot

The other thing that happens owing to the appeal of negative storylines in the financial press, is that good news tends to get drowned out. These days, for example, Bernanke is often portrayed as a buffoon who just keeps rolling out one ineffective quantitative easing program after another. (You would think he must have gotten his Ph.D. from a correspondence course rather than MIT.)

But that conveniently overlooks one key area where the Fed's programs have had their desired effect — the housing market. A stated goal of QE was to reduce mortgage rates in order to boost housing and that is exactly what we have seen. Mortgage rates are at all-time lows and buyers are stepping forward. Both sales — and importantly prices — for new and existing homes have largely been on the rise for several months, but it gets scant coverage.

Over the past six months, existing home sales (not seasonally adjusted — my preferred way of looking at the data) have been on average 9% higher than a year ago, and prices 7% higher. For new homes those figures are 22% and 6% respectively. (For a fuller discussion of the housing market see my latest posting in *from the desk of...* on our website.)

A rebound in housing is typically the leading factor in a recovery from recession. That has not been the case this time due to the bursting of the sub-prime bubble, and it's a prime reason for the lackluster nature of the current recovery. It is too early to call for housing to be a major positive contributor, but it is no longer a drag and the trend is positive.

Strength in housing (especially new homes) has obvious benefits in terms of jobs and spending on furnishings and appliances. But there are less obvious effects as well. A big worry was the large number of homeowners "underwater," owing more on their mortgage than the value

FUNDS YOU SHOULD BUY NOW

Growth: Blue Chip Growth, Capital Appreciation, Focused Stock and Growth Co. (though closed) are different approaches to large-cap growth; **Contrafund** is a conservative "all-cap" approach to growth.

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

Bond: GNMA and its more diversified kin **Mortgage Securities** gets you more yield than comparable Treasuries while credit risk is much the same. **Corporate Bond** holds high-quality (investment grade) bonds. **Real Estate Income** is an alternative approach to yield and diversification.

High Yield: Capital & Income and **High Income** will boost portfolio yield. (Though they are riskier than investment-grade bond funds, but less risky than stock funds.) Ditto for **New Markets Income**, which holds dollar-denominated emerging market debt. ■

of their homes. But with each move up in prices, that number shrinks. The "wealth effect" of rising home prices may make consumers less risk averse and more willing to spend.

There is also a more direct benefit to lower mortgage rates that is getting no attention — and that is refinancings. The mortgage brokers I regularly talk to are reporting robust business and, in fact, applications for refinancings have reached a 3-year high. Refinancings are significant because they put fresh cash into the pockets of those homeowners. Cash they can spend. (If you have a mortgage and haven't refinanced in the last six months or so, it's time to take a look!)

Don't Fight The Fed

An old Wall Street adage is don't fight the Fed. That is, if the Federal Reserve is actively trying to stimulate the economy, don't take the other side

of that bet (and vice-versa). Well, today that adage could be amended to "Don't fight the Fed, the ECB, the BOJ (Bank of Japan), the People's Bank of China ..." etc. Globally, central banks are "easing" in an attempt to stimulate their economies. While you should be prepared for a bumpy ride, just like here at home, it's probably unwise to bet against them.

Model Portfolio Trade

In our Growth & Income Model trade (below), we are going "don't fight the Fed" one better: we are joining them. Their policies have driven short-term bond rates down to a level not far above money markets and at the same time, QE3 is specifically targeting the purchases of mortgage-backed securities which should give them a boost. As such, we are switching from **Short-Term Bond** to **Mortgage Securities**. ■

— John M. Boyd

MODEL PORTFOLIO TRADE

As announced on our September 27 Hotline, on Monday October 1, we are making a trade in our **Growth & Income Model**.

We are selling all of **Short-Term Bond (FSHBX)** and buying **Mortgage Securities (FMSFX)** with the proceeds.

Discussion:

With interest rates so low, Short-Term Bond is more like holding cash. Mortgage Securities offers a higher yield (2.27% vs. 0.55%) with modestly increased risk (relative volatility of 0.13 vs. 0.07). In addition, the Fed's open-ended QE3 targeted at mortgaged-backed securities gives the fund a tailwind.

AT A GLANCE

Rating Fidelity's Biggest Stock Funds

It's axiomatic that Fidelity's biggest stock funds are typically their best long-term performers. (See pgs. 11 and 12.) That's because successful funds attract assets. And while some studies suggest that large funds eventually lose their performance *mojo* (because their ability to trade is diminished), some of the funds below make mincemeat of that assertion.

Blue Chip Growth — *Buy* — This fund is tiny compared to others on this page, but at \$11 billion in assets it's certainly a big fund.

Having just marked his third year on this assignment, there's no question that Manager Sonu Kalra is up to this big task: under his stewardship, the fund's outpacing over 90% of the industry's large-cap growth funds. Unlike the much bigger **Contra** or **Low-Priced Stock** funds, each year, Sonu turns this portfolio over completely. That's a lot of trading and expense (though at 0.94%, its expense ratio is substantially lower than the industry norm of 1.21%). That said, Sonu's made all that trading work well for his shareholders. We anticipate that won't change any time soon.

Contrafund — *Buy* — With its \$61 billion in assets, Fidelity's largest stock fund turns the "too-big-to-succeed" mantra on its head.

Credit Will Danoff, who will soon mark his 22nd year of stewardship.

Having invested through all markets with shifting combinations of big and small, growth and value stocks, the misnamed "Contra" (there's little contrarian about it) has made a lot of people a lot of money. There's no single reason for Danoff's successes, though his "growth-at-a-reasonable price" investment style warrants mention. For example, in 1999 (during the Internet/Y2K craze), Contra didn't double in value like the Nasdaq Composite, but it fared far better after that

bubble burst. That's not to suggest that Will isn't a great tech investor or is unwilling to pay a premium for growth. He has and always will. (Think Apple and Google.) But he also likes well-run firms with defensible franchises. (Will's not perfect, as his tiny bet in Facebook suggests!)

Presently, this large-cap growth fund is overweighted in tech, and he's making big bets in consumer discretionary stocks. With portfolio turnover of only 50%, it's clear that Will takes the longer view — always has, always will. (See p. 12.)

Growth Company — *Buy* — First, the bad news: this fund has been closed to new investors since 2006.

Pundits will argue that its large size (now \$25 billion, and it's been far bigger) presents capacity constraints. This is why Fidelity just added a co-manager on Manager Steve Wymer's other charge, **VIP Growth Opportunities** (see p. 12).

We, on the other hand, argue that Wymer has done an amazing 15-year job of handling a large-cap growth offering that, on its own, dwarfs the size of entire mutual fund complexes!

Devoted to buying stocks whose earnings and revenues consistently outpace their peers and the fund's Russell 3000 Growth benchmark, the performance-consequence of this creed remains central to quelling the apostles of "too-big-to-succeed."

Low-Priced Stock — *OK to Buy* — Let's get this admission out of the way: we sold this fund in July from our models because we preferred the lower-volatility and higher dividend yields that are still provided by larger-cap stock funds and a certain high-yield bond fund.

We also sought to reduce the foreign equity exposure that comes with owning this fund. Moreover, our modest downgrade to *OK to Buy* from *Buy* was no reflection on Manager Joel Tillinghast's skills, but rather a statement that our bias is for bigger-cap stocks.

Performance-wise, the trades are a mixed bag. But if the markets become volatile our trades may prove the wiser.

That said, Joel is unquestionably a great fund manager. Having conceptualized and started Low-Priced two-plus decades ago (see p. 12), and having delivered shareholders a 13.8% average annual return, is it any wonder that assets have grown to \$24 billion (even as the fund has been closed on several occasions)?

Credit Joel's hard work and sharp eye for "cheap" value stocks which he patiently holds until the market realizes their fair price. A mid-cap fund with lots of large- and small-cap holdings here and abroad, Low-Priced is simply one of the most unique and best-run funds ever. ■

— John Bonnanzio

MAGELLAN: RESTORING CONFIDENCE

The first stock fund to surpass \$100 billion in assets was the once-legendary **Magellan**. That high watermark was reached in 1999 and, as it turns out, that would have been a good time to sell it — if not sooner.

After years of underperformance and many managers, "only" \$12.6 billion remains. There's no single explanation as to how this fund lost its performance edge, though many point to its expansive size. As close observers, we know there's much more to the story than that.

In the meantime, Manager Jeff

Feingold, who took over a year ago, has fully repositioned the fund, and a restoration of its reputation may be in the offing. Yes, we prefer other growth-oriented large-cap stock funds to Magellan, and Jeff's one-year performance number isn't great. But that includes several months in 2011, when he was busy turning over the fund. So far this year, Magellan is three percentage points ahead of its S&P 500 benchmark, as solid stockpicking (not sector bets) is so far driving results.

We rate the fund *OK to Buy*. ■

FUND COMMENTARY

Stocks Hit Speed Bumps But Rise

Stocks, bonds and most things tradeable (except Treasuries, of course) gained ground in September as the Fed committed itself to stimulate the economy through essentially limitless quantitative easing. It also pledged to keep interest rates low through at least 2014.



John Bonnanzio

And there was other good news lifting the markets, including improvements in housing, employment and consumer confidence. Elsewhere, more rioting in Spain and Greece seemed a sure sign that their government austerity plans would likely be implemented. As for the much-feared “fiscal cliff” back home, that’s apparently a worry for another day — perhaps after the elections.

Notwithstanding the sobering outlook for third-quarter earnings and a few other concerns (like job creation), the investing public has either arrived in Lake Wobegon, or “things” really are looking up. Time, of course, will provide the answers investors seek. Until then, optimism is clearly contagious as all major stock indexes rose in September, thereby making third-quarter and year-to-date returns exemplary.

Market Indexes

Let’s begin with the most widely watched large-cap barometers. The Dow Jones Industrials jumped 2.8% in September and is now 12.3% higher this year. Similarly, the much broader S&P 500 gained 2.6% in September and is now up an impressive 16.4% for the year.

Small-cap stocks also posted robust results. Measured by the Russell 2000 they were up 3.2% last month, pushing their YTD gains to 14.2%. Finally, the tech-rich Nasdaq Composite was 1.7% higher last month, and is up 20.7% for the year!

Equity Funds

Last month’s best-performing equity funds included mega-cap, large-cap, and small-cap funds alike. (Mid-caps were noticeably absent.) With investors exhibiting only modest market-cap-bias in their fund purchases (**Large Cap Stock** rose 3.8% last month versus a gain of 3.3% for **Spartan Small Cap Index**), the secret sauce was industry exposure. Setting aside gold for a moment (**Select Gold** soared 12.6% as the precious metal took flight), health-related stocks continued their feverish run. **Medical Equipment** and **Biotechnology** gained 6.7% and 5.9%, respectively, **Pharmaceuticals** surged 4.0%, and the diversified **Health Care** fund rose 5.5%.

Certain financials were also especially strong performers (**Brokerage & Investment** and **Consumer Finance** gained 4.9% and 3.5%, respectively), while the somewhat related **Multimedia** (up 4.8%), **IT Services** (up 5.3%) and **Wireless** (up 3.9%) funds were also strong performers. Companies in these areas vary widely by market cap, and can be either growth- or value-oriented.

In the case of Large Cap Stock, it makes only modest sector bets relative to the S&P 500, but it (and Spartan Small Cap Index) does have

considerable exposure to the aforementioned sectors. Of course, certain areas of tech also fared well.

International Funds

Despite all the bad news from China, Japan and especially Europe, equity investors took no notice last month and bid up share prices. Is all the bad news out? Perhaps, but with so many uncertainties abroad, we decided to stick closer to home with our money, and the risk/reward has been favorable. Still, **China Region** jumped 7.3% last month, **Emerging Markets** gained 5.2% (see p. 11), and **Europe** rose 3.4%. **Japan** was the laggard, but no one should really complain about its 0.9% gain.

Fixed Income

High-yield funds (especially the foreign variety), munis and taxables all moved higher last month as inflation fears remained muted even in the face of the Fed’s endless largess. The junk bond fund **Capital & Income** rose 1.2%, **Total Bond** delivered a decent 0.4% return. However, **Spartan US Bond Index** was essentially flat (up 0.1%), as it holds more poorly performing Treasuries. On that note, **Spartan Long-Term US Treasury** retreated 2.1%. ■

— John Bonnanzio

OCTOBER SCORECARD RATING CHANGES

Fund	Ratings		Comments
	Old	New	
130/30 Large Cap	S	S NC	Fund is closing to new investors (see p. 11).
Blue Chip Value	S	S ↑	Financials are coming off a bottom.
Global Strategies	H	S ↓	We prefer asset mixes of Balanced or Puritan.
Int'l Real Estate	S	H ↑	Foreign realty is now cheaper than US REITs.
OTC	B	H ↓	See Scorecard for preferred funds in this area.
Real Estate Invest	B	H ↓	US REITs are now more fully valued.
Sel Comm's Equip	H	S ↓	Competition weighing down prices.
Sel Electronics	B	B ↓	Book-to-bill ratio is falling.
Sel Health Care	H	B ↑	Legislative uncertainty is fading.
Sel Multimedia	H	B ↑	Advertising revenues are holding up.
Sel Transportation	H	S ↓	Coal-to-natural gas shift hurting rails and others.
Sptn Real Estate Idx	B	H ↓	US REITs are now more fully valued.
Tax Managed Stock	S	S NC	Fund is closing to new investors (see p. 11).
VIP Value Leaders	S	S ↑	Financials are coming off a bottom.

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

FIDELITY SCORECARD

SEPTEMBER 30, 2012

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Sep	YTD	3 Mo.	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500		1440.67		2.6	16.4	6.3	30.2	13.2	1.1	1.00			
		Nasdaq		3116.23		1.7	20.7	6.5	30.6	14.9	4.0	1.18			
		Dow Jones Industrials		13437.1		2.8	12.3	5.1	26.6	14.5	2.2	0.89			
		Russell 2000 (Small Caps)		837.45		3.2	14.2	5.2	31.8	13.0	2.2	1.37			
		Barclays Aggregate Bond*				0.1	4.0	1.6	5.1	6.0	6.1	0.18			
Model Portfolios		Unique Opportunities				2.8	14.5	6.5	26.2	10.8	-0.3	1.18			
		Select				2.9	17.4	6.6	31.5	12.4	1.7	1.17			
		Growth				2.2	15.8	6.5	25.7	12.6	-0.2	0.97			
		Growth & Income				2.0	12.9	5.3	19.3	9.7	1.1	0.70			
	Income				1.0	8.3	3.7	11.2	8.7	4.2	0.29				
LARGE CAP GROWTH						Category Averages			2.7	17.9	6.7	27.6	13.4	1.6	1.16
312	FBGRX	Blue Chip Growth		50.49	Buy	2.3	19.1	7.7	27.8	14.6	4.1	1.20	\$11,045		
307	FDCAX	Capital Appreciation		29.72	Buy	1.9	20.7	4.8	31.2	14.0	1.2	1.16	4,791		
22	FCNTX	Contrafund		79.68	Buy	3.1	18.1	6.5	27.9	14.0	2.8	0.93	61,129		
332	FEXPX	Export and Multinational	0.75%/30d	24.12	OK to Sell	2.8	16.6	6.4	27.1	10.3	-0.4	1.03	1,792		
500	FFTYX	Fifty		20.15	Buy	3.5	15.7	5.7	25.5	12.4	-2.1	1.05	683		
333	FTQGX	Focused Stock		15.88	Buy	3.5	15.8	5.7	26.0	15.4	4.0	1.13	540		
25	FDGRX	Growth Company (closed)		98.24	Buy	2.2	21.5	7.3	30.8	16.5	4.4	1.18	24,844		
339	FDSVX	Growth Discovery		16.08	Buy	2.0	17.8	6.7	29.0	16.0	0.8	1.17	898		
73	FDFFX	Independence		25.53	OK to Sell	3.4	17.9	7.2	28.5	10.9	-0.5	1.46	3,139		
763	FSLGX	Large Cap Growth		11.57	OK to Buy	2.8	19.7	7.4	28.1	14.9	1.6	1.13	143		
21	FMAGX	Magellan		74.82	OK to Buy	3.2	19.0	7.9	28.6	7.2	-3.0	1.20	12,633		
300	FMILX	New Millennium		33.53	OK to Buy	4.0	16.2	6.4	27.1	13.7	3.7	1.09	2,063		
93	FOCPX	OTC		61.73	Hold↓	0.9	12.9	5.8	20.0	13.5	3.8	1.33	5,646		
320	FDSSX	Stock Selector All Cap		28.48	Hold	2.7	17.4	6.9	29.0	12.1	-0.3	1.15	2,365		
5	FTRNX	Trend		79.93	OK to Buy	2.8	19.5	7.5	28.1	15.5	3.3	1.13	1,159		
LARGE CAP BLEND						Category Averages			2.8	17.3	7.5	30.9	11.3	-0.9	1.16
315	FDEQX	Disciplined Equity		24.86	Sell	2.4	15.6	6.8	29.4	8.2	-2.4	1.12	4,062		
330	FDGFX	Dividend Growth		30.14	Hold	2.8	17.3	7.9	30.4	11.1	1.1	1.32	6,126		
3	FFIDX	Fidelity Fund		36.25	Hold	2.6	17.1	5.7	25.9	10.9	0.3	1.05	4,459		
27	FGRIX	Growth & Income		21.31	Buy	3.0	18.0	7.6	33.1	12.8	-4.7	1.06	5,063		
338	FLCSX	Large Cap Stock		20.45	Buy	3.8	19.4	8.8	34.2	13.4	1.6	1.19	1,225		
361	FGRTX	Mega Cap Stock		11.96	Buy	3.3	19.2	8.3	34.5	13.9	1.3	1.08	1,667		
343	FTXMX	Tax Managed Stock		13.33	Sell	2.5	15.5	8.8	28.3	8.8	-3.0	1.25	58		
832	FVDFX	Value Discovery		16.33	Hold	2.5	16.4	6.5	31.4	10.9	-1.3	1.17	419		

Scorecard Key:

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

Model Portfolios Key:

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

MODEL PORTFOLIO HISTORICAL RETURNS (FIDELITY MONITOR)

	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11		
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		
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		
Growth	2.8	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		
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
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		
Annuity (VIP) Models																											
Sector																	57.5	6.3	14.0	17.7	11.2	-41.4	50.2	15.0	-5.0		
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			
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			
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			

FIDELITY SCORECARD

SEPTEMBER 30, 2012

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Sep	YTD	3 Mo.	1 Year	3 Year	5 Year				
LARGE CAP VALUE						Category Averages			3.0	14.6	6.6	29.4	8.4	-3.1	1.12
1271	FBCVX	Blue Chip Value		10.87	OK to Sell↑	3.8	12.5	6.9	23.7	5.6	-5.2	1.18	\$248		
319	FEQTX	Equity Dividend Income ⁶		19.77	Buy	2.3	14.9	5.5	32.0	9.6	-1.9	1.12	4,620		
23	FEQIX	Equity-Income		47.37	Buy	3.0	16.3	7.2	30.8	9.8	-2.0	1.13	6,565		
708	FSLVX	Stock Sel Large Cap Value		11.81	OK to Sell	3.0	14.8	6.7	30.9	8.7	-3.5	1.06	463		
MID-CAP GROWTH						Category Averages			1.9	12.2	5.6	22.7	11.4	-1.0	1.31
324	FDEGX	Growth Strategies	1.50%/90d	20.40	OK to Sell	1.5	9.6	4.5	20.1	10.0	-2.9	1.34	1,411		
793	FSMGX	Mid Cap Growth	0.75%/30d	12.70	Hold	1.7	11.4	5.9	22.1	10.9	-1.4	1.32	218		
337	FMCSX	Mid-Cap Stock	0.75%/30d	30.17	Hold	2.6	15.5	6.3	26.0	13.3	1.4	1.27	4,919		
MID-CAP BLEND						Category Averages			2.6	18.0	7.2	32.4	12.8	1.4	1.28
122	FLVCX	Leveraged Company Stock	1.50%/90d	30.41	OK to Buy	3.3	21.1	7.6	39.3	12.2	-0.9	1.49	3,136		
316	FLPSX	Low-Priced Stock	1.50%/90d	39.19	OK to Buy	2.0	14.8	6.8	25.6	13.4	3.6	1.06	23,902		
2412	FSSMX	Stock Selector Mid Cap			Hold	1.6	8.6p	6.0	--	--	--	--	1		
MID-CAP VALUE						Category Averages			2.3	17.5	6.9	32.3	12.6	0.2	1.26
762	FSMVX	Mid Cap Value	0.75%/30d	17.52	OK to Buy	2.2	15.6	6.0	30.7	13.5	1.4	1.17	553		
39	FDVLX	Value		74.07	Hold	2.6	16.7	7.6	30.9	11.5	-0.9	1.28	5,637		
14	FSLSX	Value Strategies		30.16	Buy	2.0	20.3	7.2	35.4	12.8	0.2	1.35	336		
SMALL CAP GROWTH						Category Averages			3.0	13.5	6.3	29.7	13.9	1.0	1.35
1388	FCPGX	Small Cap Growth	1.50%/90d	16.56	OK to Buy	3.1	15.0	6.3	30.1	14.1	2.3	1.33	1,199		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	20.19	Buy	3.0	12.0	6.3	29.3	13.8	-0.4	1.38	1,377		
SMALL CAP BLEND						Category Averages			2.8	13.8	6.2	32.1	11.8	5.4	1.45
384	FSCRX	Small Cap Discovery	1.50%/90d	22.82	Buy	3.0	15.2	6.2	37.4	16.6	10.0	1.33	3,118		
340	FSLCX	Small Cap Stock	2.00%/90d	18.07	Buy	2.6	12.4	6.2	26.8	7.1	0.9	1.56	2,941		
SMALL CAP VALUE						Category Averages			2.6	12.7	3.6	32.5	11.9	4.6	1.27
1389	FCPVX	Small Cap Value	1.50%/90d	15.32	OK to Buy	2.6	12.7	3.6	32.5	11.9	4.6	1.27	1,811		
SPECIALTY						Category Averages			2.0	12.5	8.7	24.6	7.5	--	1.18
2063	FOTTX	130/30 Large Cap		7.83	Sell	2.0	12.5	8.7	24.6	7.5	--	1.18	17		
304	FBALX	Balanced		20.32	Buy	1.9	12.7	5.1	19.8	10.6	2.5	0.65	15,224		
308	FCVSX	Convertible Securities		24.89	Buy	2.5	10.5	5.1	16.8	9.1	0.9	0.95	1,780		
334	FGBLX	Global Balanced	1.00%/30d	23.65	Hold	2.4	10.4	5.3	14.5	7.4	2.9	0.78	475		
2120	FFGCX	Global Commodity Stock	1.00%/30d	14.75	OK to Sell	5.8	5.8	9.0	14.1	3.9	--	1.60	397		
1960	FDYSX	Global Strategies		9.28	OK to Sell↓	0.8	10.3	2.3	15.9	7.9	--	0.75	227		
1368	FIREX	International Real Estate	1.50%/90d	8.74	Hold↑	5.5	29.3	10.7	31.2	5.5	-7.0	1.41	293		
4	FPURX	Puritan		19.92	Buy	2.0	13.6	5.2	20.7	11.0	3.0	0.70	15,737		
833	FRIFX	Real Estate Income	0.75%/90d	11.37	Buy	1.6	15.7	5.2	22.7	15.1	7.3	0.38	2,445		
303	FRESX	Real Estate Investment	0.75%/90d	31.65	Hold↓	-1.8	15.5	0.3	34.3	21.0	2.5	1.28	3,716		
1329	FSDIX	Strategic Dividend & Income		12.36	Buy	1.3	13.7	4.5	24.6	13.4	1.3	0.83	2,131		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.83	Hold	0.8	8.7	4.5	13.0	9.8	4.5	0.48	649		
311	FIUIX	Telecom & Utilities		19.07	OK to Buy	2.8	11.1	3.6	20.5	16.2	0.9	0.78	992		
ASSET ALLOCATION						Category Averages			0.7	6.3	2.4	9.1	6.7	4.0	0.25
328	FASIX	Asset Manager 20%		13.39	Hold	0.7	6.3	2.4	9.1	6.7	4.0	0.25	4,594		
1957	FTANX	Asset Manager 30%		10.15	Hold	0.9	7.9	3.1	11.5	7.6	--	0.36	364		
1958	FFANX	Asset Manager 40%		10.11	Hold	1.3	9.3	3.7	13.8	8.3	--	0.48	328		
314	FASMIX	Asset Manager 50%		16.41	Hold	1.5	10.2	4.2	15.7	8.8	3.0	0.60	6,837		
1959	FSANX	Asset Manager 60%		10.21	Hold	1.8	11.5	4.7	17.7	9.0	--	0.72	557		
321	FASGX	Asset Manager 70%		17.38	Hold	2.1	12.6	5.3	19.8	9.4	1.6	0.84	2,758		
347	FAMRX	Asset Manager 85%		14.14	Hold	2.3	14.1	6.0	22.5	9.4	0.7	1.02	707		
EQUITY INDEX						Category Averages			2.3	12.8	5.6	22.3	9.6	0.8	0.92
355	FFNOX	Four-in-One Index		29.29	Hold	2.3	12.8	5.6	22.3	9.6	0.8	0.92	2,376		
2010	FIENX	International Enhanced Index	1.00%/30d	6.92	OK to Sell	2.8	11.1	7.1	14.7	2.9	--	1.26	25		
1827	FLCEX	Large Cap Core Enhanced Index		10.28	Hold	2.4	15.1	6.5	29.0	12.5	1.0	0.99	244		
1829	FLGEX	Large Cap Growth Enhanced Index		11.46	OK to Buy	1.7	15.6	5.8	29.0	14.1	2.8	1.02	172		
1828	FLVEX	Large Cap Value Enhanced Index		8.22	OK to Sell	2.9	15.5	7.0	29.9	11.4	-1.4	1.01	84		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	9.88	Hold	1.4	13.0	5.7	26.7	12.8	--	1.16	78		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	41.71	OK to Buy	1.7	20.6	6.5	30.4	14.7	3.8	1.18	488		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	10.09	Hold	3.0	15.0	6.2	33.3	14.2	--	1.36	127		
650	FUSEX	Spartan 500 Index ⁴		51.30	Hold	2.6	16.4	6.3	30.1	13.1	1.0	1.00	10,661		
2341	FPEMX	Spartan Emerging Mkts Index ⁴	1.50%/90d	9.78	Hold	5.5	9.9	6.5	14.7	--	--	--	42		
398	FSEMIX	Spartan Extended Mkt Index ⁴	0.75%/90d	40.24	Hold	2.5	14.8	5.3	30.0	14.2	2.9	1.26	1,961		
2345	FSGUX	Spartan Global ex U.S. Index ⁴	1.00%/90d	10.48	Hold	3.6	10.1	6.8	15.1	--	--	--	22		
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	32.83	Hold	2.9	10.4	6.6	14.6	2.2	-5.1	1.28	3,016		
2349	FSCLX	Spartan Mid Cap Index ⁴	0.75%/30d	11.76	Hold	2.1	13.7	5.5	27.6	--	--	--	13		
2353	FRXIX	Spartan Real Estate Index ⁴	0.75%/90d	11.59	Hold↓	-2.0	14.2	-0.4	31.3	--	--	--	24		
2356	FSSPX	Spartan Small Cap Index ⁴	1.50%/90d	12.07	Hold	3.3	14.0	5.2	31.5	--	--	--	20		
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	41.82	Hold	2.6	16.1	6.2	30.2	13.4	1.4	1.04	3,129		

FIDELITY SCORECARD

SEPTEMBER 30, 2012

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Sep	YTD	3 Mo.	1 Year	3 Year	5 Year				
INTERNATIONAL						Category Averages			3.8	13.2	7.0	17.8	5.2	-4.3	1.32
309	FICDX	Canada	1.50%/90d	54.25	OK to Sell	3.2	8.2	7.9	14.2	6.2	-1.2	1.15	\$3,059		
352	FHKCX	China Region	1.50%/90d	27.91	OK to Sell	7.3	10.4	5.7	16.1	3.7	-1.5	1.34	1,259		
325	FDIVX	Diversified International	1.00%/30d	29.01	OK to Sell	3.4	13.7	7.3	19.2	3.6	-5.0	1.27	13,416		
351	FSEAX	Emerging Asia	1.50%/90d	28.44	OK to Sell	6.0	13.0	7.8	18.7	7.3	-5.3	1.37	1,335		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.86	OK to Sell	2.9	13.2	6.4	19.7	8.0	--	1.42	114		
322	FEMKX	Emerging Markets	1.50%/90d	22.17	OK to Sell	5.2	8.0	6.0	12.6	3.2	-5.8	1.42	2,239		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	11.71	OK to Buy	6.2	24.2	9.4	--	--	--	--	31		
301	FIEUX	Europe	1.00%/30d	29.64	OK to Sell	3.4	16.4	9.1	22.6	2.6	-4.4	1.50	598		
341	FECAX	Europe Capital App	1.00%/30d	17.86	OK to Sell	3.3	15.5	9.5	21.8	2.3	-5.8	1.52	306		
2406	FGILX	Global Equity-Income	1.00%/30d	10.27	Hold	2.4	2.9p	6.7	--	--	--	--	24		
335	FIVFX	International Cap App	1.00%/30d	13.07	Buy	3.6	17.5	6.9	27.1	7.1	-3.0	1.42	734		
305	FIGRX	International Discovery	1.00%/30d	31.77	OK to Sell	3.5	15.1	8.3	19.1	4.0	-4.6	1.31	6,008		
1979	FIGFX	International Growth	1.00%/30d	8.96	OK to Buy	2.4	14.7	6.0	23.2	9.1	--	1.21	137		
818	FISMX	International Small Cap	2.00%/90d	19.99	OK to Buy	5.5	14.1	8.7	13.1	7.0	-2.0	1.24	700		
1504	FSCOX	International Small Cap Opps	2.00%/90d	10.72	Buy	3.1	15.9	7.9	21.3	11.1	-6.6	1.18	334		
1597	FIVLX	International Value	1.00%/30d	7.31	OK to Sell	2.8	11.8	7.5	16.3	0.0	-7.2	1.35	128		
350	FJPNX	Japan	1.50%/90d	9.43	Hold	0.9	2.5	-2.8	0.5	-0.8	-7.7	1.01	376		
360	FJSCX	Japan Smaller Companies	1.50%/90d	9.34	Hold	3.9	9.2	7.4	9.9	3.6	-4.0	1.05	271		
349	FLATX	Latin America	1.50%/90d	49.26	OK to Sell	3.1	0.7	1.4	10.5	3.8	-2.0	1.51	2,342		
342	FNORX	Nordic	1.50%/90d	31.07	Hold	2.7	16.1	9.9	20.2	6.9	-5.9	1.65	303		
94	FOSFX	Overseas	1.00%/30d	31.04	OK to Sell	3.1	17.2	8.1	24.2	1.7	-7.0	1.43	1,628		
302	FPBFX	Pacific Basin	1.50%/90d	24.92	OK to Buy	6.8	16.2	9.2	18.1	10.0	-2.0	1.22	588		
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.85	Hold	4.4	13.1	6.8	--	--	--	--	80		
1978	FTIEX	Total International Equity	1.00%/30d	7.26	OK to Buy	3.7	14.7	7.7	21.0	5.1	--	1.27	282		
318	FVWFX	Worldwide	1.00%/30d	19.95	Hold	3.4	15.1	6.7	21.7	9.5	-0.6	1.17	1,094		
SELECT PORTFOLIOS						Category Averages			2.9	15.4	6.4	28.0	12.7	1.8	1.34
34	FSAIX	Air Transportation	0.75%/30d	37.06	OK to Buy	0.8	7.3	-3.3	17.3	13.6	-0.6	1.40	62		
502	FSAVX	Automotive	0.75%/30d	33.49	OK to Sell	0.0	7.6	1.8	16.4	8.8	-2.6	1.83	96		
507	FSRBX	Banking	0.75%/30d	19.84	Hold	3.0	24.3	6.3	46.1	8.8	-6.3	1.47	502		
42	FBIOX	Biotechnology	0.75%/30d	114.67	OK to Buy	5.9	40.9	9.8	61.1	22.3	11.6	1.28	2,662		
68	FSLBX	Brokerage & Investment	0.75%/30d	48.21	Hold	4.9	20.7	9.2	30.8	-0.2	-4.6	1.57	398		
69	FSCX	Chemicals	0.75%/30d	114.83	Buy	1.8	21.6	5.5	43.1	19.4	8.5	1.56	873		
518	FSDCX	Communications Equipment	0.75%/30d	22.14	OK to Sell	0.9	0.4	7.4	7.7	3.3	-1.8	1.58	251		
7	FDCPX	Computers	0.75%/30d	64.86	OK to Buy	1.1	20.4	6.3	31.2	15.6	6.3	1.39	778		
511	FSHOX	Construction & Housing	0.75%/30d	45.86	OK to Buy	4.4	28.0	8.9	59.6	18.1	5.9	1.51	309		
517	FSCPX	Consumer Discretionary	0.75%/30d	27.66	OK to Buy	2.3	20.0	5.4	32.6	18.4	4.9	1.20	326		
98	FSVLX	Consumer Finance	0.75%/30d	14.34	Buy	3.5	29.9	8.3	40.7	11.6	-15.5	1.17	304		
9	FDFA	Consumer Staples	0.75%/30d	81.80	Hold	1.7	15.1	4.9	25.0	14.5	7.0	0.77	1,333		
67	FSDAX	Defense & Aerospace	0.75%/30d	82.73	Hold	0.2	6.5	1.5	20.0	14.9	-0.1	1.15	599		
8	FSELX	Electronics	0.75%/30d	45.06	OK to Buy	-4.2	1.9	-3.3	8.0	6.2	-1.8	1.72	887		
60	FSENX	Energy	0.75%/30d	52.67	Hold	3.6	6.9	12.4	24.1	8.4	-2.2	1.66	2,142		
43	FSESX	Energy Service	0.75%/30d	68.53	OK to Sell	1.4	5.4	15.7	23.3	6.8	-6.5	2.08	1,156		
516	FSLEX	Environment & Alt Energy	0.75%/30d	15.89	OK to Sell	0.3	5.5	3.2	12.1	3.1	-2.9	1.19	65		
66	FIDSX	Financial Services	0.75%/30d	59.42	Hold	2.4	21.5	5.6	32.7	0.5	-10.5	1.54	420		
41	FSAGX	Gold	0.75%/30d	43.22	Sell	12.6	2.3	20.3	-3.9	6.6	5.4	1.83	3,580		
63	FSPHX	Health Care	0.75%/30d	146.59	OK to Buy	5.5	23.1	8.5	34.9	18.2	7.0	0.93	2,549		
510	FSCGX	Industrial Equipment	0.75%/30d	35.94	OK to Buy	2.7	16.2	5.6	34.9	15.3	1.2	1.51	303		
515	FCYIX	Industrials	0.75%/30d	24.73	Buy	2.1	14.3	5.1	31.0	15.5	3.2	1.37	578		
45	FSPCX	Insurance	0.75%/30d	51.39	OK to Sell	2.6	15.9	7.4	31.8	9.1	-4.5	1.07	262		
353	FBSOX	IT Services	0.75%/30d	25.33	Buy	5.3	20.5	7.9	33.1	17.5	9.5	1.24	332		
62	FDSLX	Leisure	0.75%/30d	105.75	Hold	4.5	9.9	2.4	27.0	18.2	6.4	1.27	364		
509	FSDPX	Materials	0.75%/30d	71.08	Hold	4.0	16.5	8.4	35.7	14.3	5.3	1.60	1,037		
505	FSHCX	Medical Delivery	0.75%/30d	61.28	Hold	2.0	11.9	0.4	25.1	17.4	4.7	1.14	744		
354	FSMEX	Medical Equipment	0.75%/30d	29.49	Hold	6.7	19.4	5.3	19.5	10.9	5.7	1.05	1,339		
503	FBMPX	Multimedia	0.75%/30d	56.21	OK to Buy	4.8	30.6	10.9	48.5	22.8	7.5	1.30	381		
513	FSNGX	Natural Gas	0.75%/30d	31.45	Hold	1.2	3.7	6.3	18.9	0.9	-5.2	1.46	667		
514	FNARX	Natural Resources	0.75%/30d	33.20	Hold	4.6	6.1	13.5	20.5	7.8	-1.3	1.66	1,200		
580	FPHAX	Pharmaceuticals	0.75%/30d	15.63	Buy	4.0	15.8	6.1	28.7	19.0	8.7	0.85	845		
46	FSRPX	Retailing	0.75%/30d	63.54	OK to Buy	1.5	24.1	6.9	30.1	21.0	10.9	1.19	579		
28	FSCSX	Software & Computer Svcs	0.75%/30d	89.63	OK to Buy	3.5	21.7	7.7	34.2	19.0	8.7	1.24	1,984		
64	FSPTX	Technology	0.75%/30d	104.66	Buy	1.3	21.0	7.3	27.3	15.6	4.7	1.37	2,322		
96	FSTCX	Telecommunications	0.75%/30d	52.42	OK to Buy	4.4	19.9	9.7	27.2	13.4	-1.0	1.01	413		
512	FSRFX	Transportation	0.75%/30d	49.64	OK to Sell	-1.7	2.7	-5.9	19.3	15.1	2.8	1.42	163		
65	FSUTX	Utilities	0.75%/30d	57.16	OK to Buy	1.6	7.3	0.5	14.8	12.5	1.0	0.71	563		
963	FWRLX	Wireless	0.75%/30d	8.23	OK to Buy	3.9	13.5	11.1	20.4	10.7	-0.9	1.04	248		

FIDELITY SCORECARD

SEPTEMBER 30, 2012

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			SEC %Yield	Dur ² (Yrs)	Rel Vol (Risk) ¹	Tax-Equivalent Yield Federal Tax Bracket						
						Sep	YTD	3 Mo.				25%	28%	33%	35%			
TAXABLE BOND						Category Averages			0.2	3.8	1.6	1.27	4.5	0.22				
2267	FCONX	Conservative Income Bond		10.04	Buy	0.2	1.3	0.4	0.41	0.3	--							
2208	FCBFX	Corporate Bond		11.48	Buy	0.8	8.8	3.7	2.31	7.1	0.23							
2423	FGBFX	Global Bond		10.29	Hold	0.9	3.2p	2.5	--	--	--							
15	FGMNX	GNMA (Ginnie Mae)		11.87	Buy	0.3	3.3	1.4	2.41	2.4	0.15							
54	FGOVX	Government Income		10.95	Hold	0.1	2.8	1.1	1.17	4.4	0.20							
794	FINPX	Inflation-Protected Bond ³		13.48	Hold	0.4	5.9	1.9	-0.42	5.7	0.31							
32	FTHRXX	Intermediate Bond		11.15	OK to Buy	0.4	4.4	1.8	1.46	3.9	0.16							
452	FSTGX	Intermediate Gov't Income		11.10	Hold	0.2	2.0	0.8	0.64	3.6	0.17							
2428	FINUX	International Bond		10.39	Hold	1.5	4.2p	3.3	--	--	--							
26	FBNDX	Investment Grade Bond		8.01	Buy	0.6	5.8	2.4	1.97	4.7	0.16							
40	FMSFX	Mortgage Securities		11.41	Buy	0.5	4.2	1.7	2.27	1.9	0.13							
450	FSHBX	Short-Term Bond		8.60	Buy	0.2	2.1	1.0	0.55	1.7	0.07							
2415	FSIQX	Sptn Inflation-Protect Index ⁴		10.27	Hold	0.4	2.7p	2.0	--	--	--							
1561	FIBIX	Sptn Interim Treas Index ⁴		11.64	OK to Sell	-0.1	3.7	1.0	0.93	6.6	0.36							
1562	FLBIX	Sptn Lng-Term Treas Index ⁴		13.25	Sell	-2.1	4.5	0.0	2.38	16.6	0.85							
1560	FSBIX	Sptn Sht-Term Treas Index ⁴		10.63	Hold	0.0	0.7	0.3	0.16	2.6	0.11							
651	FBIDX	Sptn US Bond Index		12.03	Hold	0.1	4.0	1.6	1.57	4.8	0.18							
820	FTBFX	Total Bond		11.31	Buy	0.4	5.9	2.3	2.08	4.6	0.15							
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.23	Hold	0.2	1.4	0.5	0.41	0.3	0.03							
HIGH-YIELD BOND						Category Averages			1.2	10.8	4.4	4.16	0.42					
38	FAGIX	Capital & Income	1.00%/90d	9.35	Buy	1.2	12.5	4.6	4.95	--	0.64							
814	FFRHXX	Floating Rate High Income	1.00%/60d	9.94	Buy	0.8	5.6	2.4	3.22	--	0.26							
1366	FHIFX	Focused High Income	1.00%/90d	9.38	Buy	0.9	9.4	3.4	3.94	--	0.37							
2297	FGHNX	Global High Income	1.00%/90d	9.98	Buy	1.6	12.1	5.0	4.77	--	--							
455	SPHIX	High Income	1.00%/90d	9.27	Buy	1.2	12.0	4.6	4.92	--	0.50							
331	FNMIXX	New Markets Income	1.00%/90d	17.61	Buy	1.5	15.5	6.9	4.05	--	0.44							
368	FSICX	Strategic Income		11.39	Buy	1.0	8.6	3.9	3.30	--	0.31							
MUNICIPAL BOND						Category Averages			0.6	5.1	1.9	1.66	5.9	0.22	25%	28%	33%	35%
434	FSAZX	Arizona Muni Income	0.50%/30d	12.23	Hold	0.6	6.4	2.3	2.00	7.2	0.25	2.8	2.9	3.1	3.2			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.84	Hold	0.4	2.2	0.9	0.79	3.0	0.12	1.2	1.2	1.3	1.4			
91	FCTFX	California Muni Income	0.50%/30d	12.93	Hold	0.7	7.2	2.5	2.29	7.0	0.28	3.4	3.5	3.8	3.9			
407	FICNX	Connecticut Muni Income	0.50%/30d	12.14	Hold	0.6	4.7	2.0	1.55	6.5	0.24	2.2	2.3	2.4	2.6			
36	FLTMM	Interim Municipal Income	0.50%/30d	10.68	Hold	0.5	4.5	1.7	1.42	5.1	0.18	1.9	2.0	2.1	2.2			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.70	Hold	0.5	5.2	1.9	1.44	6.7	0.21	2.0	2.1	2.3	2.3			
70	FDMMX	Mass Muni Income	0.50%/30d	12.76	Hold	0.5	6.3	2.2	1.89	7.4	0.21	2.7	2.8	3.0	3.1			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.55	Hold	0.5	5.3	1.9	2.10	6.5	0.21	2.9	3.0	3.3	3.4			
82	FIMIX	Minnesota Muni Income	0.50%/30d	12.04	Hold	0.3	4.4	1.5	1.39	5.8	0.21	2.0	2.1	2.3	2.3			
37	FHIGX	Municipal Income	0.50%/30d	13.56	Hold	0.7	6.9	2.5	2.10	7.4	0.25	2.8	2.9	3.1	3.2			
416	FNJHXX	New Jersey Muni Income	0.50%/30d	12.34	Hold	0.4	6.1	2.1	1.79	7.0	0.25	2.5	2.7	2.9	3.0			
71	FTFMXX	New York Muni Income	0.50%/30d	13.73	Hold	0.6	5.8	2.3	1.80	7.2	0.25	2.6	2.7	2.9	3.0			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.40	Hold	0.5	6.0	2.3	2.05	7.4	0.23	2.9	3.0	3.3	3.4			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.49	Hold	0.5	6.2	2.3	1.99	7.1	0.22	2.7	2.9	3.1	3.2			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.89	Hold	0.3	2.1	0.7	0.60	2.9	0.10	0.8	0.8	0.9	0.9			
90	FTABX	Tax-Free Bond	0.50%/30d	11.71	Hold	0.6	7.2	2.6	2.12	7.4	0.25	2.8	2.9	3.2	3.3			
TAXABLE MONEY MARKET						Category Averages			0.00	0.02	0.00	0.02						
55	FDRXX	Cash Reserves		1.00	--	0.00	0.01	0.00	0.01	na	0.00							
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00							
630	FRTXX	Retirement MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00							
458	SPAXX	Government MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00							
454	SPRXX	Money Market		1.00	--	0.00	0.01	0.00	0.01	na	0.00							
85	FSLXX	Select MM		1.00	--	0.01	0.08	0.03	0.05	na	0.00							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.01	0.00	0.01	na	0.00							
415	FDLXX	US Treasury MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00							
MUNICIPAL MONEY MARKET						Category Averages			0.00	0.01	0.00	0.01						
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
433	FSAXX	Arizona Muni MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
97	FCFX	California Muni MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
418	FCMXX	Connecticut Muni MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
74	FDMXX	Massachusetts Muni MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
420	FMIXX	Michigan Muni MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
10	FTEXX	Municipal Money Market		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
417	FNJXX	New Jersey Muni MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.02	0.02	0.01	na	0.00	0.0	0.0	0.0	0.0			
92	FNYYX	New York Muni MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
419	FOMXX	Ohio Muni MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
401	FPTXX	Pennsylvania Muni MM		1.00	--	0.00	0.01	0.00	0.01	na	0.00	0.0	0.0	0.0	0.0			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.01	0.00	0.01	na	0.00	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

SEPTEMBER 30, 2012

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
							Sep	YTD	3 Mo.	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios	Annuity Select Model						2.8	17.5	7.0	30.5	11.8	2.4	1.25
	Annuity Growth Model						2.1	16.6	6.5	25.7	12.0	-2.0	0.94
	Annuity Growth & Income Model						2.0	13.3	5.6	20.5	9.3	1.8	0.70
	Annuity Income Model						0.9	8.1	3.1	11.6	8.1	4.5	0.27
9067	FLRQC	Fid VIP Asset Manager	Allocation		14.04	Hold	1.7	10.6	4.4	15.4	8.0	2.7	0.69
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		13.40	Hold	2.4	13.0	5.6	19.4	8.3	1.2	0.97
9069	FJBAC	Fid VIP Balanced	Allocation		14.74	OK to Buy	2.0	13.7	6.0	23.0	10.2	2.9	0.91
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	14.41	OK to Buy	2.2	20.0	5.3	32.6	18.0	4.8	1.20
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	14.87	Hold	1.6	14.5	4.9	23.9	13.7	6.7	0.77
9065	FPDFC	Fid VIP Contrafund	Large Growth		14.23	Hold	2.5	16.3	6.4	27.1	11.5	0.6	1.09
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		11.18	Hold	2.9	14.4	6.1	32.5	13.5	1.4	1.35
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		14.51	Buy	1.8	20.4	4.7	31.0	13.6	0.6	1.16
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	7.74	OK to Sell	5.0	7.4	5.7	12.0	2.5	--	1.41
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	14.97	Hold	3.7	6.9	12.5	23.9	8.2	-2.5	1.66
9061	FLOLC	Fid VIP Equity-Income	Large Value		12.34	Buy	3.0	16.1	7.2	29.4	11.6	-1.4	1.07
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	6.96	Buy	2.4	21.5	5.5	32.6	0.5	-10.5	1.53
9157	FMPAC	Fid VIP FundsManager 20	Allocation		12.80	Hold	0.6	5.1	2.2	7.3	5.2	3.2	0.23
9158	FMPBC	Fid VIP FundsManager 50	Allocation		12.53	Hold	1.5	9.1	3.9	13.9	7.4	2.0	0.56
9197	FMPCC	Fid VIP FundsManager 60	Allocation		11.23	Hold	1.9	10.3	4.6	15.8	7.9	--	0.67
9159	FMPCC	Fid VIP FundsManager 70	Allocation		11.90	Hold	2.0	11.5	4.9	18.0	8.4	0.4	0.80
9160	FMPDC	Fid VIP FundsManager 85	Allocation		11.29	Hold	2.5	12.5	5.6	20.8	8.6	-0.9	0.97
9062	FMNDC	Fid VIP Growth	Large Growth		13.53	Buy	2.0	17.7	6.6	29.1	15.5	-0.1	1.18
9070	FLFNC	Fid VIP Growth & Income	Large Blend		13.30	Buy	3.1	17.9	7.5	32.9	12.7	-0.1	1.06
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		13.72	Buy	2.5	22.4	7.7	32.0	18.2	0.5	1.22
9078	FPVDC	Fid VIP Growth Stock	Large Growth		14.47	OK to Buy	2.8	19.2	7.6	28.0	15.7	3.1	1.10
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		11.47	OK to Sell	1.6	9.6	4.6	19.7	9.5	-3.2	1.34
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	16.62	Buy	5.5	22.2	8.2	34.5	17.9	6.8	0.93
9060	FBBLC	Fid VIP High Income	High-Yield Bond		16.13	Buy	1.1	11.0	3.7	17.2	11.2	6.9	0.45
9064	FXVLT	Fid VIP Index 500	Large Blend		13.30	Hold	2.5	16.2	6.2	29.8	12.9	0.8	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	16.91	Buy	2.1	14.1	5.0	30.7	15.3	3.2	1.37
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	11.60	Buy	3.5	17.3	6.8	26.8	6.8	-3.2	1.42
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		14.68	Buy	0.3	5.2	2.1	6.6	7.0	6.5	0.16
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	14.57	Buy	4.1	16.1	8.5	35.0	14.1	5.2	1.61
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		14.91	OK to Buy	1.9	12.0	5.0	18.1	10.2	1.1	1.04
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.43	--	0.0	-0.1	0.0	-0.1	-0.1	0.8	0.00
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	11.39	OK to Sell	3.2	13.7	6.7	17.0	2.9	-5.6	1.41
9072	FFWKC	Fid VIP Real Estate	Sector		15.53	Hold	-1.6	15.6	0.8	35.4	20.9	3.0	1.31
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		16.37	Buy	1.0	8.2	3.7	11.1	8.1	7.7	0.30
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	17.69	Buy	1.2	20.8	6.9	27.4	15.5	5.1	1.37
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	10.57	OK to Buy	4.1	20.4	9.9	28.6	14.0	-1.3	0.99
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	15.68	OK to Buy	1.6	7.5	0.4	14.9	12.3	1.2	0.71
9079	FKMSC	Fid VIP Value	Mid Value		12.15	Buy	3.1	17.6	8.1	32.2	11.8	-1.1	1.20
9080	FUEBC	Fid VIP Value Leaders	Large Value		9.90	OK to Sell↑	3.8	12.2	6.8	23.4	5.3	-5.4	1.19
9073	FRBSC	Fid VIP Value Strategies	Mid Value		13.20	Buy	2.0	20.2	7.2	35.3	12.7	-0.2	1.34
9285	FIGXC	V.I. Global Core Eqty ⁷	Global Stock		8.61	OK to Sell	2.6	7.2	6.0	15.2	2.5	-6.5	1.17
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		14.91	OK to Sell	4.7	15.6	7.0	20.0	7.2	1.0	1.40
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		16.90	Buy	1.4	13.9	6.6	19.6	10.7	8.4	0.49
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		12.66	OK to Sell	5.5	13.7	7.6	17.1	5.9	-3.3	1.30
9146	FPRPC	Morgan Stanley Glb Tactical Alloc	Diversified Int'l		10.32	Hold	2.7	11.3	6.1	17.8	5.4	-4.0	1.03
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.31	Buy	0.6	5.1	2.2	6.1	4.2	--	0.17
9277	FPNBC	Pimco VIT Real Return	TIPS		13.33	Hold	0.8	7.8	2.6	10.5	10.1	--	0.32
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.24	Buy	1.0	8.4	3.1	10.1	7.0	--	0.20

Annuity Model Portfolios

Rel Vol: 1.25

Rel Vol: 0.94

Rel Vol: 0.70

Rel Vol: 0.26

Annuity Sector	
Fund	Allocation
VIP Technology	35%
VIP Health Care	20
VIP Materials	18
VIP Industrials	14
VIP Financial Svcs	13
Total Return:	
Sep: 2.8% YTD: 17.5%	

Annuity Growth	
Fund	Allocation
VIP Growth Opps	33%
VIP Strategic Income	24
VIP Value Strategies	23
VIP Equity-Income	20
Total Return:	
Sep: 2.1% YTD: 16.6%	

Annuity Growth & Income	
Fund	Allocation
VIP Strategic Inc	26%
VIP Growth Opps	24
Pimco Low Duration	18
VIP Value	17
VIP Equity-Income	15
Total Return:	
Sep: 2.0% YTD: 13.3%	

Annuity Income	
Fund	Allocation
VIP Investment Grade	32%
VIP Strategic Income	31
VIP High Income	22
MS Emerg Mkt Debt	15
Total Return:	
Sep: 0.9% YTD: 8.1%	

Questions & Answers

Our electronic mailbox was chock-full of questions last month. Here's a tiny sampling of those I thought you'd most like to read.

— Jack Bowers

TIPS And Inflation

Q: *With the Fed diluting the dollar, wouldn't it make sense to buy Inflation-Protected Bond fund instead of traditional bond funds?*

R.R. via email

A: On the one hand, Inflation-Protected Bond is the least risky way to hedge against inflation, because a short-term loss can only occur if interest rates climb faster than inflationary expectations. And even then, you probably wouldn't lose much, if anything, over a several-year period. Unfortunately, you pay a price for the protection. TIPS securities are anything but cheap, as evidenced by the negative 1.4% yield on the 5-year indexed Treasury bond. The regular 5-year Treasury is yielding 0.6%, which means the market is cutting your total return by 10 percentage points over five years — the expectation for inflation over that period.

Gold: A Good Hedge?

Q: *Gold is often mentioned as a good inflation hedge, but Select Gold is not a pure play on the metal. And, with the U.S. dollar losing value, isn't gold better than cash?*

P.B. via email

A: Probably not. Unlike a TIPS fund, gold and gold stocks can lose big when inflationary expectations fail to materialize.

Gold bullion has been pushed up 12%-plus this year by overblown inflation fears, as well as emerging country demand for jewelry and gold ETFs (both of which are now fading). But going forward, gold may be in for a rough ride, much as it was in the 1980s and 1990s. Most of today's gold bulls have already

bought in, and if profit-taking occurs the precious metal has only jewelry demand to fall back on. And that demand is shrinking because the world's biggest jewelry consumer (India) has a trade balance problem aggregated by gold imports. The Indian government is now actively discouraging gold purchases to keep other more important things (like food and energy) from becoming too expensive.

While Select Gold is better than investing in the metal itself (it mostly invests in miners), it's still more of a hedge than an investment, and its volatility is almost twice that of the S&P 500.

On the other hand, a safe money market fund (cash) will erode your purchasing power over time, but at least it won't crater. Unlike the precious metals, it doesn't have a negative yield because it doesn't require storage space or insurance. And you don't have to pay any transaction costs (directly or indirectly) when using it to pay for living expenses.

Playing Defense

Q: *Fidelity seems to be pushing Select Consumer Staples, but I'm bothered by your Hold rating.*

— P.S. via email

A: Fidelity is overly concerned about the impending "fiscal cliff" and may be steering investors toward defensive sectors. The staples group could benefit from lower energy and food costs plus growing sales in the emerging markets. But it's also a sector that folks tend to dump when stocks rally. This might be a drawback if Congress passes a tax-cut extension shortly after the election.

As defensive plays go, I prefer **Pharmaceuticals** (in our Select Model). It holds up similarly in tough times, but should be less prone to suffering during rallies because the P/Es of drugmakers are currently lower than those in the staples arena. ■

Inside Fidelity

Fund Closings — Fidelity plans a "soft close" for three equity funds: **Fifty, Tax Managed Stock** and **130/30 Large Cap**. Barring new investors, existing shareholders may add money (an idea that we can't embrace — read on). Pending shareholder approval, we anticipate Fifty (rated *Buy* and run by Steve Dufour) being merged into his other excellently managed charge, **Focused Stock**. (We own Focused in our Unique Opportunities Model.) Asset-wise Focused is also a small (\$540 million), concentrated fund (it holds just 50 large-cap growth stocks).

Elsewhere, the perennially disappointing Tax Managed Stock (rated *Sell*) is benchmarked to the large-cap S&P 500 Index, but today it's really a quantitatively driven mid-cap fund. Run by Keith Quinton since 2004, we'd ordinarily recommend merging it into Keith's other fund, **Disciplined Equity**, but that fund should also be closed! (We also rate it a *Sell*.)

Then there's Keith's 130/30 offering, a so-called long-short fund which is a great concept, though its execution has been terrible.

With malice towards none, we also rate it a *Sell*. But rather than liquidate 130/30 (as we suspect Fidelity will do), they'd be wise to ask the fund's shareholders to approve a tax-free merger into Tax Managed Stock; 130/30 and Disciplined Equity into Matt Fruhan's **Large Cap Stock** fund. (We also hold the *Buy*-rated Large-Cap in our Unique Model).

Of course, if you own these funds in a taxable account, you could end up with a larger-than-normal tax bill, as any year-end capital gains could be distributed to a potentially shrunken pool of shareholders.

Manager Changes — After a decade of poor results on Fidelity's flagship **Emerging Markets** fund, former manager Robert von Rekowsky has been replaced by Sammy Simnegar.

Inside Fidelity *cont'd on page 12*

Frankly, Sammy's nearly five-year record at **Int'l Cap App** isn't superlative. However, his 3-year performance is quite strong. (For this reason he remains on that fund.) Moreover, fund comparisons are difficult: Whereas Int'l Cap App holds a mix of foreign-developed and emerging-market equities (plus a large 18% slug of US stocks), Emerging Markets is less diversified.

While we applaud Fidelity's late-incoming move (we've encouraged them to act faster in replacing underperforming managers), we're main-

DIVIDEND UPDATE

In addition to monthly dividends paid by bond and money market funds and Asset Mgr: 20%/30%, the following funds are also expected to pay dividends and/or capital gains in October:

Asset Mgr 40%, Asset Mgr 50%, AZ Muni, Balanced, Conservative Inc, Convertible Secs, Corporate Bond, Equity Div Inc, Equity-Inc, Export and Multi, Fidelity Fund, Global Equity Inc, Growth & Inc, Interm Bond, Invest Grade Bond, MD Muni Inc, Mortgage Securities, Puritan, Short-Term Bond, Sptn 500 Index, Sptn US Bond Index, Strategic Div & Inc, Strategic Real Return, Tax Managed Stk, Telecom & Utilities, Total Bond,

The final distributions for September were as follows:

Fund	Ex-Date	\$ Amt	NAV
Blue Chip Growth	9/7	0.022	50.62
Blue Chip Value	9/7	0.128	10.76
Dividend Growth	9/7	0.208	30.18
GNMA	9/7	0.131	11.87
Growth & Income	9/7	0.009	21.19
Int'l Real Estate	9/7	0.239	8.51
Low-Priced Stock	9/7	1.834	39.26
Real Estate Inc	9/7	0.293	11.26
Real Estate Inv	9/7	0.084	32.75
Small Cap Growth	9/7	0.582	16.54
Small Cap Value	9/7	0.436	15.45
Sp Real Estate Idx	9/7	0.074	12.00
Value Discovery	9/7	0.134	16.25

taining our *OK to Sell* rating on Emerging Markets and its VIP/annuity clone. That's not a comment about Sammy's skills; rather it reflects our current and less-than-positive shorter-term outlook for the emerging markets of Asia, Eastern Europe and Latin America.

Closer to home, Gopal Reddy is joining Steve Wymer as co-manager on **VIP Growth Opportunities**, which is a clone of Steve's highly successful (and closed) **Growth Company**.

Fidelity tells us that the move is designed to "generate more capacity" for its funds. With Growth Co's \$25 billion in assets plus a half-billion in the VIP offering (which is held in two of our annuity models), it's understandable that this tech-rich, large-cap growth fund pairing may need additional elbow room — meaning additional stock ideas.

Notably, Gopal's analyst responsibilities include great expertise in Internet and media stocks (think Google), and he's been a longtime small-cap stock analyst in many other sectors. We continue to rate VIP Growth Opp's and Growth Co. *Buy*.

In the Select fund arena, **Ted Davis** joins Ryan Oldham as co-manager on **Natural Gas**. We rate the fund *Hold* as strong supplies amid slack demand may continue to depress prices — at least over the shorter-term.

Borys Kuroschepov is now co-manager of **Industrial Equipment**, joining existing manager Steven Bullock. (At least for now, Steve continues to run **Medical Delivery**.) ■

Scorecard Change

In response to member requests, we have replaced the static 2011 return data in the *Scorecard* with a rolling 3-Month return.

Nine "New" Funds

Nine "new" stock funds will be launched in December. Mostly clones of existing retail funds like **Equity-Income**, **Mega Cap Stock** and **Stock Selector Large-Cap Value**, these Advisor and Series share classes are not directly available to retail investors.

So why are we interested?

We always want to know when managers assume more work: In this case, **Contrafund's** Will Danoff and **Low-Priced Stock (L-PS)** fund's Joel Tillinghast (see p. 4). Respectively, they will run the new **Opportunistic Insight** and **Intrinsic Opportunities** funds; they are variations of their current charges.

These moves allay our fears that they may retire.

If you recall, Joel briefly took a leave-of-absence last year having handed L-PS to his handpicked team. They now run a small portion of the fund. In turn, Joel will single-handedly run **Intrinsic Opp's**. And whereas L-PS is indexed to the small-cap Russell 2000 (though it's long been a mid-cap fund) and typically takes new positions in stocks priced below \$35, **Intrinsic Opp** will be indexed to the broader-market Russell 3000 and lack that price constraint.

Danoff's new **Opportunistic Insight** (he also runs the similar **Advisor New Insight**) will also be benchmarked against the Russell 3000. **Contra** is benchmarked to the S&P 500 whose market cap is \$57B versus \$41B for the fund.

The good news: two great managers remain tethered to their funds. The bad: they're running more money in slightly different fashions. So even if you can't own them, we'll closely *monitor* them for you. ■

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