

Eric Kobren's

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# FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

MAY 2008

VOLUME 24, NUMBER 5

**ERIC'S OUTLOOK**

## Investor Sentiment Blossoms, But How Long Will "Spring" Last?

Spring has returned to Wall Street.

After a frigid winter that was defined by investors' desire to sell anything related (and unrelated) to the subprime mortgage mess, rampant investor pessimism is thawing.



Eric M. Kobren

As you'll read in "Fund Commentary" on p. 4, April was a very good month to own Fidelity's stock funds, but not such a great time to hold bond funds. While last month's market wasn't enough to propel stock funds into the black on a year-to-date basis, nor erase gains produced by

bond funds, the shift was broad and distinct enough to make one wonder if a new, more positive market sentiment finally emerged with the spring crocuses.

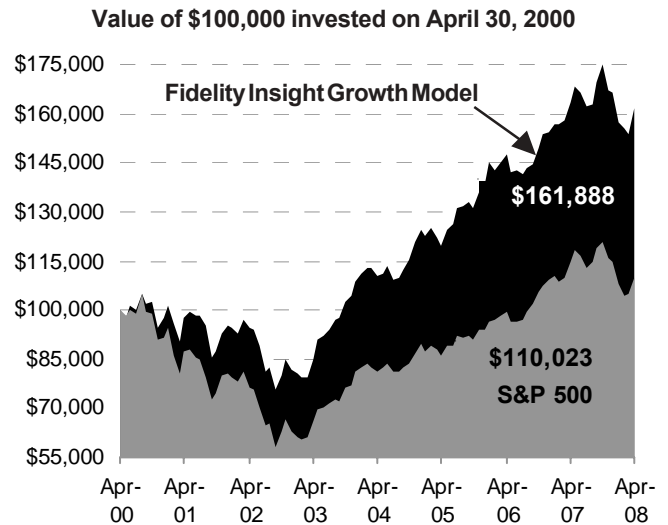
I think one has. But I also believe that, like teenagers, the market's mood swings will continue to be pronounced, frequent and a real challenge to handle!

### A Change In Attitude

April's upturn appears to have little to do with either the current economic climate or first-quarter earnings. Neither is very good. However, when one looks out a few quarters, a brighter picture emerges.

To appreciate where we may be headed, one must recount where we've recently been. Though it feels like a

## DIVERSIFICATION BENEFITS



Over the past 8 years, \$100,000 invested in the U.S. stock market (S&P 500) would have only grown by \$10,023. However, that same \$100,000 invested in Fidelity Insight's Growth Model, a well-diversified portfolio with exposure to foreign stocks, bonds, commodities, and real estate, would have grown by \$61,888, over 6 times the S&P 500's gain.

lifetime, it was only six months ago (October of last year), that the mood on Wall Street chilled considerably. While there had been deepening concerns about subprime mortgages, most worries were restricted to certain areas of the debt market. As for stocks, the first three quarters of 2007 were robust: housing-related stocks and real estate investment trusts were among the few losers.

As the fourth quarter unfolded, shares of home mortgage companies and banks collapsed under selling pressure. Merrill Lynch and Washington Mutual were choking on \$10 billion in mortgage-related write-offs — and that was just for openers. Citigroup and Bank of America saw their third-quarter profits plunge. **Select Home Finance** was down 38.0% at year-end and **Select Banking** retreated 21.2%.

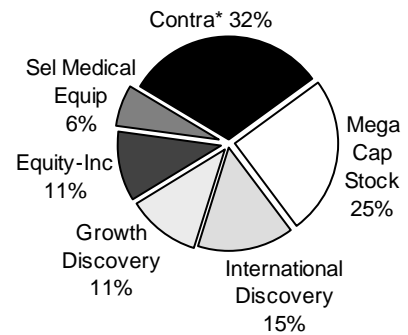
The race to jettison financials continued into the first quarter, and fears that the credit crisis would lead to a recession caused the selloff to spread to other sectors. Notably, technology was hit hard on the basis that the slowing economy would decrease capital spending on hardware

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## FIDELITY INSIGHT MODEL PORTFOLIOS - APRIL 30, 2008

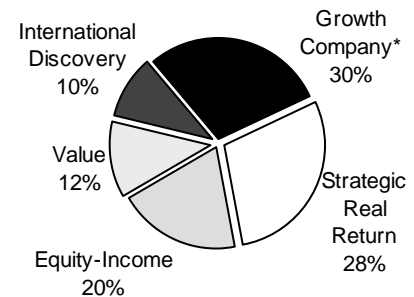
Aggressive Growth Model		Rel Vol: 0.94	Est. Yield: 0.9%	YTD Return: -8.3%		
Current Asset Allocation		Stocks 95.8%	Bonds 0.0%	Cash 3.9%	Alternative <sup>1</sup> 0.3%	Foreign 28.3%
Holdings	Ticker	Alloc	NAV	Shares	Value	Apr. Ret
Contrafund*	FCNTX	32%	\$67.67	837.40	\$56,667	5.3%
Mega Cap Stock	FGRTX	25	10.86	4,015.74	43,611	4.9
International Discovery	FIGRX	15	40.14	654.39	26,267	5.2
Growth Discovery	FDSVX	11	14.81	1,367.15	20,248	5.3
Equity-Income	FEQIX	11	51.64	386.00	19,933	6.0
Select Medical Equip	FSMEX	6	23.99	466.43	11,190	3.2
Current Value (4/7/99 = \$100,000)					\$177,916	4.9%



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

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

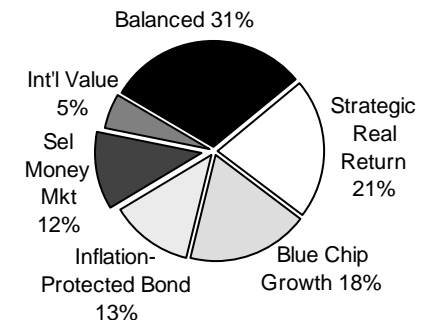
Growth Model		Rel Vol: 0.77	Est. Yield: 1.6%	YTD Return: -2.8%		
Current Asset Allocation		Stocks 70.6%	Bonds 7.7%	Cash 2.9%	Alternative <sup>1</sup> 18.8%	Foreign 18.0%
Holdings	Ticker	Alloc	NAV	Shares	Value	Apr. Ret
Growth Company*	FDGRX	30%	\$79.01	4,419.37	\$349,174	7.8%
Strategic Real Return	FSRRX	28	10.33	31,637.40	326,814	2.1
Equity-Income	FEQIX	20	51.64	4,433.58	228,950	6.0
Value	FDVLX	12	72.01	2,008.08	144,602	5.7
International Discovery	FIGRX	10	40.14	3,030.42	121,641	5.2
Current Value (1/1/87 = \$100,000)					\$1,171,181	5.3%



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

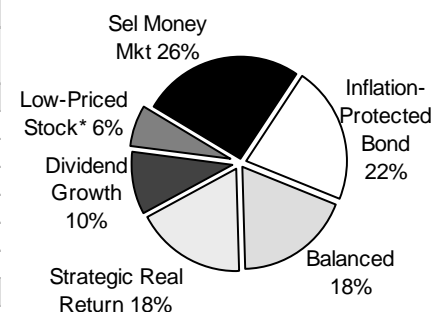
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.44	Est. Yield: 2.1%	YTD Return: -1.2%		
Current Asset Allocation		Stocks 43.0%	Bonds 28.4%	Cash 14.6%	Alternative <sup>1</sup> 14.0%	Foreign 11.2%
Holdings	Ticker	Alloc	NAV	Shares	Value	Apr. Ret
Balanced	FBALX	31%	\$18.93	14,424.40	\$273,054	4.6%
Strategic Real Return	FSRRX	21	10.33	18,101.66	186,990	2.1
Blue Chip Growth	FBGRX	18	41.49	3,878.58	160,922	5.3
Inflation-Protected Bond	FINPX	13	11.26	9,897.07	111,441	-2.3
Select Money Market	FSLXX	12	1.00	106,301.84	106,302	0.2
International Value	FIVLX	5	11.11	4,160.96	46,228	6.8
Current Value (1/1/87 = \$100,000)					\$884,937	2.9%



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

Income & Preservation Model		Rel Vol: 0.28	Est. Yield: 2.1%	YTD Return: 0.1%		
Current Asset Allocation		Stocks 26.7%	Bonds 31.4%	Cash 30.2%	Alternative <sup>1</sup> 11.7%	Foreign 4.6%
Holdings	Ticker	Alloc	NAV	Shares	Value	Apr. Ret
Select Money Market	FSLXX	26%	\$1.00	137,974.39	\$137,974	0.2%
Inflation-Protected Bond	FINPX	22	11.26	10,260.77	115,536	-2.3
Balanced	FBALX	18	18.93	5,103.75	96,614	4.6
Strategic Real Return	FSRRX	18	10.33	9,041.16	93,395	2.1
Dividend Growth	FDGFX	10	27.78	1,900.78	52,804	4.9
Low-Priced Stock*	FLPSX	6	39.92	856.20	34,179	5.1
Current Value (1/1/87 = \$100,000)					\$530,502	1.5%



\*Closed; new members use **Small Cap Growth** (FCPGX).

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

<sup>1</sup>Alternative investments include such areas as high-yield bonds, commodities, real estate. Portfolio trades and total returns do not take taxes into account, however redemption and exchange fees are included. Figures may be rounded. 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). Use non-Spartan fund alternatives if Spartan minimums can't be met. **Annuity Model Portfolios** are on p. 9.

and software. Even **Select IT Services** fell 11.9% during the first quarter. Cyclical also traded lower because who, after all, wants to own economically sensitive stocks when the economy is shrinking?

One of the few bright spots has been the energy sector, as a falling dollar aided oil's march towards \$120 per barrel. This helped **Select Energy Service** to a 55% gusher in 2007, and thanks to a strong April (up 12.7%), is up another 3.4% this year.

### A New Twist

But April brought a fair share of surprises, including a surge by small-cap stocks, high-yield bonds and financials.

Yes, the housing market is in a funk: inventories are building and prices are falling. In California, 33% of all existing homes for sale are in foreclosure! This is up from 3% a year ago. But with some bank stocks off 50% from their 52-week highs, and mortgage players down even more, opportunists bought.

However, there are still ample reasons for concern.

Consumer confidence is at a five-year low (though it may improve when tax rebates appear), food and especially gas prices are squeezing everyone (headline inflation is over 4%), the job market is deteriorating (unemployment is a tick over 5%), and credit is tougher to get. This makes it harder to buy a car or a house, or, for that matter, your corporate competitor.

On that last score, more companies are issuing stock to raise capital. This is a potential negative for share prices as it dilutes the value of existing shares. Also, first-quarter earnings will likely show negative growth for the fourth quarter in a row.

## WHICH FUNDS SHOULD YOU BUY NOW!

**Equity Funds:** **Mega Cap Stock** provides exposure to very large, "mega-cap" stocks. **Growth Discovery** (p. 11) looks for companies of all market capitalizations that exhibit high growth potential.

**Specialty Funds:** **Strategic Real Return**, with its mix of sectors, affords inflation protection and portfolio diversification.

**Fixed-Income Funds:** **Inflation-Protected Bond**, as its name implies, has inflation-protection features. **Select Money Market** and **Cash Reserves** (p. 11) are our preferred funds in this interest-rate environment.

**International Funds:** Emerging markets remain volatile. We favor developed-market funds with some emerging-market exposure such as **International Discovery**. ■

Nonetheless, I believe that stock investors are looking past this difficult economic environment, and are finding reasons for optimism.

### A Glass Half Full

While stock prices are no bargain at today's weak earnings levels, it should be easier for companies to beat those earnings going forward. Balance sheets are being cleaned up (especially among financials) and the weak dollar is helping exporters. (Thus, our model portfolio bias is for large-cap funds such as **Mega Cap Stock**, **Dividend Growth** and **Blue Chip Growth**; they are typically bigger players overseas.) We even see a silver lining for inflation.

First-quarter GDP growth came in at just 0.6% and most likely will remain subpar going forward. The good news is that decelerating economic activity in the U.S. and its ripple effects abroad should ease global demand pressures that, along with easy money, have fueled inflation.

On that front, though the Fed cut interest rates another 25 basis points on April 30, they may be ready to pause here. In their assessment of the risks ahead, they seemed to tilt ever so slightly towards inflation concerns over fears of economic weakness.

Indeed, the inflation dragon may be exaggerated, but we are not so unconcerned that we are selling our positions in **Inflation-Protected Bond** or **Strategic Real Return**.

### More Volatility Ahead

So what do we expect given this mixed-up picture? The short answer is continued market volatility. In the weeks and months ahead, as the markets digest the constant stream of new data points, it's hard to imagine that in connecting those dots a clearer picture will emerge.

While investors may be focusing on the eventual recovery from today's woes, in the short term, there will still be more bad news to come. Ongoing problems in the housing sector and related mortgage market will almost certainly unsettle stock investors. Earnings from a few bellwether stocks may also unsettle them, as will news of a slowing economy, unemployment, inflation and oil supply disruptions.

The best way to weather these volatile times is to continue to follow one of our well-diversified model portfolios that have provided our members with the appropriate mixes of growth and preservation of capital (safety) for over 20 years. ■

### ANNUAL MODEL PORTFOLIO RETURNS (%)

Model	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07
Aggr Growth												31.4	-8.4	-20.9	-15.8	36.6	14.8	17.9	14.2	14.5
Growth	18.9	34.3	1.0	24.7	13.0	18.0	-0.1	23.9	13.8	17.2	3.3	30.7	-2.1	-2.7	-14.0	33.0	14.4	11.1	11.8	7.8
Growth & Inc	14.8	29.1	-1.3	24.6	14.2	18.2	-0.1	23.1	18.7	20.9	6.3	22.6	-2.1	-4.0	-9.7	27.1	11.5	5.2	10.2	7.3
Inc & Pres	10.2	17.7	0.8	20.9	11.4	16.7	-2.8	21.1	19.0	18.0	5.2	13.4	-1.4	-5.6	-6.8	18.9	7.0	3.5	7.2	5.2

## Energy and Tech Boost Fidelity Funds

Far from being “the cruelest month,” April was a very kind month to own almost any Fidelity stock fund. It wasn’t quite so nice to be an owner of high-quality bond funds, but after the beating stock funds had taken over the previous several months, most investors probably didn’t mind giving up a little on their bond positions.

Many Fidelity funds boasted returns of at least 4% or 5% for the month, and some did even better, particularly those that were able to capitalize on surging energy prices, as oil flirted with \$120 a barrel before backing off a bit by month-end.

So, as drivers faced gasoline prices approaching \$4.00 a gallon, those with money in funds like **Leveraged Company Stock** (up 9.6% for the month), **Independence** (up 9.8%) or **Focused Stock** (up 8.3%), could offset the pain at the pump with big gains on these funds’ sizable energy bets. Leveraged Company Stock, for example, has over 44% of its assets in energy, while Independence has nearly 30%, plus another 27% in materials stocks, which got a boost from increases in other commodity prices.

### Big Rebound For Technology

But one of the month’s biggest winners, **OTC** (up 9.3%), had less than 2% in energy. Its gains were driven by a 54% stake in technology. After six months of suffering under the argument that the financial crisis

would lead to slower spending on technology, that belief was overturned as several big tech companies issued first-quarter reports that easily beat Wall Street expectations. For example, Google’s revenues were 42% higher than a year ago, Apple’s were up 43%, while IBM and Amazon also reported strong numbers.

Thanks to gains in energy, technology, and even a somewhat surprising rebound in financial services, all major stock indexes were solidly in the black in April. The Dow Industrials were up 4.7%, while the S&P 500 gained 4.8%, the small-cap Russell 2000 rose 4.2% and the tech-rich Nasdaq jumped 5.9%. For the year, however, the indexes are still negative, with the Dow off 2.6%, the S&P 500 down 5.0%, the Russell 2000 off 6.1% and the Nasdaq down 8.8%.

Tech stocks also gave a lift to some of Fidelity’s more-diversified funds. **Blue Chip Growth**, for example, has nearly 30% of assets in tech, and was ahead 5.3% for the month. Likewise, **Growth Discovery** and **Contrafund** each have over 20% in tech, but both gained 5.3%.

Among some of Fidelity’s other large funds, **Magellan** gained 6.5% in April, **Low-Priced Stock** was ahead 5.1%, **Growth Company** rose 7.8%, **Equity-Income** was up 6.0%.

### Select Funds

The strong performance of energy and tech resulted in an unusual month for Fidelity’s Select funds: Instead of coming from the same industry, two different sectors shared the spotlight,

with **Energy Service** on top, with a 12.7% gain in April, with **Networking & Infrastructure** (up 11.5%) close by. Other winners include **Technology** (up 11.2%) and **Computers** (up 9.1%).

Meanwhile, **Financial Services** gained 4.9% and **Banking** rose 4.0% as investors sensed recovery later this year. Finally, gains by the dollar and a dip in oil prices helped push **Gold** from the top Select-fund spot in March to the bottom in April, as it fell 7.0%.

### Foreign Stock Funds

If investors believed valuations in emerging markets were stretched in March, they seem to have changed their minds in April. **Latin America** popped 11.3% and **China Region** rose 8.5% last month, while **Emerging Markets** gained 8.4%. Among funds with developed-market exposures, **Diversified Int’l** rose 5.9%.

### Bond Funds

As noted, April was not a great month for high-quality bonds as all of Fidelity’s taxable investment-grade bond funds were in the red. (**Investment Grade Bond** slipped 0.4%). On the flip side, investors were willing to embrace credit risk again as all of Fidelity’s high-yield bond funds had solid gains, led by **Capital & Income** (up 4.3%). Muni funds, also did well, with **Muni Income** up 0.8%.

The yield on **Cash Reserves** ended the month at 2.74%, down from 3.08% in March. With the Fed cutting rates on April 30, look for yields to fall further. ■

### Scorecard Changes

Fund	Style	Prior	New	Comments
Aggressive Growth	Mid Growth	OK to Buy	Hold	Fund's exposure to riskier stocks is a concern.
Export & Multinational	Large Growth	Hold	OK to Buy	We like fund's large growth, multinational focus.
New Millennium	Mid Growth	Hold	OK to Buy	Migration to larger-cap stocks was well-timed.
Sel Construct & Housing	Specialty	OK to Sell	Hold	Sell-off in this sector may have been overdone.
Sel Health Care	Specialty	OK to Buy	Hold	Cost-shifting to employees may slow revenues.
Sel Medical Delivery	Specialty	OK to Buy	Hold	Cost-shifting to employees may slow revenues.
Sel Pharmaceuticals	Specialty	OK to Buy	Hold	Cost-shifting to employees may slow revenues.
Sel Retailing	Specialty	Sell	Hold	Slowing economy has been priced into this sector.
Sel Transportation	Specialty	OK to Sell	OK to Buy	Railroads have shown strength in slowdown.
VIP Health Care	Specialty	OK to Buy	Hold	Cost-shifting to employees may slow revenues.

## FIDELITY SCORECARD - APRIL 30, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>			
						Apr.	YTD	2007	1 Year	3 Year	5 Year				
		S&P 500 (Large Cap)		1385.6		4.8	-5.0	5.5	-4.2	8.4	10.7	1.00			
		Dow Industrials (Blue Chip)		12820.1		4.7	-2.6	8.9	-3.9	10.7	11.3	0.91			
		Nasdaq Composite (OTC)		2412.8		5.9	-8.8	10.7	-8.7	6.4	9.8	1.10			
		Russell 2000 (Small Cap)		716.2		4.2	-6.1	-1.6	-10.5	5.9	16.6	1.25			
<b>LARGE CAP GROWTH FUNDS</b>						<b>Category Averages</b>			<b>6.6</b>	<b>-7.1</b>	<b>16.3</b>	<b>2.5</b>	<b>11.6</b>	<b>12.2</b>	<b>1.1</b>
312	FBGRX	Blue Chip Growth		41.49	Buy	5.3	-5.8	11.8	1.2	7.2	7.9	0.99			
307	FDCAX	Capital Appreciation		24.69	Buy	5.3	-7.7	6.9	-7.2	9.1	12.6	1.14			
22	FCNTX	Contrafund (closed)		67.67	Buy	5.3	-6.5	19.8	6.2	14.2	15.7	0.92			
332	FEXPX	Export and Multinational	0.75%/30 days	23.92	OK to Buy↑	8.4	-7.0	15.3	0.4	11.7	13.7	1.11			
500	FFTYX	Fifty		20.15	Hold	7.7	-7.6	12.6	-4.1	12.0	9.6	1.12			
25	FDGRX	Growth Company (closed)		79.01	Buy	7.8	-4.8	19.9	9.2	15.4	15.9	1.08			
339	FDSVX	Growth Discovery		14.81	Buy	5.3	-8.9	26.8	10.5	14.0	11.8	1.01			
73	FDFFX	Independence		27.61	OK to Buy	9.8	-0.2	29.5	19.9	20.0	16.6	1.33			
763	FSLGX	Large Cap Growth		9.61	OK to Sell	4.8	-10.3	2.1	-10.4	4.7	8.6	0.97			
1829	FLGEX	Large Cap Growth Enhcd Index		9.59	Hold	5.3	-6.7	2.1p	--	--	--	--			
338	FLCSX	Large Cap Stock		17.90	Buy	6.6	-7.4	13.1	-1.8	10.7	10.2	1.11			
21	FMAGX	Magellan		87.61	OK to Buy	6.5	-6.7	18.8	3.5	9.8	10.0	1.12			
1282	FNCMX	Nasdaq Composite Index	0.75%/90 days	32.02	Hold	5.9	-8.8	10.5	-3.3	8.7	--	1.09			
93	FOCPX	OTC		47.08	Buy	9.3	-9.8	26.1	8.4	14.7	14.3	1.21			
320	FDSSX	Stock Selector		27.73	Hold	5.1	-6.0	11.8	-0.2	10.7	11.6	0.99			
5	FTRNX	Trend		64.46	OK to Buy	7.0	-8.8	18.9	4.6	11.4	12.1	1.12			
<b>LARGE CAP BLEND FUNDS</b>						<b>Category Averages</b>			<b>5.4</b>	<b>-5.7</b>	<b>8.8</b>	<b>-3.3</b>	<b>9.7</b>	<b>11.3</b>	<b>1.0</b>
1271	FBCVX	Blue Chip Value		13.90	OK to Buy	5.1	-4.8	4.4	-6.6	9.5	--	1.11			
315	FDEQX	Disciplined Equity		27.22	Buy	5.3	-7.8	10.8	-5.0	10.0	12.0	1.00			
330	FDGFX	Dividend Growth		27.78	Buy	4.9	-5.5	1.1	-7.8	6.7	7.6	0.94			
3	FFIDX	Fidelity Fund		37.24	OK to Buy	5.7	-6.3	16.8	3.3	11.5	11.8	0.99			
333	FTQGX	Focused Stock		12.94	Hold	8.3	-2.6	17.0	5.4	12.8	14.9	1.17			
27	FGRIX	Growth & Income		25.64	OK to Sell	5.2	-5.8	0.7	-8.2	4.0	6.5	1.16			
1827	FLCEX	Large Cap Core Enhcd Index		9.56	Hold	5.1	-5.7	1.0p	--	--	--	--			
361	FGRTX	Mega Cap Stock		10.86	Buy	4.9	-6.9	11.1	-1.6	9.6	8.9	0.98			
317	FSMKX	Spartan 500 Index <sup>4</sup>		96.20	Hold	4.9	-5.1	5.4	-4.4	8.3	10.6	1.00			
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90 days	38.75	Hold	5.0	-5.0	5.6	-4.6	9.0	11.7	1.00			
343	FTXMX	Tax Managed Stock	1.00%/2 years	14.89	OK to Buy	4.9	-7.3	14.2	-3.4	11.4	13.1	1.00			
832	FVDFX	Value Discovery		16.90	Buy	6.0	-5.8	9.7	-3.9	13.4	15.5	1.09			
<b>LARGE CAP VALUE FUNDS</b>						<b>Category Averages</b>			<b>5.2</b>	<b>-5.4</b>	<b>3.2</b>	<b>-8.0</b>	<b>8.4</b>	<b>11.6</b>	<b>1.1</b>
23	FEQIX	Equity-Income		51.64	Buy	6.0	-4.3	1.4	-7.9	8.8	11.7	1.06			
319	FEQTX	Equity-Income II		21.57	OK to Sell	5.2	-5.0	4.5	-6.1	7.5	10.3	1.06			
708	FSLVX	Large Cap Value		13.45	Hold	4.8	-7.2	3.7	-10.0	8.9	12.7	1.06			
1828	FLVEX	Large Cap Value Enhcd Index		8.93	Hold	4.8	-5.2	-5.1p	--	--	--	--			

**Notes:** <sup>1</sup> Relative Volatility of the fund versus the S&P 500 over the last 12 months; 1.50 means the fund has been 50% more volatile. <sup>2</sup> Durations (a measure of interest rate sensitivity) reflect prior quarter figures. <sup>3</sup> Stated yield is before any inflation adjustment, your effective yield may be different. <sup>4</sup> Also available in an "Advantage" share class with a minimum of \$100,000, but a lower expense ratio of 0.07% (versus 0.10% for the existing class). <sup>5</sup> Also available in "Advantage" shares with a minimum of \$100,000, but a lower expense ratio of 0.10% (versus 0.20% for the investor class). (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

### NEW FUND

## Fidelity Launches 'Long-Short' Fund

We previewed it in the January report; now Fidelity has officially launched **130/30 Large Cap**.

130/30 is what is known as a long/short fund. Like a traditional stock fund, Manager Keith Quinton will go "long" the market by buying stocks he believes will appreciate in value. But he will also "short" specific stocks, or even industries/sectors he thinks will decline in value. The fund's name comes from the fact that it will target 30% in short positions and 130% (the fund's assets

plus 30% from the proceeds of the short sales) in long positions. The fund's net exposure (longs minus shorts) will thus be roughly 100% — the same as a traditional long-only stock fund.

Security selection will flow from a combination of quantitative analysis (computer-driven programs that scrutinize such metrics as growth rates, valuations and risk) and fundamental research (a company's balance sheet, products and its markets). The fund's holdings will mainly consist of U.S. large-cap stocks, but may include foreign companies.

While all stock funds carry some

risk, this one has some of its own. Shorting involves selling borrowed shares today with the expectation of buying them back later at a lower price and pocketing the difference as profit. While the 130/30 combination should manage risk, members should recognize that "short" positions that don't work out become bigger and bigger problems (unlike "long" positions).

Fidelity has capped expenses at 1.30%.

130/30's retail shares require a \$10,000 minimum investment. We've added it to the *Scorecard* as a Specialty fund and rate it a *Hold*. ■

## FIDELITY SCORECARD - APRIL 30, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>			
						Apr.	YTD	2007	1 Year	3 Year	5 Year				
<b>MID-CAP GROWTH FUNDS</b>						<b>Category Averages</b>			<b>6.9</b>	<b>-7.9</b>	<b>11.5</b>	<b>-5.8</b>	<b>11.2</b>	<b>12.4</b>	<b>1.1</b>
324	FDEGX	Aggressive Growth	1.50%/90 days	19.79	Hold↓	7.7	-14.0	18.8	-5.5	9.6	10.9	1.16			
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30 days		Hold	6.0	-3.2p	--	--	--	--	--			
793	FSMGX	Mid Cap Growth	0.75%/30 days	12.47	Sell	6.4	-7.8	2.4	-9.8	6.8	12.3	1.19			
337	FMCSX	Mid-Cap Stock (closed)	0.75%/30 days	27.52	Hold	8.4	-5.9	8.2	-8.5	13.8	13.8	1.12			
300	FMLIX	New Millennium		27.19	OK to Buy↑	6.0	-8.5	16.5	0.7	14.5	12.7	1.04			
<b>MID-CAP BLEND FUNDS</b>						<b>Category Averages</b>			<b>6.3</b>	<b>-3.7</b>	<b>8.0</b>	<b>-4.9</b>	<b>12.6</b>	<b>18.5</b>	<b>1.1</b>
122	FLVCX	Leveraged Company Stock	1.50%/90 days	32.32	Hold	9.6	0.0	17.9	3.7	17.8	26.4	1.20			
316	FLPSX	Low-Priced Stock (closed)	1.50%/90 days	39.92	Buy	5.1	-2.9	3.2	-5.4	10.8	16.6	0.93			
398	FSEMXX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90 days	35.95	Hold	5.5	-4.8	5.4	-5.8	11.1	15.4	1.03			
14	FSLSX	Value Strategies		26.72	Buy	4.9	-7.2	5.6	-12.1	10.6	15.4	1.14			
<b>MID-CAP VALUE FUNDS</b>						<b>Category Averages</b>			<b>5.3</b>	<b>-5.6</b>	<b>2.4</b>	<b>-11.5</b>	<b>9.6</b>	<b>15.0</b>	<b>1.1</b>
762	FSMVX	Mid Cap Value	0.75%/30 days	15.12	OK to Sell	4.9	-7.1	2.7	-13.6	9.1	14.5	1.09			
39	FDVLX	Value		72.01	Buy	5.7	-4.0	2.2	-9.4	10.1	15.5	1.08			
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>4.4</b>	<b>-11.7</b>	<b>12.1</b>	<b>-9.4</b>	<b>10.7</b>	<b>13.0</b>	<b>1.1</b>
2011	FCPEX	Small Cap Enhanced Index	1.50%/90 days		Hold	3.0	-4.5p	--	--	--	--	--			
1388	FPCGX	Small Cap Growth	1.50%/90 days	13.98	Buy	4.6	-11.4	16.8	-5.5	12.2	--	1.07			
336	FDSCX	Small Cap Independence	1.50%/90 days	17.54	Hold	4.2	-11.9	7.3	-13.4	9.2	13.0	1.09			
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>3.4</b>	<b>-8.0</b>	<b>4.4</b>	<b>-10.0</b>	<b>9.2</b>	<b>14.9</b>	<b>1.0</b>
340	FSLCX	Small Cap Stock (closed)	2.00%/90 days	16.04	Hold	2.6	-8.0	7.7	-7.4	9.4	14.9	0.95			
1389	FPCVX	Small Cap Value	1.50%/90 days	12.50	OK to Sell	4.3	-8.1	1.1	-12.6	9.0	--	1.14			
<b>SPECIALTY FUNDS</b>															
2063	FOTTX	130/30 Large Cap			Hold	2.2	2.2p	--	--	--	--	--			
304	FBALX	Balanced		18.93	Buy	4.6	-3.0	9.0	-0.4	10.5	12.2	0.71			
308	FCVSX	Convertible Securities		27.96	Hold	7.2	0.4	16.2	7.7	15.2	13.2	0.83			
1960	FDYSX	Dynamic Strategies		9.45	Hold	4.1	-1.0	-2.2p	--	--	--	--			
1368	FIREX	International Real Estate	1.50%/90 days	12.99	Hold	6.0	-3.1	-8.3	-14.8	14.2	--	1.22			
4	FPURX	Puritan		18.13	OK to Buy	3.7	-4.1	6.2	-2.5	7.9	9.6	0.64			
833	FRIFX	Real Estate Income	0.75%/90 days	9.89	OK to Sell	2.6	-3.2	-6.5	-11.4	2.0	6.1	0.35			
303	FRESX	Real Estate Investment	0.75%/90 days	28.69	Sell	5.6	10.7	-21.3	-14.9	10.9	18.2	1.65			
1329	FSDIX	Strategic Dividend & Income		12.23	OK to Buy	5.4	-1.8	3.1	-4.4	9.3	--	0.88			
1505	FSRRX	Strategic Real Return	0.75%/60 days	10.33	Buy	2.1	4.5	3.8	4.9	--	--	0.28			
311	FIUIX	Utilities		19.02	Hold	4.9	-7.1	10.8	-7.5	13.4	15.7	0.99			
<b>ASSET ALLOCATION FUNDS</b>															
328	FASIX	Asset Manager 20%		12.22	Hold	1.3	-1.2	4.8	0.4	6.2	6.5	0.19			
1957	FTANX	Asset Manager 30%		9.57	Hold	1.8	-1.9	-1.9p	--	--	--	--			
1958	FFANX	Asset Manager 40%		9.43	Hold	2.5	-2.5	-2.6p	--	--	--	--			
314	FASMX	Asset Manager 50%		14.90	Hold	3.2	-3.3	6.3	-2.1	6.2	6.6	0.48			
1959	FSANX	Asset Manager 60%		9.23	Hold	3.8	-3.9	-3.5p	--	--	--	--			
321	FASGX	Asset Manager 70%		16.23	Hold	4.5	-4.5	7.2	-2.9	7.1	7.6	0.69			
347	FAMRX	Asset Manager 85%		13.43	Hold	5.2	-5.1	7.9	-3.6	10.6	13.1	0.83			
355	FFNOX	Four-in-One Index		29.25	Hold	4.3	-3.7	6.2	-2.9	9.2	11.8	0.81			
370	FFFBX	Freedom 2000		12.28	Hold	1.7	-0.7	5.3	1.1	5.3	5.3	0.25			
1312	FFVX	Freedom 2005		11.53	Hold	3.0	-2.2	7.3	0.2	7.3	--	0.47			
371	FFFCX	Freedom 2010		14.51	Hold	3.1	-2.1	7.4	0.5	7.6	8.1	0.48			
1313	FFVFX	Freedom 2015		12.14	Hold	3.5	-2.6	7.8	-0.1	8.4	--	0.54			
372	FFFDX	Freedom 2020		15.28	Hold	4.2	-3.4	8.5	-0.5	9.3	10.5	0.66			
1314	FFTWX	Freedom 2025		12.70	Hold	4.5	-3.6	8.6	-1.1	9.5	--	0.70			
373	FFFEX	Freedom 2030		15.78	Hold	5.1	-4.5	9.3	-1.6	10.1	11.7	0.81			
1315	FFTHX	Freedom 2035		13.05	Hold	5.2	-4.6	9.3	-1.9	10.2	--	0.83			
718	FFFFX	Freedom 2040		9.27	Hold	5.5	-4.7	9.3	-2.1	10.4	12.4	0.85			
1617	FFFGX	Freedom 2045		10.79	Hold	5.4	-4.9	9.5	-2.1	--	--	0.87			
1618	FFFHX	Freedom 2050		10.84	Hold	5.7	-5.2	9.8	-2.3	--	--	0.90			
369	FFFAX	Freedom Income		11.32	Hold	1.4	-0.3	4.8	1.4	5.0	4.7	0.20			
1884	FIRJX	Income Replacement 2016		49.55	Hold	2.0	-1.4	0.4p	--	--	--	--			
1885	FIRKX	Income Replacement 2018		49.44	Hold	2.3	-1.8	0.4p	--	--	--	--			
1886	FIRLX	Income Replacement 2020		49.23	Hold	2.5	-2.1	0.2p	--	--	--	--			
1887	FIRMX	Income Replacement 2022		49.29	Hold	2.7	-2.3	0.2p	--	--	--	--			
1888	FIRNX	Income Replacement 2024		49.28	Hold	2.8	-2.5	0.4p	--	--	--	--			
1889	FIROX	Income Replacement 2026		49.13	Hold	2.9	-2.6	0.2p	--	--	--	--			
1890	FIRPX	Income Replacement 2028		49.24	Hold	3.0	-2.7	0.2p	--	--	--	--			
1891	FIRQX	Income Replacement 2030		49.08	Hold	3.1	-2.9	0.2p	--	--	--	--			
1892	FIRRX	Income Replacement 2032		49.09	Hold	3.2	-3.0	0.2p	--	--	--	--			
1893	FIRSX	Income Replacement 2034		49.05	Hold	3.3	-3.2	0.3p	--	--	--	--			
1894	FIRUX	Income Replacement 2036		49.14	Hold	3.4	-3.2	0.3p	--	--	--	--			
1995	FIRVX	Income Replacement 2038		48.03	Hold	3.5	-1.3p	--	--	--	--	--			
2009	FIRWX	Income Replacement 2040		48.03	Hold	3.6	-1.3p	--	--	--	--	--			
1996	FIXRX	Income Replacement 2042		48.01	Hold	3.6	-1.4p	--	--	--	--	--			

## FIDELITY SCORECARD - APRIL 30, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>			
						Apr.	YTD	2007	1 Year	3 Year	5 Year				
<b>INTERNATIONAL FUNDS</b>						<b>Category Averages</b>			<b>5.7</b>	<b>-4.8</b>	<b>20.0</b>	<b>6.2</b>	<b>20.1</b>	<b>24.1</b>	<b>1.1</b>
335	FIVFX	Aggressive Int'l	1.00%/30 days	14.30	OK to Sell	6.2	-5.5	5.2	-8.9	10.7	14.4	0.96			
309	FICDX	Canada	1.50%/90 days	60.92	OK to Buy	7.2	-0.8	35.0	19.4	25.2	27.3	1.12			
352	FHKCX	China Region	1.50%/90 days	29.32	OK to Sell	8.5	-5.9	46.3	36.6	26.8	28.2	1.53			
325	FDIVX	Diversified International (closed)	1.00%/30 days	38.18	OK to Buy	5.9	-4.3	16.0	1.5	17.2	21.4	1.01			
322	FEMKX	Emerging Markets	1.50%/90 days	31.81	Buy	8.4	-6.0	45.1	23.5	37.4	36.5	1.33			
301	FIEUX	Europe	1.00%/30 days	39.65	OK to Buy	4.0	-6.0	16.4	-0.3	17.2	24.0	1.04			
341	FECAX	Europe Capital App	1.00%/30 days	24.94	OK to Buy	3.9	-6.3	14.8	-2.9	19.6	21.4	1.04			
334	FGBLX	Global Balanced	1.00%/30 days	22.26	Hold	2.8	-0.9	13.8	6.3	12.3	15.1	0.58			
2010	FIENX	International Enhanced Index	1.00%/30 days	9.78	Hold	5.5	-4.1	--	--	--	--	--			
305	FIGRX	International Discovery	1.00%/30 days	40.14	Buy	5.2	-6.8	19.0	1.8	18.1	22.5	1.00			
1979	FIGFX	International Growth	1.00%/30 days	9.14	Hold	5.4	-4.4	-2.8p	--	--	--	--			
818	FISMX	Int'l Small Cap (closed)	2.00%/90 days	21.98	Hold	3.3	-4.8	13.2	-3.6	14.7	27.7	0.97			
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90 days	13.72	Hold	5.2	-4.9	3.0	--	--	--	1.25			
1597	FIVLX	International Value	1.00%/30 days	11.11	Buy	6.8	-2.8	9.5	--	--	--	1.07			
350	FJPNX	Japan	1.50%/90 days	14.23	OK to Sell	8.8	-0.8	-2.7	-4.7	10.4	16.1	1.09			
360	FJSCX	Japan Smaller Cos (closed)	1.50%/90 days	10.18	Sell	-0.3	-7.7	-12.4	-14.6	-4.5	11.7	1.03			
349	FLATX	Latin America	1.50%/90 days	66.19	OK to Buy	11.3	6.7	43.7	34.3	48.6	46.2	1.81			
342	FNORX	Nordic	1.50%/90 days	42.92	OK to Buy	2.0	-5.4	23.2	1.1	23.4	27.4	1.30			
94	FOSFX	Overseas	1.00%/30 days	45.06	OK to Buy	5.3	-6.9	21.8	2.8	19.3	22.0	1.15			
302	FPBFX	Pacific Basin	1.50%/90 days	26.64	Hold	5.6	-11.8	25.2	1.3	19.7	23.1	1.17			
351	FSEAX	Southeast Asia	1.50%/90 days	34.28	OK to Sell	5.9	-13.6	55.4	22.4	33.7	34.8	1.44			
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90 days	45.68	Hold	5.8	-3.3	10.7	-1.7	16.0	20.1	1.00			
1978	FTIEX	Total International Equity	1.00%/30 days	9.09	OK to Buy	6.3	-3.8	-2.9p	--	--	--	--			
318	FWWFX	Worldwide	1.00%/30 days	20.34	Hold	6.8	-4.8	18.5	4.2	16.4	17.8	1.03			
<b>SELECT PORTFOLIOS</b>						<b>Category Averages</b>			<b>5.8</b>	<b>-6.0</b>	<b>11.3</b>	<b>-2.1</b>	<b>12.0</b>	<b>14.8</b>	<b>1.2</b>
34	FSAIX	Air Transportation	0.75%/30 days	32.71	OK to Sell	3.4	-15.3	-1.9	-19.4	8.9	13.1	1.36			
502	FSAVX	Automotive	0.75%/30 days	37.51	OK to Sell	10.4	0.3	0.0	-8.2	7.9	11.0	1.39			
507	FSRBX	Banking	0.75%/30 days	22.69	Sell	4.0	-6.7	-21.2	-25.3	-3.6	3.5	1.62			
42	FBIOX	Biotechnology	0.75%/30 days	62.38	Hold	1.8	-6.4	2.7	-7.3	6.8	7.9	0.99			
68	FSLBX	Brokerage & Investment	0.75%/30 days	57.68	Sell	4.1	-10.1	-0.2	-15.2	15.2	16.3	1.43			
69	FSCHX	Chemicals	0.75%/30 days	85.65	Buy	7.6	3.6	28.4	21.2	18.1	21.1	1.33			
518	FSDCX	Communications Equipment	0.75%/30 days	21.13	Hold	9.9	-5.9	9.8	-4.1	9.0	13.0	1.35			
7	FDCPX	Computers	0.75%/30 days	43.24	Hold	9.1	-10.6	22.4	8.0	12.1	12.4	1.30			
511	FSHOX	Construction & Housing	0.75%/30 days	34.14	Hold↑	4.1	3.6	-13.9	-10.5	4.2	14.1	1.63			
517	FSCPX	Consumer Discretionary	0.75%/30 days	20.02	OK to Sell	3.6	-4.7	-8.3	-16.0	3.1	6.2	1.14			
9	FDFAV	Consumer Staples	0.75%/30 days	64.59	Buy	-0.4	-2.9	21.5	8.6	15.3	15.9	0.65			
67	FSDAX	Defense & Aerospace	0.75%/30 days	78.41	OK to Buy	8.8	-5.6	17.8	4.2	15.4	21.8	1.01			
8	FSELX	Electronics	0.75%/30 days	40.43	Hold	8.0	-11.3	4.7	-13.8	4.9	8.3	1.31			
60	FSENX	Energy	0.75%/30 days	67.69	OK to Buy	10.3	3.5	45.5	32.4	32.7	33.6	1.47			
43	FSESX	Energy Service	0.75%/30 days	100.79	OK to Buy	12.7	3.4	55.2	37.4	35.8	31.5	1.61			
516	FSLEX	Environmental	0.75%/30 days	18.37	Hold	6.0	-5.1	12.4	3.1	12.2	12.0	1.00			
66	FIDSX	Financial Services	0.75%/30 days	86.39	OK to Sell	4.9	-9.5	-13.6	-23.2	2.2	6.3	1.49			
41	FSAGX	Gold	0.75%/30 days	38.73	Hold	-7.0	-2.5	24.9	18.9	34.2	23.8	1.67			
63	FSPHX	Health Care	0.75%/30 days	104.97	Hold↓	3.2	-12.7	12.5	-9.1	5.4	7.9	0.76			
98	FVLX	Home Finance	0.75%/30 days	25.26	Sell	1.6	-11.0	-38.0	-42.7	-12.2	-3.3	2.05			
510	FSCGX	Industrial Equipment	0.75%/30 days	33.48	Hold	3.9	-5.2	23.2	8.2	16.0	18.8	1.10			
515	FCYIX	Industrials	0.75%/30 days	21.72	Hold	5.2	-2.1	17.7	7.9	16.1	19.8	1.10			
45	FSPCX	Insurance	0.75%/30 days	53.11	Hold	1.8	-15.6	-4.4	-20.8	2.4	7.0	1.25			
353	FBSOX	IT Services	0.75%/30 days	16.43	Hold	11.6	-1.7	11.5	1.6	14.6	14.0	1.07			
62	FDLSX	Leisure	0.75%/30 days	71.11	Hold	4.4	-7.2	4.2	-6.2	9.3	12.3	1.06			
509	FSDPX	Materials	0.75%/30 days	59.63	Hold	6.2	2.0	29.2	15.5	24.2	25.8	1.38			
505	FSHCX	Medical Delivery	0.75%/30 days	40.67	Hold↓	5.4	-22.0	16.9	-16.4	2.6	18.7	0.85			
354	FSMEX	Medical Equipment	0.75%/30 days	23.99	Buy	3.2	-0.4	17.9	10.5	9.3	13.7	0.76			
503	FBMPX	Multimedia	0.75%/30 days	34.34	OK to Sell	3.6	-6.3	-9.3	-16.0	3.9	8.2	0.96			
513	FSNGX	Natural Gas	0.75%/30 days	51.50	Buy	9.4	10.7	40.9	31.9	31.3	33.4	1.42			
514	FNARX	Natural Resources	0.75%/30 days	40.49	Buy	9.7	2.4	50.1	32.1	35.7	33.8	1.47			
912	FNINX	Networking & Infrastructure	0.75%/30 days	2.13	OK to Sell	11.5	-14.1	0.4	-16.3	3.4	5.0	1.29			
506	FSPFX	Paper & Forest	0.75%/30 days	27.06	Hold	-2.0	-13.6	0.8	-18.6	1.8	4.3	1.27			
580	FPHAX	Pharmaceuticals	0.75%/30 days	10.11	Hold↓	2.6	-12.5	13.4	-10.6	8.1	7.4	0.85			
46	FSRPX	Retailing	0.75%/30 days	38.52	Hold↑	5.0	-5.8	-8.0	-18.0	5.1	10.1	1.36			
28	FSCSX	Software & Computer Svcs	0.75%/30 days	74.22	Hold	11.5	-8.6	23.9	7.5	18.4	14.4	1.15			
64	FSPTX	Technology	0.75%/30 days	73.16	Hold	11.2	-10.0	19.8	1.7	11.1	11.7	1.31			
96	FSTCX	Telecommunications	0.75%/30 days	44.81	OK to Sell	8.1	-13.7	8.2	-14.3	10.9	12.7	1.21			
512	FSRFX	Transportation	0.75%/30 days	45.16	OK to Buy↑	4.6	1.7	-0.6	-6.9	11.4	14.9	1.29			
65	FSUTX	Utilities Growth	0.75%/30 days	60.75	Hold	6.0	-5.5	18.1	-2.4	16.6	18.7	1.06			
963	FWRLX	Wireless	0.75%/30 days	7.54	Hold	8.5	-12.7	27.5	3.3	13.9	25.0	1.37			

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						Apr.	YTD	2007									
<b>TAXABLE BOND FUNDS</b>						<b>Category Averages</b>			<b>-0.9</b>	<b>0.7</b>	<b>5.1</b>	<b>4.3</b>	<b>3.79</b>				
15	FGMNX	Ginnie Mae		10.99	OK to Buy	0.0	2.2	6.8	3.4	4.96							
54	FGOVX	Government Income		10.49	OK to Buy	-1.2	2.6	7.9	4.7	3.54							
794	FINPX	Inflation-Protected Bond <sup>3</sup>		11.26	Buy	-2.3	2.3	9.1	6.5	0.90							
32	FTHRXX	Intermediate Bond		10.02	OK to Buy	-0.5	0.2	4.0	3.9	4.40							
452	FSTGX	Intermediate Gov't Income		10.41	Buy	-1.2	2.5	7.9	3.4	3.25							
26	FBNDX	Investment Grade Bond		7.04	Hold	-0.1	-0.6	2.6	4.5	4.76							
40	FMSFX	Mortgage Securities		10.18	Hold	-0.2	-0.8	-0.4	3.4	5.04							
450	FSHBX	Short-Term Bond		8.35	OK to Sell	-0.5	-1.5	1.7	1.6	4.13							
1561	FIBIX	Sptn Interm Treas Index <sup>5</sup>		10.53	OK to Buy	-2.5	3.5	10.1	6.1	3.20							
1562	FLBIX	Sptn Lng-Term Treas Index <sup>5</sup>		10.28	Hold	-2.1	1.8	9.5	11.4	4.18							
1560	FSBIX	Sptn Sht-Term Treas Index <sup>5</sup>		10.39	Buy	-1.3	2.4	7.9	2.4	2.08							
820	FTBFX	Total Bond		10.27	Buy	0.1	1.0	4.2	4.4	4.99							
651	FBIDX	U.S. Bond Index		10.90	Hold	-0.2	1.6	5.4	4.4	4.50							
812	FUSFX	Ultra-Short Bond	0.25%/60 days	8.27	OK to Sell	-0.3	-7.2	-5.1	0.4	3.07							
<b>HIGH-YIELD BOND FUNDS</b>						<b>Category Averages</b>			<b>2.9</b>	<b>1.1</b>	<b>3.8</b>	<b>6.52</b>					
38	FAGIX	Capital & Income	1.00%/90 days	8.52	Hold	4.8	0.2	3.8	--	7.14							
814	FFRHX	Floating Rate High Income	1.00%/60 days	9.43	OK to Buy	3.3	0.4	2.7	--	5.57							
1366	FHIFX	Focused High Income	1.00%/90 days	9.77	Hold	2.7	1.0	3.1	--	6.95							
455	SPHIX	High Income	1.00%/90 days	8.59	Hold	4.2	2.2	2.4	--	8.08							
331	FNMIXX	New Markets Income	1.00%/90 days	14.58	Hold	1.4	1.4	5.7	--	5.82							
368	FSICX	Strategic Income		10.41	Buy	0.7	1.6	5.4	--	5.58							
<b>MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>0.7</b>	<b>0.7</b>	<b>3.7</b>	<b>6.0</b>	<b>3.49</b>	<b>25%</b>	<b>28%</b>	<b>33%</b>	<b>35%</b>
36	FLTMX	Interm Municipal Income	0.50%/30 days	9.93	Buy	0.4	1.0	4.0	5.4	3.41	4.5	4.7	5.1	5.2			
37	FHIGX	Municipal Income	0.50%/30 days	12.40	OK to Buy	1.2	0.0	3.1	7.9	3.96	5.3	5.5	5.9	6.1			
404	FSTFX	Short-Int Municipal Income	0.50%/30 days	10.37	Buy	-0.1	1.6	4.4	2.9	2.64	3.5	3.7	3.9	4.1			
90	FTABX	Tax-Free Bond	0.50%/30 days	10.58	OK to Buy	1.2	0.3	3.2	7.8	3.96	5.3	5.5	5.9	6.1			
<b>STATE-SPECIFIC MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>0.8</b>	<b>0.5</b>	<b>3.4</b>	<b>6.8</b>	<b>3.54</b>				
434	FSAZX	Arizona Muni Income	0.50%/30 days	11.09	OK to Buy	0.9	0.0	2.6	7.7	3.71	4.9	5.2	5.5	5.7			
91	FCTFX	California Muni Income	0.50%/30 days	11.98	OK to Buy	1.0	0.0	2.9	7.4	3.80	5.1	5.3	5.7	5.8			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30 days	10.18	OK to Buy	0.1	1.5	4.3	3.1	2.76	3.7	3.8	4.1	4.2			
407	FICNX	Connecticut Muni Income	0.50%/30 days	11.23	OK to Buy	0.9	0.8	3.8	7.0	3.54	4.7	4.9	5.3	5.4			
429	SMDMX	Maryland Muni Income	0.50%/30 days	10.69	OK to Buy	1.0	0.6	3.0	7.5	3.61	4.8	5.0	5.4	5.6			
70	FDMMX	Mass Muni Income	0.50%/30 days	11.63	OK to Buy	1.1	0.2	3.3	7.4	3.75	5.0	5.2	5.6	5.8			
81	FMHTX	Michigan Muni Income	0.50%/30 days	11.68	Hold	0.7	0.7	3.7	6.4	3.40	4.5	4.7	5.1	5.2			
82	FIMIX	Minnesota Muni Income	0.50%/30 days	11.14	OK to Buy	0.7	0.8	3.2	6.3	3.41	4.5	4.7	5.1	5.2			
416	FNJHX	New Jersey Muni Income	0.50%/30 days	11.37	OK to Buy	0.8	0.3	3.7	7.2	3.57	4.8	5.0	5.3	5.5			
71	FTFMX	New York Muni Income	0.50%/30 days	12.58	OK to Buy	1.2	0.4	3.3	7.9	3.78	5.0	5.3	5.6	5.8			
88	FHFXX	Ohio Muni Income	0.50%/30 days	11.41	OK to Buy	0.9	0.5	3.6	7.5	3.60	4.8	5.0	5.4	5.5			
402	FPXTX	Pennsylvania Muni Income	0.50%/30 days	10.61	OK to Buy	0.7	0.2	3.9	6.1	3.53	4.7	4.9	5.3	5.4			
<b>TAXABLE MONEY MARKET</b>						<b>Category Averages</b>			<b>0.2</b>	<b>1.1</b>	<b>4.9</b>	<b>2.39</b>					
55	FDRXX	Cash Reserves		1.00	--	0.23	1.20	5.06	na	2.74							
631	FGMXX	Retirement Government MM		1.00	--	0.20	1.06	4.93	na	2.22							
630	FRTXX	Retirement MM		1.00	--	0.22	1.16	5.12	na	2.66							
458	SPAXX	Government MM		1.00	--	0.18	1.05	4.90	na	2.06							
454	SPRXX	Money Market		1.00	--	0.22	1.17	5.09	na	2.71							
85	FSLXX	Select MM		1.00	--	0.24	1.22	5.14	na	2.84							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.20	1.10	4.97	na	2.32							
415	FDLXX	US Treasury MM		1.00	--	0.13	0.77	4.38	na	1.57							
<b>MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.1</b>	<b>0.7</b>	<b>3.4</b>	<b>2.18</b>					
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.15	0.75	3.43	na	2.28	3.0	3.2	3.4	3.5			
10	FTEXX	Municipal Money Market		1.00	--	0.15	0.74	3.34	na	2.19	2.9	3.0	3.3	3.4			
275	FMOXX	Tax-Free Money Market		1.00	--	0.14	0.72	3.30	na	2.07	2.8	2.9	3.1	3.2			
<b>STATE MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.1</b>	<b>0.7</b>	<b>3.3</b>	<b>2.14</b>					
433	FSAXX	Arizona		1.00	--	0.14	0.69	3.26	na	2.07	2.8	2.9	3.1	3.2			
457	FSPXX	California AMT Tax-Free		1.00	--	0.16	0.75	3.39	na	2.33	3.1	3.2	3.5	3.6			
97	FCFXX	California		1.00	--	0.13	0.68	3.20	na	2.39	3.2	3.3	3.6	3.7			
418	FCMXX	Connecticut		1.00	--	0.15	0.74	3.25	na	2.04	2.7	2.8	3.0	3.1			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.15	0.73	3.39	na	2.31	3.1	3.2	3.4	3.6			
74	FDMXX	Massachusetts		1.00	--	0.14	0.70	3.20	na	2.22	3.0	3.1	3.3	3.4			
420	FMIXX	Michigan		1.00	--	0.13	0.68	3.21	na	2.01	2.7	2.8	3.0	3.1			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.14	0.75	3.41	na	2.06	2.7	2.9	3.1	3.2			
417	FNJXX	New Jersey		1.00	--	0.13	0.69	3.23	na	2.03	2.7	2.8	3.0	3.1			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.15	0.74	3.39	na	2.28	3.0	3.2	3.4	3.5			
92	FNYXX	New York		1.00	--	0.13	0.66	3.22	na	1.90	2.5	2.6	2.8	2.9			
419	FOMXX	Ohio		1.00	--	0.14	0.69	3.22	na	2.11	2.8	2.9	3.1	3.2			
401	FPTXX	Pennsylvania		1.00	--	0.15	0.74	3.25	na	2.13	2.8	3.0	3.2	3.3			

Tax-equivalent yields for state funds assume top state (and city) tax level for that federal bracket, and itemized deductions.

## FIDELITY SCORECARD - APRIL 30, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
						Apr.	YTD	2007	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>												
9077	FQBRC	Fid VIP Aggressive Growth		11.15	OK to Buy	7.6	-14.4	17.1	-6.9	--	--	1.21
9067	FLRQC	Fid VIP Asset Manager		12.56	Hold	5.2	-0.2	15.1	9.0	8.8	7.9	0.64
9066	FAEEC	Fid VIP Asset Manager: Growth		12.84	Hold	7.0	-0.6	18.5	10.8	10.0	9.1	0.88
9069	FJBAC	Fid VIP Balanced		12.22	Buy	4.7	-3.0	8.6	-0.5	7.7	7.0	0.72
9081	FVHAC	Fid VIP Consumer Discretionary	1.00%/60 days	9.84	OK to Sell	3.6	-4.8	-8.5	-16.3	0.9	4.6	1.25
9171	FCSAC	Fid VIP Consumer Staples	1.00%/60 days	10.81	Buy	-0.5	-2.8	11.6p	--	--	--	--
9065	FPDFC	Fid VIP Contrafund		13.00	Hold	5.8	-6.6	17.2	4.6	12.7	14.6	0.98
9148	FPRGC	Fid VIP Disciplined Small Cap		9.11	Buy	2.8	-7.7	-2.7	-13.6	--	--	1.38
9074	FZAMC	Fid VIP Dynamic Capital App		12.15	Buy	5.5	-8.1	6.6	-7.9	12.2	--	1.21
9085	FJLLC	Fid VIP Energy	1.00%/60 days	19.07	OK to Buy	10.4	3.1	45.5	31.8	32.8	31.9	1.47
9061	FLOLC	Fid VIP Equity-Income		11.88	Buy	6.0	-4.3	1.1	-8.2	7.7	10.8	1.12
9083	FONNC	Fid VIP Financial Services	1.00%/60 days	9.75	OK to Sell	5.1	-8.8	-13.8	-22.8	1.9	5.9	1.52
9157	FMPAC	Fid VIP FundsManager 20		11.03	Hold	1.4	-0.2	5.8	2.2	--	--	0.19
9158	FMPBC	Fid VIP FundsManager 50		11.03	Hold	3.0	-2.5	6.8	-0.6	--	--	0.50
9159	FMPCC	Fid VIP FundsManager 70		11.00	Hold	4.1	-4.2	7.5	-2.4	--	--	0.74
9160	FMPDC	Fid VIP FundsManager 85		10.97	Hold	4.9	-5.4	8.4	-3.6	--	--	0.92
9062	FMNDC	Fid VIP Growth		12.59	Buy	5.4	-8.9	26.5	9.1	10.7	10.2	1.08
9070	FLFNC	Fid VIP Growth & Income		12.43	Hold	5.1	-6.0	11.8	-0.2	9.3	8.5	1.03
9068	FIDPC	Fid VIP Growth Opportunities		12.49	OK to Sell	10.8	-8.8	22.7	2.6	8.3	9.3	1.38
9078	FPVDC	Fid VIP Growth Stock		11.55	OK to Buy	6.9	-9.0	22.1	4.2	--	--	1.32
9084	FPDRC	Fid VIP Health Care	1.00%/60 days	10.54	Hold↓	3.5	-12.6	9.7	-9.8	3.4	6.4	0.78
9060	FBBLC	Fid VIP High Income		11.61	OK to Sell	3.4	1.1	2.3	-0.4	6.3	7.3	0.18
9064	FXVLT	Fid VIP Index 500		11.72	Hold	4.8	-5.1	5.2	-4.6	7.1	9.5	1.04
9082	FBALC	Fid VIP Industrials	1.00%/60 days	13.91	Hold	5.2	-2.3	17.8	7.9	15.3	19.2	1.22
9076	FVJIC	Fid VIP Int'l Capital App	1.00%/60 days	12.17	Hold	6.3	-5.4	4.8	-9.2	--	--	0.98
9090	FBKQT	Fid VIP Investor Freedom 2005		11.86	Hold	2.6	-2.3	8.3	1.1	--	--	0.45
9091	FCRJT	Fid VIP Investor Freedom 2010		11.86	Hold	2.7	-2.3	8.4	1.0	--	--	0.46
9092	FTCMT	Fid VIP Investor Freedom 2015		12.10	Hold	3.1	-2.8	9.0	0.8	--	--	0.53
9093	FTEMT	Fid VIP Investor Freedom 2020		12.26	Hold	3.8	-3.6	9.9	0.1	--	--	0.67
9094	FVIIT	Fid VIP Investor Freedom 2025		12.33	Hold	4.0	-3.9	10.1	0.0	--	--	0.70
9095	FXJLT	Fid VIP Investor Freedom 2030		12.46	Hold	4.7	-4.6	11.0	-0.6	--	--	0.83
9089	FBXOT	Fid VIP Investor Freedom Income		11.38	Hold	1.1	-0.4	5.8	2.5	--	--	0.17
9063	FTLKC	Fid VIP Investment Grade Bond		10.95	Buy	-0.3	0.7	4.0	2.3	3.0	2.9	0.27
9172	FVMAC	Fid VIP Materials	1.00%/60 days	11.67	Hold	6.3	2.4	14.7p	16.1	--	--	--
9071	FNBSC	Fid VIP Mid Cap		13.07	Buy	4.9	-5.3	15.2	1.1	13.4	19.7	1.03
9059	FTNJC	Fid VIP Money Market		11.23	--	0.2	1.1	4.9	4.4	3.9	2.5	0.02
9088	FEMMC	Fid VIP Overseas	1.00%/60 days	14.47	Hold	5.6	-5.1	16.9	0.1	16.5	--	1.07
9072	FFWKC	Fid VIP Real Estate		12.77	Sell	6.7	9.5	-18.0	-11.5	10.1	--	1.74
9075	FGDQC	Fid VIP Strategic Income		11.62	Buy	0.7	1.7	5.3	3.9	5.6	--	0.14
9086	FYENC	Fid VIP Technology	1.00%/60 days	11.94	Hold	11.3	-10.6	14.9	-0.7	11.6	11.6	1.50
9173	FVTAC	Fid VIP Telecommunications	1.00%/60 days	8.53	OK to Sell	8.0	-14.0	-1.1p	-15.2	--	--	--
9087	FXRRC	Fid VIP Utilities	1.00%/60 days	14.95	Hold	5.9	-5.5	20.2	-1.2	16.2	18.2	1.06
9079	FKMSC	Fid VIP Value		11.45	Buy	5.6	-4.2	1.7	-9.8	--	--	1.18
9080	FUEBC	Fid VIP Value Leaders		11.85	Buy	5.0	-4.8	4.2	-6.7	--	--	1.15
9073	FRBSC	Fid VIP Value Strategies		11.61	Buy	5.0	-7.3	5.3	-12.3	9.2	--	1.25
9147	FPRLC	Lazard Retirement Emerging Mkts		14.87	Hold	8.6	1.0	33.3	21.0	--	--	1.18
9143	FPRMC	Morgan Stanley Emerg Mkt Debt		11.62	Hold	1.2	0.9	6.3	3.2	8.8	9.9	0.24
9144	FPRNC	Morgan Stanley Emerg Mkt Equity		14.61	Buy	8.6	-6.8	40.1	21.1	32.5	33.2	1.45
9145	FPROC	Morgan Stanley Gbl Value Equity		11.05	OK to Buy	4.7	-6.5	6.4	-6.9	8.0	12.5	1.00
9146	FPRPC	Morgan Stanley Int'l Magnum		12.03	Buy	4.9	-3.9	14.3	0.7	14.5	17.3	1.09
9174	FMCCC	Strategic Advisors Mid Cap Value		8.95	Hold	4.7	-4.7	-6.3p	-10.2	--	--	--
9175	FSCCC	Strategic Advisors Small Cap		8.59	Hold	4.9	-6.4	-8.5p	-14.0	--	--	--

Annuity Growth Model	
Fund	Allocation
Fidelity VIP Growth	27%
Fidelity VIP Strategic Income	26
Fidelity VIP Value Leaders	19
Morgan Stanley Int'l Magnum	12
Fidelity VIP Value Strategies	10
Fidelity VIP Energy	6
<b>Total Returns: Apr: 4.2% YTD: -4.1%</b>	

Annuity Growth & Income Model	
Fund	Allocation
Fidelity VIP Growth	29%
Fidelity VIP Investment Grade	25
Fidelity VIP Strategic Income	22
Fidelity VIP Value Leaders	11
Fidelity VIP Value Strategies	8
Morgan Stanley Int'l Magnum	5
<b>Total Returns: Apr: 2.8% YTD: -3.8%</b>	

Annuity Income & Preservation Model	
Fund	Allocation
Fidelity VIP Investment Grade	30%
Fidelity VIP Money Market	21
Fidelity VIP Strategic Income	17
Fidelity VIP Value Leaders	17
Fidelity VIP Growth	10
Fidelity VIP Value Strategies	5
<b>Total Returns: Apr: 1.6% YTD: -1.5%</b>	

## FOCUS ON FIDELITY

### **New Facility, More Focus On Research**

How did Fidelity's stock funds manage to beat 72% of their peers last year, and outperform 77% of their benchmarks?

After spending time at the firm's sprawling new equity/research/trading facility in downtown Boston, we're pretty sure of one thing: It wasn't just luck. Located across the street from the Federal Reserve building, the facility combines almost all of Fidelity's equity personnel, including the head of the equity division, group leaders, portfolio managers, and traders.

The new facility also offers plenty of space for Fidelity's expanded corps of equity analysts. There are now 110 of them, about twice as many as two years ago.

While the firm occupies all 14 floors of the building, the equity group is concentrated on two floors, making it easy for managers, analysts and traders to communicate with each other, says Walter Donovan, equity division president.

#### **Close Proximity**

For example, as we walked around the wide-open trading floor, Walter noted that several of the traders' desks and terminals are just a few steps from the offices of the fund managers they work with most often.

But, the biggest change is not about the office layout. Rather, it's about research, which is almost certainly a major reason for Fidelity's improved equity performance. Not only are there more analysts in total, but many are "career" analysts, who will become experts on their industries, rather than bounce from one sector to another.

In addition to doing its own extensive research, Walter says Fidelity is the biggest user of "sell-side" research, that is, stock analysis provided by brokers who want to sell securities. Often, this kind of research is regarded as suspect, since the providers'

primary motivation is to earn commissions through transactions.

But to Fidelity, this is another important source of information that can't be overlooked. In fact, the firm has hired an expert in sell-side research just to evaluate it all.

The firm is also the largest buyer of "third-party" research from independent firms that live and die by their recommendations.

#### **Best Research: In-House**

But, ultimately, Fidelity knows that its best research comes from its own analysts. To that end, the firm has beefed up its recruiting efforts, hired experienced analysts from other firms (something it almost never did before) and expanded the number of colleges where it seeks out potential talent, going beyond the Ivy League and the major "B-schools."

More recently, Fidelity was one of the first firms to call people who had had job offers from Bear Stearns retracted after that firm was taken over by JPMorgan, says Brian Hogan, Fidelity's director of equity research.

"We were all over those folks," Brian says. "We're investing at the same time the street is shrinking."

Since ramping up to 110 analysts, Fidelity has sharply increased the number of stocks it covers and is "digging deeper into companies," Brian adds. "While it's nice to get an hour with the CEO, it's better to get five or six hours with the senior management team." Analysts are also expected to call or visit their companies' competitors, customers and suppliers.

They're also traveling more. In fact, it appears that if an analyst or portfolio manager wants to go just about anywhere in the world, they can: The "travel budget," if there is one, appears to be as big as it needs to be.

Of course, none of this heavy spending on a new facility, recruiting analysts and travel matters if you don't get results. But, based on results that matter most, that is, fund performance, it appears to have been money well spent. ■

## FUND FOCUS

### **Magellan Manager Finds His 'Dream Job'**

When **Magellan** manager Harry Lange wants opinions about stocks from Fidelity's analysts, he doesn't have to go far. A lot of opinions come to him — in the form of some 225 voicemails he gets every day! (He starts listening to them at home before 5 a.m.) Most are updates on stocks, rather than buy/sell recommendations.

If that sounds like a heavy burden, Harry doesn't see it that way. He wants to hear from analysts as often as possible. He doesn't see running the storied Magellan fund as a burden, either. "I wanted to do it," he said when we sat down with him last month in Fidelity's new offices. "I saw it as a dream job."

While the stock-market volatility of the past several months may seem more like a nightmare, Harry sees it as an opportunity to buy good stocks at lower prices. It also has given him a chance to add to positions he likes. "I have good confidence in a lot of my holdings," he said. "I can add to stocks that are down for no reason."

For example, while the fund has been underweight, relative to the S&P 500, in financials for over a year, Harry has increased his financial exposure in recent weeks. He favors brokers over banks, as the latter still has subprime issues. However, he thinks most of the bad news about subprime is out there now and expects to see better news in housing by the end of this year.

Harry has also increased his exposure to technology, an area he thinks will see gains thanks to increased corporate spending.

And, over the past six months, he's boosted Magellan's energy exposure from 9.5% of assets to 13.6%. His thinking here is pretty simple: "We're running out of oil," he states.

After keeping it closed for 10 years, Fidelity re-opened Magellan to new investors in January. We rate it *OK to Buy*. ■

## FUND UPDATE

### **Big Sector Shifts For Growth Discovery**

As noted on the previous page, **Magellan** manager Harry Lange has been increasing his fund's exposure to financial services stocks.

He's not alone.

While some other funds, including **Dividend Growth** and **Blue Chip Growth**, have modestly raised their financial stakes this year, none has been as bold as Jason Weiner of **Growth Discovery**. When we interviewed Jason last summer, he had cut his financial exposure in half, to less than 9%. By the end of the year, it was still under 10%. But, three months later, that exposure had doubled to 20.3%. Financials, he says, have been beaten up, but won't be down forever.

Financials aren't the only part of Jason's portfolio that has seen big shifts. At the end of March 2007, the fund had over 43% of its assets in

technology, which helped the fund as growthier tech stocks led the way. By the end of the year, tech was down to 35.4% of assets and, at the end of this March, it was just over 20% of the fund, less than half the weight of a year ago.

Meanwhile, the fund's energy exposure has more than doubled, from 4.5% of assets on March 31, 2007, to 10.9% a year later.

These shifts, particularly into financials, didn't help the fund in the first quarter of this year, as it trailed both its Russell 3000 Growth benchmark and the S&P 500. However, the fund did regain some of that ground in April.

Given Jason's strong track record, plus the fact that the fund is still far ahead of his benchmark since he came aboard in February 2007 (up 17.1% versus 4.5% for the Russell index) we continue to view Growth Discovery, which is held in our Aggressive Growth Model, as a strong holding for large-cap growth exposure and rate it a *Buy*. ■

## FIXED-INCOME

### **Money Market Funds' 'Real' Yields Negative**

Anyone who's been watching the yields on their money market funds, whether it's **Cash Reserves**, **Select Money Market**, **U.S. Gov't Reserves** or another money fund, knows those yields have been steadily declining. At the end of last August, for example, Cash Reserves' yield was a very attractive 5.12%. By the end of the year, it was down to 4.87%, and as of this April 30, the fund's yield was just 2.74%.

As it happens — in fact, as it usually happens — that decline essentially mirrors the slide of the Federal Funds rate. Last September, the Fed cut that rate by half a percentage point, from 5.25% to 4.75%. Those cuts continued with the Fed's most recent rate reduction on April 30, when it lowered the benchmark rate to 2%.

Of course, it's not hard to figure out that when money fund yields are under 3% and inflation is running over

4%, you're losing money. On the other hand, there is the matter of safety. In spite of concerns last summer that money funds might "break the buck," that is, have their NAVs fall below \$1.00 per share, that has not happened.

That safety, combined with the volatility of the stock market over the past year, is a big reason money fund assets have surged by almost \$1 trillion since the credit crisis started last summer. Although some money left in April as the stock market made gains, money funds still hold nearly \$3.5 trillion, industry-wide.

Despite negative inflation-adjusted yields, the safety and stability of money market funds are why we include **Select Money Market** in our more-conservative Growth & Income and Income & Preservation models.

Why not Cash Reserves? The Select version pays a slightly higher yield — 2.84% as of April 30. But, if you've been using Cash Reserves as your primary money fund alternative, and you want to stay with it, it will work almost as well in those models, too. ■

## **Inside Fidelity**

**Manager Changes** — Joanna Bewick has been named co-manager of **Strategic Income**, **Strategic Dividend & Income** and **Strategic Real Return**, which she will run with current manager Derek Young. Joanna joined Fidelity in 1997 as an analyst in the fixed-income division.

Bill Irving has been named manager of **Mortgage Securities** and **Intermediate Government Income**, replacing Brett Kozlowski. Bill will continue to run **Government Income**, **Ginnie Mae** and **Inflation-Protected Bond**.

Jess Tan has been named manager of **Southeast Asia**, replacing Allan Liu, who will continue to manage equity portfolios for overseas investors. Jess joined Fidelity as an analyst covering Asia-Pacific markets in 2000.

Colin Stone has been named co-manager of **International Small Cap**, where he will join current co-managers Wilson Wong and Tokuya Sano. Colin, who succeeds Ben Paton, will be responsible for investments in Europe and non-Asian countries.

Brian Wilhelm has been named manager of **Select Insurance**, succeeding Stephen Hermsdorf.

Maurice FitzMaurice has been named manager of **Defense & Aerospace**, succeeding Andrew Hatem. Maurice will continue to run **Air Transportation** and **Transportation**.

Jonathan Kasen has been named manager of **Industrial Equipment**, succeeding Vincent Montemaggiore.

John Sheehy has been named sole manager of **Paper & Forest**, which he has been co-managing with Justin Bennett.

**'Frontier' Fund Coming** — In mid-May, Fidelity will introduce a new international fund, **Emerging Europe, Middle East, Africa (EMEA)**, that will focus on the "frontier" markets in its name. Many of these markets are in even earlier

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## Inside Fidelity *cont'd from page 11*

stages of economic development than the better-known emerging markets of Southeast Asia and Latin America. It will be managed by Adam Kutas, who ran **Latin America** until he moved to Fidelity's London office early last year. We will have more to say about this new fund in the June report.

**Two More 'Enhanced' Funds** — Fidelity has added two more funds to its line-up of "enhanced" index funds. The funds seek to beat their benchmarks by using computer-driven models to invest some 20% of each

portfolio's assets in stocks that Fidelity hopes will outperform their respective benchmarks. **Mid Cap Enhanced Index** will use 80% of its assets to mirror the stock allocations of the Russell Mid Cap Index. **Small Cap Enhanced Index** will invest 80% in stocks that are included in the Russell 2000 index of small-company stocks. Like the other enhanced index funds, these require a \$10,000 minimum investment. All such funds are managed by a Fidelity affiliate, Geode Capital Management, which runs the firm's other index funds. We have added both funds to our *Scorecard* and rate them a *Hold*.

**Correction** — Due to using a closing price for the S&P 500 that was not final, the return for the S&P 500 in March, shown in the *Scorecard* of the April report, was incorrect. It should have been -0.4%, not +0.3%. As a result, the year-to-date return should have been -9.4% rather than the -8.7% shown. A corrected April report is in the Archive section of our website. ■

## Message To Members

I'm not the only one having a tough time figuring out this economy. A former Fidelity analyst, who ran a very successful hedge fund for the past seven years recently informed his partners that he was leaving the business and returning their money. Part of his reason was personal. But, today's environment has clearly been frustrating for this disciplined risk-averse stockpicker. His concern for the broad economy has kept him severely under-invested for more than six months. Keep in mind that his long/short hedge fund is supposed to make money in good times, and bad.

Rather than go to cash (or go short), stick with your diversified portfolio. If set up properly, you should be able to withstand the painful short-term dips, and be better off, in the long-term.

Sincerely,



Eric M. Kobren

ekobren@kobren.com

PS — On a personal note, in January '86, one month after I published my first *Fidelity Insight* report, my son Jared was born. This month he graduates college. Congratulations, Jared.

## DIVIDEND UPDATE

*In addition to monthly dividends paid by bond and money market funds, Asset Mgr: 20%, Freedom Inc, and Income Replacement, funds expected to pay dividends and/or capital gains in May include: All 11 funds in the Freedom Series (2000 through 2050) plus Magellan and Real Estate Income. The final distributions for April were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Air Transport	4/11	2.99	32.49
Balanced	4/4	0.09	18.70
Banking	4/11	0.14	21.45
Brokerage	4/11	2.73	55.75
Chemicals	4/11	0.09	84.92
Construction	4/11	0.90	33.28
Consumer Discretion	4/11	0.01	19.27
Consumer Staples	4/11	0.03	64.74
Convertible Securities	4/4	0.16	27.11
Defense & Aero	4/11	4.86	74.25
Energy	4/11	1.27	65.01
Energy Service	4/11	4.00	95.01
Equity Income	4/4	0.22	50.70
Equity Income II	4/4	0.09	21.36
Fidelity Fund	4/4	0.11	36.58
Financial Services	4/11	0.19	82.93
Four-In-One Index	4/11	0.13	28.28
Gold	4/11	0.17	42.03
Growth & Income	4/4	0.07	25.50
Health Care	4/11	4.78	103.52
Home Finance	4/11	0.16	24.15
Industrial Equipment	4/11	0.56	31.78

Fund	Ex-Date	\$ Amt	NAV
Industrials	4/11	0.08	20.53
Insurance	4/11	0.01	52.26
Intl Enhanced Indx	4/11	0.03	9.38
Lg Cap Core Enhd Idx	4/11	0.03	9.18
Lg Cap Gr Enhd Idx	4/11	0.01	9.24
Lg Cap Val Enhd Idx	4/11	0.03	8.59
Leisure	4/11	0.35	67.98
Medical Delivery	4/11	0.38	38.87
Medical Equipment	4/11	0.77	23.72
Mid Cap Enhd Indx	4/11	0.02	9.16
Multimedia	4/11	0.86	33.10
Natural Gas	4/11	2.09	49.61
Natural Resources	4/11	0.49	38.98
Pharmaceuticals	4/11	0.08	10.12
Puritan	4/4	0.12	17.92
Sm Cap Enhd Indx	4/11	0.02	8.99
Spartan Ext Mkt Indx	4/11	0.52	34.52
Spartan Intl Indx	4/11	0.05	43.79
Spartan Totl Mkt Indx	4/11	0.11	37.25
Strategic Div & Inc	4/4	0.59	12.04
Telecommunications	4/11	0.10	41.37
Transportation	4/11	1.29	43.39
Utilities	4/4	0.07	18.57



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