



The Simple Truth about Diversification

YOU KNOW YOU SHOULD. WE KNOW YOU CAN.
YOUR ADVISOR CAN HELP.

Like many investors, you may find it difficult to diversify.

You may believe that bonds will limit your returns or that stocks will add risk to your portfolio. You may think you don't have enough assets, or that it's simply not worth your time.

The bad news is, these assumptions are often wrong and may hinder you from maximizing the potential of reaching your long-term goals.

The good news is, with our broad selection of Fidelity Advisor Funds® and your investment specialist's guidance, you can build a diversified portfolio to better help you keep pace with the market with potentially less risk over time.

Diversification does not ensure a profit or guarantee against a loss.





What's Your Reason for Not Diversifying?

IMPATIENCE? OVERCONFIDENCE? INSECURITY?

Let's be honest, those are human emotions and everyone feels them from time to time. The problem is letting them influence your investment decisions: they can obscure facts, cloud your judgment, and lead to poor choices that can wreak havoc on your portfolio.

Your advisor knows being diversified may help you keep your emotions in check, avoid chasing performance, and stay focused on your goals. It may also help you enjoy better returns with less risk, and less stress, over time. So what's holding you back?

A DIVERSIFIED PORTFOLIO WITH AT LEAST SOME EXPOSURE TO EACH OF THE FOUR MAJOR ASSET CLASSES, international, U.S. stocks, bonds, and short-term investments, HAS HISTORICALLY PROVIDED HIGHER RISK-ADJUSTED RETURNS THAN ANY SINGLE ASSET CLASS.

Based on the historical Sharpe ratio of four Fidelity target asset mixes utilizing data from Ibbotson Associates for the period 1926 through 2003. The target asset mixes consist of U.S. large-cap stocks, represented by the S&P 500®; international stocks, represented by the MSCI EAFE Index from 12/1969 through 12/2003; U.S. bonds, represented by the Ibbotson intermediate gov't bond total return index; and short-term investments, represented by the Ibbotson 3-mo. T-bill index. Allocations are as follows: conservative is 20% U.S. large stocks, 50% U.S. bonds, and 30% short-term investments; balanced is 45% U.S. large stocks, 5% international stocks, 40% U.S. bonds, and 10% short-term investments; growth is 60% U.S. large stocks, 10% international stocks, 25% U.S. bonds, and 5% short-term investments; and aggressive growth is 70% U.S. stocks, 15% international stocks, and 15% U.S. bonds. Note that international stocks are excluded from analysis prior to 1970 and are represented by U.S. stocks. Past performance is no guarantee of future results.

“Diversification seems complicated, and anyway, I don’t have enough money.”

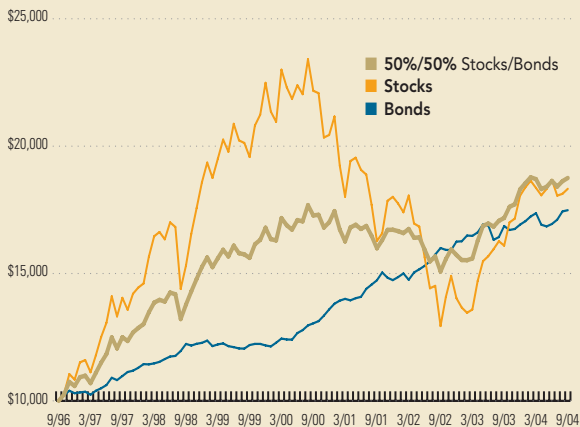
Diversification means investing your money among asset classes that have typically behaved differently, such as stocks and bonds. Your advisor can help you determine the appropriate balance, based on your goals, risk tolerance, and time horizon. That’s really all there is to it.

Nor does diversification require a lot of money. Fidelity offers fully diversified funds with low minimum investments that can provide exposure to all the major asset classes.

“I’m confident with my current portfolio. Why should I bother diversifying?”

Markets shift constantly, and no asset class stays on top forever. Being disproportionately invested in one class means your portfolio could suffer heavy losses when that class underperforms. On the other hand, being broadly invested across asset classes may help you mitigate losses and recover more quickly when the market rebounds.

HISTORICAL PERFORMANCE OF A DIVERSIFIED PORTFOLIO



Stocks represented by the S&P 500 Index and bonds represented by the LB Aggregate Bond Index. Represents 8-year period from 9/30/96 through 9/30/04. Past performance is no guarantee of future results. It is not possible to invest directly in an index. Index performance is not meant to represent that of any Fidelity mutual fund. See full index definitions on back page.

“I need my money in a few years. I’d better stick to CDs or bonds.”

Even if you have a short investing horizon (let’s say you want to purchase a vacation home in five years), history shows that investing only in perceived “safe” vehicles, such as short-term bonds or cash equivalents, may actually reduce your chances of keeping pace with inflation and rising costs.

The strategy that has historically offered the best odds of beating five-year inflation: A diversified portfolio.

| TYPE OF PORTFOLIO | HISTORICAL CHANCE OF BEATING 5-YEAR INFLATION (1926 – 2003) |
|----------------------------|---|
| Cash Only | 63% |
| Bonds Only | 68% |
| U.S. Large-Cap Stocks Only | 79% |
| Diversified* | 82% |

Diversification does not ensure a profit or guarantee against a loss. Past performance is no guarantee of future results. It is not possible to invest directly in an index. Index performance is not meant to represent that of any Fidelity mutual fund. See full index definitions on back page.

* The diversified portfolio consists of 45% U.S. large-cap stocks, represented by the S&P 500 Index; 5% international stocks, represented by the MSCI EAFE Index; 40% bonds, represented by the Ibbotson Int. Gov’t Index; and 10% cash investments, represented by the Ibbotson 3-mo. T-Bill Index. Analysis based on the period from 1926 through 2003 utilizing data from Ibbotson Associates. International stocks are included in the diversified portfolio for the period 1970 through 2003. See full index definitions on back page.

“I’m busy, and I don’t want to invest in anything I don’t understand.”

Fair enough, but many people begin investing in one asset class – usually U.S. equities – and stay there, never learning how other asset classes might benefit them. This one-dimensional approach could essentially handicap your portfolio by causing you to miss opportunities that arise in other areas of the market.

It doesn’t take a lot of time to learn about other strategies, and with a little help from your advisor, you may begin to feel more comfortable with other asset classes – and better understand the potential benefits of diversification.

Diversification does not ensure a profit or guarantee against a loss.



The Power of Three:

- Fixed-Income
- Domestic Equities
- International Equities

HERE'S WHY WE BELIEVE YOU SHOULD CONSIDER THEM ALL

Fidelity believes that most investors should have at least some exposure to fixed-income, domestic equities, and international equities. In general, we believe this is the foundation for a diversified portfolio.

The proper balance of asset classes will shift over time, depending on your changing needs. Only you and your financial advisor can determine the proper allocations, but we can explain some of the basic reasons for including all three asset classes.

THE POWER OF

Fixed-

- ADDING IT MAY BE A MORE EFFECTIVE WAY TO REACH YOUR GOALS

"Add bonds to my growth portfolio? Isn't that counterproductive?"



JAMAL, AGE 36

Like many younger investors, Jamal believes that adding bonds to his portfolio will dampen his returns. This may be a fallacy, however.

Jamal and his advisor have set a 20-year savings goal of \$300,000. Since bonds have historically risen during periods when stocks have declined, adding bonds may help increase Jamal's chances of enjoying gains no matter which asset class is outperforming – and ultimately, of meeting his goal.

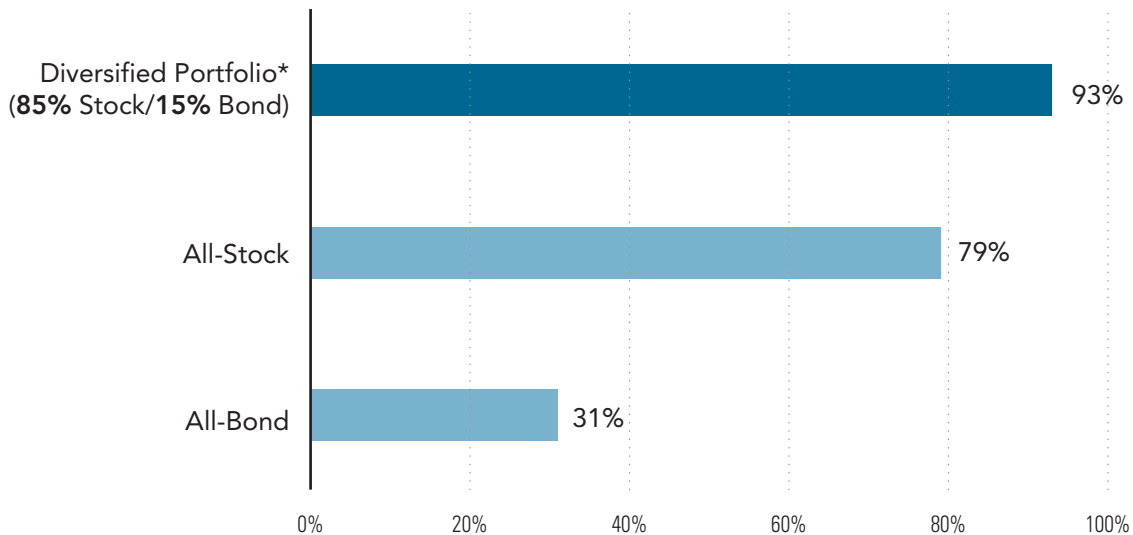
His portfolio may do better in the long run if he adds bonds.

Income

HYPOTHETICAL SCENARIO

Jamal improves his chances of meeting his \$300,000 target if he includes bonds in his portfolio.

HISTORICAL LIKELIHOOD OF ACCUMULATING \$300,000
Based on \$500 monthly contributions over rolling 20-year periods



Diversification does not ensure a profit or guarantee against a loss.

* The diversified portfolio consists of 65% large-cap stocks, 20% small-cap stocks, and 15% fixed-income prior to 1970, and 50% large-cap stocks, 20% small-cap stocks, 15% international stocks, and 15% fixed-income after 1970.

Results are based on historical performance of three hypothetical portfolios accumulating \$1,500 quarterly over rolling 20-year periods. Performance is based on index performance from Ibbotson Associates for the period 12/31/1925 through 12/31/2003 and includes the following indices and their respective 20-year performance (average annual return) and standard deviation: large stocks represented by the S&P 500 (11.4% with 18.1% risk), small stocks represented by the Ibbotson Small Company Index (14.7% with 30.4% risk), fixed-income represented by the Ibbotson Intermediate Gov't Bond total return index (5.3% with 4.7% risk). International performance is based on the MSCI EAFE Index and reflects performance from 12/31/1969 through 12/31/2003 (13.8% with 19.2% risk). The all-stock portfolio consists solely of large-cap stocks, and the all-bond portfolio consists solely of fixed-income. Success is defined as the terminal value of each 20-year period, in quarterly intervals, exceeding \$300,000 (or 8.26% annualized return).

Standard deviation measures the variation from the mean for a series of numbers. Fidelity calculates standard deviations by comparing a fund's monthly returns to its average monthly return over a 36-month period and then annualizes the number. A higher standard deviation indicates a wider dispersion of past returns and thus greater historical volatility.

58% of investors aged 28 to 39 who own mutual funds have no exposure to bond funds.

Source: Investment Company Institute Profile of Mutual Fund Shareholders, Fall 2004

THE POWER OF

Domestic

*"I'm about to retire.
Why on earth would I
invest in stocks?"*

■ EARNINGS GROWTH IS
ALWAYS IMPORTANT



MAGGIE, AGE 62

On the advice of some friends, Maggie has drastically reduced her stock allocation ahead of retirement. But Maggie, a healthy, active person, could live 30 years or more after retiring – nearly as long as she's been investing.

Given that long horizon, along with the risks of inflation and rising health care costs, Maggie really needs her portfolio to grow in order to maintain her lifestyle and help her avoid outliving her assets.

*Her retirement is the end of an era...
and the beginning of a new one.*

43% of 401(k) participants in their 60s have no equity exposure in their plan allocations. 55% have less than 20% exposure.

Source: Investment Company Institute, Perspective: 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2003, August 2004.

Equities

“My biggest fear is losing my son’s college money. Why risk those savings by investing in stocks?”



JOHN, AGE 41

John may not realize it, but investing too conservatively is also a form of risk: the risk of not returning enough to cover future costs.

Let’s say that in 1993 John had invested \$25,000 in a money market fund for his 8-year-old son’s college education. Back then, \$25,000 was enough to cover four years at a public university,* so John may have figured he needn’t invest very aggressively.

Unfortunately, by 2003 when his son turned 18, the average total cost of a 4-year public

college had risen to \$42,120,* but John’s money market portfolio had only become \$37,818, leaving him with a \$4,300 deficit. He would have missed his savings goal by over 10%.

Had John invested his money in a diversified balanced portfolio, he would have ended up with over \$54,000, more than enough to cover his son’s college costs.**

His conservative approach to college savings came up short.

* The College Board, Trends in College Pricing 2004. Based on the tuition and fees for a 4-year public college in 1993 and 2003. Figures represent the cost multiplied by four.

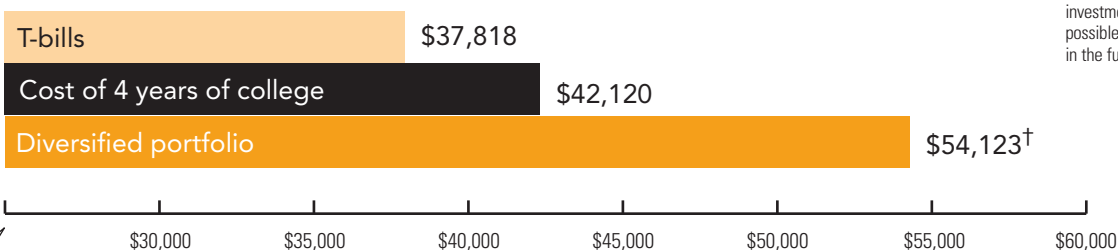
** The diversified balanced portfolio consists of 45% U.S. large-cap stocks, represented by the S&P 500 Index; 5% international stocks, represented by the MSCI EAFE Index; 40% bonds, represented by the Ibbotson Intermediate Gov’t Bond Total Return Index; and 10% cash, represented by the Ibbotson 3-mo. T-bill Index. Based on data from Ibbotson Associates.

† Pretax figure.

Diversification does not ensure a profit or guarantee against a loss.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

INVESTMENT STRATEGIES VS. THE COST OF COLLEGE



\$25,000
John’s
Initial
Investment

THE POWER OF

International

"The world just seems really unstable, so I want as little international exposure as possible."

■ INSTABILITY MAY ACTUALLY TURN INTO OPPORTUNITY



ALISON, AGE 50

Alison's excuse for avoiding international stocks may be illogical. Yes, instability does exist, and it always will. However, not only does instability not necessarily predict poor performance, history shows that instability is often the genesis of periods of strong gains after a crisis dissipates.*

Buying only U.S. stocks during uncertain times could be a disadvantage.

* Past performance is no guarantee of future results.

Foreign investments incur additional risk compared to U.S. investments, including political and economic risks and the risk of currency fluctuation, all of which are magnified in emerging markets.

Adding up to 20% international to a U.S. equity portfolio resulted in 6% less volatility over the past 20 years.†

† For a 20-year period ending 9/30/2004, a hypothetical portfolio rebalanced annually with an 80% allocation to U.S. equities and a 20% allocation to international equities resulted in a standard deviation of 14.62 and average annual returns of 12.65% vs. a 15.46 standard deviation and average annual returns of 12.83% for a 100% U.S. equity allocation. The S&P 500 was used to measure U.S. equities, and the MSCI EAFE was used to measure international equities.

Equities

THE FALL OF 2001 saw not only the terrorist attacks on U.S. soil but also several frightening events abroad:

Japan: Nikkei Index closes at its lowest point since 1984; government reports first case of mad-cow disease.

Russia: Amid escalating terrorist activity, there is an explosion at the Russian-backed government headquarters in Chechnya.

India and Pakistan: Conflict over Kashmir brings the two nations to the brink of war.

Argentina: Economy is on the verge of collapse.

Over the next three years, from October 2001 through October 2004, each of these areas rebounded strongly. Had Alison been invested in these areas, she might have participated in their recoveries – each of which beat the U.S. stock market for the period.*

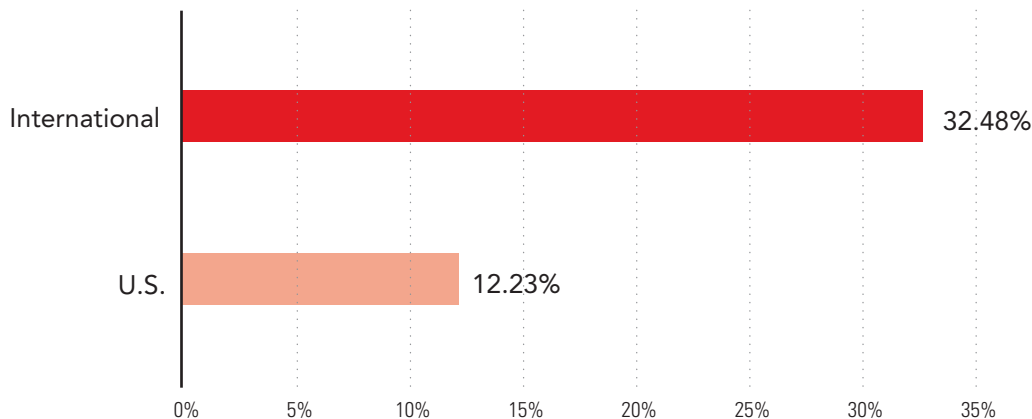
| COUNTRY | CUMULATIVE 3-YEAR RETURN (10/01 – 10/04) |
|------------------|--|
| Pakistan | 219.89% |
| Russia | 194.82 |
| India | 111.05 |
| Argentina | 73.23 |
| Japan | 21.37 |
| U.S. | 12.23 |

Source: MSCI. Returns are based on the MSCI country indices and reflect returns in U.S. dollars.

U.S. return based on the S&P 500 Index. The MSCI Country Indices are free float-adjusted market capitalization indices designed to measure equity market performance of developed emerging market countries. The five countries above are represented within this Index.

Past performance is no guarantee of future results. It is not possible to invest directly in an index. Index performance is not meant to represent that of any Fidelity mutual fund.

HISTORICAL PERFORMANCE OF U.S. AND INTERNATIONAL STOCKS
October 2001 – October 2004



U.S. stocks represented by the S&P 500 Index and international stocks represented by the MSCI EAFE Index.

Past performance is no guarantee of future results.

It is not possible to invest directly in an index. Index performance is not meant to represent that of any Fidelity mutual fund.

Fidelity has you covered

DOZENS OF FUNDS, THREE WAYS TO DIVERSIFY, ENDLESS POSSIBILITIES

Fidelity offers over 60 Advisor Funds from every asset class, giving you and your advisor many ways to build and maintain a diversified portfolio that's right for you. Here are three levels of diversification that you can explore with your advisor.



Dynamic Asset Allocation Funds

A SINGLE INVESTMENT, A LIFETIME OF DIVERSIFICATION

Fidelity offers target timeline or "lifecycle" funds in which your assets are actively managed and automatically rebalanced on a preset schedule, becoming more conservative as you approach a target date, such as college or retirement.

These funds can be a welcome solution if you have relatively small assets or if you are looking for a core holding for your portfolio. You don't have to worry about whether you're on target to meet

your goals, or whether your portfolio is too aggressive, too conservative, or out of balance at any point.

The funds' dynamic asset allocation allows you to focus on other things with your advisor, such as shorter-term goals. Your advisor can help you determine the best use of target timeline funds: whether in a college savings plan, in a taxable investment account, or as part of a tax-deferred IRA or other retirement plan.



Diversified Funds

BROAD EXPOSURE WITHIN ASSET CLASSES

With Fidelity's fully diversified funds, you don't have to be a millionaire to invest like one. Several Fidelity funds provide full-scale diversification within each asset class, helping you take the next step toward a truly diversified portfolio.

Fully diversified funds may be a good strategy when you are ready to add more control and depth to your diversification approach. Review your overall situation and long-term goals with your advisor. He or she can help you select appropriate diversified funds and assist you in proper rebalancing once a year, or as often as needed.

Diversification does not ensure a profit or guarantee against a loss.



Complementary Funds

FILL THE GAPS AND FINE-TUNE FOR GREATER DIVERSITY AND CONTROL

Many people perceive individual asset classes as homogeneous: a bond is a bond, a stock is a stock, and so forth. But markets include many different types of securities which often behave uniquely. Spreading your money among various segments within an asset class may offer similar advantages to spreading your money across classes.

When you are ready to have your advisor help you fully personalize and diversify your portfolio, Fidelity offers dozens of narrowly focused funds that help expose you to complementary sub-asset classes. This strategy allows you and your advisor to exert a high degree of control and personalization over your investments.

FIDELITY ADVISOR FUNDS COVER ALL ASSET CLASSES

DOMESTIC FIXED-INCOME FUNDS TAXABLE BOND FUNDS

CATEGORIES INCLUDE:

- > Bank loan
- > High income
- > Investment grade (e.g., short-, intermediate-, and long-term)
- > Multi-sector

MUNICIPAL BOND FUNDS

CATEGORIES INCLUDE:

- > National
- > State-specific

U.S. EQUITY FUNDS

CATEGORIES INCLUDE:

- > Value
- > Growth
- > Large cap
- > Mid cap
- > Small cap
- > Sector
- > Specialty
(e.g., real estate, gold, etc.)

GLOBAL AND INTERNATIONAL FUNDS

CATEGORIES INCLUDE:

- > Developed markets
- > Emerging markets
- > Regional

Fidelity is in your corner and every corner of the globe to help you succeed

FIDELITY IS COMMITTED TO YOUR SUCCESS IN ANY MARKET.

To achieve this, we have made research a top priority. We believe that better research leads to greater insight into companies and markets, and that in turn leads to better security selection.

Our bottom-up, company-by-company research helps us find stories others may miss, and we carefully evaluate the fair market price and risk factors of every security we own. Every Fidelity Advisor fund is supported by the dedicated resources of one of the largest – and most globally connected – investment staffs in the world.

These best practices have allowed us to build a broad fund lineup that gives you and your advisor more ways to help meet your diversification objectives and help you reach your financial goals.

Talk to your financial advisor about diversifying with Fidelity Investments.



Diversification does not ensure a profit or guarantee against a loss.

Morgan Stanley Capital International (MSCI) Europe, Australasia, Far East Index (EAFE) is an unmanaged market capitalization-weighted index that is designed to represent the performance of developed stock markets outside the United States and Canada.

The Ibbotson Intermediate-Term Government Bond Total Return and the Ibbotson 30-Day T-bill time series are commonly used measures of fixed-income market performance. The source and methodology used in the construction of these indices is available in the Stocks, Bonds, Bills, and Inflation (SBBBI) annual yearbook published by Ibbotson Associates.

The S&P 500 Index is an unmanaged index of the common stock prices of 500 widely held U.S. stocks and includes reinvestment of dividends.

Lehman Brothers Aggregate Bond Index is a market value-weighted index of investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of one year or more.

Fidelity Investments & Pyramid Design and Fidelity Advisor Funds are registered service marks of FMR Corp.

Please carefully consider the funds' investment objectives, risks, charges, and expenses before investing. For this and other information, call your investment professional or visit advisor.fidelity.com for a free prospectus. Read it carefully before you invest or send money.