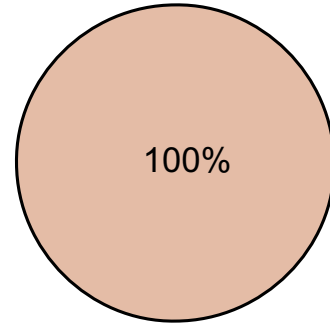


Ultra-Aggressive Select Portfolio

Number of funds held: 2-4
Relative Volatility: 1.0 to 2.0



Domestic Sector Funds

The Ultra-Aggressive Select Portfolio seeks long-term growth by investing 100% in domestic sector funds from Fidelity’s Select family. It will usually hold three different sector funds, with each position accounting for as little as 10% or as much as 80% of the portfolio. Normally the portfolio will invest among the ten major industry groups (Consumer Discretionary, Consumer Staples, Energy, Financial Services, Health Care, Industrials, Materials, Telecommunications, Technology, and Utilities). The portfolio attempts to outperform the S&P 500 index.

In pursuit of investing in industry groups that are in the process of being recognized for their long-term potential, one method is to evaluate sector funds using a volatility model that evaluates the standard deviation of monthly gains and losses over a period of up to 36 months, comparing each sector’s resulting volatility with a baseline period of up to 10 years. Another method involves the evaluation of performance trends over various periods, with or without adjustment for risk. This portfolio may use either method or a combination of the two. Normally, three sectors are held from the upper quartile of the resulting ranking. Together, these funds account for roughly 125 unique stock positions, but a large portion of the portfolio can be concentrated in a small number of stocks. In addition, some groups – such as Materials, Telecom, and Utilities – are only a small slice of the S&P 500 pie.

The portfolio focuses on the Select family because Fidelity has a solid history of performance with its sector funds. At the end of 2009, 30 out of 37 retail Select funds had outperformed the S&P 500 over the previous ten years. Past performance is no guarantee of future results, but we believe that Fidelity has built a very capable research organization, and that all of its managers are set up for success.

Although the Ultra-Aggressive Select Portfolio does not hold international funds, it will typically have a foreign stock weighting that ranges from 10-50%. This is due to foreign stock holdings within each Select fund. While the Select family focuses mainly on the U.S. stock market, some sector funds may have a relatively high foreign weighting due to the nature of the industry or the location of the most attractive companies.

We don’t anticipate investing outside of Fidelity’s Select family, but the possibility exists that we may opt to purchase a non-Fidelity sector fund to meet our objectives. Such a need could arise either because a particular Fidelity Select fund may not be large enough to absorb client assets without creating excessive inflows, or because we may judge the performance of a Select fund to be hampered by inferior stock picks or high cash levels.

During bearish conditions the portfolio may rotate into defensive sectors, but bond funds and money market funds are not normally held. We believe a fully invested strategy seeking attractively-positioned sectors is capable of a higher long-term return than one that tries to rotate between stocks and cash at the right time. ■

