

Investment Approach

The Fidelity Real Estate Investment Portfolio strives to attain above-average income and long-term capital growth, within the context of reasonable investment risk, while exceeding the composite yield of the S&P 500 Index. The non-diversified fund invests typically in common stock of companies primarily engaged in the real estate industry, both domestic and foreign.

Performance Commentary

The Fidelity Real Estate Investment Portfolio return of 29.85% exceeded by 0.73% the Dow Jones U.S. Select Real Estate Securities Index benchmark return of 29.12%% for the one-year period ending December 31, 2010.

Fund Characteristics	Real Estate Investment Portfolio
Total Fund Assets	\$3.2 billion
Category	Specialty (Real Estate)
Number of Issues	44
Turnover	46%
Fees	0.90% Annually
Portfolio Manager (tenure)	Steve Buller since December 1997

There is no universe comparison graph for the Fidelity Real Estate Investment Portfolio because there is not a broad universe of competing funds.

Historical Returns

	Fidelity RE Invest	DJ US Select RESI	Return
	Return	Return	Difference
2001	9.50%	10.45%	-0.9%
2002	5.8	2.7	3.1
2003	33.8	37.1	-3.3
2004	34.2	34.8	-0.7
2005	14.9	14.1	0.8
2006	32.8	35.7	-2.9
2007	-21.3	-17.7	-3.7
2008	-38.2	-39.8	1.6
2009	32.9	29.2	3.7
2010	29.9	29.1	0.7
Trailing 3-Year	2.2%	0.1%	2.2
Trailing 5-Year	2.2	2.3	-0.1
Trailing 10-Year	10.3	10.3	-0.1

Assessment

The Fidelity Real Estate Investment Portfolio is a specialty mutual fund that offers exposure to the real estate equity asset class. The non-diversified portfolio has outperformed the benchmark in five of the ten previous years and for the three-year time period. The current portfolio manager is only the second one to direct the fund since its inception in 1986. We recommend retention of this fund.