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November 30, 2007

Fidelity Goes Mega

As of November 16, Richard R. Mace Jr., recently returned from a year-long leave of absence, has been managing Fidelity's Growth & Income II fund, where he replaced James F. Catudal (who will continue to manage Stock Selector and the Advisor and VIP Growth and Income funds). In addition to changing the manager, Fidelity is also changing the fund's name to Mega Cap Stock as of December 1 due to a change in investment strategy. The new iteration will invest at least 80% of assets in companies with the largest market capitalizations, using the Russell Top 200 Index as a benchmark.

Mace, a 20 year Fidelity veteran, joined the firm as an equity research analyst following the chemical, glass and metal containers, metals, railroad, shipping and trucking industries, getting his first shot at management in 1989 at Select Transportation. From that point onward up through 2005, he's had his hand at leading a slew of funds, including Select Industrial Materials, Select Chemicals, International Value, International Growth & Income, Overseas (and its Advisor class clone), Global Balanced, Worldwide, Global Opportunities. He also had a three-month stint as manager of Aggressive International and the Advisor and VIP International Capital Appreciation funds at the end of 2005. In addition to his management responsibilities, he was appointed group leader of the International Group in 2005.

Mace's appointment to the soon-to-be Mega Cap Stock fund seems like a turning point in his management career, leaving the international arena to seek domestic growth opportunities (through the end of September, the fund had just over 10% of assets invested overseas).

We can't help but see a coincidence between Fidelity's repurposing and renaming of Growth & Income II and Vanguard's recent introduction of its three mega-cap indexes, but we see the move as a positive one. Investors in Growth & Income II may want to reevaluate the impact of the fund's new, narrower mega-cap focus on their portfolio, but our opinion is that Mace's leadership and the fund's change in strategy should be beneficial.

'Tis The Season For Distributions

There are a slew of distributions coming our way in December. Among the several funds estimated to post significant distributions are several we currently own.

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This year will not be quite as taxing as last year, when we saw the biggest distributions among many funds in over five years, but it is still important for investors concerned with tax consequences to sit up and take notice of what's going on in their funds or in funds they may be adding to their portfolio in the near-term. Investors should avoid buying any shares in any fund that is going to make a year-end distribution before its "ex-dividend" date; that way you won't wind up paying taxes on a fund you didn't own and whose returns you have yet to experience.

The lists of funds found below cover the 10 funds with the largest estimated distributions from both Vanguard and Fidelity. We would steer clear of buying any new shares in any of these funds until after the ex-dividend date has passed. (Note: Distributions do not affect tax-deferred retirement accounts. The whole point of an IRA, 401(k), SEP, annuity or other tax-advantaged account is to allow for tax-free compounding of interest and capital gains.) You can also see full distribution calendars for both Fidelity and Vanguard at the end of the update.

Fidelity's Largest Estimated Distributions	% of 10/31/07 NAV	Ex-Date
International Small Cap	16.3%	12/7/2007
Europe Capital Appreciation	16.0%	12/7/2007
Select Retailing	13.3%	12/21/2007
China Region	12.2%	12/7/2007
Japan	12.6%	12/7/2007
Aggressive International	12.3%	12/7/2007
Value Strategies	11.4%	12/14/2007
New Millennium	10.8%	12/21/2007
Pacific Basin	10.4%	12/7/2007
Small Cap Independence	10.3%	12/7/2007

Vanguard's Largest Estimated Distributions	% of 10/31/07 NAV	Ex-Date
International Explorer	11.9%	12/17/2007
Capital Value	10.6%	12/17/2007
Growth and Income	10.3%	12/17/2007
Windsor	10.2%	12/17/2007
Strategic Equity	9.3%	12/17/2007
Windsor II	9.1%	12/17/2007
U.S. Value	8.7%	12/17/2007
Explorer	8.4%	12/17/2007
Precious Metals & Mining	7.9%	12/17/2007
Capital Opportunity	7.9%	12/17/2007

Full Distribution Calendar

Record Date: Thursday, Dec. 6

Reinvest Date: Friday, Dec. 7

Fidelity Funds: Aggressive International, AZ Muni, Canada, Capital & Income, Capital Appreciation, China Region, Disciplined Equity, Diversified International, Emerging Markets, Europe Capital Appreciation, Europe, Export and Multinational, Focused High Income, Focused Stock, Global Balanced, High Income, Intermediate Muni Income, International Discovery, International Small Cap, International Small Cap Opportunities, International Value, Japan, Japan Smaller Companies, Large Cap Stock, Latin America, Magellan,

MD Muni, NY Muni, Nordic, Overseas, Pacific Basin, Select Electronics, Select Energy Service, Select Environmental, Select Utilities Growth, Select Wireless, Small Cap Independence, Small Cap Retirement, Small Cap Stock, Small Cap Value, Southeast Asia, Stock Selector, Tax Managed Stock, Value, Worldwide

Record Date: Wednesday, Dec. 12

Reinvest Date: Thursday, Dec. 13

Vanguard Funds: Consumer Discretionary Index, Consumer Staples Index, Energy Index, Financials Index, Social Index, Health Care Index, High Dividend Yield Index, Industrials Index, Information Technology Index, Materials Index, Telecommunications Services Index, Utilities Index, Wellesley Income

Record Date: Thursday, Dec. 13

Reinvest Date: Friday, Dec. 14

Fidelity Funds: Balanced, Blue Chip Value, CA Muni, Convertible Securities, Dividend Growth, Equity-Income, Equity-Income II, Fifty, Growth & Income II, Growth & Income, Growth Company, Large Cap Core Enhanced Index, Large Cap Core Enhanced Growth Index, Large Cap Core Enhanced Value Index, Large Cap Growth, Large Cap Value, Leveraged Company Stock, Low-Priced Stock, MA Muni, Mid Cap Growth, Mid Cap Value, Select Air Transportation, Select Automotive, Select Banking, Select Brokerage and Investment Management, Select Chemicals, Select Construction Housing, Select Consumer Discretionary, Select Consumer Staples, Select Defense and Aerospace, Select Energy, Select Gold, Select Health Care, Select Home Finance, Select Industrial Equipment, Select Industrials, Select Insurance, Select IT Services, Select Materials, Select Medical Delivery, Select Medical Equipment and Systems, Select Multimedia, Select Natural Gas, Select Natural Resources, Select Paper and Forest Products, Select Pharmaceuticals, Select Transportation, Small Cap Opportunities, Tax-Free Bond, Value Discovery, Value Strategies

Record Date: Friday, Dec. 14

Reinvest Date: Monday, Dec. 17

Vanguard Funds: Capital Opportunity, Capital Value, Energy, Equity Income, Explorer, Global Equity, Growth & Income, Health Care, International Explorer, International Growth, International Value, MidCap Growth, Morgan Growth, Precious Metals & Mining, PRIMECAP, PRIMECAP Core, Selected Value, Strategic Equity, Strategic SmallCap Equity, U.S. Value, Windsor, Windsor II

Record Date: Tuesday, Dec. 18

Reinvest Date: Wednesday, Dec. 19

Vanguard Funds: Asset Allocation, Dividend Appreciation Index, Extended Market Index, Growth Index, LargeCap Index, MidCap Growth Index, MidCap Index, MidCap Value Index, REIT Index, SmallCap Growth Index, SmallCap Index, SmallCap Value Index, Total Stock Market Index, Value Index

Record Date: Tuesday, Dec. 18

Payable Date: Thursday, Dec. 20

Vanguard Funds: Consumer Discretionary ETF, Consumer Staples ETF, Energy ETF, Financials ETF, Health Care ETF, High Dividend Yield ETF, Industrials ETF, Information Technology ETF, Materials ETF, Telecommunications Services ETF, Utilities ETF

Record Date: Thursday, Dec. 20

Reinvest Date: Friday, Dec. 21

Fidelity Funds: All Asset Manager funds, Blue Chip Growth, CT Muni, International Real Estate, Mid Cap Stock, NASDAQ Composite Index, NJ Muni, New Millenium, Puritan, Real Estate High Income, Select Financial Services, Select Leisure, Select Retailing, Select Telecommunications, Strategic Dividend and Income, Strategic Real Return, Total Bond, Fidelity Fund, all Spartan funds

Vanguard Funds: 500 Index, Balanced Index Fund, Emerging Markets Index, European Index, Extended Duration Treasury Index, World ex-US Index, Inflation-Protected Securities, Pacific Index, Tax-Managed International, U.S. Growth

Record Date: Monday, Dec. 24**Payable Date: Thursday, Dec. 27**

Vanguard Funds: Dividend Appreciation ETF, Extended Market ETF, Growth ETF, LargeCap ETF, MidCap Growth ETF, MidCap ETF, MidCap Value ETF, REIT ETF, SmallCap Growth ETF, SmallCap ETF, SmallCap Value ETF, Total Stock Market ETF, Value ETF

Record Date: Wednesday, Dec. 26**Reinvest Date: Thursday, Dec. 27**

Vanguard Funds: Convertible Securities, Developed Markets Index, Diversified Equity, Dividend Growth, Florida Long-Term Tax-Exempt, Growth Equity, Long-Term Treasury, New York Long-Term Tax-Exempt, Pennsylvania Long-Term Tax-Exempt, STAR, all STAR LifeStrategy funds, all Target Retirement funds, Tax-Managed Balanced, Tax-Managed Cap Appreciation, Tax-Managed Growth & Income, Tax-Managed Small Cap, Total International Index, Wellington

Record Date: Thursday, Dec. 27**Reinvest Date: Friday, Dec. 28**

Fidelity Funds: Contrafund, Four-In-One Index, all Freedom funds, MI Muni, MN Muni, Muni Income, New Markets Income, OH Muni, PA Muni, Strategic Income, Trend

Record Date: Thursday, Dec. 27**Payable Date: Monday, Dec. 31**

Vanguard Funds: Emerging Markets ETF, Europe Pacific ETF, European ETF, Extended Duration Treasury ETF, Pacific ETF, World ex-US ETF

About Adviser Investments

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