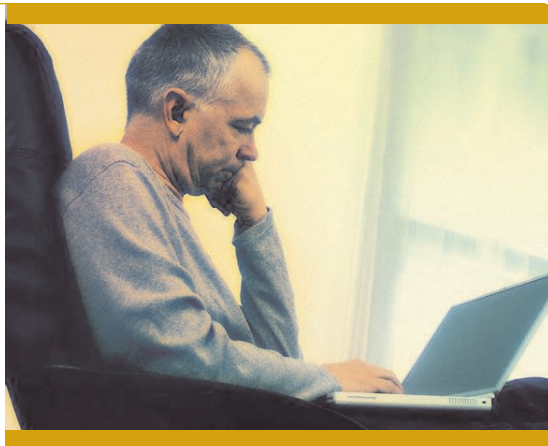


# Why Separate Accounts?

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Institutional-level  
money management  
for individuals

A close-up, low-angle shot of a woman with blonde hair, smiling broadly while holding a black mobile phone to her ear. She is wearing a white button-down shirt. The background is a blurred outdoor setting with green foliage and a white building. The text "A personal approach to portfolio management" is overlaid in the center, underlined.

A personal approach to portfolio management

As a sophisticated investor with considerable investable assets, you're likely to be looking for investment opportunities that can give you an added level of confidence in today's volatile markets. A "separate account" that provides active portfolio management — tailored to your needs — from institutional investment managers, could be the answer.

Through a separate account, you work with your investment advisor to design a portfolio that may help you meet your investment objectives with greater tax efficiency, and provide more control over the selection of your investments.

Your advisor can, in turn, access a select list of institutional investment managers through Fidelity's Separate Account Network<sup>SM</sup> to find those that may be best qualified to implement your plan<sup>1</sup>.

## What are Separate Accounts?

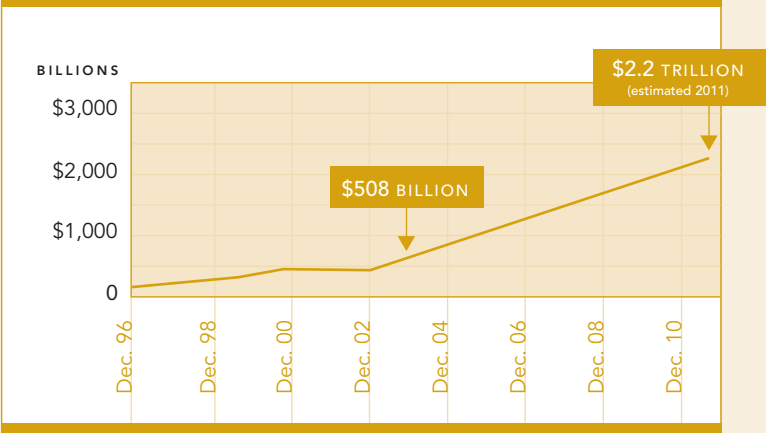
Separate accounts are portfolios of individual securities that are managed independently by an institutional investment manager on your behalf. This professional will purchase a customized selection of securities for your portfolio, in accordance with your stated investment objective. These securities are registered in your name and traded on your behalf. Based on your input, your advisor will select the most appropriate investment strategy to help meet your needs, and then choose the institutional investment manager that you and your advisor think will help you achieve your objectives. You may have more than one institutional investment manager, choosing specialists in different styles or sectors.

<sup>1</sup> All separate account managers participating in the Fidelity Separate Account Network are independent firms and are not affiliated with Fidelity Investments.

**Growing interest in Separate Accounts**

Originally introduced in late 1996, assets in separately managed accounts have grown at an average annual rate of nearly 30% according to the Money Management Institute. At the end of 2003, assets held in these types of accounts industry-wide topped the half-trillion-dollar mark for the first time, ending the year at \$508 billion. Industry researchers predict total assets to grow to nearly \$2.2 trillion by 2011.

**PROJECTED ASSETS IN SEPARATE MANAGED ACCOUNTS**



Source: Chart and text developed through information compiled from Money Management Institute, and Financial Research Corporation, 2003

*“Separately managed accounts are growing in popularity due to the appeal of flexibility, customized service and advice.”<sup>2</sup>*

<sup>2</sup> The Money Management Institute press release dated April 1, 2004

## How Separate Accounts compare to mutual funds

Like mutual funds, separate accounts offer the benefits of professional money management and diversification. Unlike mutual funds, however, using a separate account provides the following additional features:

- **Access to institutional investment managers**

Your advisor has access to a broad selection of institutional investment managers with whom you might not normally be able to do business directly.

- **Portfolio customization and control**

Working with your advisor, you can tailor a portfolio to suit your particular needs, such as choosing not to invest in certain types of companies or sectors of the market. In addition, you and your advisor can decide which securities should be liquidated as well as the timing of those sales.

- **More effective tax management**

Individual securities that comprise your portfolio are purchased at the time you open your account, which means a cost basis is established at the time of purchase. Your institutional investment manager can use this information to control the amount and timing of the realization of capital gains and losses, which may help you more effectively manage the overall tax impact of securities transactions on your personal financial situation.<sup>3</sup>

- **Control over distribution of realized capital gains and losses**

With mutual funds, only realized capital gains are distributed, generally creating a taxable event for you. In a separate account, realized losses may also help to offset your tax liabilities. This may be of benefit if you should have realized a taxable income or taxable capital gains outside of your managed investment portfolio. Consult with your tax advisor for more information.<sup>3</sup>

<sup>3</sup> Please consult your tax advisor for information pertaining to your particular situation. Fidelity Investments does not provide tax advice.

# The benefits of Fidelity’s Separate Account Network

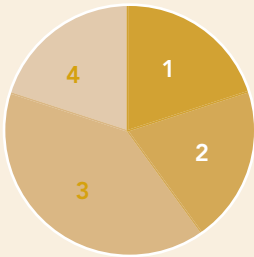
Because your advisor works with Fidelity Registered Investment Advisor Group, you are able to benefit from the additional advantages of Fidelity’s Separate Account Network. This network can help ensure your separate account is the right fit for your needs by providing your advisor with access to:

- A network of select top-tier institutional investment managers.
- More than 350 separate account solutions.
- The ability to choose among all market capitalizations, including large, mid- and small, and all investment disciplines, including value, balanced, growth, domestic, and international.
- An extensive range of fixed-income investment specialties, including short-, intermediate- and long-term bonds and debentures, as well as municipals.

## Separate Accounts Can Provide You with Deeper Diversification

A Separate Account allows you to diversify a large portfolio — not only by asset class — but by investment managers and their specific styles.

Diversification does not ensure a profit or guarantee against loss.



## HYPOTHETICAL PORTFOLIO OF \$10 MILLION

Account 	
Small Growth	\$2,000,000
Account 	
Municipal	\$2,000,000
Account 	
Large Cap Value	\$4,000,000
Account 	
International	\$2,000,000

With this wide range of options available, you and your advisor can feel confident that virtually any investment requirement can be satisfied.

Furthermore, once you have outlined your investment objectives, your advisor has access to a proprietary, extensive data base and can search specifically for those money managers who may meet your needs. Once a decision has been made, your advisor contacts the institutional investment manager directly and works with him or her to establish your account and implement the investment plan.

## Separate Accounts

### A PERSONAL APPROACH TO PORTFOLIO MANAGEMENT

With individually owned securities, greater choice and flexibility to customize a portfolio, and potential tax advantages, separate accounts may be a viable alternative for you. Take a more personalized approach to portfolio management — **work with your investment advisor to find out if separate accounts may be right for you.**





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