Fidelity Advisor Freedom Target-Date Fund Series Report

Target-Date Series Rating

Top
Above Average
► **Average**
Below Average
Bottom

Key Features

Average Annual Expense Ratio	0.71%
Active/Passive Exposure	91% Active
Open/Closed Architecture	100% Closed
Total Net Assets ($M)	13,506

Executive Summary — **Rating:**

Performance — **Average**
After faltering in the 2007-08 slump, Fidelity's target-date funds posted only middling gains as stocks soared in 2009. Performance improved in 2010, but the financial crisis still exacts a toll on the funds' three-year numbers. Returns over the past five years have been relatively strong, though.

Portfolio — **N/A**
The underlying investments of Fidelity's target-date funds consist of an unexciting assortment of funds, nearly all of them actively managed. Many of those funds are run by relatively seasoned skippers, but their returns have been mixed. Fidelity recently added commodities and Treasury Inflation-Protected Securities funds to the mix. No portfolio rating is assigned because the Series funds have too short a history.

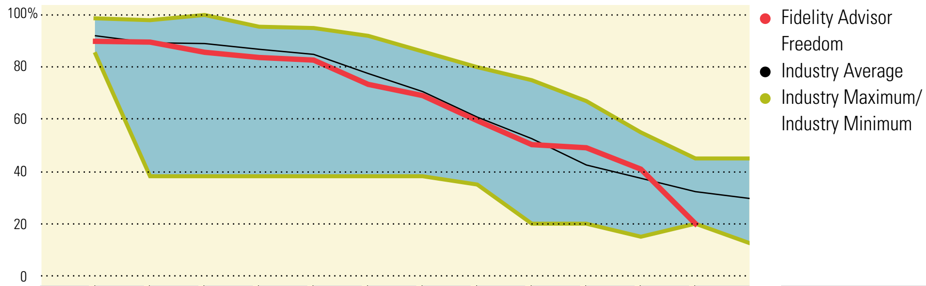
Price — **Above Average**
The increasing adoption of relatively low-cost Fidelity Series funds has brought costs down. The institutional shares especially are cheap.

People — **Average**
The two managers of Fidelity's target-date funds haven't been on the job very long, but they've worked in the firm's asset-allocation group for years. The board that oversees these funds is chaired by Fidelity second-in-command Abigail Johnson rather than by an independent chairman. Manager investment leaves something to be desired.

Parent — **Average**
No doubt, Fidelity devotes formidable resources to its research effort. Yet high turnover and poor manager retention, as well as an executive suite in flux, keep its investment culture in average territory.

Process
Fidelity has done a solid job of designing the asset-allocation strategy behind its target-date funds and has modestly tweaked that approach over the 13-year history of its no-load target-date offerings (which use the same strategy). Like their no-load siblings, increased exposure to foreign stocks, commodities, and inflation-protected bonds is in the offing for 2010.

Strategic Glide Path Total Equity Exposure



Retirement Date	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	2005	2000	1995
Fidelity Advisor Freedom	90	90	86	84	83	73	69	60	50	49	41	20	–
Industry Average	92	89	89	87	85	78	71	61	53	42	37	32	30
3-Yr Total Return	-	2.02	2.23	2.32	2.57	2.53	3.58	3.55	4.26	4.61	4.14	4.98	-
3-Yr Performance Quartile	-												-

Available Funds

Retirement Income Fund	2015 Fund	2030 Fund	2045 Fund
2005 Fund	2020 Fund	2035 Fund	2050 Fund
2010 Fund	2025 Fund	2040 Fund	

Morningstar Opinion

Christopher Davis
Fund Analyst 08-04-2011

Who's behind the wheel of the Fidelity Advisor Freedom series is better than what's under its hood.

In June, Fidelity announced Jonathan Shelon, who had been at the helm since 2005, had stepped down. The departure won't be disruptive. Replacement Andrew Dierdorf is a seven-year Fidelity veteran and has been part of the firm's large asset-allocation group, which oversees the Freedom funds' design, all along. Dierdorf and comanager Chris Sharpe have worked together since 2005 managing Fidelity's Canadian target-date series and since 2007 leading its 529 series. Sharpe has also been at the helm of the Freedom funds since 2007. As a result, investors can expect a high degree of continuity under the current team.

Investors can also count on the Advisor Freedom lineup's ongoing reliance on Fidelity Series funds as underlying holdings. In March, Fidelity folded the funds' two high-yield underlying investments into Fidelity Series High Income. And citing the diversification benefits of developing markets bonds, it created Fidelity Series Emerging Markets Debt to give the fund exposure to the asset class.

As is the case for all Series funds, the new additions adhere closely to their mandates, helping to ensure predictability. That trait helps the managers avoid style and market cap bets and avoid deviating from their planned asset allocation, a feat less easily achieved with more-flexible strategies. For instance, while former high-yield holding Fidelity Capital & Income was free to invest in equities, Series High Income devotes itself solely to high-yield bonds.

The managers say they're fixated on meeting investors' end goals, not necessarily maximizing gains. The Freedom funds' glide path roughly tracks industry norms until the target date. While a touch more stock-heavy in early retirement, it becomes far more conservative in retirement. For instance, Fidelity Advisor Freedom Income's 30% cash stake is twice its category's norm and its 35% bond weighting is 8% lower than average. Longer life expectancies and inflation fears have led some rivals to weight stocks more heavily, but Shelon says investors don't need to take added risk to meet their goals late in retirement.

The Advisor Freedom series' thoughtfully-conceived asset allocation is an attraction, especially for the risk averse. And its long-term returns are competitive. Moderate costs also add to its appeal. However, while there are bright spots in the Freedom portfolios, a host of unproven or unproven underlying holdings diminish their appeal. Investors won't go astray with the Freedom series, but it's not a best-in-class option, either.

Fidelity Advisor Freedom Target-Date Fund Series Report

Performance

Rating: Average

After a strong start to 2011, this series struggled in the second quarter amid growing worries over the health of the global economy and debt-laden governments in the developed world. Through June 2011, all of the funds lag their category rivals for the year to date, and 8 of 12 rank in their group's bottom quartile. Underlying holdings Fidelity Series Value and Series International Value closely track indexes heavily exposed to the weak financials sector, dogging returns. With commodity prices cooling off, Fidelity Commodity Strategy Return also slipped. The funds' growth-oriented underlying holdings fared much better. Fidelity Growth Company rallied sharply along with large-growth stocks such as Apple and IBM, and rallying tech shares pushed Fidelity Small Cap Growth ahead. The funds' high-yield holdings have also been a plus. However, the series' shorter-dated and Income funds, which feature some of the industry's most conservative asset allocations, lagged. While the series' fixed-income holdings generally fared well, below-average exposure to strong-performing equities hobbled returns on a relative basis.

The series' performance in the 2008 financial crisis continues to weigh on their three-year numbers. The underlying equity holdings' too-aggressive portfolios led to stinging losses, while surprising weakness in shorter-term bond holdings meant its fixed-income stake provided less ballast than expected. According to Morningstar attribution data, only the series' below-average costs gave it any advantage over the period; its asset allocation and security selection detracted value relative to the competition.

While the three-year numbers appear less than inspiring, the Advisor Freedom funds' longer-term numbers still remain fairly impressive. As of June 2011, all but one of the 10 funds with five-year records landed in their category's top half. Even so, the funds' asset allocation and underlying holdings changed a good deal over that stretch, making the series' long-term results less meaningful.

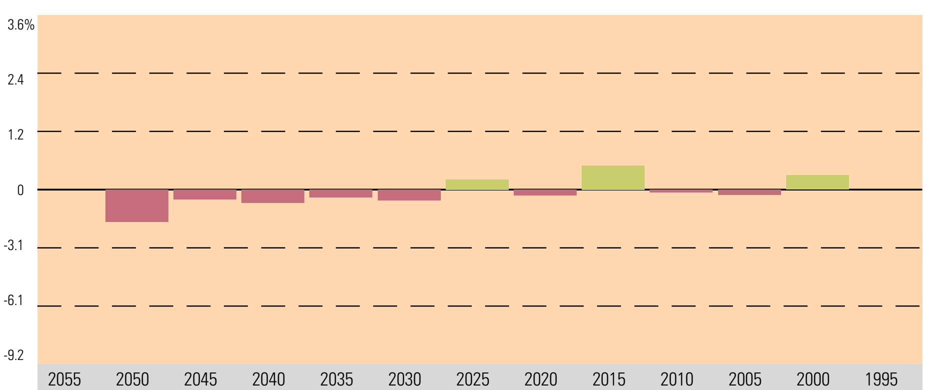
Target-Date Fund Performance as of 06-30-2011

	YTD Return %	2010 Return %	2009 Return %	3-Yr Return %	3-Yr % Rank in Cat	3-Yr Std Dev	5-Yr Return %	5-Yr % Rank in Cat	Star Rating
Fidelity Advisor Freedom 2005 I	3.4	11.2	24.6	4.1	47	13.4	4.3	35	★★★
Fidelity Advisor Freedom 2010 I	3.7	12.5	25.8	4.6	34	14.3	4.6	28	★★★
Fidelity Advisor Freedom 2015 I	3.7	12.6	26.6	4.3	29	15.0	4.5	24	★★★
Fidelity Advisor Freedom 2020 I	4.0	14.0	29.8	3.5	49	17.9	4.0	34	★★★
Fidelity Advisor Freedom 2025 I	4.0	15.1	31.0	3.6	31	19.0	3.9	25	★★★
Fidelity Advisor Freedom 2030 I	4.0	15.4	31.8	2.5	59	20.7	3.2	32	★★★
Fidelity Advisor Freedom 2035 I	4.1	16.0	32.4	2.6	58	21.4	3.2	25	★★★
Fidelity Advisor Freedom 2040 I	4.0	16.3	33.3	2.3	50	22.1	3.0	31	★★★
Fidelity Advisor Freedom 2045 I	4.0	16.4	33.6	2.2	60	22.4	3.0	23	★★★
Fidelity Advisor Freedom 2050 I	4.0	16.6	34.2	2.0	53	23.4	2.8	9	★★★
Fidelity Advisor Freedom Inc I	2.8	7.8	18.2	5.0	23	7.6	4.8	42	★★★★

For peer comparisons, 1 = highest return or lowest risk, 100 = lowest return or highest risk.

Target Date Funds Risk-Adjusted Returns +/- Category Average

Data as of 06-30-2011

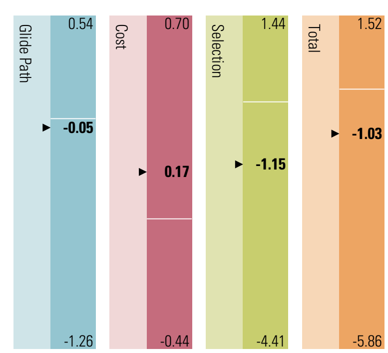


- Risk-adjusted return exceeding category average
- Risk-adjusted return trailing category average
- Category Average

Data is based on longest available performance history: three or five years. For series with more than 18 months of history, but less than three years of history, the risk-adjusted return of the appropriate Morningstar Lifetime Moderate Index is used to create a 3-year history.

Attribution Analysis

Trailing 3-Year Returns as of 06-30-2011



	Fidelity Advisor Freedom
Glide Path	-0.05
Cost	0.17
Selection	-1.15
Total	**-1.03**

Fidelity Advisor Freedom Target-Date Fund Series Report

Portfolio

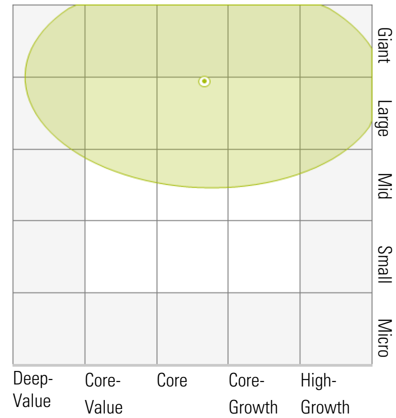
Rating:
N/A

To avoid market cap, style, or sector bets, management favors tightly constrained strategies. The index-hugging Fidelity Series funds, created for use in the Advisor Freedom lineup, are examples. These funds have grown in number, often by supplanting existing holdings, and now soak up the lion's share of the Freedom portfolios. Newer additions, such as Fidelity Series Commodity Strategy and Fidelity Series Large Cap Value fall under this umbrella.

Because the Series funds aren't yet old enough to have Morningstar Ratings, no portfolio rating is assigned to the Advisor Freedom portfolios. Still, many Series fund managers have lengthy track records. Most aren't impressive. One of the largest equity investments, Fidelity Series All-Sector Equity, has had mixed success, while others like Fidelity Series Large-Cap Value have been middling.

There are bright spots. The funds' fixed-income offerings, such as Fidelity Series Investment Grade Bond, are capably led, as is Fidelity Advisor Equity Growth.. And while Fidelity Advisor Growth & Income has a poor long-term record, new management gives it better psopects. But the Advisor Freedom funds exclude many top Fidelity managers, such as Fidelity Contrafund's Will Danoff and Fidelity Low-Priced Stock's Joel Tillinghast, whose flexible styles don't square with management's rigid risk parameters. Recently, Fidelity broadened the portfolios to include commodities and Treasury Inflation-Protected Securities funds, making them better diversified than they had been. To its credit, the firm has taken steps to streamline the portfolios, but plenty of overlap remains. The funds' three large-blend underlying investments own many of the same stocks as both its large-value and large-growth holdings. While their sprawling portfolios may prevent dramatic underperformance, the funds risk being too bland to stand out.

Series Holding-based Style Map - Equity
Data as of 06-30-2011



Zone represents 75% of series' largest domestic stock holdings
Fund centroid represents weighted average of series' domestic stock holdings

Top Investments as of 06-30-2011

	Category	% of Assets	3-Yr Return %	3-Yr % Rank in Cat	3-Yr Std Dev	5-Yr Return %	5-Yr % Rank in Cat	Morningstar Risk	Star Rating
Fidelity Series Investment Grade Bond	Intermediate-Term Bond	15.24	–	–	–	–	–	--	–
Fidelity Series Large Cap Value	Large Value	8.54	–	–	–	–	–	--	–
Fidelity Series All-Sector Equity	Large Blend	8.49	–	–	–	–	–	--	–
Fidelity Series High Income	High Yield Bond	6.66	–	–	–	–	–	--	–
Fidelity Series Commodity Strategy	Commodities Broad Basket	6.45	–	–	–	–	–	--	–
Fidelity Advisor Growth & Income I	Large Growth	6.01	0.33	78	22.15	2.12	83	Average	★★
Fidelity Advisor Large Cap I	Large Blend	5.90	5.82	9	26.75	4.17	16	High	★★★
Fidelity Series International Value	Foreign Large Value	5.19	–	–	–	–	–	--	–
Fidelity Series International Growth	Foreign Large Growth	5.18	–	–	–	–	–	--	–
Fidelity Series 100 Index	Large Blend	5.10	2.74	49	20.06	–	–	Below Average	★★★

Total # Holdings	22
% Portfolio in Top 10 Holdings	72.75
Overall Average Morningstar Rating	–

Price

Rating:
Above Average

Fidelity funds are usually cheaper than most, but its broker-sold Advisor funds aren't particularly low-priced, as they're far smaller and thus don't offer the economies of scale of the no-load funds. That said, these funds have come to play a smaller role in the portfolios as cheaper Fidelity Series funds now dominate the underlying holdings. As a result, this series' institutional shares, which Morningstar uses in its rating, are lower than average and the retail shares--which hold the majority of the series' assets--are higher than average.

Cost vs. Industry Average

Fidelity Advisor Freedom I	0.71%
Industry Average	0.87%

Avg Cost Per Share Class	Exp Ratio (%)	Net Assets ($M)
A	0.97%	8,546
I	0.71%	2,190
T	1.22%	2,020
C	1.72%	488
B	1.71%	261

Fidelity Advisor Freedom Target-Date Fund Series Report

People

Rating:
Average

Management: Chris Sharpe and Andrew Dierdorf manage the funds. Sharpe joined Fidelity in 2002 and became comanager in 2007. Dierdorf replaced the departing Jonathan Shelon in June 2011, though Dierdorf has been with Fidelity since 2004 and has worked with Sharpe since 2007 managing Fidelity's Canadian target-date funds and 529 plans. Both managers' have pension and actuarial backgrounds. Prior to joining the Freedom funds, Sharpe started on Fidelity's institutional side after a decade-long stint at Mercer, a consulting firm, and John Hancock. Dierdorf worked for Cigna, holding several actuarial and investment roles. The duo is part of a 19-person team focused on Fidelity's asset-allocation products, of which 11 (up from eight at the start of 2010) directly support the Freedom and Advisor Freedom funds.

The management quality of the series' underlying holdings is mostly, though not uniformly, solid. Nearly all of these funds are new and have limited records, though in many instances, they're led by by veteran investors with strong track records, as at Fidelity Series Investment Grade Bond. Underlying holding Fidelity Growth Company remains a star investment. Other important holdings, especially Fidelity Series All-Sector Equity, are less proven.

Manager Incentives: Fidelity's manager-compensation plan is acceptable, though not topnotch. Managers' pay is dependent in part on the amount of assets they manage, as well as unspecified marketing efforts. Yet their bonuses are long-term-focused, based partly on performance for periods up to five years, which helps align management's long-term incentives with fund shareholders'. Sharpe's personal investment in the series is unimpressive, with just $10,000-$50,000 invested in Fidelity Freedom 2050. Dierdorf is new to the fund, so his investment isn't yet in regulatory filings.

Series Management

Manager	Start Date
Jonathan Shelon	07-2003
Chris Sharpe	09-2007

Average Tenure	6.0 years
Longest Tenure	8.0 years
Target-Date Industry Average Tenure	5.0 years

Underlying Funds' Management

Average Tenure	2.6 years
Longest Tenure	5.8 years
Mutual Fund Industry Average Tenure	4.5 years

Parent

Rating:
Average

Corporate Culture: There's no denying the tremendous resources Fidelity devotes to its research effort, nor its ability to attract talent. The size of its analyst army towers over its competitors, and this group has become increasingly experienced in recent years. And there's no doubting the stability and vast technical and human resources backing the firm's fixed-income lineup, which operates fairly autonomously. Yet on average, Fidelity's managers serve far shorter tenures and stay with the firm for less time than their counterparts at other large fund families. Fidelity's executive suite has also been in flux; aside from aging Chairman Ned Johnson, nearly all its top leaders took their posts in 2009 and 2010. Fidelity's recent move toward buttoned-down investment strategies could come at the expense of its traditionally individualistic, entrepreneurial culture. Fidelity has also expanded its scope well beyond mutual funds, with once-peripheral businesses, such as retirement plan record keeping, playing increasingly important roles. This doesn't preclude investment success, but doing so while running a sprawling operation won't be easy.

Board Oversight: The Freedom funds' board is reasonably independent, comprised of nine independent directors and two interested directors, including chairwoman Abigail Johnson, daughter of Fidelity head Edward Johnson. It's potentially difficult for Johnson to serve as shareholders' lead advocate while also representing stakeholders in the management company. Still, the board has served fundholders well. And each of the independent directors invests more than $100,000 in the funds they oversee, helping align their interests with those of shareholders, though none invest in the Freedom funds.

Transparency: Fidelity does a fine job of providing investors with information on retirement planning, and it does an adequate job of providing the rationale behind the selection of the Freedom Funds' underlying investments. Its description of the asset-allocation process behind the Advisor Freedom Funds isn't as clear as some peers'.

Regulatory History: Fidelity's trading operations came under scrutiny following revelations some traders received lavish gifts from brokers from 2002 to 2004, and the firm settled with the SEC in March 2008. Fund shareholders were not financially harmed.

Fund Family Data

Average Star Rating	★★★
% of Assets w/Star Rating	61.7%

Assets	(listed in USD $Mil)
Mutual Fund Assets	1,033,159
ETF Assets	164
Other Assets	507,291
Total Assets ($M)	1,540,614
Number of Funds	468

Stewardship Grade Average	C
Average Manager Tenure	3.7 years
Longest Manager Tenure	21.6 years
5-year Manager Retention Rate (%)	–

Fidelity Advisor Freedom Target-Date Fund Series Report

Process

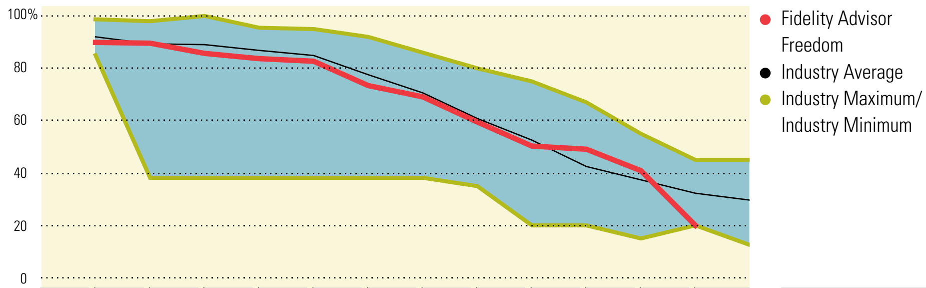
Glide Path: Fidelity Freedom 2050 has an 89% allocation to equities, starting out roughly in line with the typical 2050 fund and then tracking the industry norm until retirement. The underlying fixed-income funds are more heavily focused on high-yield bonds than many other target-date series up until the Freedom 2015 fund. At that point, the high-yield stake levels off. The funds are relatively conservative in their fixed-income positioning as they near and surpass their target dates. The equity weightings of the 2000-2015 funds and Fidelity Freedom Income decline more rapidly than those of their competitors. The Freedom Income fund is far more bond heavy than its rivals.

In 2010, Fidelity hiked the funds' foreign-equity exposure from 20%-25% of total equities to 30%, which is toward the high end of normal in most of Morningstar's target-date fund categories. And with the 2010 additions of dedicated commodity and TIPS offerings, the funds have more exposure to both asset classes than than most rivals.

Rationale: Fidelity launched its first batch of target-date funds in 1996. In refining the funds' glide path over the years, Fidelity has melded the distributions of the historical returns of asset classes with studies of actual investor behavior and demographic data. The firm didn't join the trend of higher equity weightings that was prevalent among target-date funds introduced in the 2003-07 equity-market rally, a trend based in theory on addressing longevity risk. As a result, its lineup went from being one of the more equity-heavy ones around to modestly conservative, even though its equity weightings didn't change. The firm did address longevity risk in one way when it decided in 2006 to extend the rolldown period of the equity weightings of its funds to a final 20%. The funds are now slated to hit that mark 10 to 15 years after their target dates.

The recent decision to increase the funds' foreign-equity exposure reflects Fidelity's belief that a higher foreign-equity weighting is more reflective of the opportunity set in global markets today, given that non-U.S. stocks comprise more than 60% of the world's market capitalization. The increased stakes in commodities and TIPS are the result of its research suggesting those asset classes can protect investors' purchasing power and provide greater diversification.

Strategic Glide Path Total Equity Exposure



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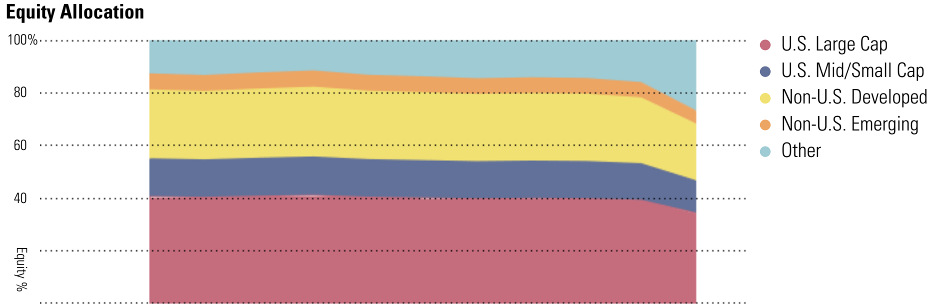
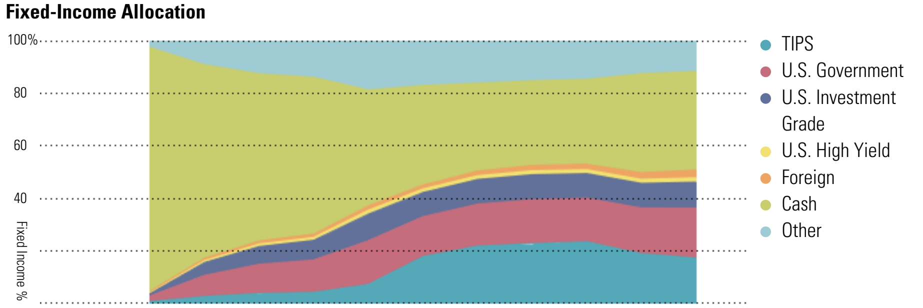
3-Yr Performance Quartile	-												-

Equity Allocation



Retirement Date	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	2005	2000	1995
U.S. Large Cap	–	41	40	41	41	40	40	40	40	40	39	34	–
U.S. Mid/Small Cap	–	14	14	14	15	14	14	14	14	14	14	12	–
Non-U.S. Developed	–	26	26	26	27	26	26	26	26	26	25	22	–
Non-U.S. Emerging	–	6	6	6	6	6	6	6	6	6	6	5	–
Other	–	13	13	12	12	13	14	15	14	14	16	27	–

Fixed-Income Allocation



Retirement Date	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	2005	2000	1995
TIPS	–	1	2	4	4	7	18	22	23	23	19	17	–
U.S. Government	–	2	8	11	12	17	15	16	17	17	17	19	–
U.S. Investment Grade	–	1	5	7	7	10	9	9	10	9	9	10	–
U.S. High Yield	–	0	1	1	1	2	1	1	2	1	2	2	–
Foreign	–	0	1	1	1	2	1	2	2	2	3	3	–
Cash	–	93	74	64	60	44	38	34	32	32	38	38	–
Other	–	2	9	12	14	19	17	16	15	15	12	11	–