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# reviewing

your investment options

→ **North Dakota Public Employees Retirement System  
Defined Contribution Plan**

Inside you will find a listing of the investment options available to you in your defined contribution plan. They are arranged on a scale by investment objective, from capital preservation to aggressive growth. Summary descriptions of each option follow.

# evaluate your options

## It's important to evaluate a fund before you invest

Before you invest in any of your plan's investment options, you should evaluate your choices carefully. You can use the following tools to help in your evaluation.

**If you want specific fund information:** Mutual fund prospectuses and annual and semiannual reports can provide you with investment objectives and strategies, fees and expenses, holdings, historical fund performance, and benchmark indices. Annual and semiannual reports issued by mutual funds contain important information about a fund's investment objective, historical performance, and expenses, as well as the portfolio manager's investment outlook. You have the option to review the report for the Fidelity® mutual funds you own online ([netbenefits.fidelity.com](http://netbenefits.fidelity.com)) or to receive paper copies by mail. If you don't already receive paper copies of the report and would like to, or to request an individual report or prospectus, please call a Fidelity Retirement Services Specialist at **1-800-343-0860**.

**If you want to compare investments and investment categories:** Lipper, Inc., Morningstar Inc., personal finance magazines, and various online services are excellent resources for historical performance, rankings, and comparisons.

**If you want ongoing market information:** *The Wall Street Journal*, *Barron's*, CNBC, independent financial newsletters, and certain online services publish general market and economic information.

**While choosing your mutual funds, keep in mind:** Investing in several funds within the same investment category does not necessarily ensure diversification because the funds' holdings may overlap. If you are investing in only one stock fund, be sure that it is a broad-based, well-diversified fund. Remember that diversification does not ensure a profit or guarantee against a loss.

## Your investment options

The following pages present your defined contribution plan investment options. The information in this brochure can help you understand and compare your options in order to make the most appropriate choice for you.

When choosing your investment options, take a few moments to familiarize yourself with the risk spectrum and the different categories of funds. Then take a careful look at the fund descriptions which include the following information:

- ▼ **Fund code:** This is listed in parenthesis next to the fund name. Helps you identify a particular fund when enrolling in the plan, request fund information, or perform account transactions.
- ▼ **Goal:** This is what the fund is trying to do for you; for example, provide income, seek capital appreciation.
- ▼ **What it invests in:** This tells you what types of securities the fund will buy in trying to reach its goal.

## Some next steps

### After you've reviewed your investment choices

- ▼ Choose those options that best meet your investment objectives and strategy.
- ▼ Follow the instructions provided to you on how to enroll in your defined contribution plan.
- ▼ Call a Fidelity Retirement Services Specialist to request a prospectus for each investment option you'd like to invest in. Read the prospectuses carefully before you invest.

**Questions?** A Fidelity Retirement Services Specialist can help. Call **1-800-343-0860** toll-free, Monday through Friday, 8:00 A.M.–midnight ET. TTY Service for the hearing impaired can be accessed at 1-800-259-9743, Monday through Friday, 8:00 A.M.–midnight ET.

When choosing your investment options, be sure to use the names of the actual options, not the names of the option categories.

**The list of funds represents the core options available to you through your plan. In addition, there are other Fidelity funds available to you. Please call Fidelity for a complete list of funds available or log on to [netbenefits.fidelity.com](http://netbenefits.fidelity.com).**

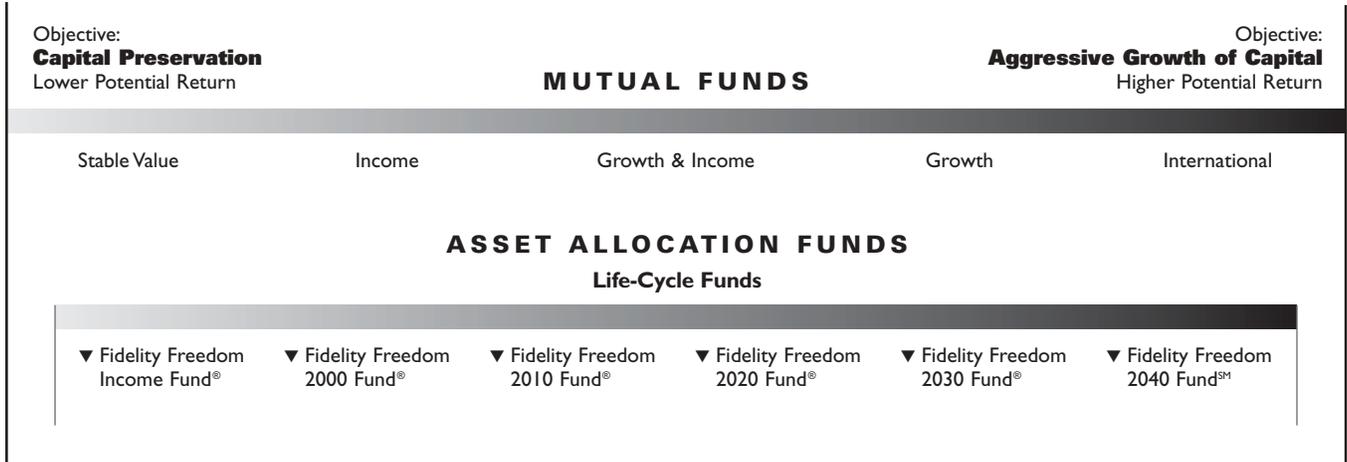
*For more complete information about Fidelity mutual funds or about any option available through the plan, including fees and expenses, call or write Fidelity for free prospectuses. Read them carefully before you invest or send money.*

*Fidelity Management & Research Company manages Fidelity mutual funds. Non-Fidelity funds are managed by non-Fidelity entities. Please consult the prospectus for more information.*

*The trademarks and service marks appearing herein are the property of their respective owners.*

*Unless otherwise noted, transaction requests confirmed after the close of the market, normally 4:00 P.M. ET or on weekends or holidays, will receive the next available closing prices. Each fund's share price, yield, and return will vary, and you may have a gain or a loss when you sell your shares.*

# objective **spectrum**



*Information is based solely on the characteristics of the general investment categories of the investment options and not on actual security holdings, which may change frequently. Risks will vary. Read the fund's prospectus for more information on risk. The spectrums do not represent actual or implied performance.*

*The Fidelity Freedom Funds® are represented on a separate spectrum because each fund (except Fidelity Freedom Income) will gradually adjust its asset allocation to be more conservative as the fund approaches its target date. Approximately five to ten years after the target date, the asset allocation of each fund will match the allocation of the Freedom Income Fund. The spectrum illustrates the relative risk and return of each fund as compared to the funds in the Freedom family.*

# your **investment options**

## Stable Value

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### Managed Income Portfolio (00632)\*

**Goal:** Seeks to preserve your principal investment, while earning interest income. The fund will try to maintain a stable \$1.00 unit price. However, the fund cannot guarantee this stable unit price and its yield will fluctuate.

**What it invests in:** Invests in investment contracts offered by major insurance companies and other approved financial institutions and in certain types of fixed income securities. A small portion of the fund is invested in a money market fund to provide daily liquidity. Investment contracts provide for the payment of a specified rate of interest to the fund and for the repayment of principal, when the contract matures. Participant withdrawals and exchanges are paid at book value (principal and interest accrued to date) during the life of the contract.

Some investment contracts are structured solely as a general debt obligation of the issuer. Other investment contracts (wrap contracts) are purchased in conjunction with an investment by the fund in fixed income securities, which may include U.S. Treasury bonds, corporate bonds, mortgage-backed securities, and bond funds. Interest is credited to the fund under the wrap contract. There is no immediate recognition of investment gains and losses on the fixed income securities. Instead, the gain or loss is recognized over time by adjusting the interest rate credited to the fund under the wrap contract. The wrap contract also provides for the payment of participant withdrawals and exchanges at book value. All investment contracts and fixed income securities purchased for the fund must satisfy the credit quality standards of FMTC.

The investment contract and fixed income security commitments are backed solely by the financial resources of the issuer. In addition, investment contract issuers may impose a contract penalty on withdrawals or exchanges from the fund caused by an extraordinary corporate event (e.g., layoff, sale of a line of business, etc.)

*Units of the fund are not guaranteed by the manager or the plan sponsor or insured by the FDIC.*

*\*Managed Income Portfolio is not a mutual fund but is a commingled pool of the Fidelity Group Trust for Employee Benefit plans. It is managed by Fidelity Management Trust Company.*

## Income

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### PIMCO Total Return Fund — Administrative Class (99474)

**Goal:** To provide high total return that exceeds general bond market indices.

**What it invests in:** All types of bonds, including U.S. government, corporate, mortgage, and foreign. While the fund maintains an average portfolio duration of three to six years (approximately equal to an average maturity of five to twelve years), investments may also include short- and long-maturity bonds.

*Managed by Pacific Investment Management Company, which provided the description for this fund.*

## Growth & Income

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### Fidelity Equity-Income Fund (00023)

**Goal:** Seeks to provide a reasonable income. In pursuing this objective, the fund will also consider the potential for capital appreciation. The fund seeks to provide a yield that exceeds the composite yield of the Standard & Poor's 500<sup>SM</sup> Index (S&P 500<sup>®</sup>).\*

**What it invests in:** Normally invests at least 65% of total assets in income-producing equity securities, which tend to lead to investments in large cap value stocks. The fund may potentially invest in other types of equity and debt securities, including lower-quality debt securities. Investments in lower-rated securities involve greater risk than other debt securities including the risk of default. The fund may invest in securities of domestic and foreign issuers.

*\*The S&P 500<sup>®</sup> is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is a widely recognized, unmanaged index of 500 U.S. common stocks.*

## Growth & Income, continued

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### Fidelity Puritan® Fund (00004)

**Goal:** Seeks to provide income and capital growth consistent with reasonable risk.

**What it invests in:** Normally invests approximately 60% of assets in stocks and other equity securities and the remainder in bonds and other debt securities, including lower-quality debt securities, when its outlook is neutral. Investments in lower-rated securities involve greater risk than other debt securities, including the risk of default. The fund will invest at least 25% of total assets in fixed income senior securities (including debt securities and preferred stocks). The fund may invest in securities of domestic and foreign issuers.

### Fidelity's Spartan® U.S. Equity Index Fund (00650)

**Goal:** Seeks to provide investment results that correspond to the total return (i.e., the combination of capital changes and income) performance of common stocks publicly traded in the United States.

**What it invests in:** Normally invests at least 80% of assets in common stocks included in the S&P 500®, which broadly represents the performance of common stocks publicly traded in the United States.

*\*The S&P 500® is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is a widely recognized, unmanaged index of 500 U.S. common stocks.*

## Growth

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### Fidelity Blue Chip Growth Fund (00312)

**Goal:** Seeks to provide growth of capital over the long term.

**What it invests in:** Normally invests primarily in common stocks of well-known and established companies. Normally invests at least 65% of the fund's total assets in blue chip companies (those with a market capitalization of at least \$200 million if the company's stock is included in the Standard & Poor's 500<sup>SM</sup> Index (S&P500®) or the Dow Jones Industrial Average\*\*, or \$1 billion if not included in either index). The fund may also invest in companies that the fund manager believes to have above-average growth potential. The fund may invest in securities of domestic and foreign issuers.

*\*The S&P 500® is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is a widely recognized, unmanaged index of 500 U.S. common stocks.*

*\*\*Dow Jones Industrial Average is an unmanaged index of common stocks comprised of major industrial companies and assumes reinvestment of dividends.*

### Fidelity Dividend Growth Fund (00330)

**Goal:** Seeks to provide capital appreciation.

**What it invests in:** Normally invests primarily in common stocks. Normally invests at least 65% of total assets in companies that the fund manager believes have the potential for dividend growth by either increasing dividends or commencing dividends, if none are currently paid. The fund may invest in securities of domestic and foreign issuers. It is important to note that the fund does not invest for income.

### Fidelity Growth Company Fund (00025)

**Goal:** Seeks to provide capital appreciation.

**What it invests in:** Normally invests primarily in common stocks. The fund invests in companies that the fund manager believes have above-average growth potential. The fund may invest in securities of domestic and foreign issuers.

### Fidelity Low-Priced Stock Fund (00316)

**Goal:** Seeks to provide capital appreciation.

**What it invests in:** Normally invests at least 65% of total assets in low-priced common stocks (those priced at or below \$35 per share), which can lead to investments in small and medium sized companies. The fund may potentially invest in stocks not considered low-priced. Investments in smaller companies may involve greater risks than those of larger, more well-known companies. The fund may invest in securities of domestic and foreign issuers. This fund carries a short-term trading fee, which is charged to discourage short-term buying and selling of fund shares. If you sell your shares after holding them for less than 90 days, the fund will deduct a short-term trading fee from your account equal to 1.50% of the value of the shares you sold.

## Growth, continued

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### Fidelity Mid-Cap Stock Fund (00337)

**Goal:** Seeks to provide a long-term growth of capital.

**What it invests in:** Normally invests at least 65% of total assets in common stocks of companies with medium market capitalizations (those with market capitalizations similar to companies in the S&P MidCap 400\*). The fund may potentially invest in companies with smaller or larger market capitalizations. Investments in smaller companies may involve greater risks than those of larger, more well-known companies. The fund may invest in securities of domestic and foreign issuers.

*\*The Standard & Poor's MidCap 400 Index is a market capitalization-weighted index of 400 medium-capitalization stocks.*

### INVESCO Dynamics Fund (Investor Class) (99886)

**Goal:** To increase the value of your investment over the long term through capital growth.

**What it invests in:** Primarily in domestic common stocks of companies traded on both the U.S. securities exchanges and the over-the-counter (OTC) market. The fund also has the flexibility to invest in other types of securities, including preferred stocks and convertible securities, and short-term instruments. The fund may invest up to 25% of its assets in foreign securities, which involve greater risk.

*Managed by INVESCO Funds Group, Inc., which provided the description for this fund.*

### Morgan Stanley Institutional Fund, Inc.— Small Company Growth Portfolio — Class B (93098)

**Goal:** To increase the value of your investment over the long term through price appreciation of small- and medium-sized companies.

**What it invests in:** Primarily in common stocks of small- to medium-sized domestic (U.S.) corporations and, to a limited extent, foreign (non-U.S.) corporations. The portfolio invests in small- to medium-sized companies that are early in their life cycle, but which have the potential for growth. Investments in smaller companies may involve greater risks than those of larger, more well-known companies.

*Managed by Morgan Stanley Investment Management Inc., which provided the description for this fund.*

*Formerly known as Morgan Stanley Dean Witter Institutional Fund, Inc. Small Company Growth Portfolio Class B.*

### Strong Opportunity Fund (Investor Class- Mutual Shares A) (99835)

**Goal:** To increase the value of your investment over the long term through capital growth.

**What it invests in:** Mainly in stocks, both domestic and foreign, of medium-sized companies that the adviser believes are under-researched and attractively valued. These stocks tend to have low institutional ownership, low analyst coverage, and are often in sectors of the market that are out-of-favor. The goal of the fund is to find well-managed companies that have sustainable growth prospects but are selling at prices below their private market values.

*Managed by Strong Capital Management, Inc., which provided the description for this fund.*

## International

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**International funds strive for long-term growth by investing in securities issued by businesses and governments whose primary trading markets are outside the U.S. Foreign investments, especially those in emerging markets, involve greater risks and may offer greater potential returns than U.S. investments. These risks include political and economic uncertainties of foreign countries and currency fluctuations.**

### Fidelity Diversified International Fund (00325)

**Goal:** Seeks to provide capital growth.

**What it invests in:** Normally invests at least 65% of total assets in foreign securities. Normally invests primarily in common stocks. This fund carries a short-term trading fee, which is charged to discourage short-term buying and selling of fund shares. If you sell your shares after holding them for less than 30 days, the fund will deduct a short-term trading fee from your account equal to 1.00% of the value of the shares you sold.

## Life-Cycle

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The Fidelity Freedom Funds are designed for investors who want a simple approach to investing for retirement by investing in a group of other Fidelity mutual funds that provide moderate to aggressive asset allocation. The allocation strategy among the underlying stock, bond, and money market mutual funds contained in each Freedom Fund with a target retirement date is based on the number of years until the Freedom Fund's target retirement date. The funds with a target date will gradually adopt a more conservative asset allocation over time; therefore their target asset allocation percentages will change to become more conservative. The Freedom Income Fund, designed for those already in retirement, emphasizes bond and money market mutual funds and seeks to maintain a stable asset allocation from year to year.

### Freedom Funds

**Goal:** The Freedom Funds with target retirement dates seek to provide high total returns. The goal of the Freedom Income Fund is to seek high current income and, secondarily, capital appreciation.

**What they invest in:** Each Freedom Fund invests in a combination of underlying Fidelity stock, bond, and money market mutual funds. Fidelity Freedom 2040, with the longest time horizon, invests primarily in stock mutual funds to take advantage of potentially greater growth opportunities. The asset mix of each Freedom Fund with a retirement horizon (Freedom 2040, 2030, 2020, 2010, 2000) will gradually become more conservative over time so investors can stay with the same fund before and after retirement. After reaching the target retirement horizon year, these Freedom Funds continue to be managed more conservatively for five to ten more years until their asset mix is approximately the same as Freedom Income Fund. Ultimately, the funds will merge. Fidelity Freedom Income Fund, designed for those already retired, is invested more conservatively with a larger percentage in bond and money market funds and a smaller percentage in equity mutual funds. The fund managers must invest in the group of specified underlying funds found in the prospectus and will aim for the projected target asset allocation percentages announced in the fund's annual and semi-annual reports.

#### Fidelity Freedom Income Fund® (00369)

**What it invests in\*:** Approximately 20% in Fidelity stock mutual funds. Approximately 40% in Fidelity bond mutual funds. Approximately 40% in Fidelity money market mutual funds.

#### Fidelity Freedom 2000 Fund® (00370)

**What it invests in\*:** Approximately 27% in Fidelity stock mutual funds. Approximately 42% in Fidelity bond mutual funds. Approximately 31% in Fidelity money market mutual funds. The mix of underlying funds will gradually become more conservative over time.

#### Fidelity Freedom 2010 Fund® (00371)

**What it invests in\*:** Approximately 47% in Fidelity stock mutual funds. Approximately 44% in Fidelity bond mutual funds. Approximately 9% in Fidelity money market mutual funds. The mix of underlying funds will gradually become more conservative over time.

#### Fidelity Freedom 2020 Fund® (00372)

**What it invests in\*:** Approximately 71% in Fidelity stock mutual funds. Approximately 29% in Fidelity bond mutual funds. The mix of underlying funds will gradually become more conservative over time.

#### Fidelity Freedom 2030 Fund® (00373)

**What it invests in\*:** Approximately 83% in Fidelity stock mutual funds. Approximately 17% in Fidelity bond mutual funds. The mix of underlying funds will gradually become more conservative over time.

#### Fidelity Freedom 2040 Fund<sup>SM</sup> (00718)

**What it invests in\*:** Approximately 90% in Fidelity stock mutual funds. Approximately 10% in Fidelity bond mutual funds. The mix of underlying funds will gradually become more conservative over time.

*\*The percentages represent anticipated target asset allocation at September 30, 2001. Strategic Advisers, Inc., a subsidiary of FMR Corp., manages the Fidelity Freedom Funds.®*



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