

# FIDELITY SELECT FUNDRAKER™

Volume 1 Issue 8

August 2006

## July Performance

The Top Eight Model Portfolio's best performers were Natural Gas, Energy, and Gold, but they had only fractional gains. Natural Resources and Energy Service had losses between 1% and 2%, Industrial Materials and Air Transportation had losses between 4% and 6%, and Transportation was the Portfolio's worst performer with a loss of over 10%.

The Top Eight Model Portfolio and the Nasdaq Composite tracking portfolios were down 2.9% and 3.7%, respectively, while the S&P 500 tracking portfolio was up 0.6% for July. Despite a large majority of the Select funds now having negative 1-, 3-, and 6-month returns and a number also having negative 12-month returns, the Top Eight Model Portfolio is still up 6.2% YTD. The Nasdaq Composite tracking portfolios is down 5.0% YTD, while the S&P 500 tracking portfolio is up 3.3% YTD, respectively.

## August Exchanges

The Top Eight Model Portfolio's four worst performers, Transportation, Air Transportation, Industrial Materials, and Energy Service, fell out of the Portfolio. They are replaced by Utilities, Food & Agriculture, Pharmaceuticals, and Banking.

## Staying Invested Revisited

Review of the charts in Fidelity Select Fundranker shows the Top Eight Model Portfolio has had some volatile, sideways movement the past few months, but it is nothing that it hasn't done at other times in the past. Fidelity Select Fundranker does not predict the next move in the stock market up or down, but it does attempt to position you as well as possible for whatever move does occur. Fidelity Select Fundranker's rating system is an excellent indicator of how well each of Fidelity's Select funds is performing in current market conditions. As you can see from the charts, staying invested and making sure you reap the benefits of market upturns more than makes up for being invested during market downturns.

## Roth IRA Update

Ever since Roth-IRAs were introduced in 1998, some taxpayers with higher incomes have not been allowed to make use of them. Starting in 2010, however, the new tax law removes the income cap (\$100,000 AGI, not including conversion income) on conversion of Traditional and SEP IRAs to Roth IRAs. At that time, higher income taxpayers can weigh the benefits of converting some or all of their balances in Traditional and SEP IRAs to Roth IRAs.

Taxpayers with higher incomes have always been able to make non-deductible contributions to traditional IRAs, but the new Roth conversion rules make these non-deductible contributions much more attractive. Starting in 2010, a high income taxpayer can make non-deductible contributions to a Traditional IRA and then immediately convert the Traditional IRA to a Roth IRA. Since the contribution was non-deductible, made with after-tax dollars, only earnings made between the contribution and conversion would be taxed. In effect, this strategy will allow high income taxpayers to contribute yearly, albeit indirectly, to a Roth IRA and reap the benefits of tax free growth in Roth IRAs that lower income taxpayers have enjoyed since 1998. Of course, it is possible that Congress will act before 2010 to limit or remove this loophole.

## Holding Period Alert

The Top Eight Model Portfolio did not require any exchanges for July, but if you made additional investments in any of your funds or

made exchanges to balance the amounts in your funds after the July 3 exchange date, you should make sure that you have held the new shares for 30 days to avoid Fidelity's short-term trading fee. Count the day you made the additional investment or exchange as day one. You can exchange without short-term trading fees on the first business day on or after day 30.

## Subscribe to Fidelity Select Fundranker

You can subscribe to *Fidelity Select Fundranker* for \$99/year. For this fee, you will receive 12 issues of the *Fidelity Select Fundranker* newsletter via email on or before the first day of each month. You will also receive an email a few days in advance of each issue to alert you to the upcoming issue and exchange date. Although there is a *Fidelity Select Fundranker* website, [www.fundranker.com](http://www.fundranker.com), with much historical information about the *Fidelity Select Fundranker* system, subscribing to the newsletter is the only way to get timely notice of the monthly exchanges. To subscribe, send a check for \$99 to Fidelity Select Fundranker, 39 Southchase Dr, Fletcher, NC 28732-9265. Please include your name, snail mail address, and email address.

## Questions and Suggestions

Do you have a question about investing using the Fundranker system or a suggestion for the newsletter or website? Check the frequently asked questions or use the Contact Us form at [www.fundranker.com](http://www.fundranker.com).

## Top Eight Model Portfolio Best and Worst Months

1. 2/2000	25.635%	1. 8/1998	(17.961)%
2. 12/1999	21.159%	2. 7/2002	(11.551)%
3. 12/1998	13.445%	3. 4/2000	(8.565)%
4. 6/2000	13.011%	4. 9/2001	(7.795)%
5. 1/2006	12.835%	5. 9/2000	(7.245)%
6. 8/2000	12.601%	6. 4/2004	(7.224)%
7. 1/1999	11.490%	7. 10/1997	(7.032)%
8. 10/2003	11.191%	8. 2/2006	(6.929)%
9. 7/1997	10.606%	9. 2/1999	(6.647)%
10. 11/1999	10.174%	10. 9/2002	(6.529)%

## Top Eight Model Portfolio for August, 2006

1. Gold (FSAGX)
2. Utilities Growth (FSUTX)
3. Food & Agriculture (FDFAX)
4. Pharmaceuticals (FPHAX)
5. Natural Resources (FNARX)
6. Energy (FSENX)
7. Natural Gas (FSNGX)
8. Banking (FSRBX)

## Exchanges for August 2, 2006

Sell Air Transportation (FSAIX), buy Utilities (FSUTX)  
Sell Transportation (FSRFX), buy Food & Agriculture (FDFAX)  
Sell Energy Service (FSSEX), buy Pharmaceuticals (FPHAX)  
Sell Industrial Materials (FSDPX), buy Banking (FSRBX)

## Upcoming Exchange Dates

Upcoming exchange dates are September 5, October 4, November 2, and December 4, 2006, and January 2 and February 2, 2007.

*Fidelity Select Fundranker* is published via email on the first day of each month and is edited by Harvey J. Poorbaugh. Subscriptions are available at \$99/year. *Fidelity Select Fundranker* is not affiliated with *Fidelity Investments*. All facts and figures are obtained from reliable sources but are subject to revision. Before buying a fund, please read its prospectus. Past results are not an assurance of future performance. For more information, go to [www.fundranker.com](http://www.fundranker.com). © 2006 Fidelity Select Fundranker

<i>Fundranker Ratings for 7/31/06</i>	12-Month	6-Month	3-Month	1-Month	<i>Fundranker</i>	<i>Fundranker</i>
Fund (Symbol)	Return %	Return %	Return %	Return %	Rating**	Ranking
Air Transportation (FSAIX)	21.86*	4.02*	(6.16)	(5.89)	5.458	9
Automotive (FSAVX)	(6.06)	(3.17)	(7.46)	(3.03)	(4.930)	33
Banking (FSRBX)	8.11	5.62*	(1.17)	3.02*	5.895	8
Biotechnology (FBIOX)	0.60	(8.22)	(3.93)	(1.66)	(3.303)	29
Brokerage & Investment Mgmt (FSLBX)	21.30*	(3.13)	(7.36)	2.54*	5.338	10
Business Services & Outsourcing (FBSOX)	6.54	(3.44)	(7.84)	(5.87)	(2.653)	27
Chemicals (FSCHX)	(0.05)	(2.85)	(7.60)	(3.28)	(3.445)	30
Computers (FDCPX)	(10.37)	(14.45)	(15.04)	(5.28)	(11.285)	37
Construction & Housing (FSHOX)	(14.50)	(13.82)	(14.48)	(5.99)	(12.198)	39
Consumer Industries (FSCPX)	(0.09)	(1.14)	(5.12)	(1.71)	(2.015)	24
Cyclical Industries (FCYIX)	8.28	(1.58)	(8.99)	(5.02)	(1.828)	23
Defense & Aerospace (FSDAX)	10.90	4.41*	(5.78)	0.75*	4.570	13
Developing Communications (FSDCX)	(4.08)	(17.05)	(19.95)	(8.77)	(12.463)	40
Electronics (FSELX)	(7.27)	(17.40)	(17.21)	(5.86)	(11.935)	38
Energy (FSENX)	29.29*	(0.81)	(2.11)	0.04	7.603	6
Energy Service (FSESX)	29.52*	(5.54)	(5.71)	(1.82)	5.113	11
Environmental (FSLEX)	4.87	(2.33)	(12.41)	(4.32)	(3.548)	31
Financial Services (FIDSX)	10.77	0.44*	(4.10)	1.54*	4.163	14
Food & Agriculture (FDFAX)	11.73*	8.16*	3.30*	2.40*	10.398	3
Gold (FSAGX)	69.96*	(0.79)	(10.75)	0.03	15.613	1
Health Care (FSPHX)	4.10	(2.72)	0.81*	3.41*	3.400	15
Home Finance (FSVLX)	2.12	0.06*	(3.56)	(0.72)	0.475	19
Industrial Equipment (FSCGX)	9.05	(0.23)	(9.19)	(4.98)	(1.338)	22
Industrial Materials (FSDPX)	22.09*	1.05*	(6.63)	(4.55)	4.990	12
Insurance (FSPCX)	3.79	(1.55)	(4.43)	0.15*	0.490	18
Leisure (FDLSX)	2.78	(4.22)	(12.34)	(7.62)	(5.350)	34
Medical Delivery (FSHCX)	(0.80)	(8.87)	(1.71)	(0.43)	(2.953)	28
Medical Equipment & Systems (FSMEX)	(3.13)	(5.97)	(2.42)	3.10*	(1.105)	21
Multimedia (FBMPX)	3.67	(4.83)	(6.06)	(3.25)	(2.618)	25
Natural Gas (FSNGX)	23.07*	(5.86)	(0.87)	0.63*	6.243	7
Natural Resources (FNARX)	33.48*	(0.23)	(3.86)	(1.39)	8.000	5
Networking & Infrastructure (FNINX)	(8.11)	(21.84)	(25.00)	(11.69)	(16.660)	41
Paper & Forest Products (FSPFX)	2.32	(3.78)	(7.41)	(1.70)	(2.643)	26
Pharmaceuticals (FPHAX)	16.41*	2.70*	(0.19)	3.17*	8.523	4
Retailing (FSRPX)	(5.53)	(3.16)	(8.09)	(4.71)	(5.373)	35
Software & Computer Services (FSCSX)	8.57	(1.59)	(2.88)	1.33*	2.358	17
Technology (FSPTX)	(6.56)	(13.00)	(13.48)	(5.03)	(9.518)	36
Telecommunications (FSTCX)	10.59	2.92*	(4.62)	(0.95)	2.985	16
Transportation (FSRFX)	14.45*	(3.42)	(8.76)	(10.35)	(1.020)	20
Utilities Growth (FSUTX)	15.31*	10.84*	6.84*	3.96*	13.238	2
Wireless (FWRLX)	0.89	(7.89)	(10.29)	(0.48)	(4.443)	32

\*Bonus point for being in the top 12 positive returns for a specific period

\*\*Bonus points plus average of 12-, 6-, 3-, and 1-month returns

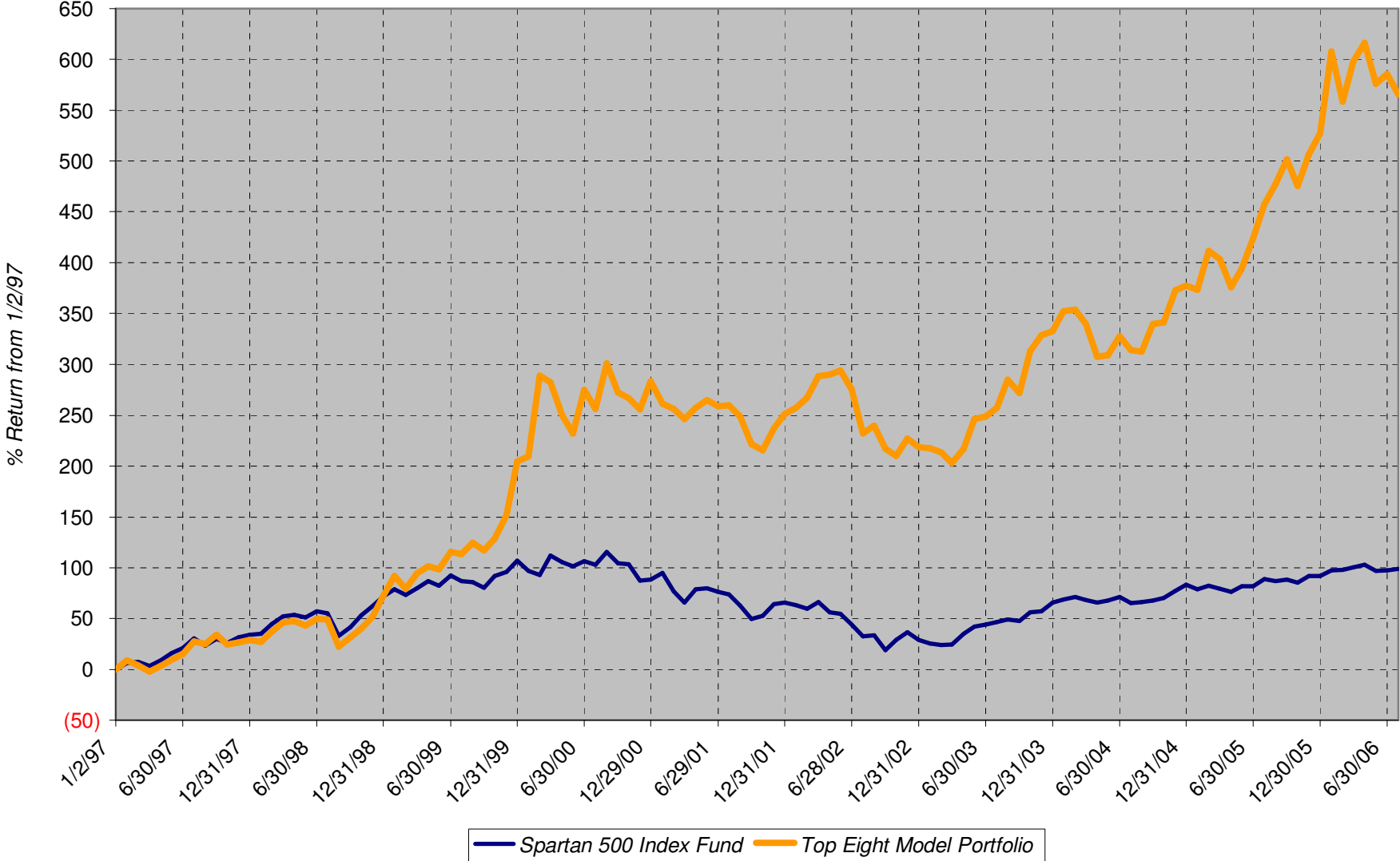
Sell on August 2, 2006

Buy on August 2, 2006

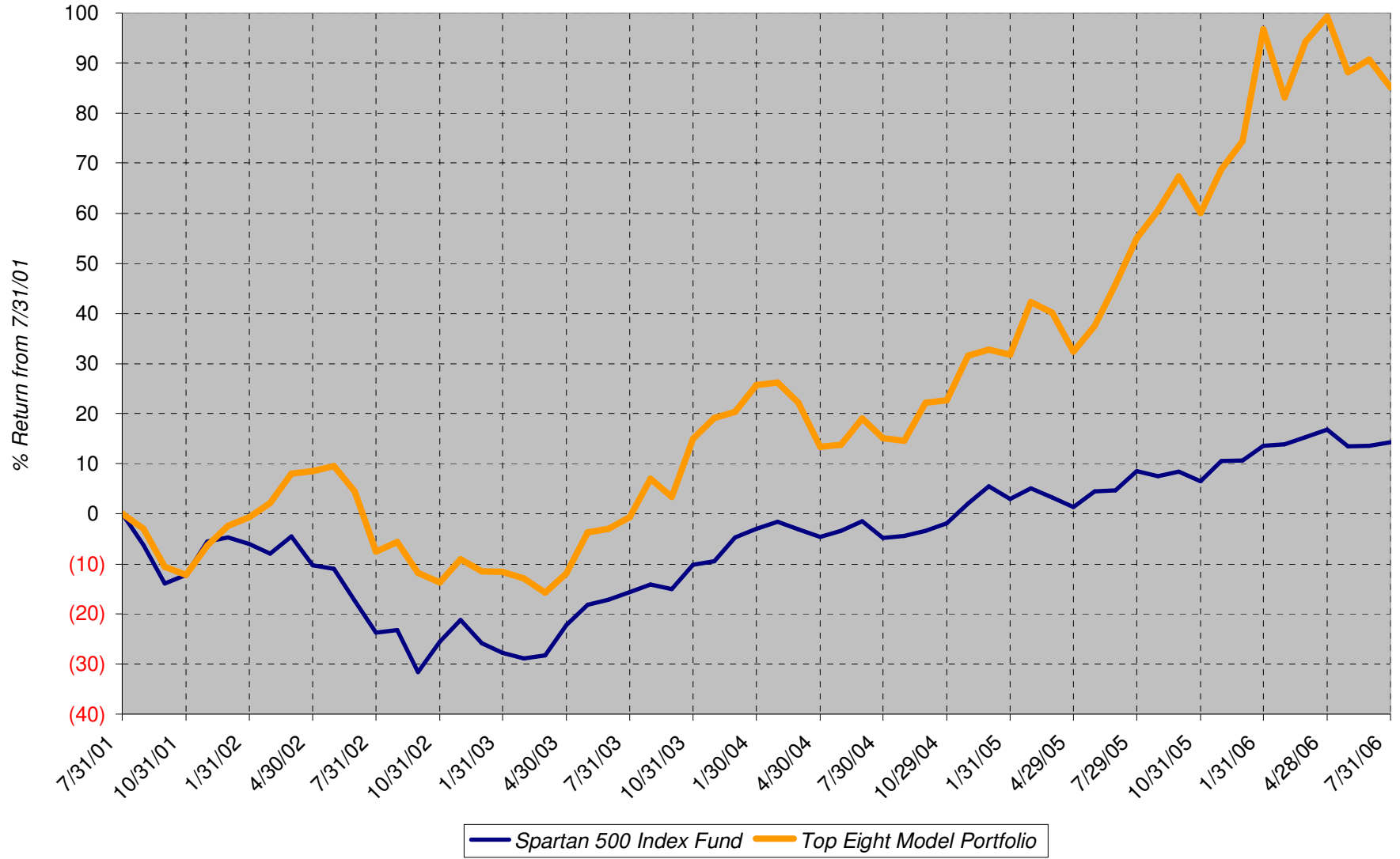
Hold

Fundranker Performance for July 2006													
6/30 Funds	6/30 Shares	6/30 Amount	<=7/3 Div Shrs	7/3 Shares	7/3 Amount	7/3 Funds	7/3 Shares	7/3 Amount	>7/3 Div Shrs	7/31 Shares	7/31 Amount	Jul Return	
FSAGX	583.575	20,104.16	none	583.575	20,711.08	FSAGX	588.164	20,873.93	none	588.164	20,268.13		
FSESX	270.216	20,001.39	none	270.216	20,306.73	FNARX	734.222	20,873.93	none	734.222	20,301.24		
FNARX	733.608	20,570.37	none	733.608	20,856.48	FSENX	397.902	20,873.93	none	397.902	20,627.24		
FSENX	397.688	20,608.19	none	397.688	20,862.71	FSAIX	451.426	20,873.93	none	451.426	19,465.49		
FSDPX	412.024	20,012.01	none	412.024	20,263.34	FSRFX	395.639	20,873.93	none	395.639	18,535.69		
FSAIX	463.124	21,220.34	none	463.124	21,414.85	FSESX	277.764	20,873.93	none	277.764	20,185.11		
FSNGX	511.946	20,974.43	none	511.946	21,245.76	FSDPX	424.439	20,873.93	none	424.439	19,676.99		
FSRFX	404.294	21,128.40	none	404.294	21,330.55	FSNGX	502.986	20,873.93	none	502.986	20,738.11		
<b>Top Eight</b>		<b>164,619.29</b>			<b>166,991.50</b>			<b>166,991.40</b>			<b>159,798.00</b>	<b>(2.929)</b>	
FNCMX	1,476.297	43,329.32	none						none	1,476.297	41,720.15	<b>(3.714)</b>	
FSMKX	538.900	47,363.92	none						none	538.900	47,654.93	0.614	
<b>Yearly Summaries</b>				1997 Return %	1998 Return %	1999 Return %	2000 Return %	2001 Return %					
<i>Top Eight Model Portfolio</i>				29.144	33.441	76.892	25.824	<b>(8.468)</b>					
Nasdaq Composite Index Fund				N/A	N/A	N/A	N/A	N/A					
Spartan 500 Index Fund				33.628	28.498	20.633	<b>(9.132)</b>	<b>(12.054)</b>					
<b>Yearly Summaries</b>				2002 Return %	2003 Return %	2004 Return %	2005 Return %						
<i>Top Eight Model Portfolio</i>				<b>(9.333)</b>	35.952	10.340	31.341						
Nasdaq Composite Index Fund				N/A	N/A	8.598	1.902						
Spartan 500 Index Fund				<b>(22.173)</b>	28.487	10.733	4.858						
<b>Lifetime Summary</b>				1/2/97 to 7/31/06 Total Return %		1/2/97 to 7/31/06 Average Annual Return %							
<i>Top Eight Model Portfolio</i>				565.825		21.875							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund				98.562		7.420							
<b>5-Year Summary</b>				7/31/01 to 7/31/06 Total Return %		7/31/01 to 7/31/06 Average Annual Return %							
<i>Top Eight Model Portfolio</i>				85.169		13.113							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund				14.312		2.711							
<b>3-Year Summary</b>				7/31/03 to 7/31/06 Total Return %		7/31/03 to 7/31/06 Average Annual Return %							
<i>Top Eight Model Portfolio</i>				86.471		23.085							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund				35.620		10.690							
<b>2-Year Summary</b>				7/30/04 to 7/31/06 Total Return %		7/30/04 to 7/31/06 Average Annual Return %							
<i>Top Eight Model Portfolio</i>				60.848		26.826							
Nasdaq Composite Index Fund				11.586		5.634							
Spartan 500 Index Fund				20.043		9.564							
<b>1-Year Summary</b>				7/29/05 to 7/31/06 Total Return %		7/29/05 to 7/31/06 Average Annual Return %							
<i>Top Eight Model Portfolio</i>				19.447									
Nasdaq Composite Index Fund				<b>(3.805)</b>									
Spartan 500 Index Fund				5.315									
<b>YTD Summary</b>				12/30/05 to 7/31/06 Total Return %		12/30/05 to 7/31/06 Average Annual Return %							
<i>Top Eight Model Portfolio</i>				6.165									
Nasdaq Composite Index Fund				<b>(4.982)</b>									
Spartan 500 Index Fund				3.310									

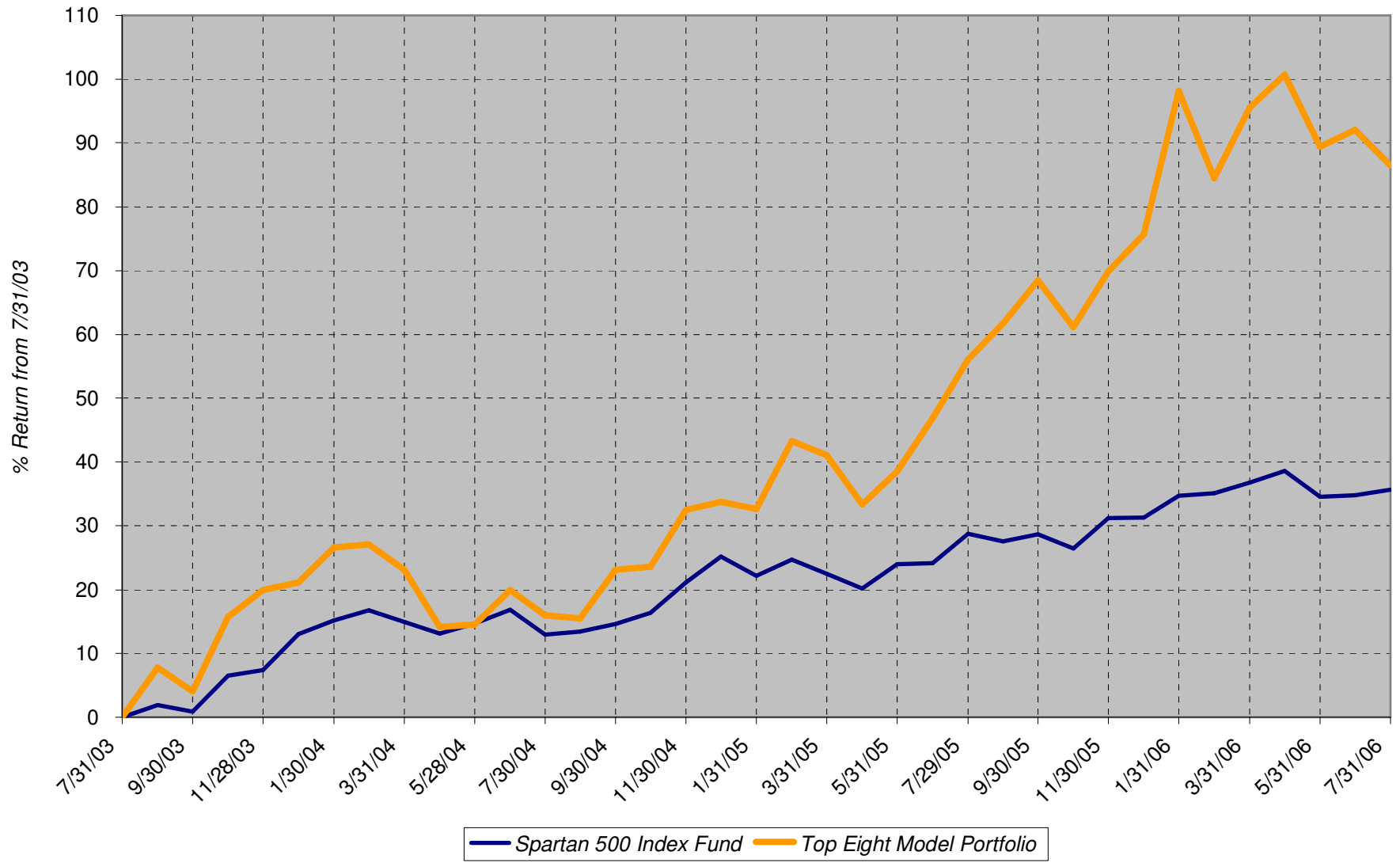
### Lifetime Chart



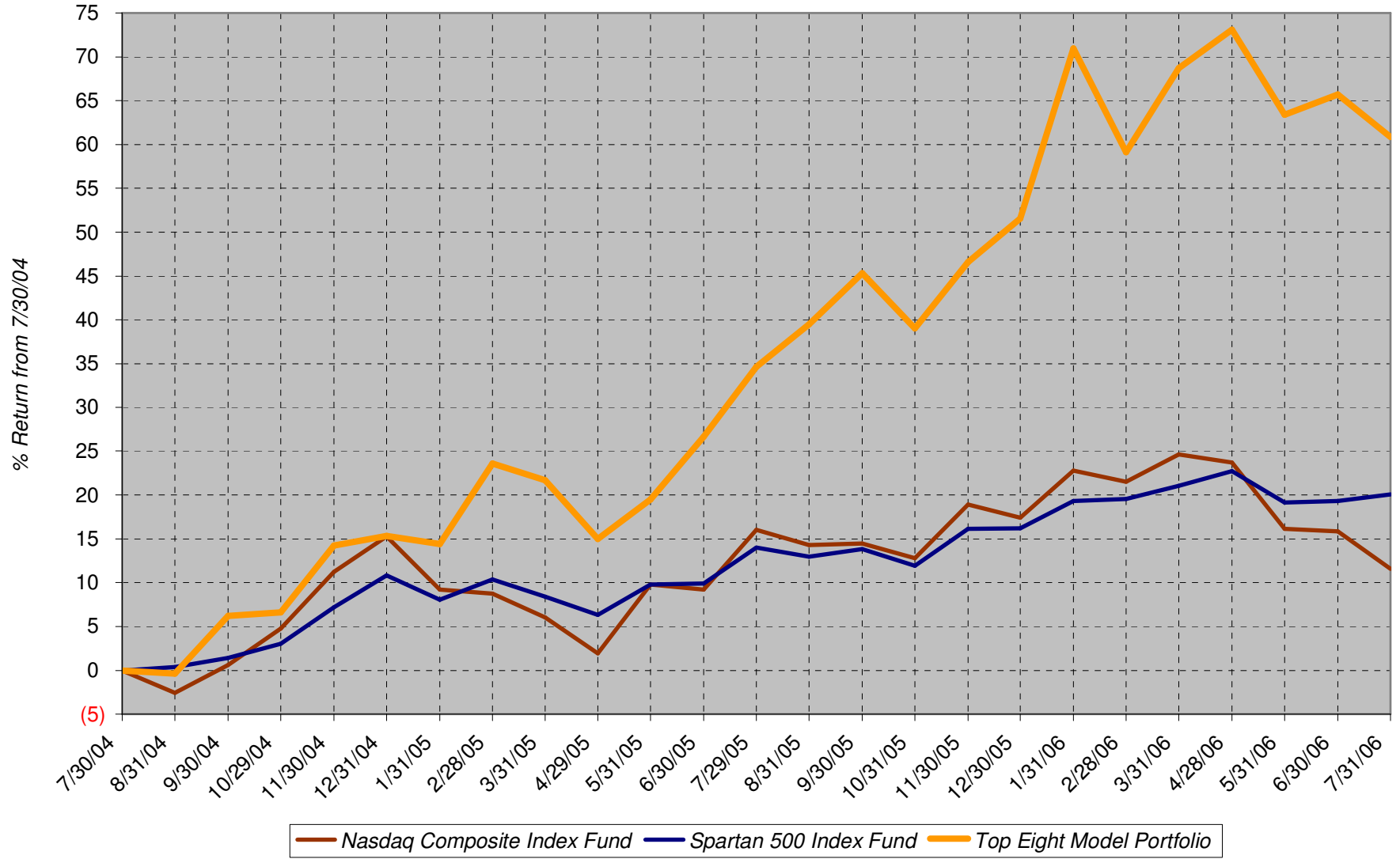
### 5-Year Chart



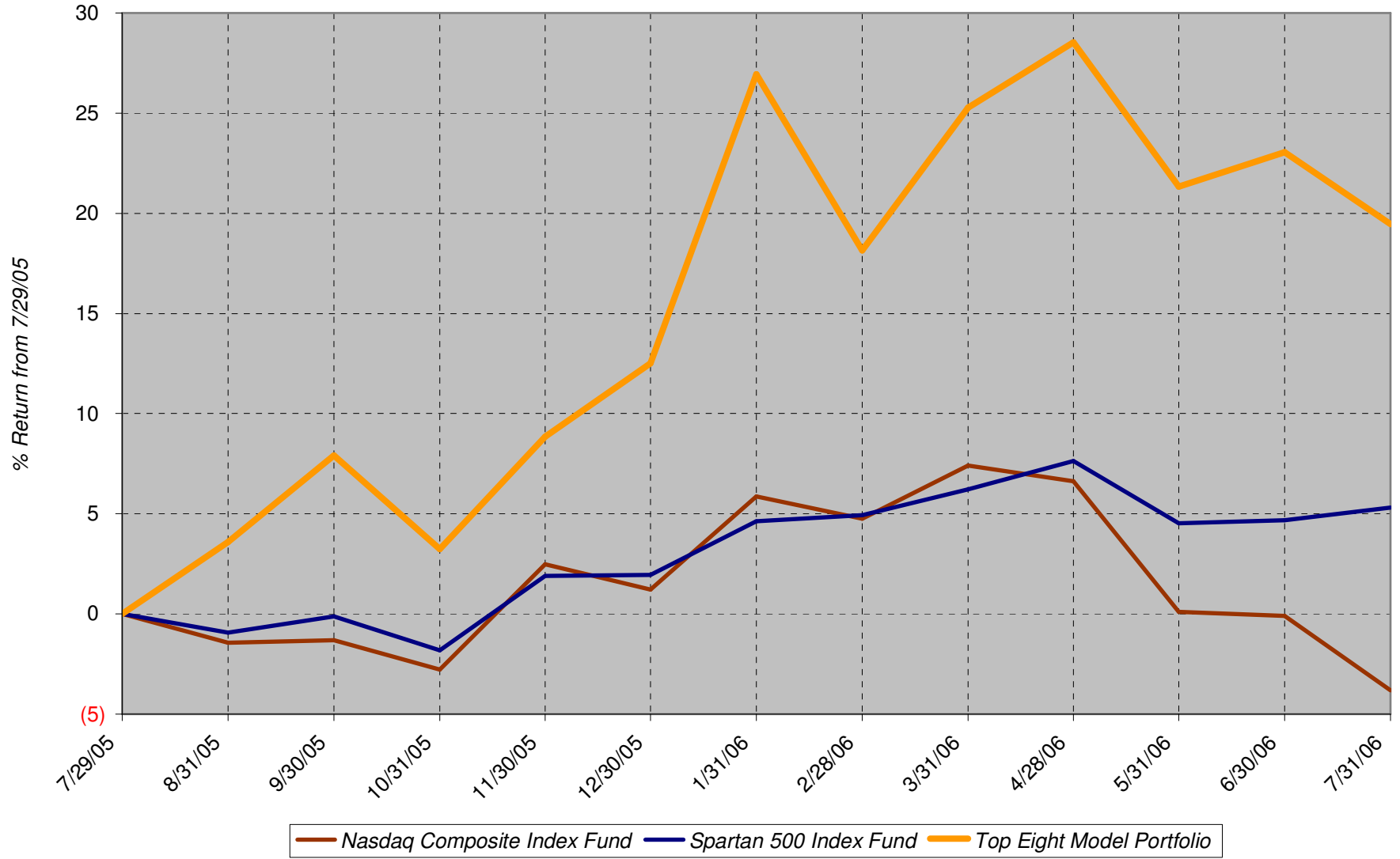
### 3-Year Chart



### 2-Year Chart



### 1-Year Chart



(5)