

# FIDELITY SELECT FUNDRANKER™

Volume 3 Issue 2

The Right Funds at the Right Time

February 2008

## January Performance

Gold was the lone bright spot for the Top Eight Model Portfolio with a one-month gain of 8.5%. The other seven funds weighed down the Top Eight Model Portfolio with losses ranging from 4.6% to 17.4% and propelled January 2008 into fourth place on the *10 Worst Months* list at right.

The S&P 500 tracking portfolio, the Top Eight Model Portfolio, and the Nasdaq Composite tracking portfolio all fell dramatically in January with losses of 6.001%, 8.140%, and 9.940%, respectively.

## Performance of Funds Sold in January

Fundranker exchanged two funds on January 3. Here are the returns they contributed to the Top Eight Model Portfolio:

Fund	Bought	Sold	Return
Consumer Staples (FDFA)	12/3/2007	1/3/2008	(1.65)%
Wireless (FWRLX)	6/4/2007	1/3/2008	4.88%

## Are We in a Recession?

The stock market apparently thinks so. Look at the 3-Month Return column on the Fundranker Ratings for 1/31/08 on page 2. Not a single Select fund turned in a positive performance. How the market performs going forward depends on how long and steep the downturn is. Do January gains for Banking, Construction & Housing, and Home Finance portend the end of the housing/mortgage crisis? How successful will the FOMC and legislators be in stimulating the economy to avert a recession or at least make it milder and shorter? In the past two decades, recessions generally have been milder, shorter, and farther apart than in the previous three decades, but will this downturn follow the pattern? Time will tell. Just don't try to time the market—let Fundranker position you to take advantage of the upturn when it comes.

## Qualified Dividends Update

The qualified dividends that Fidelity shows for your account at [www.fidelity.com](http://www.fidelity.com) and on your 2007 Form 1099-DIV are only potentially qualified, in that the mutual funds held the underlying securities for the required periods. You still must have held the mutual fund shares for the required holding period. The 2007 Supplemental Information which accompanies your 2007 Form 1099-DIV shows your potentially qualified dividends broken out by the fund that paid them. You still need to make sure that you held the shares on which the dividends were paid for at least 61 days during the 121-day period that started 60 days before the ex-date of the dividend. That's the IRS's confusing way to describe the holding period; it really just means that your holding period can precede, straddle, or follow the ex-date of the dividend.

Specifically, the Top Eight Model Portfolio did not hold shares of Pharmaceuticals or Consumer Staples long enough for any potentially qualified April or December dividends of those funds to be truly qualified. If you purchased or sold all or some of the shares of funds that paid potentially qualified dividends on different dates than the exchange dates used by the Top Eight Model Portfolio, you'll have to track each set of shares separately to determine whether you held them long enough for the dividend to be truly qualified.

## Holding Period Alert

If you purchased shares after January 4 of any funds which are being exchanged on February 4, then to avoid a *roundtrip* transaction under Fidelity's frequent trading policy for Select funds, you should wait at least 31 days before exchanging the funds. If that date is after February 8, to get back in sync with Fundranker exchange dates, consider holding the funds through February and

making appropriate exchanges on March 3, to funds in the Top Eight Model Portfolio for March.

## Investing New Money

If you are a new subscriber or you have new money to invest using the Fundranker system, first put the new money into Select Money Market. To reduce exposure to *roundtrip* transactions, on the next *Invest New Money Date* below, exchange your new money into the funds in the Top Eight Model Portfolio for that month.

New subscribers should allocate equal amounts to each of the eight funds. If you already have a portfolio of Top Eight funds, allocate new money only to funds that are not being exchanged. Allocate it to balance those funds as much as possible. When you make exchanges the following month, be careful to avoid *roundtrip* transactions, described at left in *Holding Period Alert*.

## 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. 1/2008	(8.140)%
5. 1/2006	12.835%	5. 11/2007	(7.831)%
6. 8/2000	12.601%	6. 9/2001	(7.795)%
7. 1/1999	11.490%	7. 9/2000	(7.245)%
8. 10/2003	11.191%	8. 4/2004	(7.224)%
9. 7/1997	10.606%	9. 10/1997	(7.032)%
10. 11/1999	10.174%	10. 2/2006	(6.929)%

## Top Eight Model Portfolio for February, 2008

1. Gold (FSAGX) — 5<sup>th</sup> month
2. Natural Resources (FNARX) — 11<sup>th</sup> month
3. Natural Gas (FSNGX) — 2<sup>nd</sup> month
4. Energy (FSENX) — 3<sup>rd</sup> month
5. Medical Equipment & Systems (FSMEX) — 1<sup>st</sup> month
6. Chemicals (FSCHX) — 3<sup>rd</sup> month
7. Consumer Staples (FDFA) — 1<sup>st</sup> month
8. Materials (FSDPX) — 3<sup>rd</sup> month

## Portfolio Exchanges for February 4, 2008

Sell Energy Service (FSESX), buy Med Equip & Sys (FSMEX)  
Sell Soft & Comp Serv (FSCSX), buy Consumer Staples (FDFA)

## Upcoming Portfolio Exchange Date

If all funds to be sold have been held longer than one month, the next exchange date will be March 3; otherwise it will be March 6.

## Invest New Money Date for February

Invest new money on February 4.

## Optional Rebalancing Exchange Dates

May 2, July 2, October 2, and December 2, 2008 (see the rebalancing FAQ at [www.fundranker.com](http://www.fundranker.com) for more information)

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<i>Fundranker Ratings for 1/31/08</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)	(11.27)	(12.98)	(17.58)	(4.38)	(11.553)	33
Automotive (FSAVX)	(7.41)	(13.45)	(20.66)	(3.13)	(11.163)	32
Banking (FSRBX)	(19.18)	(10.61)	(10.70)	2.33*	(8.540)	25
Biotechnology (FBIOX)	(1.59)	1.88*	(11.08)	(2.35)	(2.285)	13
Brokerage & Investment Mgmt (FSLBX)	(10.19)	(3.51)	(12.41)	(6.82)	(8.233)	24
Chemicals (FSCHX)	17.54*	5.33*	(6.53)	(4.62)	4.930	6
Communications Equipment (FSDCX)	(1.53)	(13.60)	(23.20)	(11.44)	(12.443)	34
Computers (FDCPX)	(3.44)	(11.40)	(25.53)	(18.68)	(14.763)	36
Construction & Housing (FSHOX)	(13.74)	(6.37)	(5.09)	5.35*	(3.963)	19
Consumer Discretionary (FSCPX)	(13.89)	(9.96)	(11.66)	(2.00)	(9.378)	30
Consumer Staples (FDFAX)	11.04*	6.21*	(5.60)	(5.99)	3.415	7
Defense & Aerospace (FSDAX)	6.31	(2.53)	(11.94)	(6.81)	(3.743)	17
Electronics (FSELX)	(13.01)	(21.28)	(22.87)	(15.79)	(18.238)	39
Energy (FSENX)	29.36*	5.97*	(7.30)	(10.89)	6.285	4
Energy Service (FSESX)	30.74*	(6.33)	(15.60)	(17.42)	(1.153)	11
Environmental (FSLEX)	1.51	0.64*	(10.01)	(8.57)	(3.108)	14
Financial Services (FIDSX)	(16.46)	(9.57)	(12.98)	(2.32)	(10.333)	31
Gold (FSAGX)	37.24*	31.62*	(0.80)	8.50*	22.140	1
Health Care (FSPHX)	2.44	0.47	(8.84)	(6.64)	(3.143)	15
Home Finance (FSVLX)	(37.17)	(25.26)	(16.77)	1.47*	(18.433)	40
Industrial Equipment (FSCGX)	9.67*	(2.24)	(10.12)	(9.04)	(1.933)	12
Industrials (FCYIX)	6.74	(3.80)	(10.50)	(7.23)	(3.698)	16
Insurance (FSPCX)	(9.02)	(7.32)	(11.41)	(6.77)	(8.630)	27
IT Services (FBSOX)	(0.33)	(11.22)	(13.07)	(9.75)	(8.593)	26
Leisure (FDLSX)	(3.44)	(1.67)	(12.41)	(4.55)	(5.518)	21
Materials (FSDPX)	16.09*	3.28*	(8.38)	(5.71)	3.320	8
Medical Delivery (FSHCX)	6.21	3.59*	(3.75)	(6.65)	0.850	10
Medical Equipment & Systems (FSMEX)	11.06*	6.69*	(1.52)	(1.81)	5.605	5
Multimedia (FBMPX)	(18.17)	(15.54)	(14.42)	(6.65)	(13.695)	35
Natural Gas (FSNGX)	24.78*	8.64*	(7.14)	(7.69)	6.648	3
Natural Resources (FNARX)	32.20*	7.51*	(8.11)	(10.46)	7.285	2
Networking & Infrastructure (FNINX)	(16.06)	(19.92)	(29.15)	(15.73)	(20.215)	41
Paper & Forest Products (FSPFX)	(5.84)	(7.76)	(10.91)	(3.89)	(7.100)	22
Pharmaceuticals (FPHAX)	1.89	(0.65)	(9.65)	(7.73)	(4.035)	20
Retailing (FSRPX)	(13.54)	(10.20)	(10.28)	(2.15)	(9.043)	29
Software & Computer Services (FSCSX)	3.79	(1.46)	(17.28)	(13.60)	(7.138)	23
Technology (FSPTX)	(3.12)	(13.71)	(26.74)	(17.63)	(15.300)	38
Telecommunications (FSTCX)	(9.84)	(17.36)	(20.21)	(11.78)	(14.798)	37
Transportation (FSRFX)	(4.16)	(7.73)	(9.43)	2.03*	(3.823)	18
Utilities Growth (FSUTX)	9.16*	3.96*	(8.53)	(7.53)	1.265	9
Wireless (FWRLX)	6.85*	(10.32)	(22.73)	(13.66)	(8.965)	28

\*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

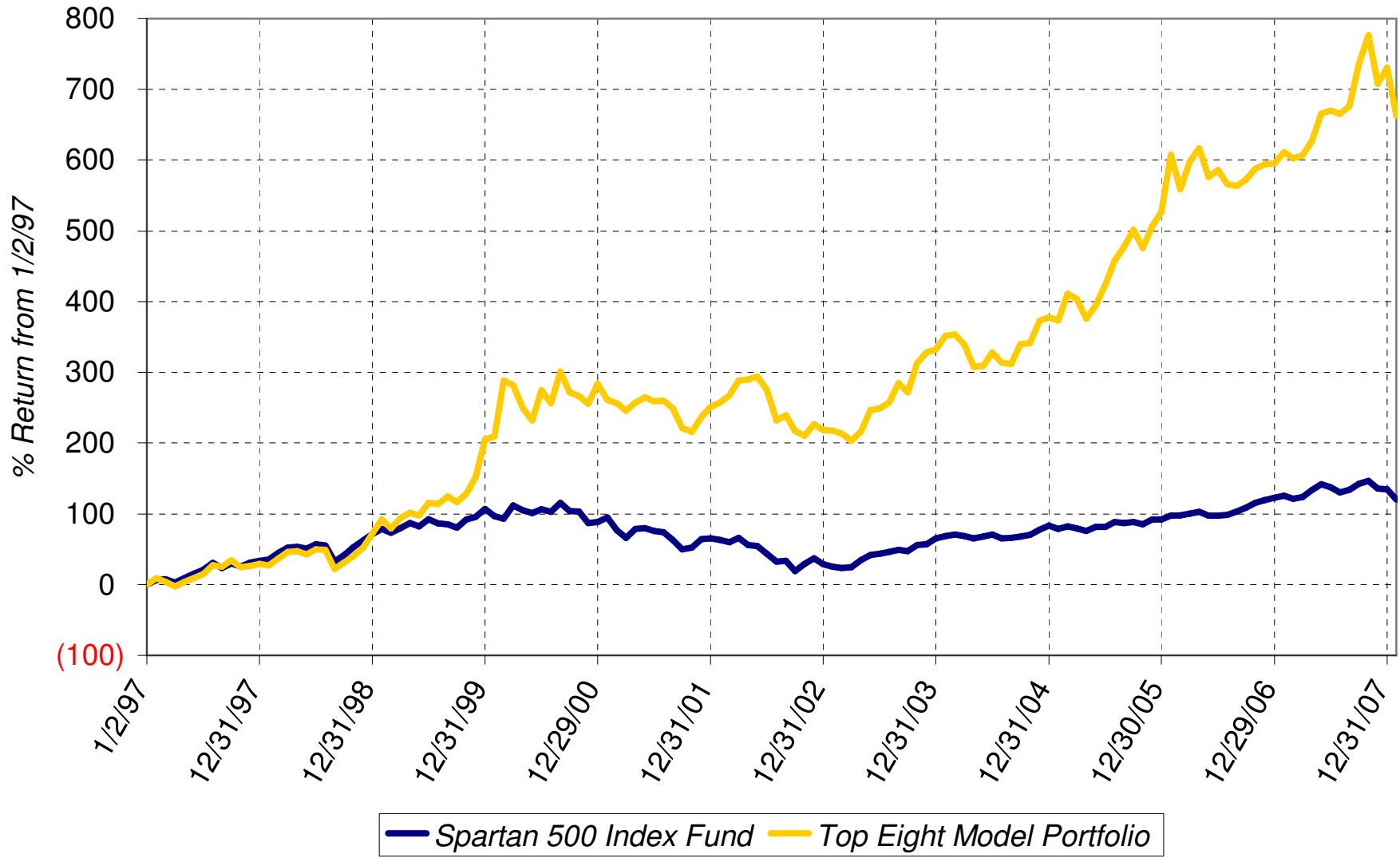
Sell on February 4, 2008

Buy on February 4, 2008

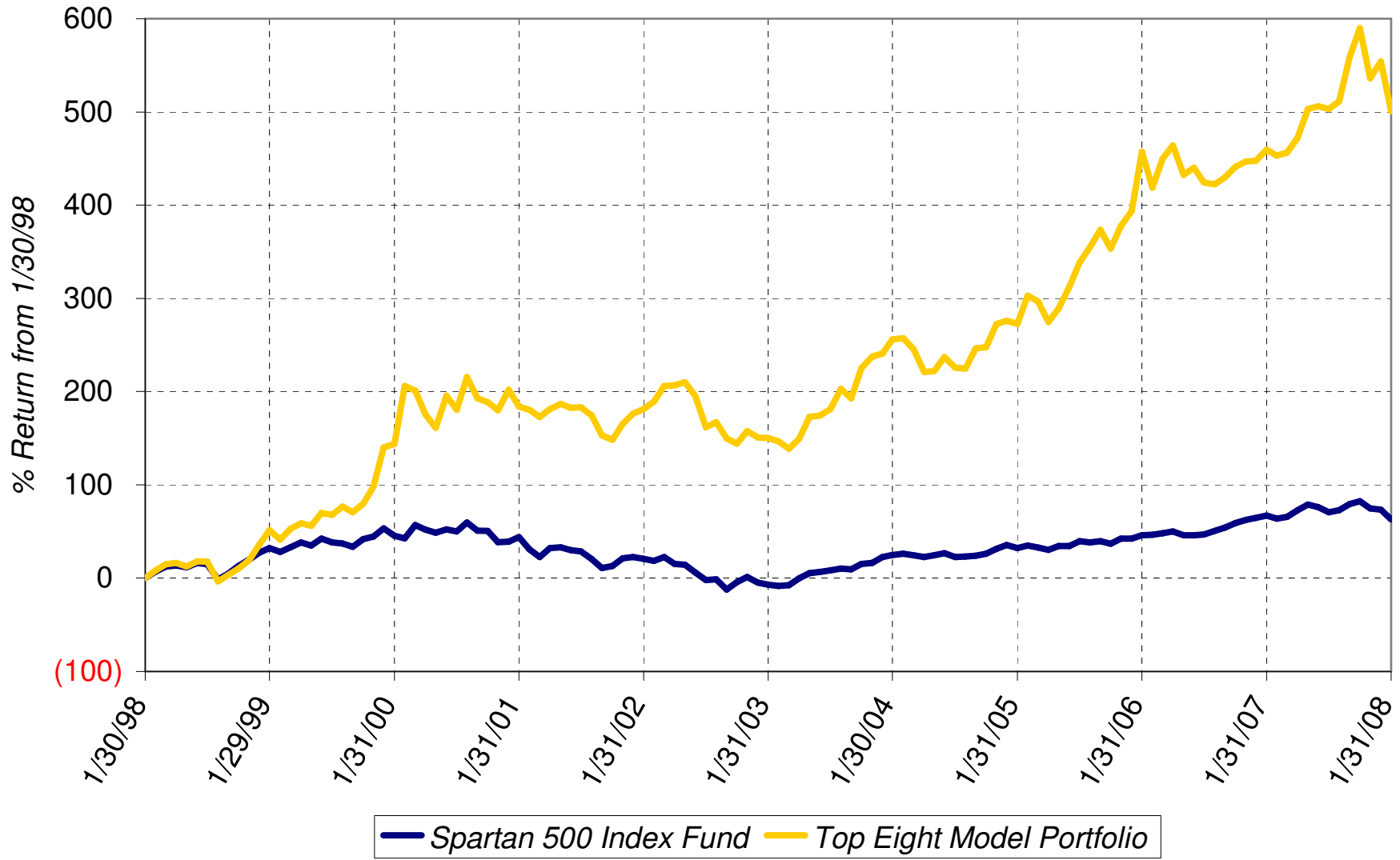
Hold

Fundranker Performance for January 2008													
12/31	12/31	12/31	<=1/3	1/3	1/3	1/3	1/3	1/3	>1/3	1/31	1/31	Jan	
Funds	Shares	Amount	Div Shrs	Shares	Amount	Funds	Shares	Amount	Div Shrs	Shares	Amount	Return	
FSAGX	606.653	24,193.32	none	606.653	26,353.01	FNARX	620.544	25,293.37	none	620.544	22,252.71		
FSEX	250.429	25,448.59	none	250.429	26,320.09	FSEX	240.660	25,293.37	none	240.660	20,196.19		
FDFA	362.767	24,145.77	none	362.767	23,819.28	FSEN	374.606	25,293.37	none	374.606	22,255.34		
FNARX	652.498	26,132.54	none	652.498	26,595.82	FSNGX	514.511	25,293.37	none	514.511	23,029.51		
FSEN	394.569	26,305.92	none	394.569	26,641.30	FSCSX	316.128	25,293.37	none	316.128	22,185.86		
FSCHX	296.195	24,504.21	none	296.195	24,501.25	FSAGX	582.260	25,293.37	none	582.260	25,194.39		
FWRLX	2,760.571	23,851.33	none	2,760.571	23,382.04	FSDPX	433.032	25,293.37	none	433.032	23,877.38		
FSDPX	423.458	24,763.82	none	423.458	24,734.18	FSCHX	305.771	25,293.37	none	305.771	24,128.39		
<b>Top Eight</b>		<b>199,345.50</b>			<b>202,346.97</b>			<b>202,347.00</b>			<b>183,119.77</b>		<b>(8.140)</b>
FNCMX	1,520.467	53,383.60	none						none	1,520.467	48,077.17		<b>(9.940)</b>
FSMKX	555.389	56,272.01	none						none	555.389	52,895.25		<b>(6.001)</b>
<b>Yearly Summaries</b>					<b>1997</b>		<b>1998</b>		<b>1999</b>		<b>2000</b>		<b>2001</b>
					Return %		Return %		Return %		Return %		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>					<b>2002</b>		<b>2003</b>		<b>2004</b>		<b>2005</b>		<b>2006</b>
					Return %		Return %		Return %		Return %		Return %
<i>Top Eight Model Portfolio</i>					<b>(9.333)</b>		35.952		10.340		31.341		10.863
Nasdaq Composite Index Fund					N/A		N/A		8.598		1.902		10.031
Spartan 500 Index Fund					<b>(22.173)</b>		28.487		10.733		4.858		15.712
<b>Yearly Summaries</b>					<b>2007</b>								
					Return %								
<i>Top Eight Model Portfolio</i>					19.463								
Nasdaq Composite Index Fund					10.497								
Spartan 500 Index Fund					5.426								
<b>Lifetime Summary</b>					<b>1/2/97 to 1/31/08</b>				<b>1/2/97 to 1/31/08</b>				
					Total Return %				Average Annual Return %				
<i>Top Eight Model Portfolio</i>					662.999				20.123				
Nasdaq Composite Index Fund					N/A				N/A				
Spartan 500 Index Fund					120.397				7.391				
<b>10-Year Summary</b>					<b>1/30/98 to 1/31/08</b>				<b>1/30/98 to 1/31/08</b>				
					Total Return %				Average Annual Return %				
<i>Top Eight Model Portfolio</i>					500.813				19.639				
Nasdaq Composite Index Fund					N/A				N/A				
Spartan 500 Index Fund					63.099				5.014				
<b>5-Year Summary</b>					<b>1/31/03 to 1/31/08</b>				<b>1/31/03 to 1/31/08</b>				
					Total Return %				Average Annual Return %				
<i>Top Eight Model Portfolio</i>					140.217				19.157				
Nasdaq Composite Index Fund					N/A				N/A				
Spartan 500 Index Fund					75.724				11.935				
<b>3-Year Summary</b>					<b>1/31/05 to 1/31/08</b>				<b>1/31/05 to 1/31/08</b>				
					Total Return %				Average Annual Return %				
<i>Top Eight Model Portfolio</i>					61.088				17.225				
Nasdaq Composite Index Fund					17.696				5.581				
Spartan 500 Index Fund					23.257				7.219				
<b>1-Year Summary</b>					<b>1/31/07 to 1/31/08</b>								
					Total Return %								
<i>Top Eight Model Portfolio</i>					7.333								
Nasdaq Composite Index Fund					(2.502)								
Spartan 500 Index Fund					(2.375)								
<b>YTD Summary</b>					<b>12/31/07 to 1/31/08</b>								
					Total Return %								
<i>Top Eight Model Portfolio</i>					<b>(8.140)</b>								
Nasdaq Composite Index Fund					<b>(9.940)</b>								
Spartan 500 Index Fund					<b>(6.001)</b>								

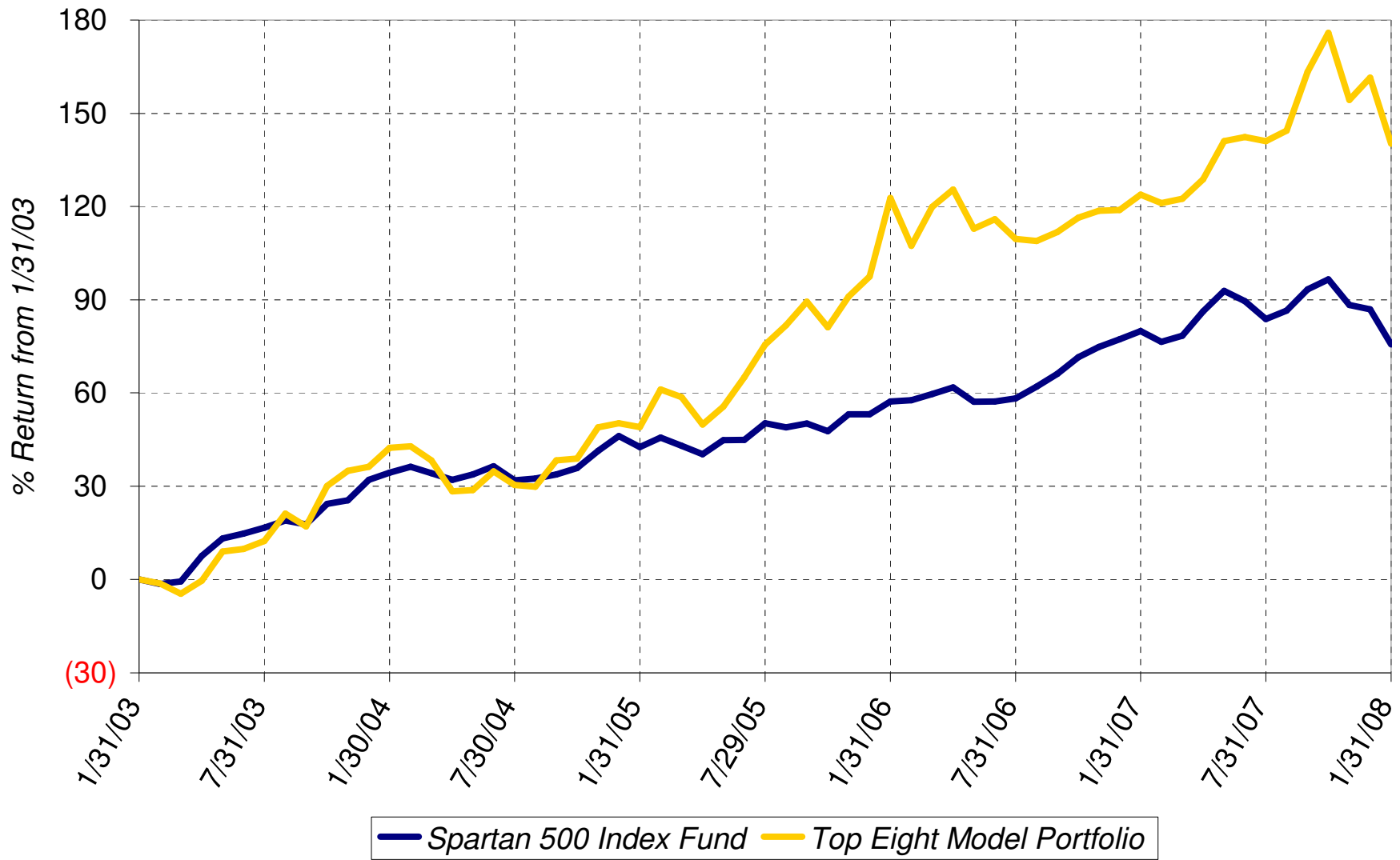
### Lifetime Chart



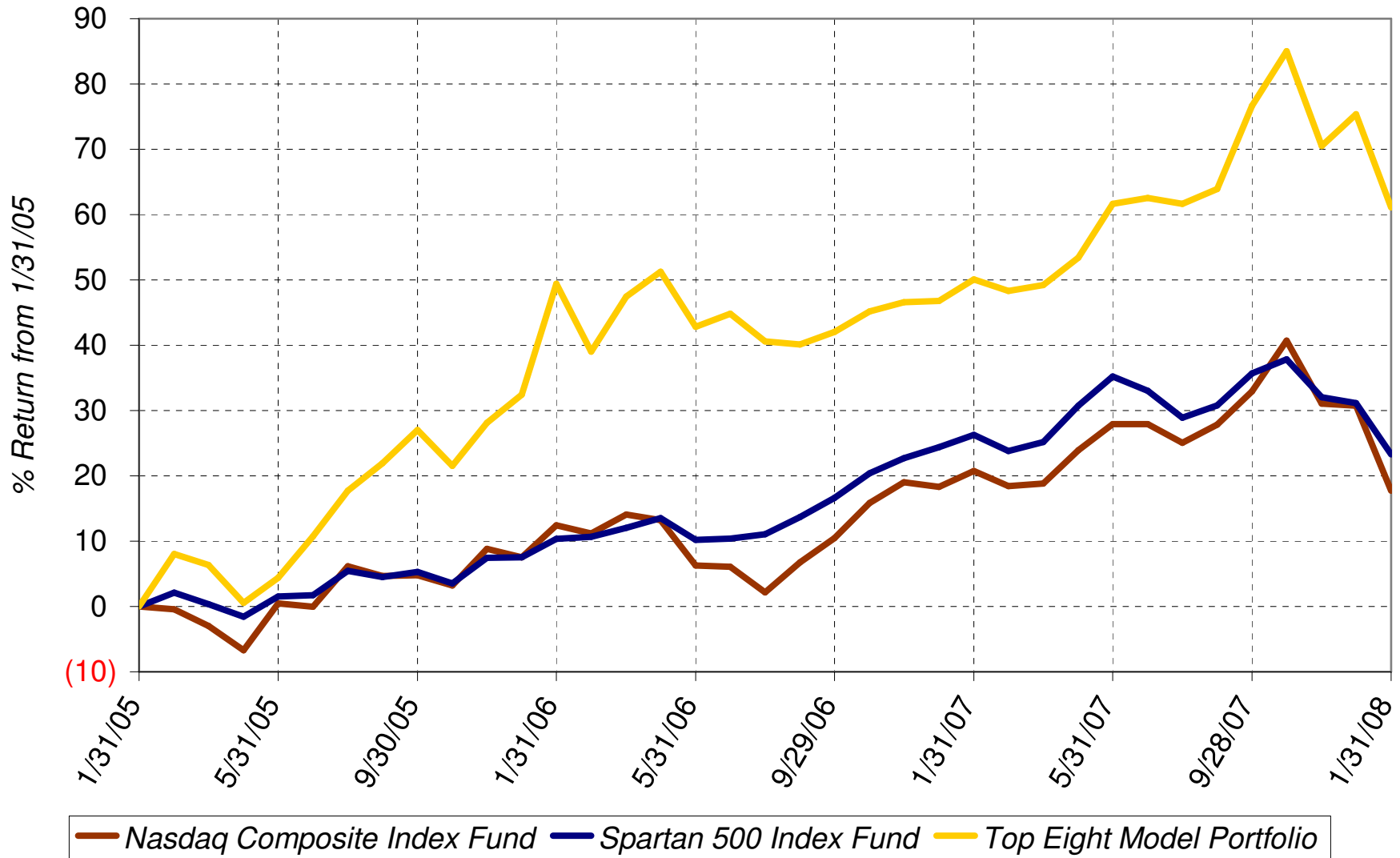
### 10-Year Chart



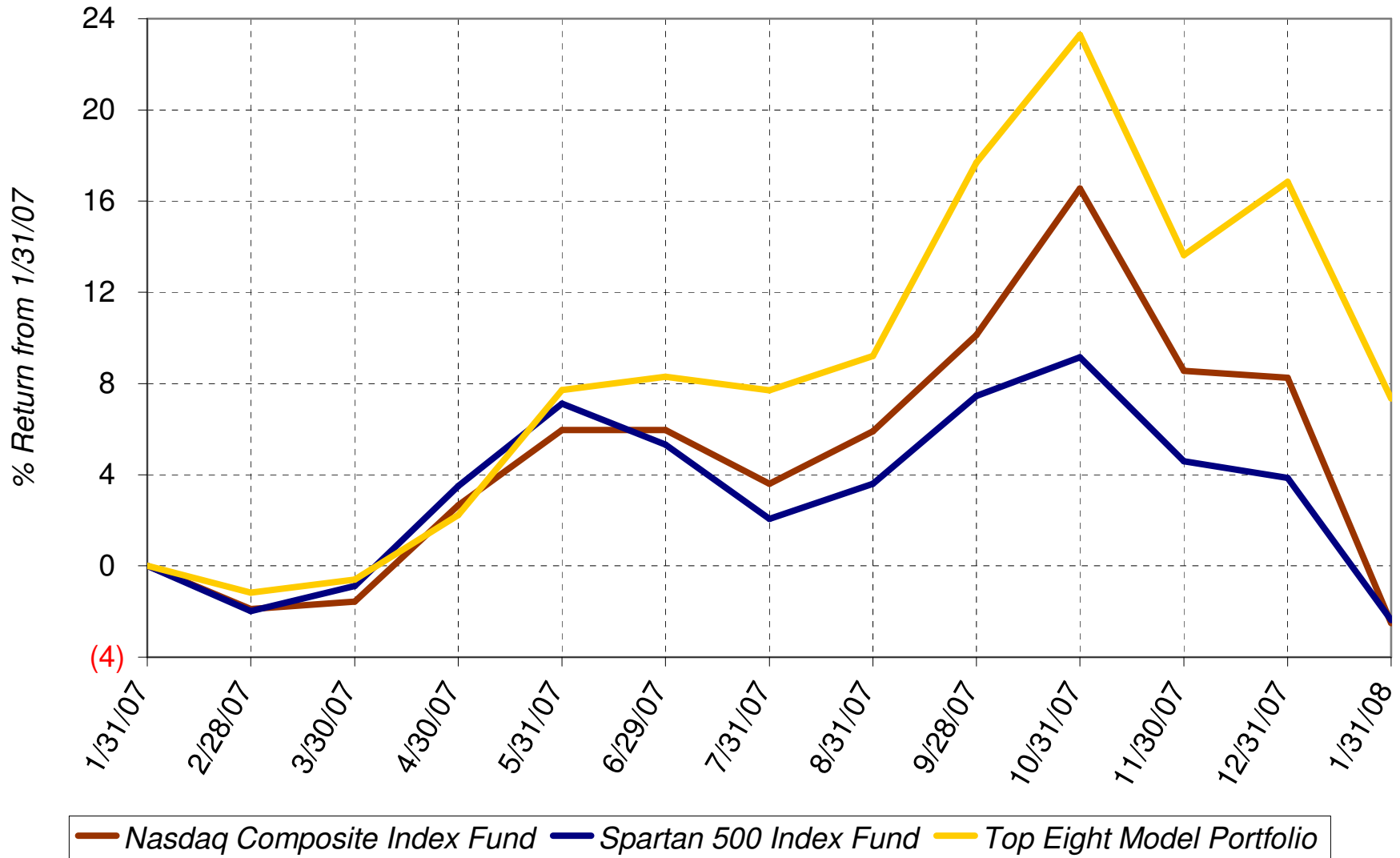
### 5-Year Chart



### 3-Year Chart



### 1-Year Chart



Month-to-Date Chart  
(as of 1/31/08)

