

FIDELITY SELECT FUNDRAKER™

Volume 1 Issue 1

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Introducing Fidelity Select Fundranker

In this premier issue of *Fidelity Select Fundranker*, you will find succinct, compelling information for investing in Fidelity Investments' Select mutual funds. Fidelity Investments' 41 Select mutual funds superbly cover the American stock market and have significant international exposure, as well. *Fidelity Select Fundranker* clearly shows which of the Select mutual funds are performing well and which are not. *Fidelity Select Fundranker* research using data from December 29, 1995, forward reveals that eight is the optimal number of top-ranked funds in which to invest (see the *Top Eight Model Portfolio* box below right) and that equal amounts should be invested in them. This time period covered up, down, and sideways market movements, so it thoroughly tested the *Fidelity Select Fundranker* system. As you will see in the *Fundranker* Performance section, the 527% nine-year return for the *Fidelity Select Fundranker* system from January 1997, through December 2005, is quite impressive.

The methodology of calculating the *Fidelity Select Fundranker* ratings for Fidelity Investments' Select mutual funds at the end of each month is as follows. Monthly closing NAVs and reinvested distributions for the funds are used to calculate returns for one-, three-, six-, and 12-month periods. The returns for the four periods are averaged and bonus points are awarded to funds whose returns are in the top 12 positive returns for each of the one-, three-, six-, and 12-month periods. Averaging returns for the four different periods with equal weight skews the *Fidelity Select Fundranker* ratings toward short-term performance, and adding bonus points for funds in the top 12 positive returns for each time period skews the ratings even more toward the top performing funds. Think of the *Fidelity Select Fundranker* rating for each of Fidelity Investments' Select mutual funds as an excellent indicator of how well that fund is performing in current market conditions.

Top Eight Model Portfolio performance is tracked using a theoretical portfolio that started with \$24,000 (\$3,000 in each of the eight funds) on January 2, 1997. On each exchange date, the total value of the theoretical portfolio is divided equally between the eight funds for that month. For comparison, the performance of the S&P 500 Index (using the Fidelity Spartan 500 Index Fund) and the Nasdaq Composite Index (using the Fidelity Nasdaq Composite Index Fund) are also tracked with theoretical portfolios. Each tracking portfolio includes reinvested distributions.

The *Fidelity Select Fundranker* system works well with both taxable and retirement accounts. Many of the trades indicated by the system are short term, so it does work better for retirement accounts because you can avoid tax consequences; however, past returns have justified the system's use for taxable accounts, as well, even if you must redeem shares to pay the taxes.

Getting Started

When you first invest in Fidelity Investments' Select no-load mutual funds using the *Fidelity Select Fundranker* system, open a Fidelity mutual fund account online at www.fidelity.com and put all of your funds in Fidelity Select Money Market. When that process is complete, buy equal amounts of the funds in the *Top Eight Model Portfolio* on the next exchange date used by the *Fidelity Select Fundranker* system (see box at right).

If you enter exchanges using Fidelity Investments' automated telephone service or online at www.fidelity.com, you will avoid the \$7.50 exchange fee which Fidelity charges for exchanges handled by a representative.

Fidelity Investments requires \$2,500 to open an individual, joint, traditional IRA, or Roth-IRA account in a Select mutual fund, so with these types of accounts, the absolute minimum you would need to

invest in the funds in the *Top Eight Model Portfolio* is \$20,000. This minimum, however, would leave you open to a fund falling below \$2,500 during the course of time it is held, which would make it problematic to exchange it to another fund. To avoid this situation, you should have \$24,000 or more to invest using the *Fidelity Select Fundranker* system in these types of accounts.

For SEP-IRA or Keogh retirement accounts, however, Fidelity Investments requires only \$500 to open an account in a fund, so you should have \$4,800 (\$600 for each fund) or more to invest using the *Fidelity Select Fundranker* system in these types of accounts.

Exchange Dates

Carefully selected dates on which to exchange funds in the first few days of each month allow time to distribute this newsletter as well as meet Fidelity Investments 30-day holding period to avoid short term trading fees. Make your exchanges on these exchange dates, and you will avoid short term trading fees.

Ratings and Performance Data

The *Fundranker* Ratings section contains return, rating, and ranking data for all of Fidelity Investments' Select mutual funds. You can see exactly how each fund is rated and how it ranks among all of the funds. Funds that drop out of the *Top Eight Model Portfolio* are highlighted in red, new funds are highlighted in green, and funds that continue in the *Portfolio* are highlighted in orange.

The *Fundranker* Performance section contains the latest monthly performance figures, yearly returns for 1997 to 2005, and total and annual returns for various periods for the *Top Eight Model Portfolio*, the S&P 500 Index Fund tracking portfolio, and the Nasdaq Composite Index Fund tracking portfolio.

Equalization of Funds

In practice, since exchange prices for funds cannot be predicted, it is impossible to always have exactly equal amounts invested in each of the funds in the *Top Eight Model Portfolio*. Just make sure you start with equal amounts when you first invest in the funds in the *Top Eight Model Portfolio*. From month to month, as you make the prescribed exchanges, the amounts in your eight funds will vary, but over the long run, they should stay fairly close to equal. If you invest new money, allocate it to help equalize your funds.

Top Eight Model Portfolio for January, 2006

1. Gold (FSAGX)
2. Energy Service (FSESX)
3. Natural Resources (FNARX)
4. Energy (FSENX)
5. Natural Gas (FSNGX)
6. Brokerage & Investment Mgmt (FSLBX)
7. Air Transportation (FSAIX)
8. Industrial Materials (FSDPX)

Exchanges for January 3, 2006

Sell Medical Delivery (FSHCX), buy Air Transportation (FSAIX)
Sell Transportation (FSRFX), buy Industrial Materials (FSDPX)

Upcoming Exchange Dates

Upcoming exchange dates are February 2, March 3, April 3, May 2, June 2, and July 3, 2006.

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. © 2006 Fidelity Select Fundranker

<i>Fundranker Ratings for 12/30/05</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)	21.91*	20.44*	10.38*	3.74*	18.118	7
Automotive (FSAVX)	(1.75)	4.68	(2.84)	3.70*	1.948	40
Banking (FSRBX)	(0.14)	4.18	5.23	(0.41)	2.215	39
Biotechnology (FBIOX)	8.76	15.00*	5.06	2.25	8.768	12
Brokerage & Investment Mgmt (FSLBX)	29.87*	22.14*	11.27*	1.71	19.248	6
Business Services & Outsourcing (FBSOX)	6.10	11.80	5.48*	0.24	6.905	20
Chemicals (FSCHX)	1.10	5.02	5.74*	3.45*	5.828	25
Computers (FDCPX)	2.65	7.03	1.52	(0.77)	2.608	35
Construction & Housing (FSHOX)	9.36	0.68	(0.17)	0.38	2.563	36
Consumer Industries (FSCPX)	2.82	3.36	4.51	(0.22)	2.618	34
Cyclical Industries (FCYIX)	12.33	11.98	4.74	1.84	7.723	18
Defense & Aerospace (FSDAX)	17.89*	7.80	1.35	2.85*	9.473	11
Developing Communications (FSDCX)	3.52	12.29*	2.30	1.42	5.883	24
Electronics (FSELX)	15.75*	11.64	3.36	0.14	8.723	13
Energy (FSENX)	51.99*	20.66*	(2.79)	2.66*	21.130	4
Energy Service (FSESX)	54.14*	26.25*	2.56	3.30*	24.563	2
Environmental (FSLEX)	9.37	7.27	(0.51)	1.10	4.308	27
Financial Services (FIDSX)	7.48	10.28	7.34*	0.95	7.513	19
Food & Agriculture (FDFAX)	5.85	6.04	1.89	1.06	3.710	31
Gold (FSAGX)	40.59*	47.41*	17.45*	8.93*	32.595	1
Health Care (FSPHX)	16.88*	9.57	3.16	0.99	8.650	14
Home Finance (FSVLX)	(7.12)	1.90	4.91	0.38	0.017	41
Industrial Equipment (FSCGX)	7.41	11.67	3.51	0.61	5.800	26
Industrial Materials (FSDPX)	14.32	22.34*	8.56*	3.80*	15.255	8
Insurance (FSPCX)	13.76	10.20	5.34*	(0.76)	8.135	17
Leisure (FDLSX)	3.99	8.11	6.26*	1.25	5.903	23
Medical Delivery (FSHCX)	29.02*	10.85	4.22	2.19	12.570	9
Medical Equipment & Systems (FSMEX)	7.46	4.04	0.42	(1.27)	2.663	33
Multimedia (FBMPX)	7.44	9.18	5.68*	(0.16)	6.535	21
Natural Gas (FSNGX)	45.71*	20.62*	(4.53)	3.71*	19.378	5
Natural Resources (FNARX)	46.01*	23.93*	(0.30)	3.60*	21.310	3
Networking & Infrastructure (FNINX)	0.00	11.37	3.07	0.86	3.825	29
Paper & Forest Products (FSPFX)	(8.29)	12.07	10.68*	3.08*	6.385	22
Pharmaceuticals (FPHAX)	9.79	12.08*	1.85	2.48*	8.550	15
Retailing (FSRPX)	7.13	0.61	5.07	(0.37)	3.110	32
Software & Computer Services (FSCSX)	0.04	6.56	1.39	1.23	2.305	38
Technology (FSPTX)	4.92	8.30	2.65	(0.91)	3.740	30
Telecommunications (FSTCX)	5.15	8.08	2.84	(0.67)	3.850	28
Transportation (FSRFX)	11.90	21.28*	7.59*	0.71	12.370	10
Utilities Growth (FSUTX)	9.36	3.46	(2.21)	(0.89)	2.430	37
Wireless (FWRLX)	17.32*	10.68	1.03	0.00	8.258	16

*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

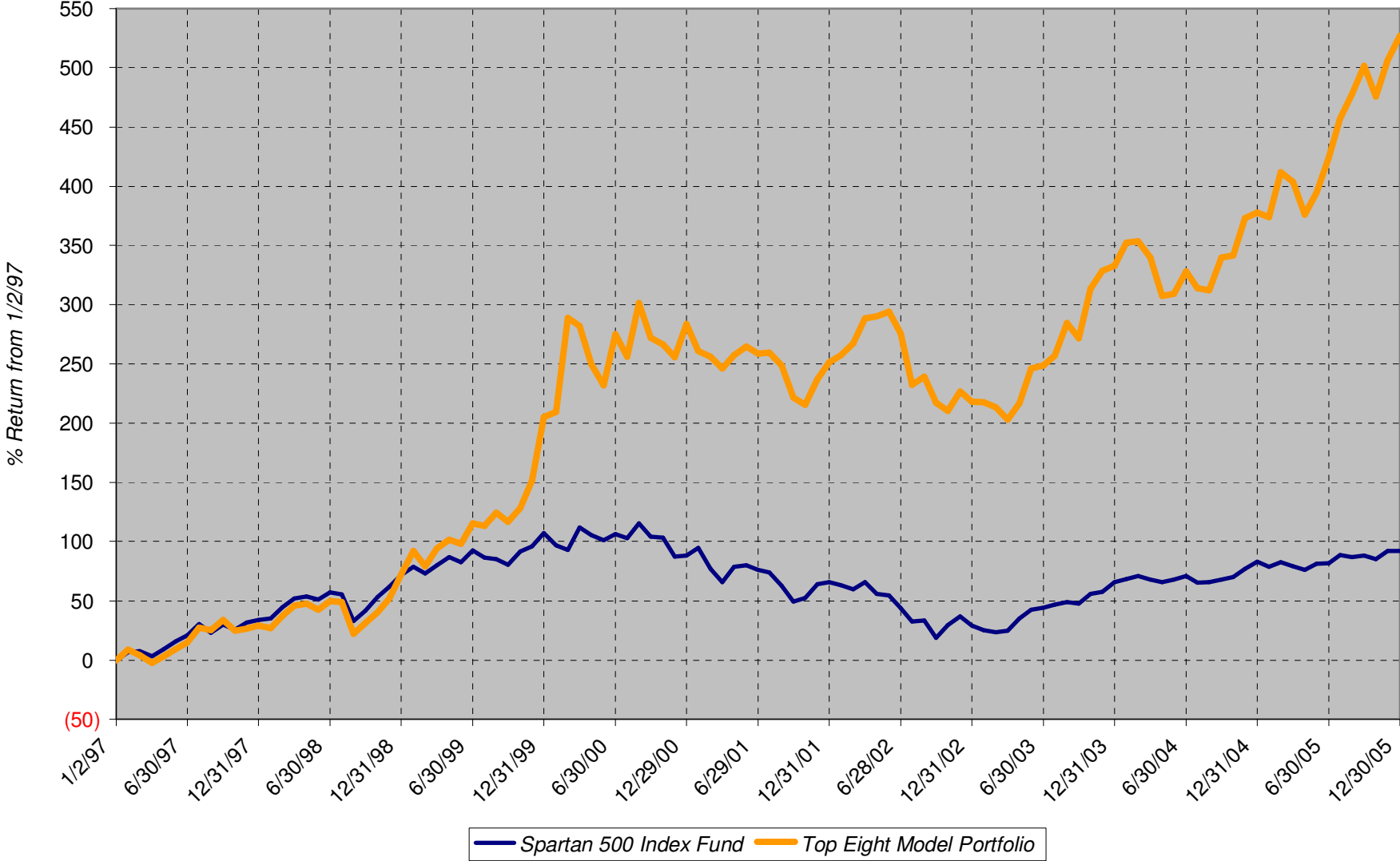
Sell on January 3, 2006

Buy on January 3, 2006

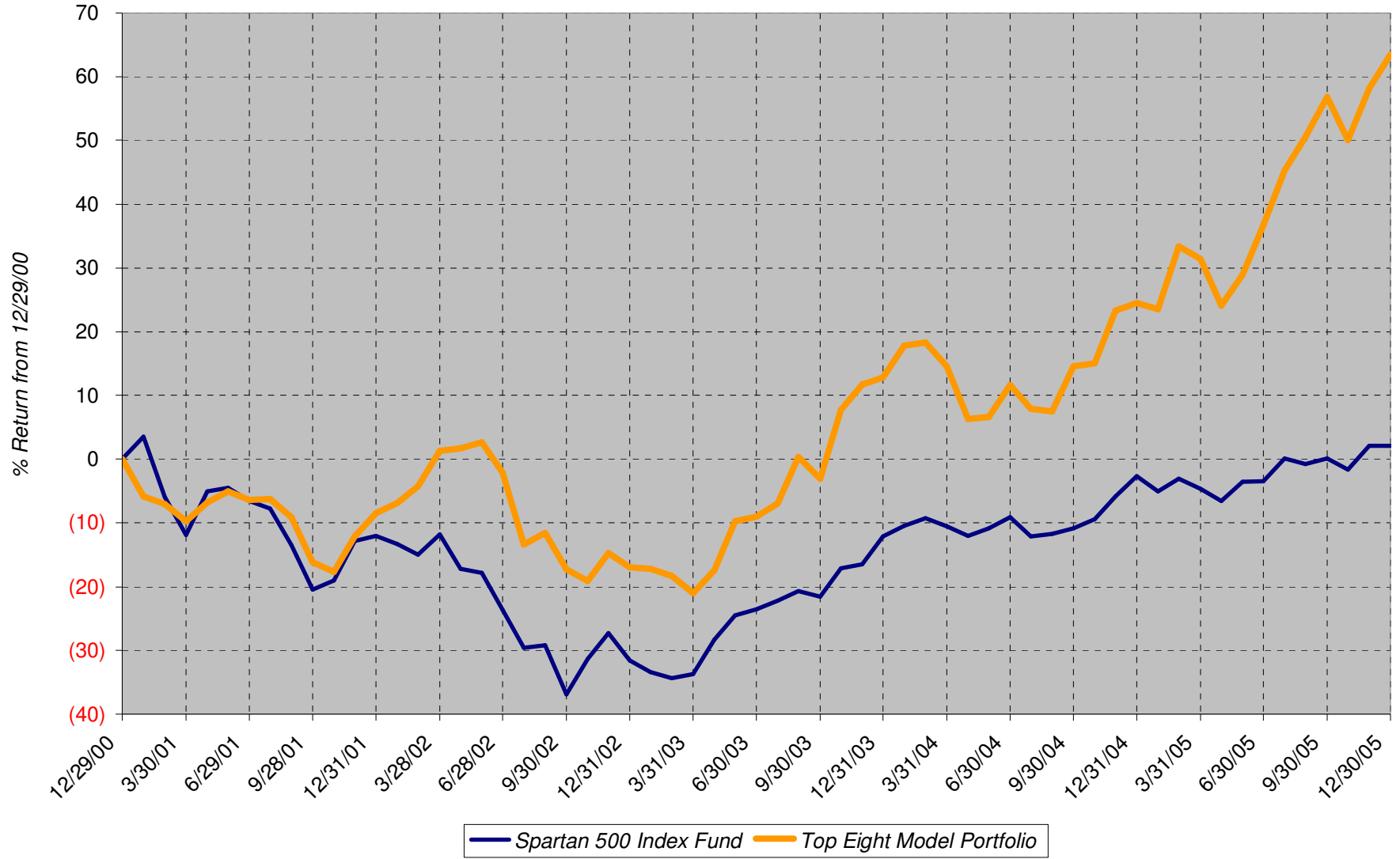
Hold

Fundranker Performance for December 2005													
11/30 Funds	11/30 Shares	11/30 Amount	<=12/2 Div Shrs	12/2 Shares	12/2 Amount	12/2 Funds	12/2 Shares	12/2 Amount	>12/2 Div Shrs	12/30 Shares	12/30 Amount	Dec Return	
FSESX	281.736	17,929.68	none	281.736	18,586.12	FSAGX	561.007	18,687.15	41.799	602.806	20,037.27		
FSENX	371.466	17,559.20	none	371.466	18,146.11	FSLBX	256.480	18,687.15	13.307	269.787	18,601.81		
FSNGX	446.848	17,498.57	none	446.848	18,173.31	FSESX	283.267	18,687.15	none	283.267	18,621.97		
FSLBX	259.492	18,504.37	none	259.492	18,906.59	FSENX	382.541	18,687.15	14.467	397.008	18,564.09		
FSHCX	336.028	18,269.84	none	336.028	18,656.27	FNARX	751.695	18,687.15	21.252	772.947	18,743.96		
FNARX	741.685	17,852.36	none	741.685	18,438.29	FSNGX	459.482	18,687.15	21.205	480.687	18,660.27		
FSAGX	594.745	19,501.69	none	594.745	19,810.96	FSHCX	336.584	18,687.15	6.171	342.755	18,700.71		
FSAIX	467.154	18,494.63	none	467.154	18,779.59	FSRFX	391.764	18,687.15	6.433	398.197	18,587.84		
Top Eight		145,610.34			149,497.24			149,497.20			150,517.92	3.370	
FNCMX	1,466.210	44,455.49	none						8.191	1,474.401	43,907.66	(1.232)	
FSMKX	530.604	46,114.79	none						5.646	536.250	46,128.23	0.029	
Yearly Summaries				1997 Return %	1998 Return %	1999 Return %	2000 Return %	2001 Return %					
<i>Top Eight Model Portfolio</i>				29.144	33.441	76.892	25.824	(8.468)					
Nasdaq Composite Index Fund				N/A	N/A	N/A	N/A	N/A					
Spartan 500 Index Fund				33.628	28.498	20.633	(9.132)	(12.054)					
Yearly Summaries				2002 Return %	2003 Return %	2004 Return %	2005 Return %						
<i>Top Eight Model Portfolio</i>				(9.333)	35.952	10.340	31.341						
Nasdaq Composite Index Fund				N/A	N/A	8.598	1.902						
Spartan 500 Index Fund				(22.173)	28.487	10.733	4.858						
Lifetime Summary				1/2/97 to 12/30/05 Total Return %		1/2/97 to 12/30/05 Average Annual Return %							
<i>Top Eight Model Portfolio</i>				527.158		22.630							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund				92.201		7.530							
5-Year Summary				12/29/00 to 12/30/05 Total Return %		12/29/00 to 12/30/05 Average Annual Return %							
<i>Top Eight Model Portfolio</i>				63.509		10.334							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund				2.114		0.419							
3-Year Summary				12/31/02 to 12/30/05 Total Return %		12/31/02 to 12/30/05 Average Annual Return %							
<i>Top Eight Model Portfolio</i>				97.024		25.364							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund				49.189		14.265							
2-Year Summary				12/31/03 to 12/30/05 Total Return %		12/31/03 to 12/30/05 Average Annual Return %							
<i>Top Eight Model Portfolio</i>				44.922		20.383							
Nasdaq Composite Index Fund				10.664		5.197							
Spartan 500 Index Fund				16.112		7.755							
1-Year Summary				12/31/04 to 12/30/05 Total Return %									
<i>Top Eight Model Portfolio</i>				31.341									
Nasdaq Composite Index Fund				1.902									
Spartan 500 Index Fund				4.858									
YTD Summary				12/31/04 to 12/30/05 Total Return %									
<i>Top Eight Model Portfolio</i>				31.341									
Nasdaq Composite Index Fund				1.902									
Spartan 500 Index Fund				4.858									

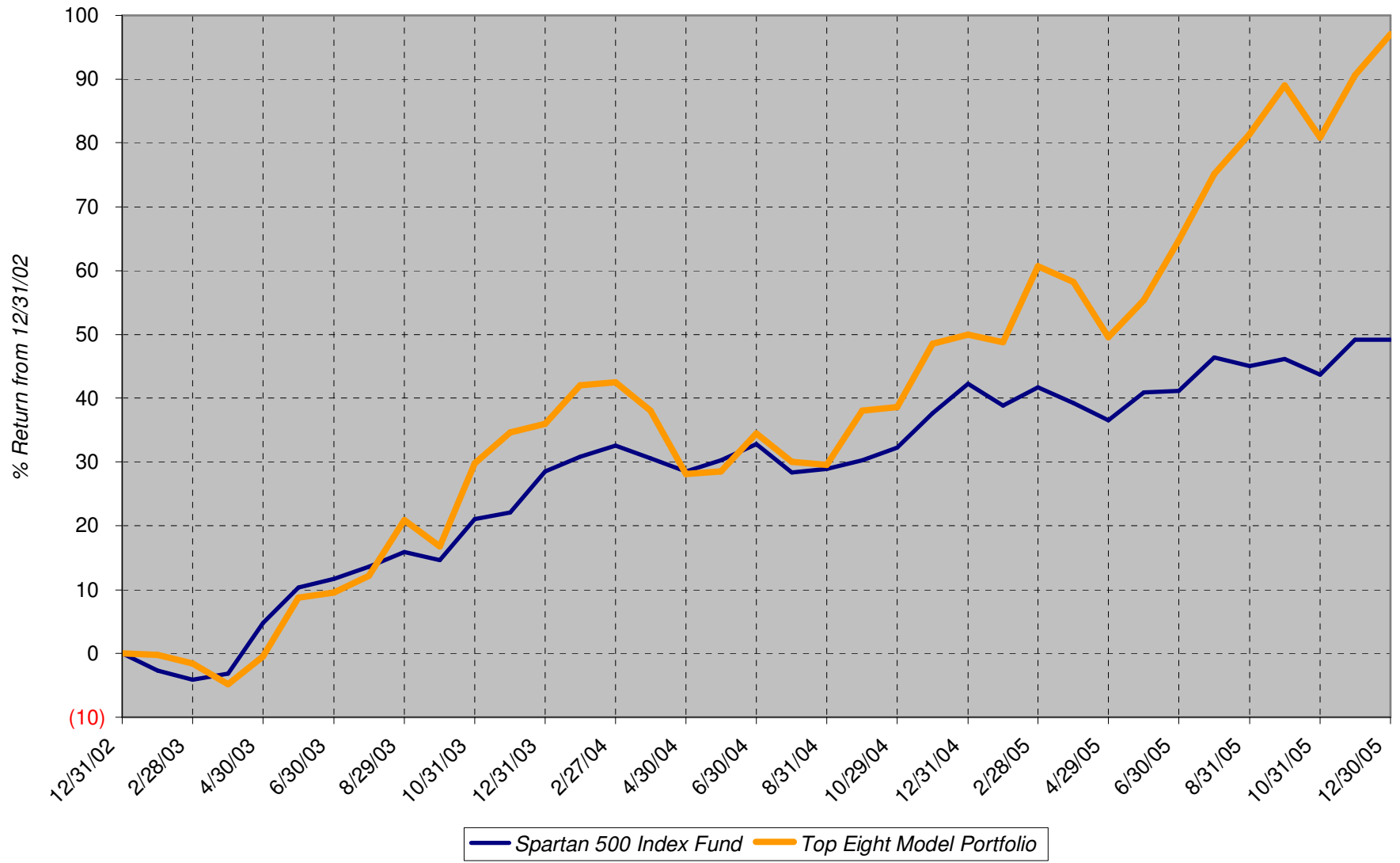
Lifetime Chart



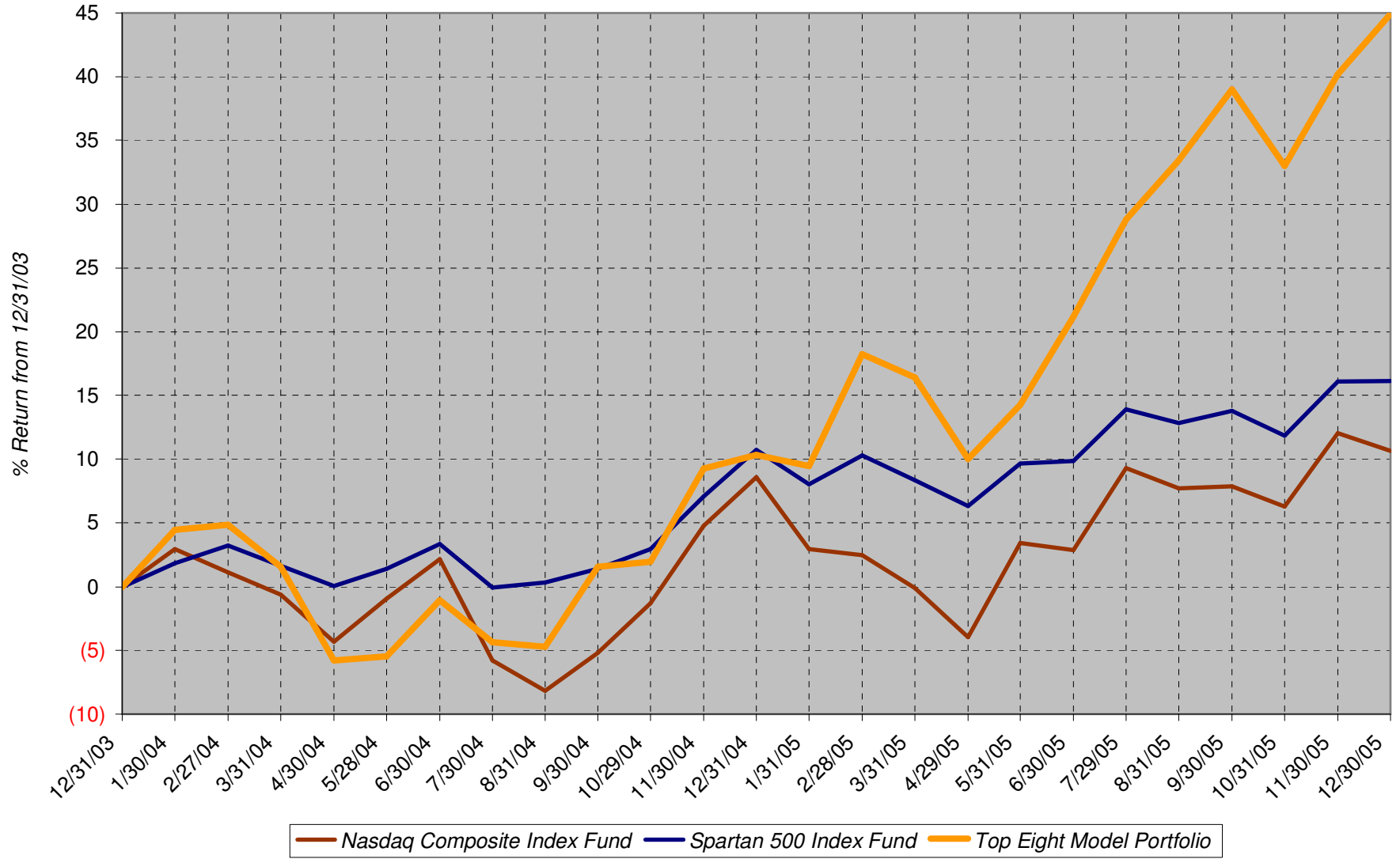
5-Year Chart



3-Year Chart



2-Year Chart



1-Year Chart

