

# FIDELITY SELECT FUNDRANKER™

Volume 1 Issue 6

June 2006

## May Performance

With an overall drop of 5.6%, May was not a good month for the Fidelity Select Fundranker system, but at least it didn't make the Worst Months list at right. Gold, Brokerage & Investment Management, and Environmental dropped 8.9%, 7.1%, and 6.2%, respectively. Natural Resources, Air Transportation, Energy, and Energy Service weren't quite as bad, dropping 4.5%, 4.4%, 4.1%, and 3.4%, respectively. The only bright spot in the Top Eight Model Portfolio was Industrial Materials, and it still dropped 1.1%.

## June Exchanges

Every Select fund was down in May, so despite all of our Top Eight Model Portfolio funds being down, only two dropped out of the top eight, Brokerage & Investment Management and Environmental. Natural Gas and Transportation moved up into the Top Eight Model Portfolio.

## Market Timing vs. Staying Invested

After a significant correction like we had this month, it is tempting to abandon the Select Fundranker system temporarily and bail out of the Select funds into cash until the worst of the correction is over. The only catch to that idea is figuring out when the correction is finished. Is it finished now? Might the stock market go even lower? Or is the market about to rebound significantly?

Not only is it impossible to accurately time the market, but the costs of anything but perfect market timing can be severe. Being out of the market during only a few of the best days or months can ruin a portfolio's long-term returns.

If you had invested \$1,000 in the S&P 500 at the end of 1981, your stake would have grown to \$25,584 (including reinvested dividends) by the end of 1998. But if you had missed the 30 best days of those 4,400 trading days by trying to time the market, you would have ended up with \$4,549, 82% less. (Source: Dow 100,000: Fact or Fiction)

Consider three people who each invested \$1,000 per year in the S&P 500 Index from 1965 to 1995. Investor A bought on the first day of each year, Investor B, the world's best market timer, bought at the lowest price each year, and unlucky Investor C bought at the market's peak each year. Here are the results:

Investor A (invests on first day of the year): 11.0%  
Investor B (invests at market nadir each year): 11.7%  
Investor C (invests at market peak each year): 10.6%

As you can see, the differences among the compound annual returns earned by each investor are small. (Source: Peter Lynch, Fidelity Investments brochure, "Key Things Every Investor Should Know")

One of the cornerstones of the Select Fundranker system is to stay invested all the time and thereby not miss the best trading days on the stock market. As an individual investor, you ultimately make the decision whether to stay invested during market downturns. As the previous examples show, missing just a few good days on the stock market is a risk which it is better not to take.

## Holding Period Alert

We have held Brokerage & Investment Management and Environmental, the two funds we are selling this month, for a number of months in the Top Eight Model Portfolio. If you bought them when they entered the Top Eight Model Portfolio or, for that matter, anytime through May 4, you will have held them long enough by

June 2 to avoid Fidelity's short-term trading fee. If you purchased either of them after May 4, count the day you purchased them as day 1 and enter your exchanges to be processed on the first business day on or after day 30.

Enter your exchanges at Fidelity.com after 4pm ET on Thursday, June 1, or before 4pm ET on Friday, June 2, for them to be processed as of June 2.

## 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 June, 2006

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

## Exchanges for June 2, 2006

Sell Brokerage & Inv Mgmt (FSLBX), buy Natural Gas (FSNGX)  
Sell Environmental (FSLEX), buy Transportation (FSRFX)

## Upcoming Exchange Dates

Upcoming exchange dates are July 3, August 2, September 5, October 4, November 2, and December 4, 2006.

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<i>Fundranker Ratings for 5/31/06</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)	32.20*	14.47*	3.23*	(4.42)	14.370	6
Automotive (FSAVX)	8.86	6.58	2.15*	(2.37)	4.805	19
Banking (FSRBX)	9.33	3.41	0.84	(3.56)	2.505	24
Biotechnology (FBIOX)	11.58	(1.48)	(11.23)	(3.16)	(1.073)	35
Brokerage & Investment Mgmt (FSLBX)	37.00*	6.60	(5.06)	(7.13)	8.853	12
Business Services & Outsourcing (FBSOX)	19.85	5.81	(0.25)	(2.96)	5.613	17
Chemicals (FSCHX)	14.03	11.25*	3.19*	(1.87)	8.650	13
Computers (FDCPX)	3.15	(2.67)	(5.75)	(6.97)	(3.060)	39
Construction & Housing (FSHOX)	4.77	(0.85)	(5.72)	(7.27)	(2.268)	37
Consumer Industries (FSCPX)	5.59	1.60	(0.71)	(3.88)	0.650	31
Cyclical Industries (FCYIX)	24.90*	12.48*	3.07*	(3.30)	12.288	9
Defense & Aerospace (FSDAX)	18.16	11.04*	0.15	(5.43)	6.980	14
Developing Communications (FSDCX)	14.62	4.11	(5.21)	(9.16)	1.090	28
Electronics (FSELX)	9.63	(0.96)	(7.19)	(9.46)	(1.995)	36
Energy (FSENX)	49.26*	16.67*	8.01*	(4.08)	20.465	4
Energy Service (FSESX)	60.10*	19.50*	11.80*	(3.40)	25.000	2
Environmental (FSLEX)	24.22*	13.38*	1.15	(6.20)	10.138	11
Financial Services (FIDSX)	15.93	3.82	(1.37)	(4.58)	3.450	22
Food & Agriculture (FDFAX)	10.51	6.63	2.44*	(0.75)	5.708	16
Gold (FSAGX)	87.58*	27.91*	8.70*	(8.91)	31.820	1
Health Care (FSPHX)	7.15	(2.60)	(5.66)	(2.12)	(0.808)	34
Home Finance (FSVLX)	7.81	3.99	1.68	(2.18)	2.825	23
Industrial Equipment (FSCGX)	24.35*	12.79*	3.15*	(3.27)	12.255	10
Industrial Materials (FSDPX)	40.04*	19.05*	9.15*	(1.09)	19.788	5
Insurance (FSPCX)	10.74	(2.66)	(2.40)	(4.24)	0.360	32
Leisure (FDLSX)	14.84	6.12	1.99	(5.77)	4.295	20
Medical Delivery (FSHCX)	5.07	(7.60)	(10.27)	(2.44)	(3.810)	40
Medical Equipment & Systems (FSMEX)	(0.87)	(6.08)	(5.99)	(4.19)	(4.283)	41
Multimedia (FBMPX)	9.46	(0.42)	0.66	(3.27)	1.608	26
Natural Gas (FSNGX)	37.23*	7.97	4.00*	(5.53)	12.918	7
Natural Resources (FNARX)	55.04*	20.26*	8.81*	(4.45)	22.915	3
Networking & Infrastructure (FNINX)	13.08	3.86	(6.20)	(11.03)	(0.072)	33
Paper & Forest Products (FSPFX)	8.91	2.28	(1.62)	(5.30)	1.068	29
Pharmaceuticals (FPHAX)	18.26	7.89	0.32	(2.78)	5.923	15
Retailing (FSRPX)	9.20	4.02	0.27	(3.92)	2.393	25
Software & Computer Services (FSCSX)	7.81	3.28	(0.72)	(5.42)	1.238	27
Technology (FSPTX)	4.78	(2.98)	(5.20)	(7.69)	(2.773)	38
Telecommunications (FSTCX)	16.78	6.13	(1.32)	(5.36)	4.058	21
Transportation (FSRFX)	30.67*	10.59*	2.07	(2.14)	12.298	8
Utilities Growth (FSUTX)	15.10	6.08	(0.67)	(0.88)	4.908	18
Wireless (FWRLX)	15.10	0.29	(4.73)	(7.71)	0.738	30

\*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

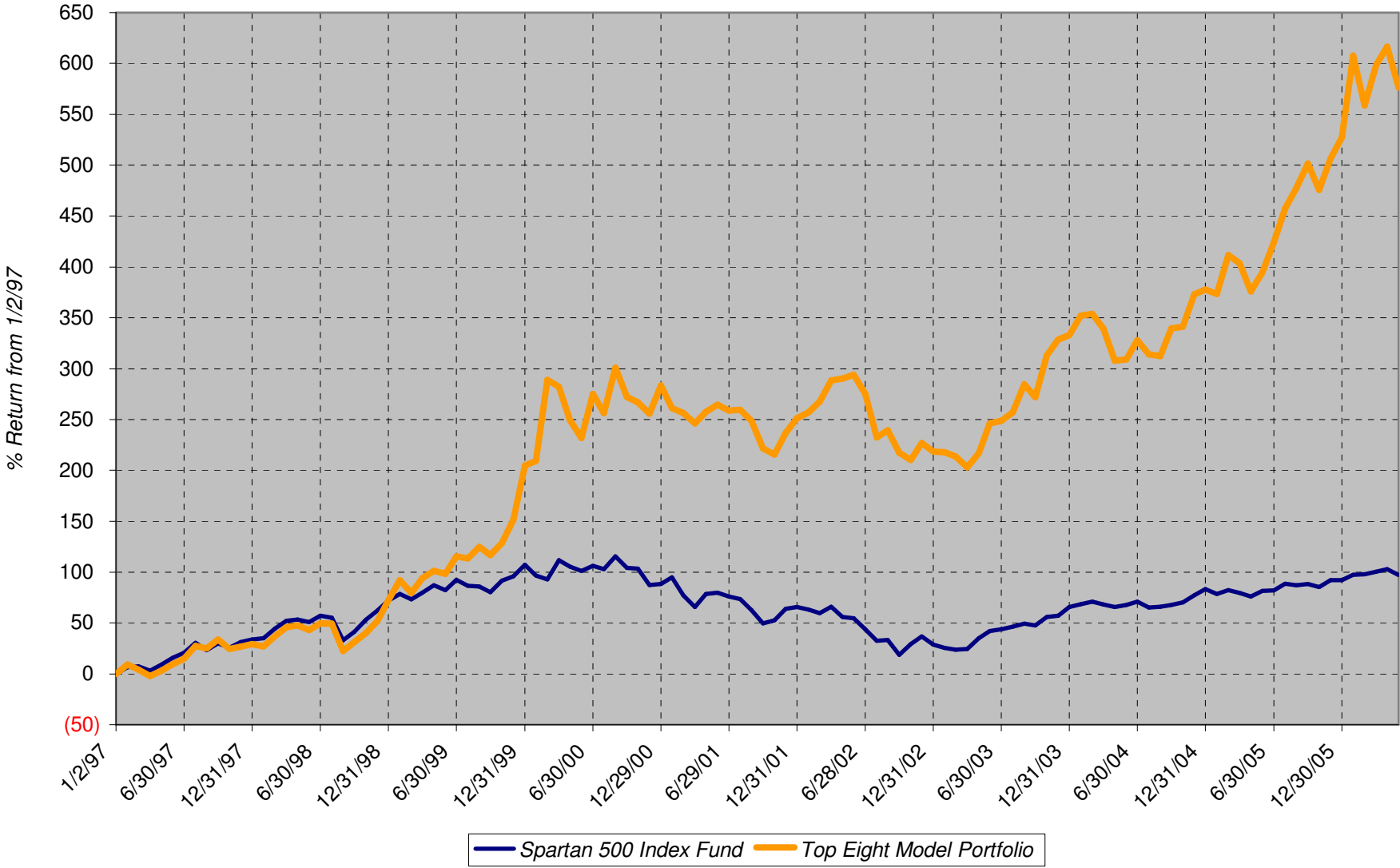
Sell on June 2, 2006

Buy on June 2, 2006

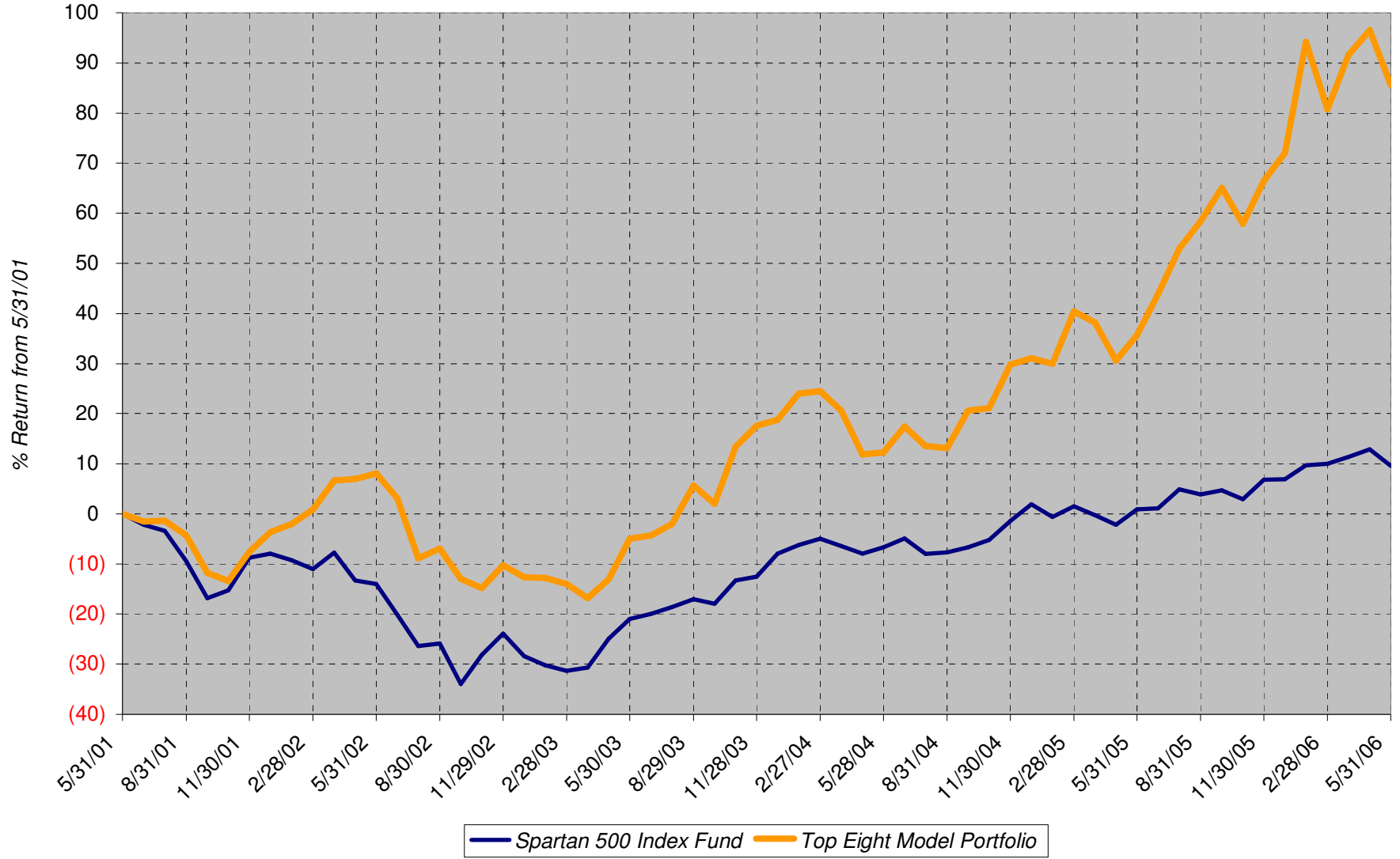
Hold

Fundranker Performance for May 2006													
4/28 Funds	4/28 Shares	4/28 Amount	<=5/2 Div Shrs	5/2 Shares	5/2 Amount	5/2 Funds	5/2 Shares	5/2 Amount	>5/2 Div Shrs	5/31 Shares	5/31 Amount	May Return	
FSAGX	591.534	22,839.13	none	591.534	22,898.28	FSAGX	561.616	21,740.14	none	561.616	19,752.03		
FSLBX	281.696	21,132.83	none	281.696	20,834.24	FSEX	267.703	21,740.14	none	267.703	19,930.49		
FNINX	7,536.371	20,498.93	none	7,536.371	20,423.57	FNARX	730.025	21,740.14	none	730.025	20,061.09		
FSAIX	462.098	21,233.40	none	462.098	21,524.52	FSENX	395.707	21,740.14	none	395.707	20,101.92		
FSEX	289.120	22,282.48	none	289.120	23,479.44	FSDPX	430.157	21,740.14	none	430.157	21,125.01		
FSLEX	1,139.886	21,315.87	none	1,139.886	21,327.27	FSAIX	466.727	21,740.14	none	466.727	20,498.65		
FSDCX	903.065	20,418.30	none	903.065	20,418.30	FSLBX	293.945	21,740.14	none	293.945	20,479.15		
FNARX	772.852	22,227.22	none	772.852	23,015.53	FSLEX	1,161.953	21,740.14	none	1,161.953	20,380.66		
<b>Top Eight</b>		<b>171,948.16</b>			<b>173,921.15</b>			<b>173,921.10</b>			<b>162,329.00</b>	<b>(5.594)</b>	
FNCMX1	1,476.297	46,252.39	none						none	1,476.297	43,417.89	<b>(6.128)</b>	
FSMKX	536.250	48,707.59	none						none	536.250	47,302.61	<b>(2.885)</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>		
					Return %		Return %		Return %		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>					<b>1/2/97 to 5/31/06</b>					<b>1/2/97 to 5/31/06</b>			
					Total Return %					Average Annual Return %			
<i>Top Eight Model Portfolio</i>					576.371					22.507			
Nasdaq Composite Index Fund					N/A					N/A			
Spartan 500 Index Fund					97.094					7.471			
<b>5-Year Summary</b>					<b>5/31/01 to 5/31/06</b>					<b>5/31/01 to 5/31/06</b>			
					Total Return %					Average Annual Return %			
<i>Top Eight Model Portfolio</i>					85.587					13.164			
Nasdaq Composite Index Fund					N/A					N/A			
Spartan 500 Index Fund					9.592					1.849			
<b>3-Year Summary</b>					<b>5/30/03 to 5/31/06</b>					<b>5/30/03 to 5/31/06</b>			
					Total Return %					Average Annual Return %			
<i>Top Eight Model Portfolio</i>					95.284					24.994			
Nasdaq Composite Index Fund					N/A					N/A			
Spartan 500 Index Fund					38.697					11.521			
<b>2-Year Summary</b>					<b>5/28/04 to 5/31/06</b>					<b>5/28/04 to 5/31/06</b>			
					Total Return %					Average Annual Return %			
<i>Top Eight Model Portfolio</i>					65.327					28.580			
Nasdaq Composite Index Fund					10.452					5.096			
Spartan 500 Index Fund					17.413					8.357			
<b>1-Year Summary</b>					<b>5/31/05 to 5/31/06</b>					<b>5/31/05 to 5/31/06</b>			
					Total Return %								
<i>Top Eight Model Portfolio</i>					36.769								
Nasdaq Composite Index Fund					5.796								
Spartan 500 Index Fund					8.570								
<b>YTD Summary</b>					<b>12/30/05 to 5/31/06</b>					<b>12/30/05 to 5/31/06</b>			
					Total Return %								
<i>Top Eight Model Portfolio</i>					7.847								
Nasdaq Composite Index Fund					<b>(1.115)</b>								
Spartan 500 Index Fund					2.546								

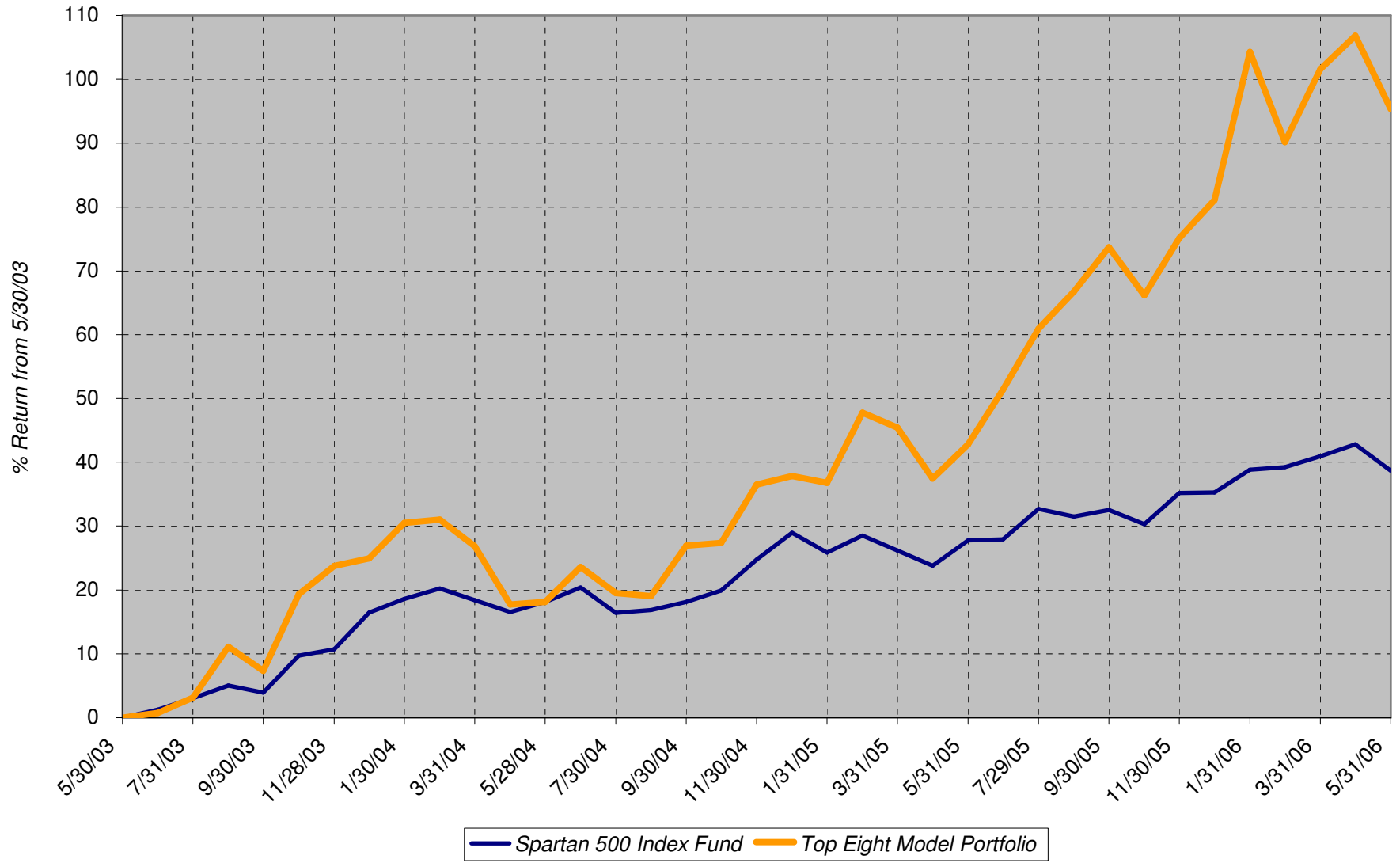
### Lifetime Chart



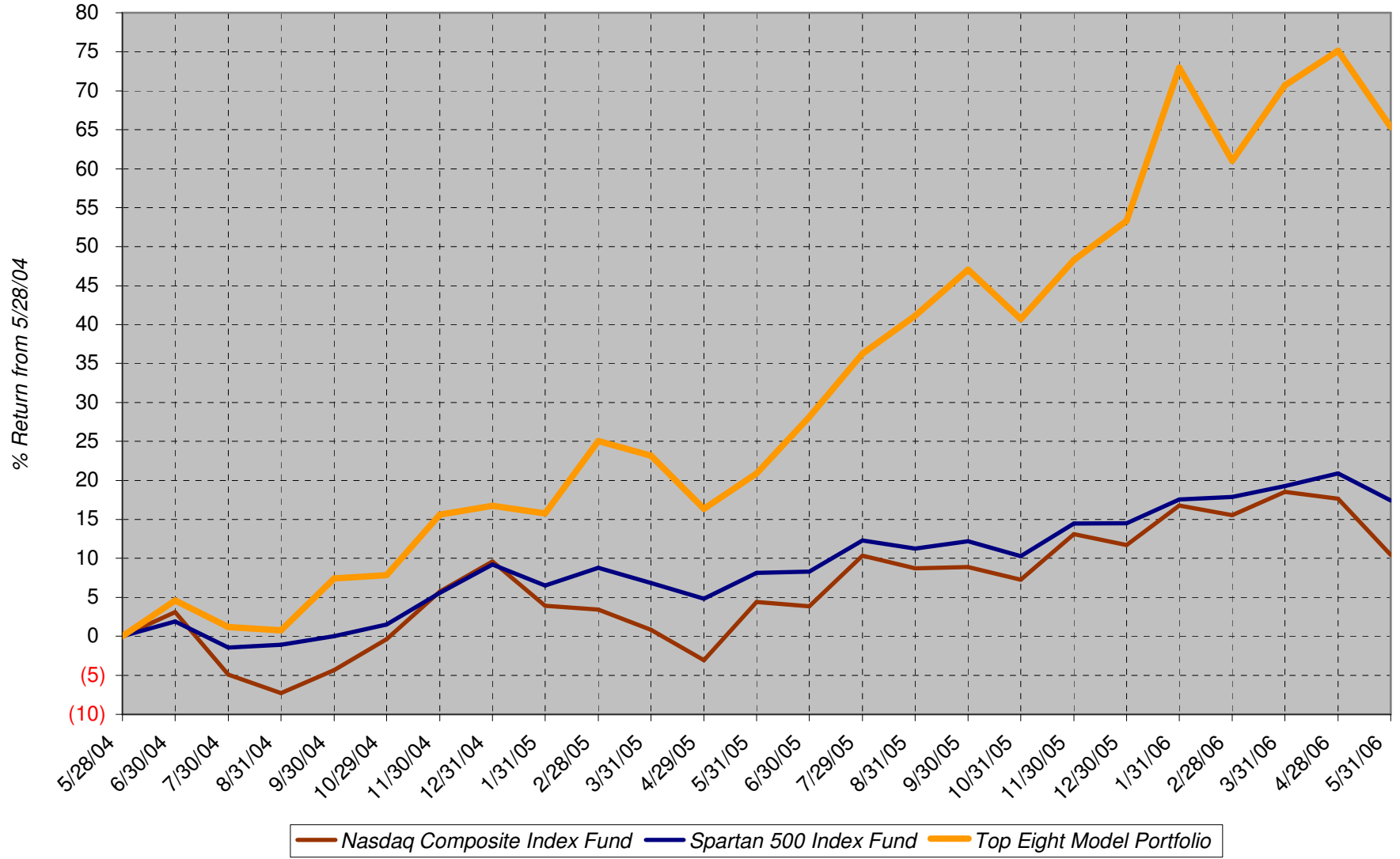
### 5-Year Chart



### 3-Year Chart



### 2-Year Chart



### 1-Year Chart

