

# FIDELITY SELECT FUNDRANKER™

Volume 9 Issue 7

The Right Funds at the Right Time

July 2014

## Broad Market Continues to Set New All-Time Highs

The S&P 500 Index set several new all-time highs in June, most recently on June 20. On a total return basis (including dividends), it has set new all-time highs eleven months in a row.

All eight funds in the *Top Eight Model Portfolio* gained value in June. Energy Service, Electronics, Natural Gas, Health Care, and Utilities excelled with one-month gains ranging from 8.47% to 3.64%. Communications Equipment, Transportation, and Air Transportation trailed with one-month gains ranging from 1.57% to 0.40%.

In June, the *Top Eight Model Portfolio* gained 4.208%, the Nasdaq Composite Index gained 3.968%, and the S&P 500 Index gained 2.061%. For 2014 YTD through June, the *Top Eight Model Portfolio* gained 6.708%, the Nasdaq Composite gained 6.074%, and the S&P 500 gained 7.088%.

## Final Performance of Funds Sold on June 4

*Fundranker* exchanged three funds on May 5. Here are the returns they contributed to the *Top Eight Model Portfolio*:

Fund	Bought	Sold	Return
Energy (FSENX)	5/5/2014	6/4/2014	0.83%
Industrials (FCYIX)	5/5/2014	6/4/2014	1.78%
Pharmaceuticals (FPHAX)	2/3/2014	6/4/2014	11.08%

## Cyclical or Secular Bull Market?

Economists define a secular market trend as lasting many years while a cyclical market trend is considerably shorter. Are we in the late stages of a cyclical bull market, or are we in the early stages of a much longer lasting secular bull market?

Since 1878, U.S. stock markets have seen four secular bull markets as well as four secular bear markets. Secular trends are not all up or all down, though. They are made up various cyclical market trends that, when put together, make up a long-term secular trend.

Secular bull markets lasted from 1877 to 1906, 1921 to 1929, 1949 to 1968, and 1982 to 2000, while secular bear markets lasted from 1906 to 1921, 1929 to 1949, and 1968 to 1982. Economists agree that a secular bear market started in 2000 with the tech bubble crash, but it's not yet clear if our current 5+ year old bull market has reversed the long-term secular bear trend or if it is merely a short-term cyclical bull trend within a continuing secular bear trend.

A closer look at the secular bear trend of 1929 to 1949 shows that it contained two significant cyclical bull markets, 1932 to 1937 and 1942 to 1946. That compares well with our current secular bear trend, which also has seen two cyclical bull markets from 2003 to 2007 and from 2009 to now. However, comparing well with an historical secular bear trend is a long way from conclusively determining the direction of our current secular trend. Only time will tell.

See Doug Short's [excellent article](#) at Advisor Perspectives for a more in-depth discussion of secular trends.

## Gold Joins Top Eight Model Portfolio

With a stupendous June gain of 18+%, Gold moved into the *Top Eight*. We show Gold as #3 in the *Top Eight* at right, and we'll track it that way, but we're really conflicted about this move, which would be based almost entirely on one month's outsized gain. Perhaps holding Transportation (ranked at #9) through July and not buying Gold would be less risky.

## Avoiding Roundtrip Transactions

Fidelity's frequent trading policy for Select Funds discourages roundtrip transactions, which Fidelity defines as selling new shares before the 31<sup>st</sup> day of ownership. The more roundtrip transactions an investor incurs, the more progressively Fidelity restricts that investor's ability to make exchanges, so *Fundranker* avoids roundtrip transactions altogether.

Because *Fundranker* is going to sell funds in July that it bought

on June 4, *Fundranker* will wait until July 7 (first business day after 31 days of ownership) to make *Top Eight Model Portfolio* exchanges in order to avoid roundtrip transactions.

## Investing New Money

If *Fundranker* wanted to start an entirely new portfolio, we would exchange equal amounts (from elsewhere in our Fidelity funds) into the funds in the *Top Eight Model Portfolio* below on July 2, rather than making them on July 7, *Fundranker's* regular exchange date, so that we could avoid roundtrip transactions more easily in August.

If we just wanted to add to an existing portfolio, on July 2, we would exchange varying amounts (from elsewhere in our Fidelity funds) only into the four *Top Eight* funds *Fundranker* doesn't plan to sell on July 7 to balance those funds as much as possible.

## Subscribe to Fidelity Select Fundranker

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## Questions and Suggestions

Do you have a question about the *Fundranker* system or a suggestion for the newsletter or website? Check out our FAQs, peruse our *Fundranker Blog*, or use our *Contact Us* form at [www.fundranker.com](http://www.fundranker.com). We welcome your input.

## Top Eight Model Portfolio for July 2014

Fund Name (Symbol)	Purchase	Return to 6/30
1. Electronics (FSELX)	3/5/2014	12.38%
2. Natural Gas (FSNGX)	5/5/2014	7.05%
3. Gold (FSAGX)	7/7/2014	
4. Energy Service (FSSEX)	6/4/2014	7.46%
5. Health Care (FSPHX)	8/5/2013	33.95%
6. Natural Resources (FNARX)	7/7/2014	
7. Pharmaceuticals (FPHAX)	7/7/2014	
8. Energy (FSENX)	7/7/2014	

Funds to be sold on July 7:

9. Transportation (FSRFX)	4/4/2014	7.54%
11. Air Transportation (FSAIX)	10/2/2013	26.04%
12. Utilities (FSUTX)	6/4/2014	3.21%
16. Communications Eqpt (FSDCX)	6/4/2014	2.25%

## Fundranker Exchanges for July 7

Sell Transportation (FSRFX), buy Gold (FSAGX)  
Sell Air Transportation (FSAIX), buy Natural Resources (FNARX)  
Sell Utilities (FSUTX), buy Pharmaceuticals (FPHAX)  
Sell Communications Eqpt (FSDCX), buy Energy (FSENX)

## Invest New Money Date

If *Fundranker* were to invest new money, we would do so on July 2.

## Upcoming Fundranker Exchange Date

If all funds to be exchanged in August have been held more than one month, *Fundranker* will exchange on August 4; otherwise, to avoid roundtrip transactions, *Fundranker* will exchange on August 6.

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Fundranker Ratings for 6/30/14 Fund (Symbol)	12-Month Return %	6-Month Return %	3-Month Return %	1-Month Return %	Fundranker Rating**	Fundranker Ranking
Air Transportation (FSAIX)	40.39*	10.90*	7.17*	0.40	17.715	11
Automotive (FSAVX)	26.64	6.33	6.20*	3.53	11.675	15
Banking (FSRBX)	21.77	3.48	(0.51)	3.39	7.033	31
Biotechnology (FBIOX)	41.61*	10.21	2.79	7.41*	17.505	13
Brokerage & Investment Mgmt (FSLBX)	21.81	(1.31)	1.05	3.97*	7.380	29
Chemicals (FSCHX)	31.06	7.27	4.54	1.17	11.010	17
Communications Equipment (FSDCX)	29.11	9.61	3.87	1.57	11.040	16
Computers (FDCPX)	24.29	5.74	1.75	3.37	8.788	24
Construction & Housing (FSHOX)	12.65	4.17	1.00	2.26	5.020	38
Consumer Discretionary (FSCPX)	20.16	1.69	1.93	1.46	6.310	34
Consumer Finance (FSVLX)	16.75	2.05	2.12	2.16	5.770	36
Consumer Staples (FDFAX)	16.46	6.48	5.65*	0.24	8.208	25
Defense & Aerospace (FSDAX)	25.18	(0.54)	(0.06)	(0.88)	5.925	35
Electronics (FSELX)	45.92*	23.43*	10.26*	6.94*	25.638	1
Energy (FSENX)	30.76	15.56*	12.73*	5.47*	19.130	8
Energy Service (FSESX)	35.19*	19.82*	14.93*	8.47*	23.603	4
Environment & Alternative Energy (FSLEX)	27.77	6.09	3.20	2.76	9.955	20
Financial Services (FIDSX)	20.92	3.17	2.09	2.52	7.175	30
Gold (FSAGX)	22.23	30.66*	14.20*	18.17*	24.315	3
Health Care (FSPHX)	49.80*	15.92*	5.46	5.20*	22.095	5
Industrial Equipment (FSCGX)	24.91	2.43	2.14	1.23	7.678	28
Industrials (FCYIX)	27.06	3.80	3.73	1.63	9.055	21
Insurance (FSPCX)	20.87	3.01	4.97	2.60	7.863	27
IT Services (FBSOX)	25.85	(1.98)	0.87	2.50	6.810	32
Leisure (FDLSX)	24.66	2.90	1.81	3.45	8.205	26
Materials (FSDPX)	26.65	6.94	3.89	2.45	9.983	19
Medical Delivery (FSHCX)	25.13	7.24	1.88	1.28	8.883	23
Medical Equipment & Systems (FSMEX)	35.34*	12.75*	5.10	6.01*	17.800	10
Multimedia (FBMPX)	24.25	3.00	5.59	3.04	8.970	22
Natural Gas (FSNGX)	42.99*	22.31*	14.75*	6.12*	25.543	2
Natural Resources (FNARX)	32.93*	18.26*	13.59*	6.98*	21.940	6
Pharmaceuticals (FPHAX)	39.26*	15.41*	6.49*	4.12*	20.320	7
Retailing (FSRPX)	18.33	(3.26)	(0.42)	0.14	3.698	39
Software & Computer Services (FSCSX)	31.30*	2.10	1.02	2.92	10.335	18
Technology (FSPTX)	31.46*	7.56	5.47	5.06*	14.388	14
Telecommunications (FSTCX)	14.03	3.76	3.55	0.18	5.380	37
Transportation (FSRFX)	40.36*	14.25*	7.71*	1.30	18.905	9
Utilities (FSUTX)	30.65	19.85*	8.71*	3.64	17.713	12
Wireless (FWRLX)	22.77	2.07	1.97	(0.84)	6.493	33

\*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

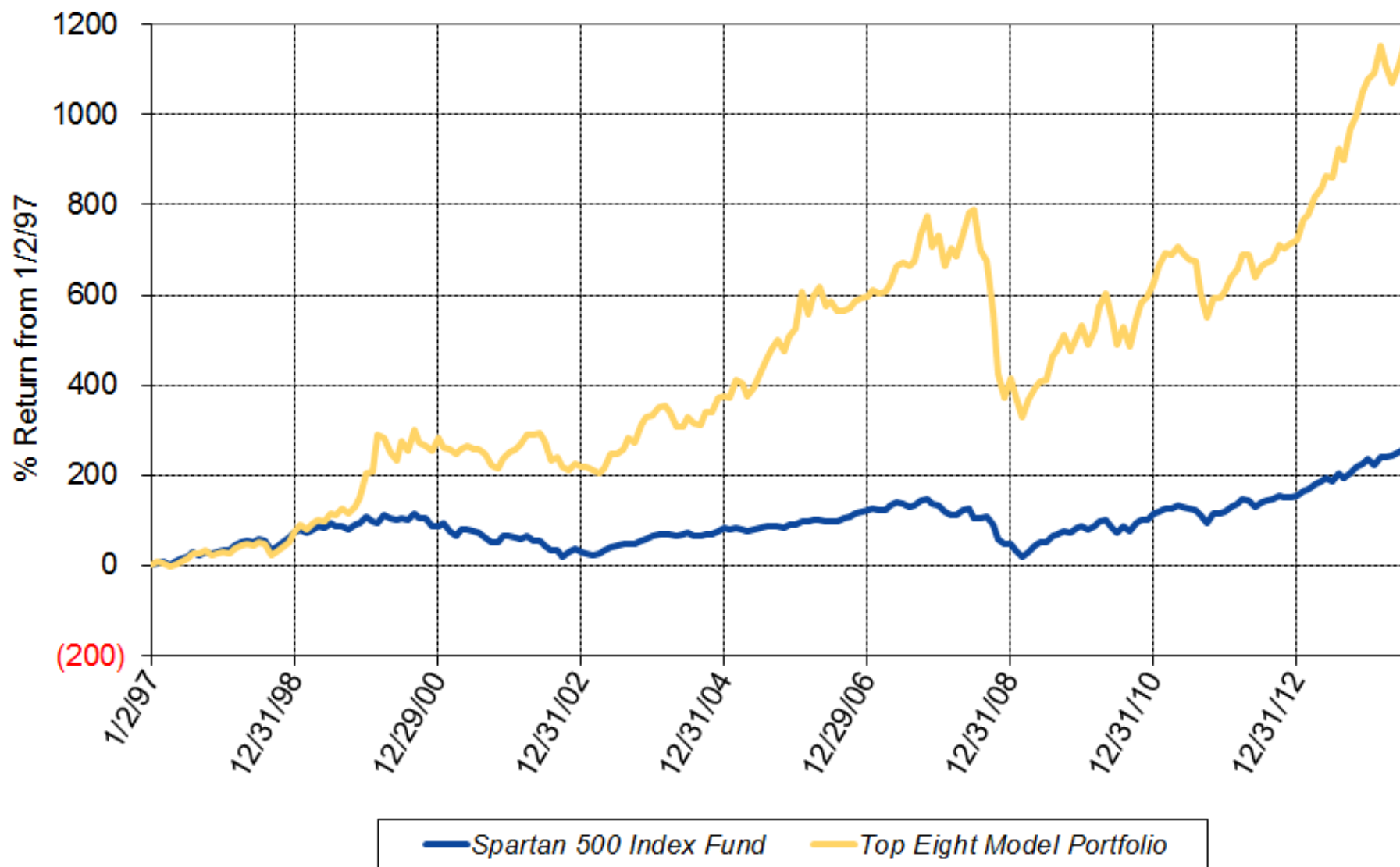
Sell on July 7, 2014

Buy on July 7, 2014

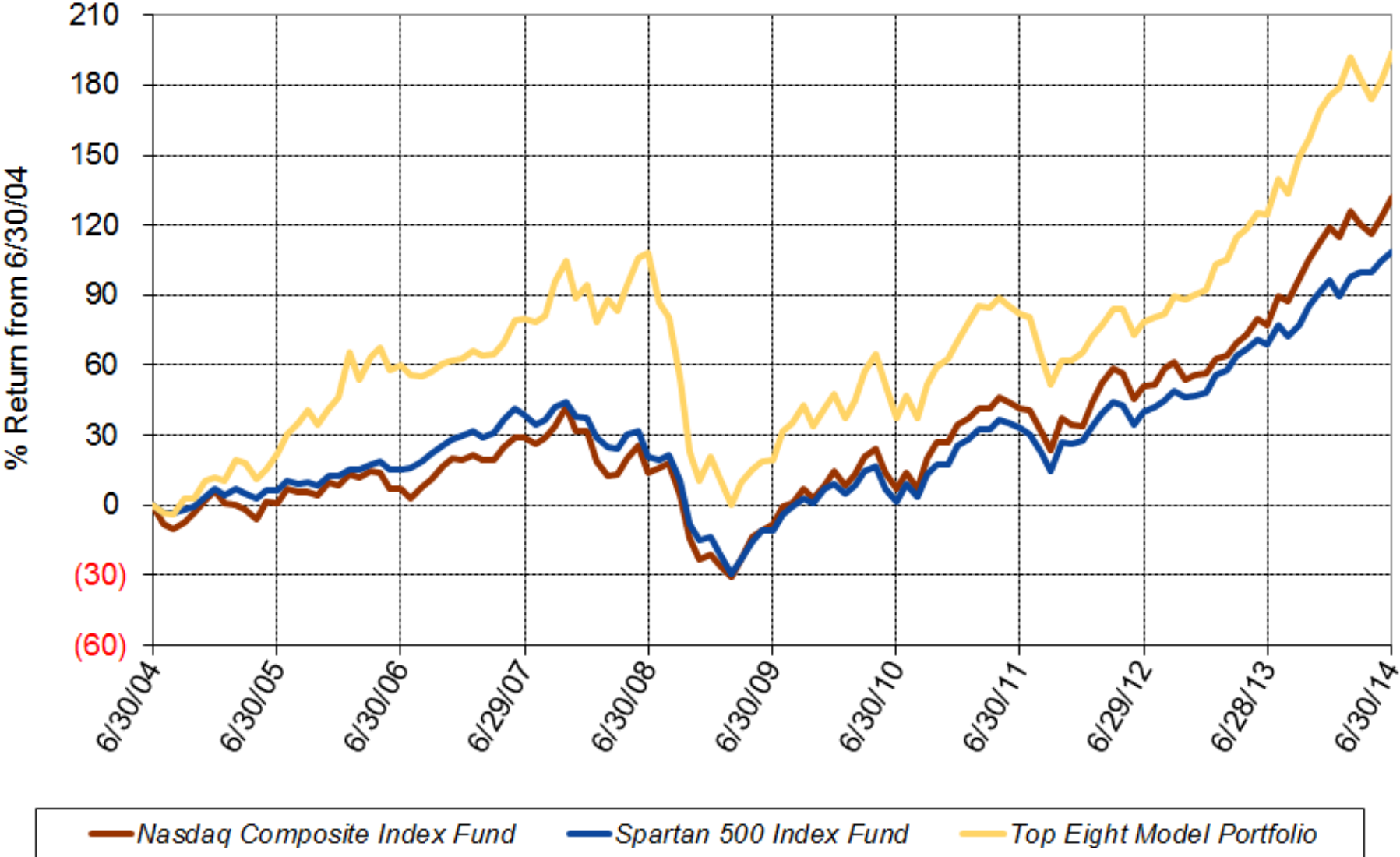
Hold

Fundranker Performance for June 2014													
5/30 Funds	5/30 Shares	5/30 Amount	<=6/4 Div Shrs	6/4 Shares	6/4 Amount	6/4 Funds	6/4 Shares	6/4 Amount	>6/4 Div Shrs	6/30 Shares	6/30 Amount	Jun Return	
FSNGX	818.671	35,595.82	none	818.671	35,882.35	FSELX	491.380	36,504.59	none	491.380	38,258.85		
FSELX	508.059	36,991.78	none	508.059	37,743.70	FSRFX	442.105	36,504.59	none	442.105	36,747.77		
FPHAX	1,757.207	35,390.15	none	1,757.207	35,372.58	FSAIX	550.348	36,504.59	none	550.348	35,987.26		
FSRFX	456.052	37,419.07	none	456.052	37,656.21	FSNGX	832.868	36,504.59	none	832.868	38,428.53		
FSAIX	564.014	36,734.23	none	564.014	37,411.05	FSUTX	484.531	36,504.59	none	484.531	37,677.13		
FSENX	606.683	35,490.96	none	606.683	35,581.96	FSPHX	184.993	36,504.59	none	184.993	38,232.50		
FSPHX	184.853	36,316.22	none	184.853	36,477.04	FSDCX1	1,155.574	36,504.59	none	1,155.574	37,325.04		
FCYIX	1,100.240	35,757.80	none	1,100.240	35,911.83	FSESX	399.394	36,504.59	none	399.394	39,228.48		
<b>Top Eight</b>		<b>289,696.03</b>			<b>292,036.72</b>			<b>292,036.70</b>			<b>301,885.56</b>	<b>4.208</b>	
FNCMX1	611.486	90,565.51	none						none	1,611.486	94,159.13	3.968	
FUSEX	1,229.550	84,113.52	none						none	1,229.550	85,847.18	2.061	
<b>Yearly Summaries</b>				1997	1998	1999	2000	2001					
				Return %	Return %	Return %	Return %	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 - Investor Class				33.628	28.498	20.633	(9.132)	(12.054)					
<b>Yearly Summaries</b>				2002	2003	2004	2005	2006					
				Return %	Return %	Return %	Return %	Return %					
<i>Top Eight Model Portfolio</i>				(9.333)	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 - Investor Class				(22.173)	28.487	10.733	4.858	15.712					
<b>Yearly Summaries</b>				2007	2008	2009	2010	2011					
				Return %	Return %	Return %	Return %	Return %					
<i>Top Eight Model Portfolio</i>				19.463	(37.882)	22.518	15.464	(3.133)					
Nasdaq Composite Index Fund				10.497	(40.041)	44.959	17.811	(0.957)					
Spartan 500 Index Fund - Investor Class				5.426	(37.047)	26.502	14.842	2.036					
<b>Yearly Summaries</b>				2012	2013	2014 YTD							
				Return %	Return %	Return %							
<i>Top Eight Model Portfolio</i>				16.302	43.354	6.708							
Nasdaq Composite Index Fund				17.325	39.746	6.074							
Spartan 500 Index Fund - Investor Class				15.929	32.251	6.628							
<b>Lifetime Summary</b>				1/2/97 to 6/30/14		1/2/97 to 6/30/14							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				1,157.857		15.568							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund - Investor Class				257.697		7.555							
<b>10-Year Summary</b>				6/30/04 to 6/30/14		6/30/04 to 6/30/14							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				193.847		11.381							
Nasdaq Composite Index Fund				132.281		8.793							
Spartan 500 Index Fund - Investor Class				109.060		7.653							
<b>5-Year Summary</b>				6/30/09 to 6/30/14		6/30/09 to 6/30/14							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				145.914		19.717							
Nasdaq Composite Index Fund				151.991		20.303							
Spartan 500 Index Fund - Investor Class				134.790		18.614							
<b>3-Year Summary</b>				6/30/11 to 6/30/14		6/30/11 to 6/30/14							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				61.347		17.288							
Nasdaq Composite Index Fund				64.362		18.014							
Spartan 500 Index Fund - Investor Class				57.373		16.317							
<b>1-Year Summary</b>				6/28/13 to 6/30/14		6/28/13 to 6/30/14							
				Total Return %		Total Return %							
<i>Top Eight Model Portfolio</i>				30.941		30.941							
Nasdaq Composite Index Fund				30.872		30.872							
Spartan 500 Index Fund - Investor Class				23.956		23.956							

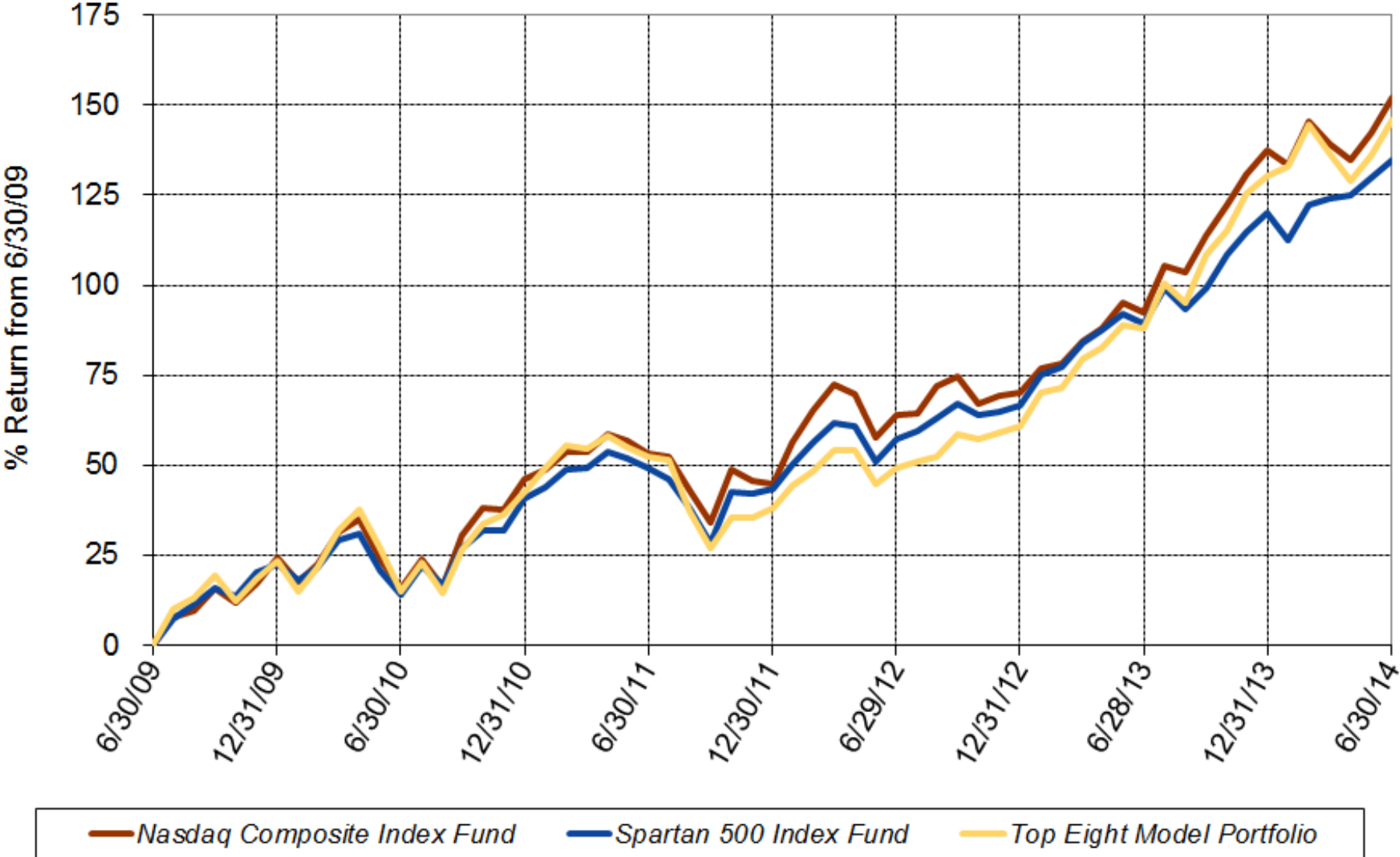
### Lifetime Chart



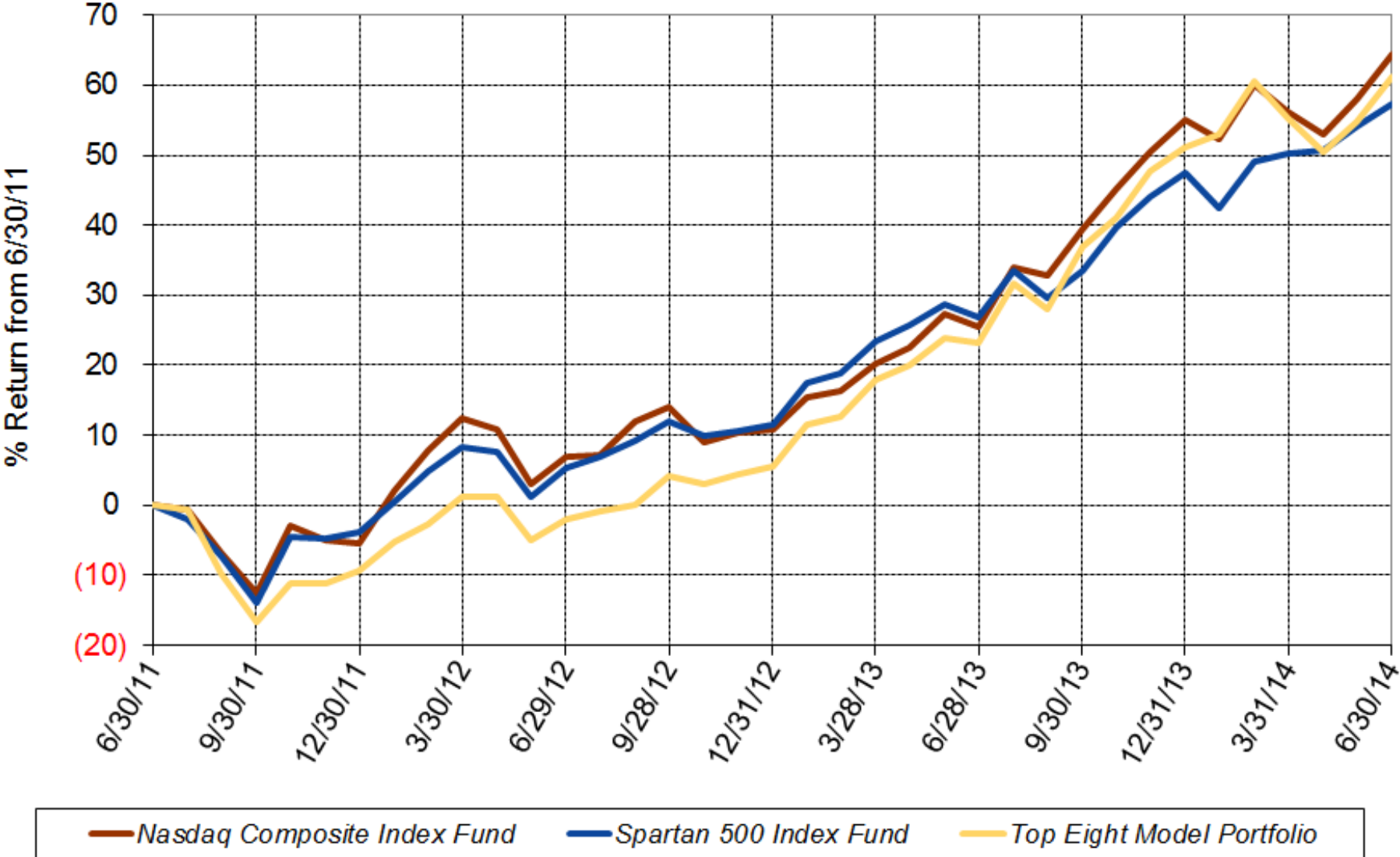
### 10-Year Chart



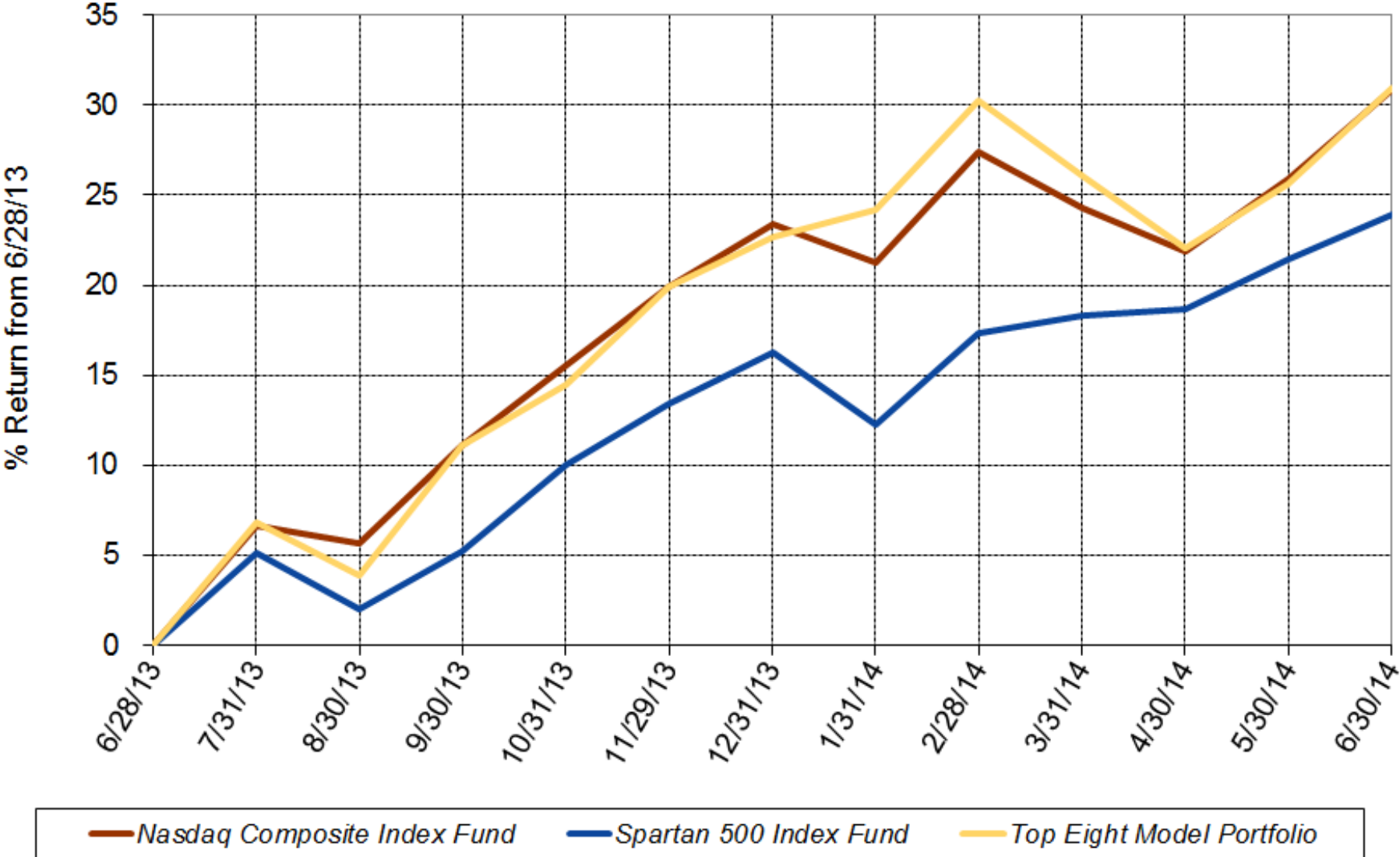
### 5-Year Chart



### 3-Year Chart



### 1-Year Chart





### Daily Chart June 2014

