

FIDELITY SELECT FUNDRANKER™

Volume 9 Issue 10

The Right Funds at the Right Time

October 2014

Broad Market Moves Sideways in September

The broad market S&P 500 Index moved sideways during September, mostly staying in a trading range between a gain of 1% and a loss of 1%. Its movements got a little choppy during the last full week: down 16, down 12, up 16, down 32, and up 17.

On a total return basis, the broad market S&P 500 Index hit a new all-time high on September 18, extending its run of monthly all-time highs to 14 months in a row.

Top Eight Model Portfolio funds did poorly in September. Health Care had a fractional one-month gain of 0.10%. Transportation had a fractional one-month loss of 0.30%. Biotechnology, Air Transportation, Electronics, Medical Delivery, and Utilities had one-month losses ranging from 1.32% to 2.68%. Natural Gas trailed badly with a one-month loss of 8.25%.

In September, the *Top Eight Model Portfolio* lost 2.721%, the Nasdaq Composite Index lost 1.825%, and the S&P 500 Index lost 1.417%. For 2014 YTD through September, the *Top Eight Model Portfolio* gained 4.141%, the Nasdaq Composite gained 8.416%, and the S&P 500 gained 8.269%.

Final Performance of Funds Sold on September 5

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

Fund	Bought	Sold	Return
Computers (FDCPX)	8/6/2014	9/5/2014	3.23%
Energy Service (FSSEX)	6/4/2014	9/5/2014	0.20%
Medical Eqpt & Systems (FSMEX)	8/6/2014	9/5/2014	2.70%

Systemic Shocks?

Jurrien Timmer, Director of Global Macro, [Fidelity Viewpoints](#), published a great article, [Market Shocks: systemic or short term?](#), in late August. In it, he discusses the various market shocks that have occurred in 2014. He concludes that most shocks were geopolitical and that none seem to be systemic for U.S. stocks and the economy.

Mr. Timmer further argues that the major culprit behind major systemic events tends to be excessive leverage, such as in 2008, that geopolitical events are less likely to be systemic, and that the U.S. economy and equity market do not appear to be experiencing negative systemic conditions.

FOMC Meetings

The Federal Open Market Committee meets regularly for two days eight times a year. In 2014, the FOMC met in January, March, April, June, July, and September, and it will meet again in October and December.

Occasionally, an additional unscheduled meeting is called to discuss issues of immediate importance, such as in early March 2014 (forward guidance for federal funds rate), in mid-October 2013 (statutory federal debt limit), in late November 2011 (temporary liquidity swap arrangements with foreign central banks), and in early August 2011 (statutory federal debt limit and downgrade of U.S. sovereign debt rating).

The FOMC publishes a great deal of information about its meetings. See the [FOMC webpage](#) for meeting calendars, statements, minutes, and other information.

FOMC Meeting on September 16-17

At the FOMC September 16-17 meeting, because labor market conditions continue to improve, the Committee decided to make a further measured reduction in the pace of its asset purchases. Beginning in October, the FOMC will add \$5 billion of mortgage-backed securities and \$10 billion of longer-term Treasury securities per month. The Committee expects that continued improvement in labor market conditions will allow it to end its asset purchase program at its next meeting in October. However, the Committee

also asserted that its asset purchases are not on a preset course, and the Committee's decisions about their pace will remain contingent on the Committee's outlook for the labor market and inflation.

The Committee reaffirmed its view that a highly accommodative stance of monetary policy remains appropriate. It continues to anticipate that it likely will be appropriate to maintain the current target range for the federal funds rate (0 to ¼ percent) for a considerable time after the asset purchase program ends.

The Committee also updated its [Policy Normalization Principles and Plans](#), carefully noting that discussions were part of prudent planning and do not imply that normalization will necessarily begin soon.

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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. We welcome your input.

Top Eight Model Portfolio for October 2014

Fund Name (Symbol)	Purchase	Return to 9/30
1. Health Care (FSPHX)	8/5/2013	41.89%
2. Pharmaceuticals (FPHAX)	10/6/2014	
3. Electronics (FSELX)	3/5/2014	13.96%
4. Transportation (FSRFX)	8/6/2014	5.50%
5. Biotechnology (FBIOX)	9/5/2014	1.00%
6. Medical Delivery (FSHCX)	8/6/2014	2.38%
7. Chemicals (FSCHX)	10/6/2014	
8. Air Transportation (FSAIX)	9/5/2014	(3.06)%
Funds to be sold on October 6:		
15. Utilities (FSUTX)	9/5/2014	(3.36)%
30. Natural Gas (FSNGX)	5/5/2014	(4.06)%

Fundranker Exchanges for October 6

Sell Natural Gas (FSNGX), buy Pharmaceuticals (FPHAX)
Sell Utilities (FSUTX), buy Chemicals (FSCHX)

Start a New Portfolio

October 2 ([see new portfolio FAQ](#))

Optional Rebalancing Exchange Dates

Held funds: Oct 2; New funds: Oct 6 ([see rebalancing FAQ](#))

Upcoming Fundranker Exchange Dates

If funds to be exchanged in November have been held more than one month, *Fundranker* will exchange on November 3 ([early exchange date](#)); otherwise, to avoid roundtrip transactions, *Fundranker* will exchange on November 5 ([late exchange date](#)).

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<i>Fundranker</i> Ratings for 9/30/14	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)	25.60*	5.88*	(1.21)	(1.87)	9.100	8
Automotive (FSAVX)	2.63	(2.74)	(8.41)	(7.58)	(4.025)	37
Banking (FSRBX)	13.77	(2.37)	(1.87)	(0.81)	2.180	23
Biotechnology (FBIOX)	23.38*	10.86*	7.85*	(1.32)	13.193	5
Brokerage & Investment Mgmt (FSLBX)	16.38	2.67	1.60*	(1.67)	5.745	14
Chemicals (FSCHX)	20.18*	6.06*	1.46*	(0.23)	9.868	7
Communications Equipment (FSDCX)	15.98	2.49	(1.33)	(1.54)	3.900	20
Computers (FDCPX)	19.43*	3.63	1.85*	(2.86)	7.513	11
Construction & Housing (FSHOX)	11.11	1.66	0.65	(4.30)	2.280	22
Consumer Discretionary (FSCPX)	9.30	0.40	(1.50)	(2.17)	1.508	26
Consumer Finance (FSVLX)	7.75	0.22	(1.86)	(1.61)	1.125	27
Consumer Staples (FDFAX)	15.13	7.21*	1.48*	(0.22)	7.900	9
Defense & Aerospace (FSDAX)	9.82	(2.33)	(2.26)	(1.17)	1.015	29
Electronics (FSELX)	36.27*	11.82*	1.41*	(1.88)	14.905	3
Energy (FSENX)	7.59	1.62	(9.85)	(8.44)	(2.270)	35
Energy Service (FSESX)	6.31	(0.28)	(13.24)	(9.51)	(4.180)	38
Environment & Alternative Energy (FSLEX)	7.49	(4.31)	(7.28)	(4.43)	(2.133)	34
Financial Services (FIDSX)	16.25	3.34	1.22*	(1.46)	5.838	13
Gold (FSAGX)	(10.96)	(7.54)	(19.04)	(18.73)	(14.068)	39
Health Care (FSPHX)	38.95*	11.71*	5.93*	0.10*	18.173	1
Industrial Equipment (FSCGX)	7.45	(3.86)	(5.87)	(4.67)	(1.738)	33
Industrials (FCYIX)	10.16	(1.48)	(5.03)	(3.18)	0.118	31
Insurance (FSPCX)	13.63	4.47*	(0.48)	(2.10)	4.880	16
IT Services (FBSOX)	8.38	(2.03)	(2.88)	(0.84)	0.658	30
Leisure (FDLSX)	13.27	0.26	(1.52)	(0.31)	2.925	21
Materials (FSDPX)	11.75	0.09	(3.65)	(3.83)	1.090	28
Medical Delivery (FSHCX)	24.14*	6.79*	4.82*	(2.37)	11.345	6
Medical Equipment & Systems (FSMEX)	23.27*	3.20	(1.81)	(2.22)	6.610	12
Multimedia (FBMPX)	12.96	4.49*	(1.04)	(1.60)	4.703	17
Natural Gas (FSNGX)	14.28	2.84	(10.38)	(8.25)	(0.378)	32
Natural Resources (FNARX)	6.13	1.05	(11.04)	(9.67)	(3.383)	36
Pharmaceuticals (FPHAX)	34.25*	10.29*	3.58*	2.45*	16.643	2
Retailing (FSRPX)	9.45	2.50	2.93*	(2.27)	4.153	18
Software & Computer Services (FSCSX)	16.18	0.79	(0.23)	(0.61)	4.033	19
Technology (FSPTX)	18.05*	6.12*	0.62	(1.94)	7.713	10
Telecommunications (FSTCX)	8.72	1.95	(1.55)	(1.88)	1.810	25
Transportation (FSRFX)	31.82*	9.38*	1.55*	(0.30)	13.613	4
Utilities (FSUTX)	20.77*	4.07	(4.27)	(2.68)	5.473	15
Wireless (FWRLX)	10.35	0.57	(1.37)	(1.37)	2.045	24

*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

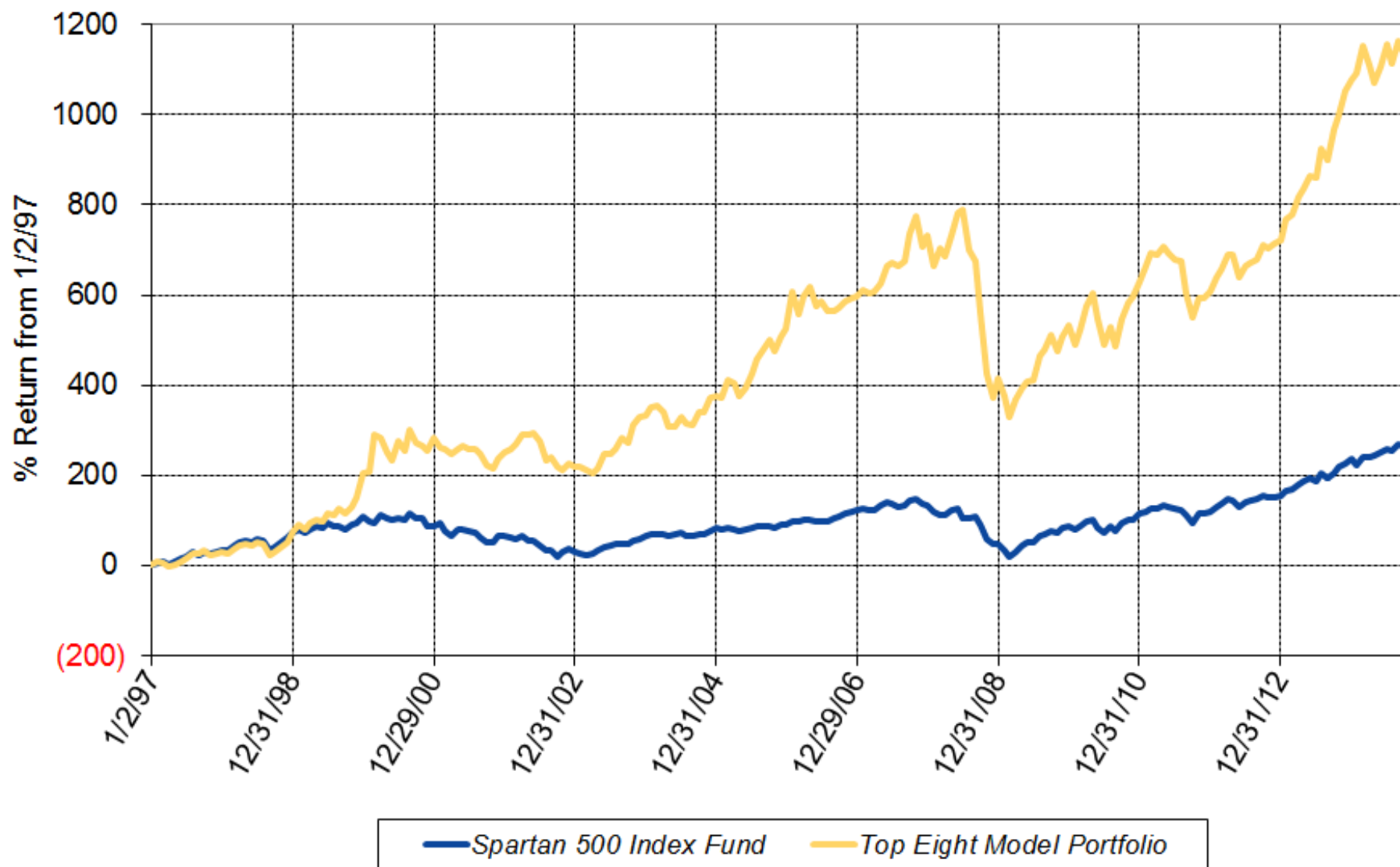
Sell on October 6, 2014

Buy on October 6, 2014

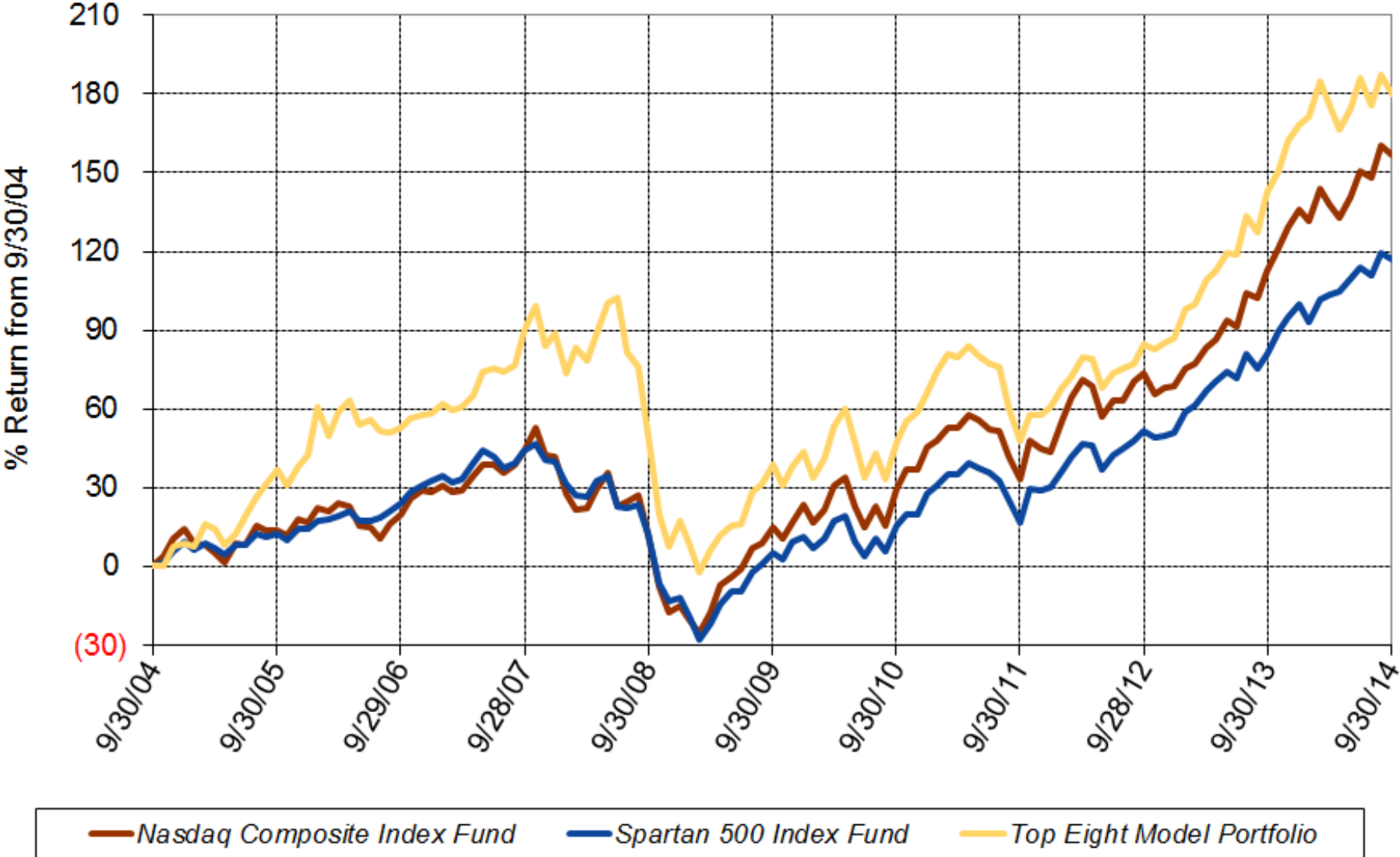
Hold

Fundranker Performance for September 2014													
8/29 Funds	8/29 Shares	8/29 Amount	<=9/5 Div Shrs	9/5 Shares	9/5 Amount	9/5 Funds	9/5 Shares	9/5 Amount	>9/5 Div Shrs	9/30 Shares	9/30 Amount	Sep Return	
FSELX	476.864	38,373.25	none	476.864	38,645.06	FSELX	465.406	37,716.53	none	465.406	36,748.46		
FSPHX	176.601	38,622.64	none	176.601	38,567.89	FSPHX	172.703	37,716.53	none	172.703	37,808.14		
FSESX	393.334	37,044.20	none	393.334	36,021.53	FBIOX	176.353	37,716.53	none	176.353	38,094.01		
FSHCX	470.110	37,933.18	none	470.110	38,078.91	FSHCX	465.636	37,716.53	none	465.636	36,682.80		
FSNGX	837.383	37,740.85	none	837.383	36,978.83	FSRFX	437.902	37,716.53	none	437.902	36,963.31		
FSRFX	452.130	38,277.33	none	452.130	38,941.96	FSAIX	565.974	37,716.53	none	565.974	36,561.92		
FSMEX	968.798	37,095.28	none	968.798	37,153.40	FSNGX	854.088	37,716.53	none	854.088	35,316.54		
FDCPX	460.534	37,777.60	none	460.534	37,344.70	FSUTX	489.634	37,716.53	none	489.634	36,448.35		
Top Eight		302,864.33			301,732.28			301,732.30			294,623.53	(2.721)	
FNCMX1,611.486	98,026.69		none						none	1,611.486	96,237.94	(1.825)	
FUSEX1,240.479	88,421.34		none						none	1,240.479	87,168.46	(1.417)	
Yearly Summaries				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)					
Yearly Summaries				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					
Yearly Summaries				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					
Yearly Summaries				2012	2013	2014 YTD							
				Return %	Return %	Return %							
<i>Top Eight Model Portfolio</i>				16.302	43.354	4.141							
Nasdaq Composite Index Fund				17.325	39.746	8.416							
Spartan 500 Index Fund - Investor Class				15.929	32.251	8.269							
Lifetime Summary				1/2/97 to 9/30/14		1/2/97 to 9/30/14							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				1,127.598		15.174							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund - Investor Class				263.202		7.537							
10-Year Summary				9/30/04 to 9/30/14		9/30/04 to 9/30/14							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				179.272		10.816							
Nasdaq Composite Index Fund				155.819		9.848							
Spartan 500 Index Fund - Investor Class				116.396		8.025							
5-Year Summary				9/30/09 to 9/30/14		9/30/09 to 9/30/14							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				100.933		14.977							
Nasdaq Composite Index Fund				122.300		17.324							
Spartan 500 Index Fund - Investor Class				106.212		15.575							
3-Year Summary				9/30/11 to 9/30/14		9/30/11 to 9/30/14							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				89.179		23.677							
Nasdaq Composite Index Fund				92.280		24.350							
Spartan 500 Index Fund - Investor Class				85.572		22.886							
1-Year Summary				9/30/13 to 9/30/14		9/30/13 to 9/30/14							
				Total Return %		Total Return %							
<i>Top Eight Model Portfolio</i>				15.011		15.011							
Nasdaq Composite Index Fund				20.378		20.378							
Spartan 500 Index Fund - Investor Class				19.614		19.614							

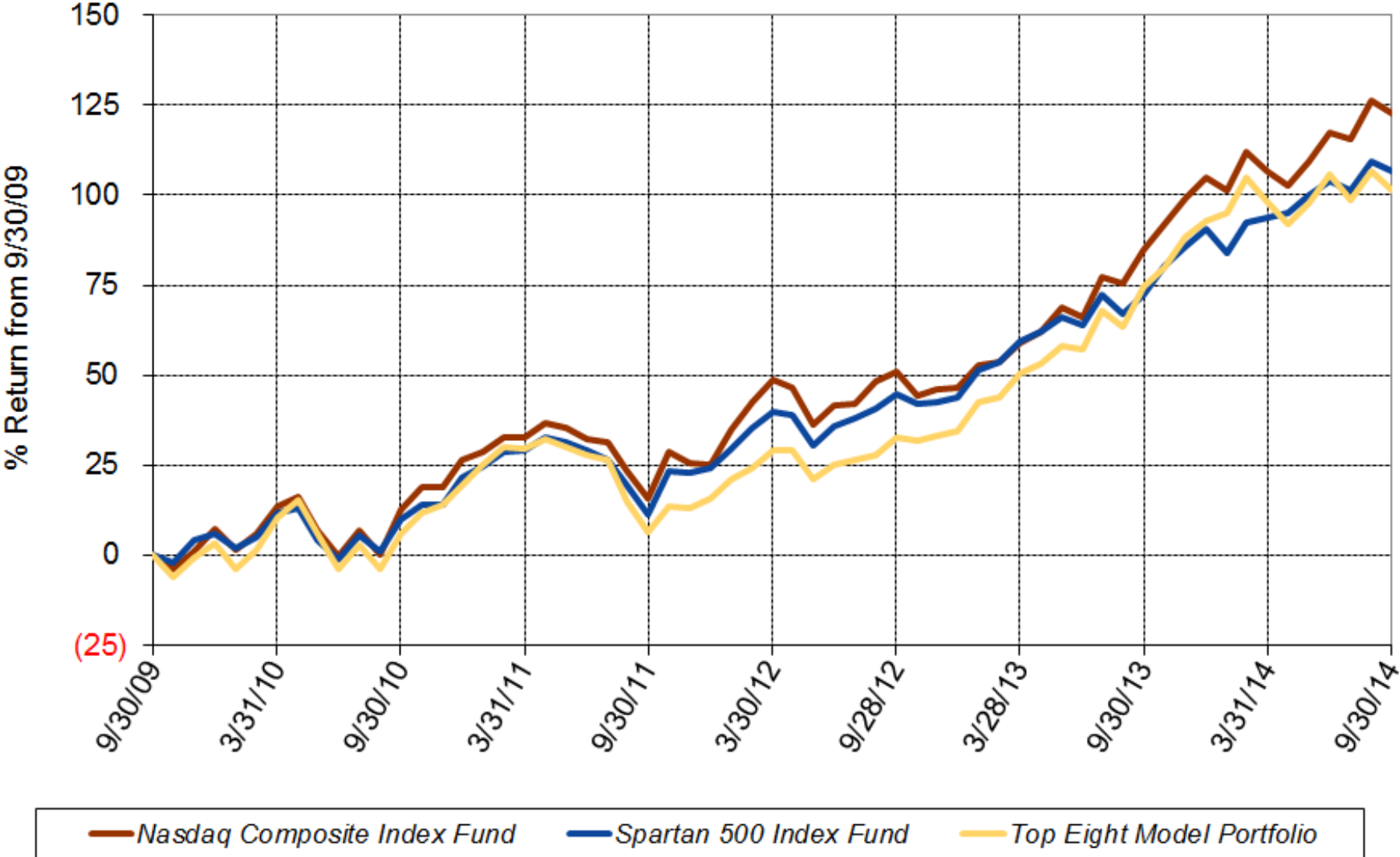
Lifetime Chart



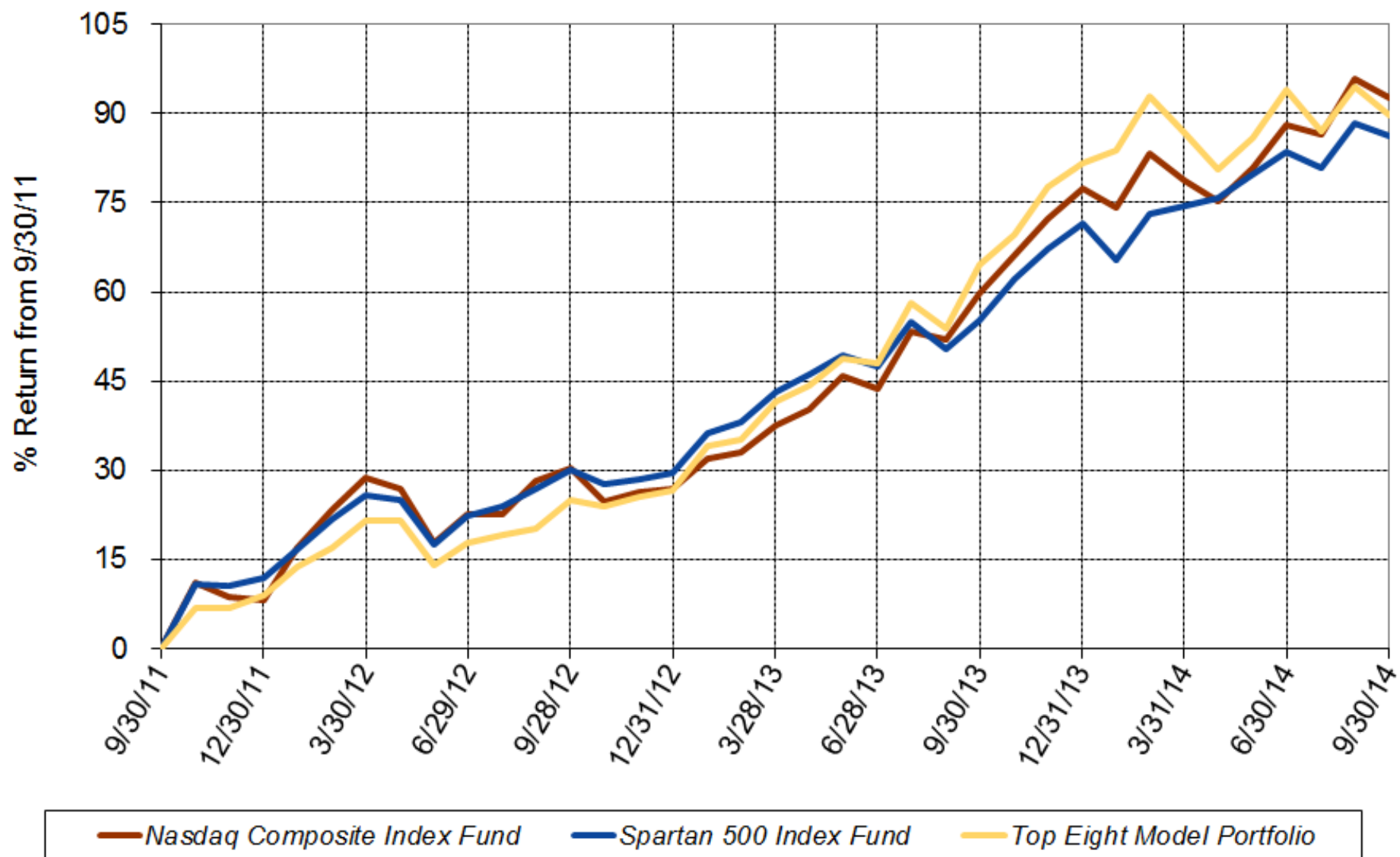
10-Year Chart



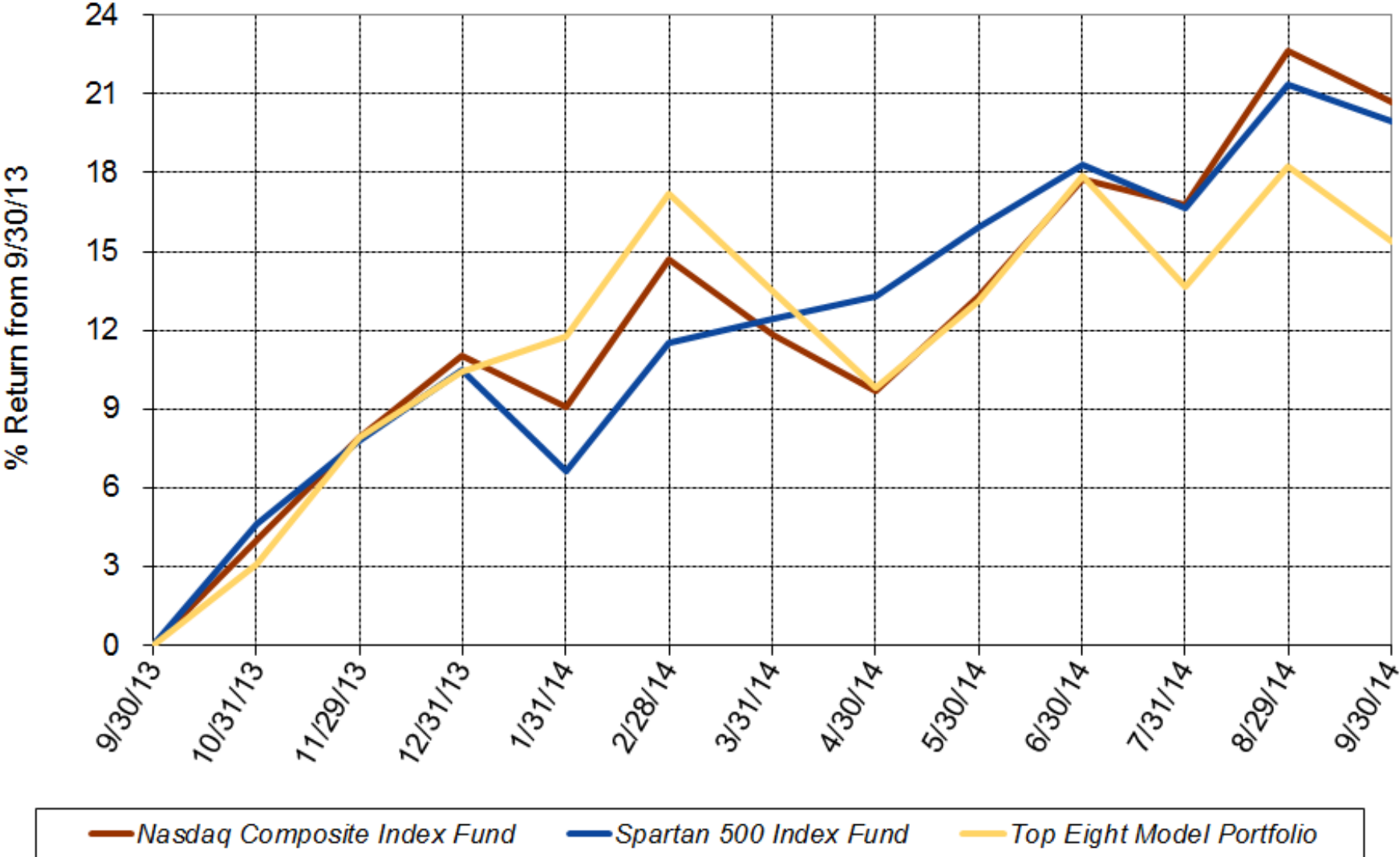
5-Year Chart



3-Year Chart



1-Year Chart



Daily Chart September 2014

