

FIDELITY SELECT FUNDRANKER™

Volume 10 Issue 9

The Right Funds at the Right Time

September 2015

Broad Market Corrects in August

The broad market S&P 500 Index moved briefly into correction, that is, more than 10% lower than its recent high, during August. The Nasdaq Composite Index and *Top Eight Model Portfolio* also moved briefly into correction.

All eight funds in our *Top Eight Model Portfolio* lost value in August. Retailing was our best performer with a one-month loss of 2.19%. IT Services, Insurance, Consumer Discretionary, Leisure, Health Care, Pharmaceuticals, and Biotechnology trailed with one-month losses ranging from 4.83% to 10.90%.

In August, the *Top Eight Model Portfolio* lost 6.841%, while the Nasdaq Composite and S&P 500 Indexes lost 6.707% and 6.049%. For YTD through August, the *Top Eight Model Portfolio* gained 3.238%, the Nasdaq Composite Index gained 1.540%, and the S&P 500 Index lost 2.878%.

Final Performance of Funds Sold on August 3

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

Fund	Bought	Sold	Return
Medical Delivery (FSHCX)	1/2/2015	8/3/2015	14.60%
Multimedia (FBMPX)	7/2/2015	8/3/2015	2.24%

China Fears Send U.S. Markets into Correction

Early last week, U.S. markets went into freefall over concern that a slowdown in China could affect world economies adversely. The Dow Jones Industrial Average swooned over 1,000 points in the first few minutes on Monday, August 24, before closing down 588 points for the day. The Dow fell again on Tuesday, August 25, but in a dramatic turn-around, it logged its best two-day percentage gain since 2008 on Wednesday and Thursday, August 26 and 27.

The S&P 500 Index, on a total-return basis including dividends, was 10.858% and 12.044% lower on August 24 and 25 than its July 20 all-time high. The Nasdaq Composite Index, also on a total-return basis, was 13.168% and 13.530% lower on August 24 and 25 than its July 20 all-time high. The *Top Eight Model Portfolio* was 11.236% and 11.574% lower on August 24 and 25 than its July 20 all-time high.

The three measures ended August at 7.088%, 8.315%, and 7.395%, respectively, below their recent all-time highs. Technically, they are out of correction, but not by much. Economists expect more volatility ahead, so it's possible this correction has not yet run its course. Economists seem to agree, however, that economic fundamentals at this time do not point to a deeper bear market.

GDP Watch

The Bureau of Economic Analysis of the U.S. Department of Commerce released its "second" estimate of second quarter Gross Domestic Product on Thursday, August 27. Real gross domestic product increased at an annual rate of 3.7% in the second quarter, quite an increase over the "advance" estimate of 2.3%.

Fed Watch

The Kansas City Federal Reserve held their annual retreat in Jackson Hole, Wyoming, last week. Notably, Janet Yellen, Chair of the Board of Governors of the Federal Reserve, and several other members of the Federal Open Market Committee did not attend.

In remarks at a panel on Saturday, Federal Reserve Vice Chair Stanley Fischer said that "there is good reason to believe that inflation will move higher as the forces holding down inflation dissipate further." Inflation has stayed stubbornly below the Fed's 2% goal. Fischer's remark hints at the continuing possibility of a rate increase at the Fed's next meeting on September 16 and 17.

Also key to the Fed's rate decision in mid-September is the Fed's other mandate, full employment. They will get new data on that on September 4 when the Bureau of Labor Statistics releases its

August 2015 Employment Situation report.

Central bank policy makers from other countries also are invited to the Jackson Hole conference each year. The message from them this year seemed to be a consensus that raising rates in September would be a vote of confidence from the Fed that the U.S. recovery is sustainable and that, in turn, would be good for world economies. The IMF, on the other hand, has urged the Fed to hold off on rate hikes until world economies are less fragile.

Current Bull Market Corrections

The S&P 500 Index has had several corrections, that is, down more than 10% from previous highs, during the run of our current bull market. For comparison, here are the steepest losses, on a total return basis, incurred by the S&P 500 and Nasdaq Composite Indexes during those corrections:

Time Period	S&P 500	Nasdaq Composite
May-Sep/2010	(15.638)%	(17.183)%
Aug-Oct/2011	(18.689)%	(18.446)%
Nov/2011	(13.975)%	(14.600)%
Dec/2011	(10.379)%	(11.683)%
Aug/2015	(12.044)%	(13.530)%

Note that the last three S&P 500 corrections were short-lived, six trading days in November, 2011, one trading day in December, 2011, and now two trading days in August, 2015. You can see by the stretch of several months that the first two corrections lasted quite a lot longer and got much closer to being bear markets, defined as losses of 20% from previous highs.

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 September 2015

Fund Name (Symbol)	Purchase	Return to 8/31
1. Retailing (FSRPX)	7/2/2015	3.66%
2. IT Services (FBSOX)	5/6/2015	1.56%
3. Biotechnology (FBIOX)	9/5/2014	31.92%
4. Medical Delivery (FSHCX)	9/2/2015	
5. Pharmaceuticals (FPHAX)	2/2/2015	8.56%
6. Construction & Housing (FSHOX)	9/2/2015	
7. Insurance (FSPCX)	8/3/2015	(6.52)%
8. Medical Eqpt & Systems (FSMEX)	9/2/2015	
Funds to be sold on September 2:		
9. Leisure (FDLSX)	7/2/2015	(3.69)%
10. Health Care (FSPHX)	8/5/2013	64.23%
11. Consumer Discretionary (FSCPX)	8/3/2015	(6.45)%

Fundranker Exchanges for September 2

Sell Health Care (FSPHX), buy Medical Delivery (FSHCX)
Sell Leisure (FDLSX), buy Construction & Housing (FSHOX)
Sell Consumer Discretionary (FSCPX), buy Med Eqpt & Sys (FSMEX)

Start a New Portfolio

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

Optional Rebalancing Exchange Dates

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

Upcoming Fundranker Exchange Dates

Fundranker will exchange on October 2, our [early exchange date](#); even if we exchange a fund purchased on September 2, we still will avoid roundtrip transactions, so *Fundranker* won't need to set a [late exchange date](#) for October.

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<i>Fundranker Ratings for 8/31/15</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)	2.81	(8.52)	(5.22)	(3.94)	(3.718)	15
Automotive (FSAVX)	(5.95)	(9.63)	(11.33)	(6.67)	(8.395)	30
Banking (FSRBX)	4.44	1.77*	(2.29)	(6.60)	0.330	12
Biotechnology (FBIOX)	28.89*	2.57*	(6.13)	(10.90)	5.608	3
Brokerage & Investment Mgmt (FSLBX)	(5.28)	(7.27)	(9.34)	(9.09)	(7.745)	28
Chemicals (FSCHX)	(14.73)	(14.86)	(14.77)	(7.04)	(12.850)	34
Communications Equipment (FSDCX)	(4.47)	(11.92)	(11.09)	(7.57)	(8.763)	31
Computers (FDCPX)	(8.93)	(12.49)	(11.64)	(5.33)	(9.598)	32
Construction & Housing (FSHOX)	9.98*	(2.32)	(0.64)	(2.23)	2.198	6
Consumer Discretionary (FSCPX)	9.89*	(2.52)	(1.72)	(6.69)	0.740	11
Consumer Finance (FSVLX)	4.25	(0.24)	(4.27)	(5.10)	(1.340)	14
Consumer Staples (FDFAX)	0.00	(9.75)	(6.65)	(7.96)	(6.090)	21
Defense & Aerospace (FSDAX)	1.96	(11.02)	(9.22)	(5.52)	(5.950)	20
Electronics (FSELX)	1.31	(11.48)	(15.03)	(3.52)	(7.180)	26
Energy (FSENX)	(32.57)	(13.77)	(14.83)	(2.43)	(15.900)	35
Energy Service (FSESX)	(43.35)	(11.15)	(15.58)	(0.06)	(17.535)	37
Environment & Alternative Energy (FSLEX)	(7.49)	(8.93)	(9.81)	(5.42)	(7.913)	29
Financial Services (FIDSX)	(0.78)	(4.99)	(6.50)	(7.33)	(4.900)	17
Gold (FSAGX)	(40.79)	(25.14)	(20.03)	3.82*	(19.535)	38
Health Care (FSPHX)	16.43*	(1.04)	(6.75)	(8.47)	1.043	10
Industrial Equipment (FSCGX)	(5.93)	(8.37)	(8.47)	(5.56)	(7.083)	25
Industrials (FCYIX)	(3.54)	(9.73)	(8.56)	(7.34)	(7.293)	27
Insurance (FSPCX)	5.27*	1.24*	(0.34)	(6.14)	2.008	7
IT Services (FBSOX)	21.22*	3.51*	(1.41)	(4.83)	6.623	2
Leisure (FDLSX)	11.35*	(1.15)	(2.19)	(7.38)	1.158	9
Materials (FSDPX)	(12.77)	(11.10)	(10.24)	(5.39)	(9.875)	33
Medical Delivery (FSHCX)	16.87*	2.40*	(4.08)	(4.87)	4.580	4
Medical Equipment & Systems (FSMEX)	17.44*	(2.77)	(4.96)	(5.86)	1.963	8
Multimedia (FBMPX)	0.90	(6.00)	(8.31)	(12.08)	(6.373)	22
Natural Gas (FSNGX)	(42.62)	(20.15)	(21.78)	(3.07)	(21.905)	39
Natural Resources (FNARX)	(33.68)	(14.96)	(15.55)	(2.23)	(16.605)	36
Pharmaceuticals (FPHAX)	17.90*	2.91*	(4.72)	(8.47)	3.905	5
Retailing (FSRPX)	22.20*	5.05*	5.96*	(2.19)	10.755	1
Software & Computer Services (FSCSX)	5.97*	(2.55)	(2.09)	(5.33)	0.000	13
Technology (FSPTX)	(0.65)	(6.14)	(9.85)	(7.05)	(5.923)	19
Telecommunications (FSTCX)	(1.58)	(6.01)	(5.62)	(4.22)	(4.358)	16
Transportation (FSRFX)	(2.84)	(13.67)	(5.30)	(6.32)	(7.033)	23
Utilities (FSUTX)	(7.66)	(7.70)	(8.08)	(4.79)	(7.058)	24
Wireless (FWRLX)	(1.12)	(6.52)	(7.76)	(5.38)	(5.195)	18

*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

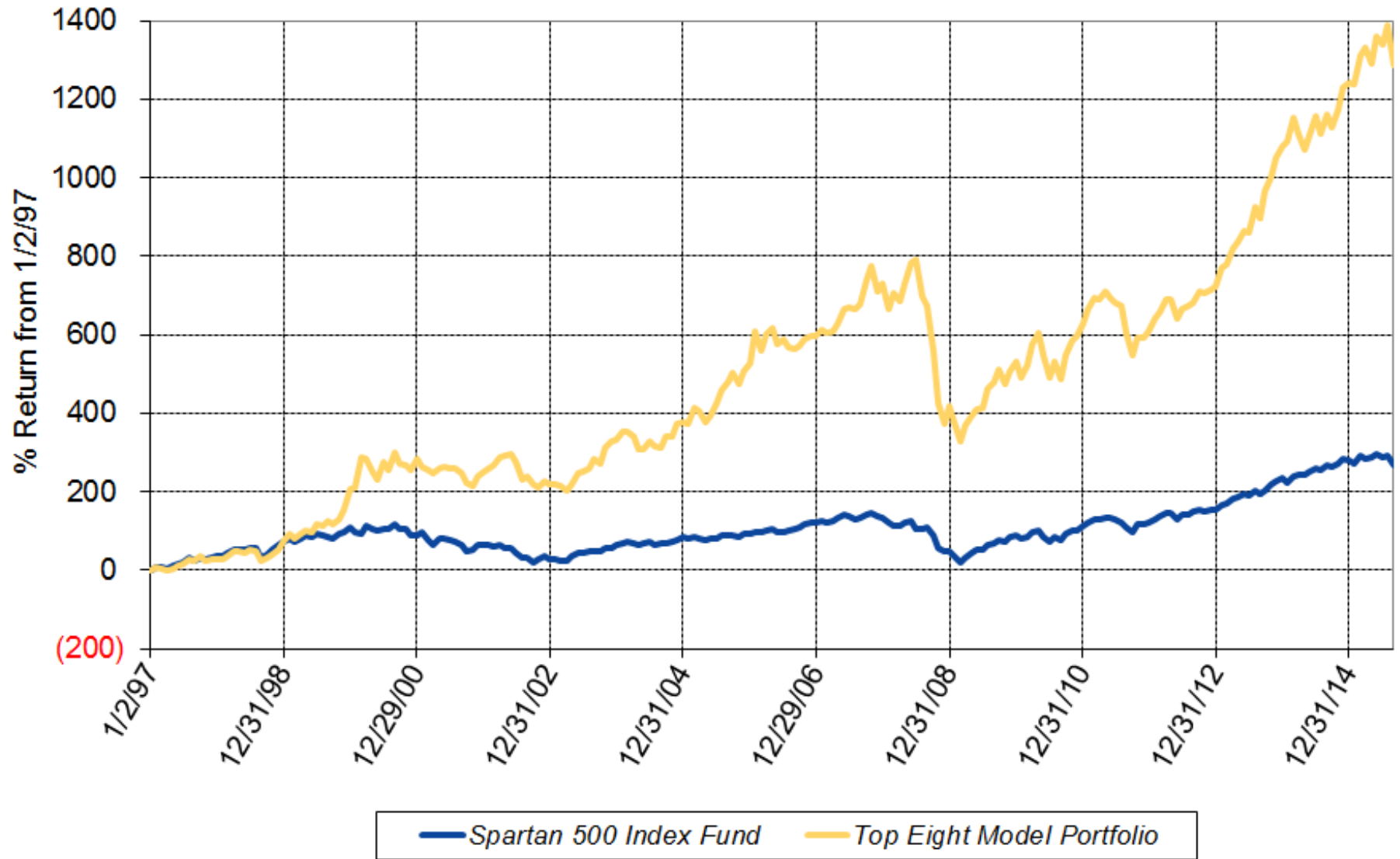
Sell on September 2, 2015

Buy on September 2, 2015

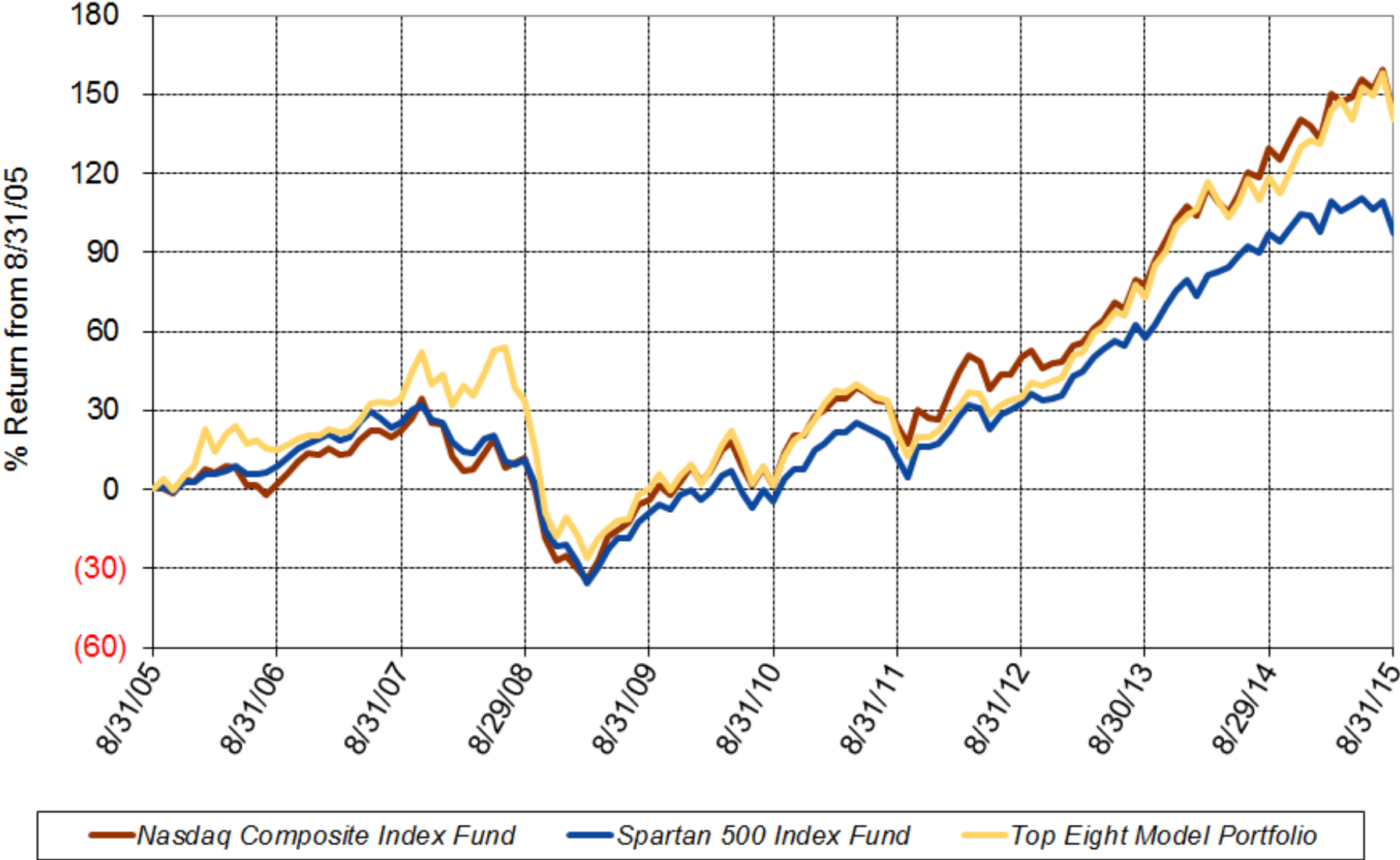
Hold

Fundranker Performance for August 2015													
7/31 Funds	7/31 Shares	7/31 Amount	<=8/3 Div Shrs	8/3 Shares	8/3 Amount	8/3 Funds	8/3 Shares	8/3 Amount	>8/3 Div Shrs	8/31 Shares	8/31 Amount	Aug Return	
FBIOX	158.187	44,091.46	none	158.187	44,186.37	FBIOX	157.756	44,065.86	none	157.756	39,178.70		
FSHCX	457.126	42,188.16	none	457.126	42,220.16	FPHAX	1,764.752	44,065.86	none	1,764.752	40,253.99		
FPHAX	1,787.606	44,547.14	none	1,787.606	44,636.52	FSPRX	437.987	44,065.86	none	437.987	43,286.26		
FSPHX	179.488	44,127.12	none	179.488	44,119.95	FSPHX	179.268	44,065.86	none	179.268	40,340.68		
FBSOX	1,078.424	44,236.95	none	1,078.424	44,129.11	FBSOX	1,076.878	44,065.86	none	1,076.878	42,041.32		
FSRPX	448.495	45,315.93	none	448.495	45,123.08	FDLSX	300.258	44,065.86	none	300.258	40,877.12		
FBMPX	503.231	43,539.55	none	503.231	43,715.68	FSPCX	613.902	44,065.86	none	613.902	41,192.82		
FDLSX	302.508	44,462.63	none	302.508	44,396.07	FSCPX	1,225.754	44,065.86	none	1,225.754	41,222.11		
Top Eight		352,508.94			352,526.94			352,526.90			328,393.00	(6.841)	
FNCMX	1,632.105	110,722.00	none						none	1,632.105	103,295.93	(6.707)	
FUSEX	1,273.597	94,539.11	none						none	1,273.597	88,820.65	(6.049)	
Yearly Summaries				1997 Return %	1998 Return %	1999 Return %	2000 Return %	2001 Return %					
Top Eight Model Portfolio				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 Return %	2003 Return %	2004 Return %	2005 Return %	2006 Return %					
Top Eight Model Portfolio				(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 Return %	2008 Return %	2009 Return %	2010 Return %	2011 Return %					
Top Eight Model Portfolio				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 Return %	2013 Return %	2014 Return %	2015 YTD Return %						
Top Eight Model Portfolio				16.302	43.354	13.946	3.238						
Nasdaq Composite Index Fund				17.325	39.746	14.602	1.540						
Spartan 500 Index Fund - Investor Class				15.929	32.251	13.590	(2.878)						
Lifetime Summary				1/2/97 to 8/31/15 Total Return %		1/2/97 to 8/31/15 Average Annual Return %							
Top Eight Model Portfolio				1,268.304		15.045							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund - Investor Class				270.086		7.262							
10-Year Summary				8/31/05 to 8/31/15 Total Return %		8/31/05 to 8/31/15 Average Annual Return %							
Top Eight Model Portfolio				140.134		9.155							
Nasdaq Composite Index Fund				141.684		9.226							
Spartan 500 Index Fund - Investor Class				98.101		7.075							
5-Year Summary				8/31/10 to 8/31/15 Total Return %		8/31/10 to 8/31/15 Average Annual Return %							
Top Eight Model Portfolio				136.521		18.788							
Nasdaq Composite Index Fund				137.895		18.926							
Spartan 500 Index Fund - Investor Class				108.114		15.787							
3-Year Summary				8/31/12 to 8/31/15 Total Return %		8/31/12 to 8/31/15 Average Annual Return %							
Top Eight Model Portfolio				77.742		21.133							
Nasdaq Composite Index Fund				60.886		17.176							
Spartan 500 Index Fund - Investor Class				49.077		14.236							
1-Year Summary				8/29/14 to 8/31/15 Total Return %									
Top Eight Model Portfolio				9.884									
Nasdaq Composite Index Fund				5.375									
Spartan 500 Index Fund - Investor Class				0.452									

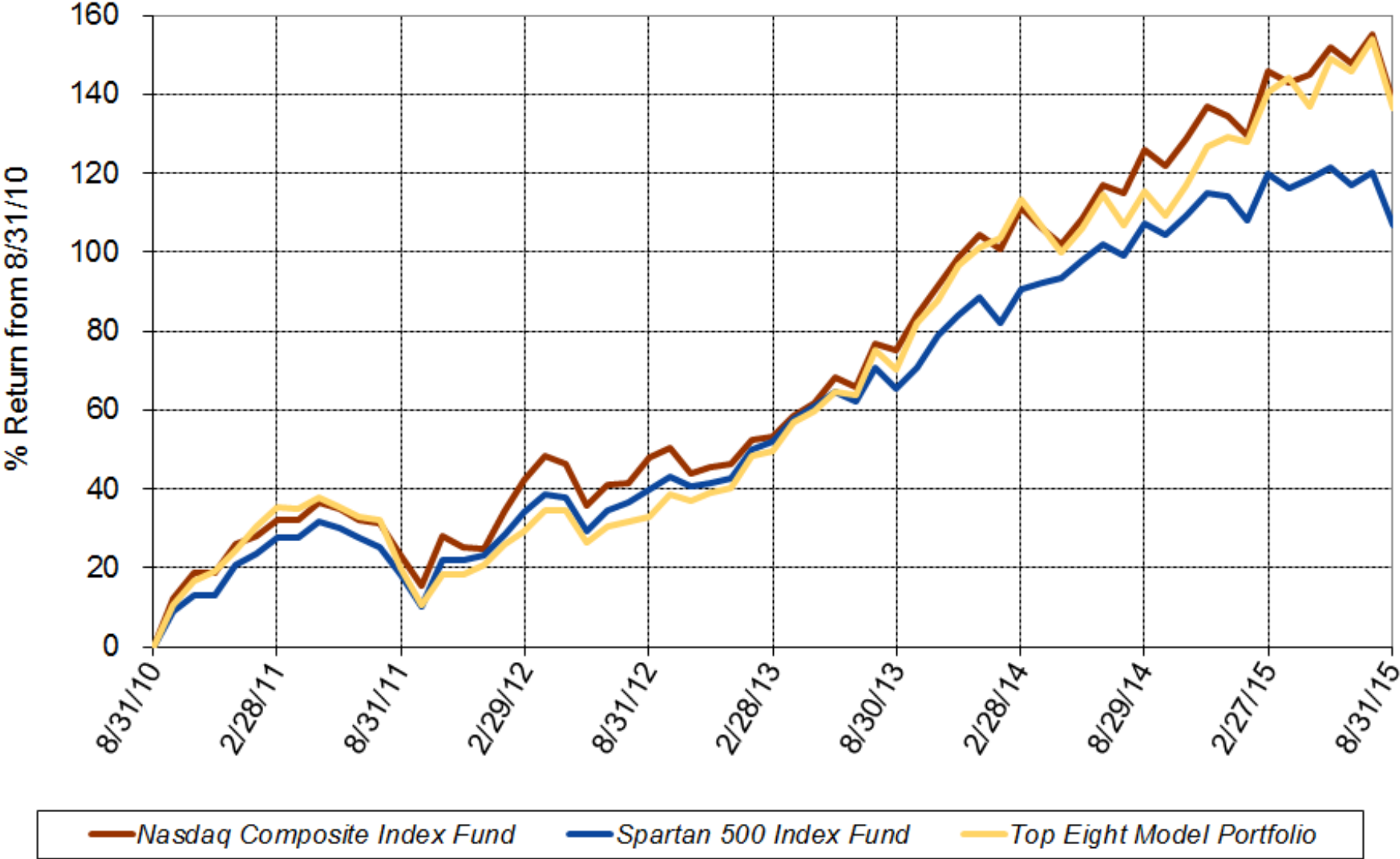
Lifetime Chart



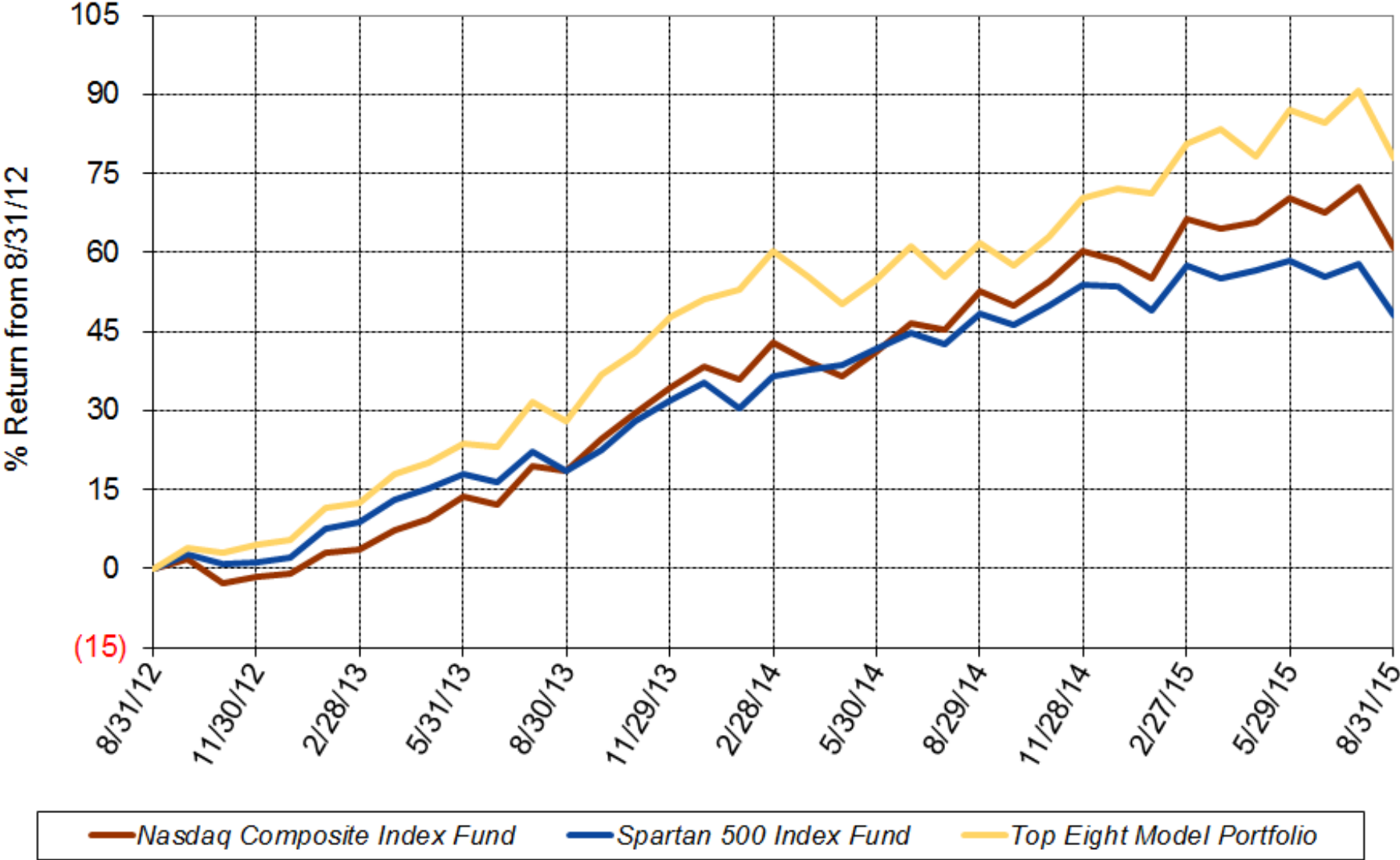
10-Year Chart



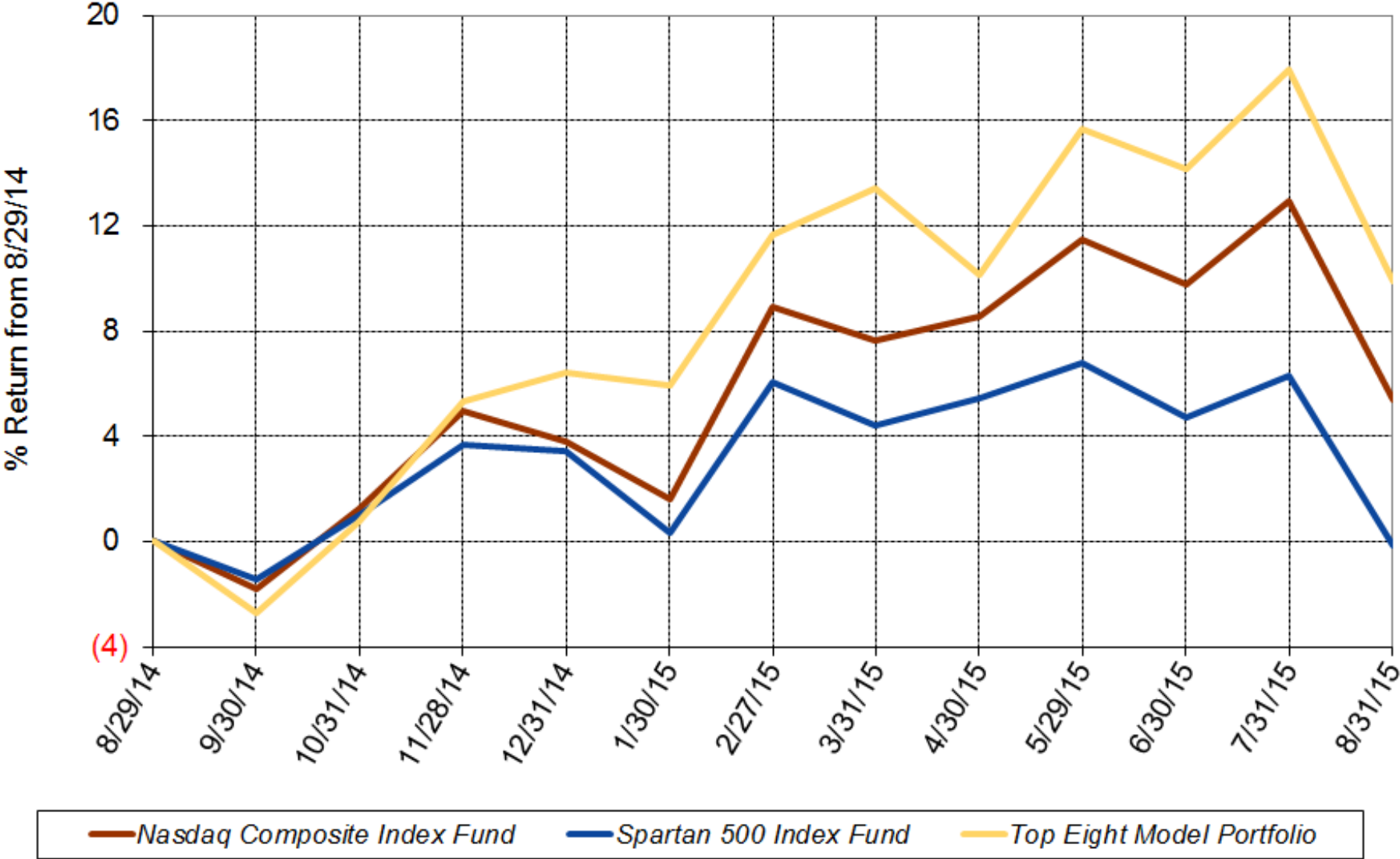
5-Year Chart



3-Year Chart



1-Year Chart



Daily Chart August 2015

