

FIDELITY SELECT FUNDRANKER™

Volume 10 Issue 10

The Right Funds at the Right Time

October 2015

Broad Market Volatile in September

The broad market S&P 500 Index moved very close to correction, that is, more than 10% lower than its recent high, on the first day of September, languished in not-quite-correction territory for most of the remainder of the month, dropped back into correction at month end, but climbed just out of correction on the last trading day.

All eight funds in our *Top Eight Model Portfolio* lost value in September. Retailing, Construction & Housing, IT Services, and Insurance had one-month losses ranging from 1.22% to 1.98%. Medical Delivery, Medical Equipment & Systems, Pharmaceuticals, and Biotechnology trailed with losses ranging from 4.43% to 12.35%.

In September, the *Top Eight Model Portfolio* lost 4.505%, while the Nasdaq Composite and S&P 500 Indexes lost 3.223% and 2.481%. For YTD through September, the *Top Eight Model Portfolio* lost 1.495%, the Nasdaq Composite Index lost 1.733%, and the S&P 500 Index lost 5.287%.

Final Performance of Funds Sold on September 2

Fundranker exchanged three funds on September 2. Here are the returns they contributed to the *Top Eight Model Portfolio*:

Fund	Bought	Sold	Return
Consumer Discretionary (FSCPX)	8/3/2015	9/2/2015	(6.90)%
Health Care (FSPHX)	8/5/2013	9/2/2015	63.39%
Leisure (FDLSX)	7/2/2015	9/2/2015	(3.49)%

Correction Extends into September

As expected, markets were volatile in September. The broad S&P 500 Index fell almost 3% on September 1 and rose in fits and starts to a gain of over 1% by mid-month before falling again into negative territory for the month.

The S&P 500 Index, on a total-return basis including dividends, after falling five days in a row, was 11.204% lower on September 28 than its July 20 all-time high. The Nasdaq Composite Index, also on a total-return basis, was 13.241% lower on September 29 than its July 20 all-time high. The *Top Eight Model Portfolio* was 13.557% lower on September 29 than its July 20 all-time high.

The three measures ended September at 9.392%, 11.270%, and 11.641%, respectively, below their recent all-time highs. The S&P 500 Index technically is out of correction, but not by much. Domestic growth is strong, but will it outweigh China's slowdown and other global economic concerns? We can expect more volatility ahead, and it is quite possible this correction will continue, but we still do not think we are in for a bear market.

GDP Watch

The Bureau of Economic Analysis of the U.S. Department of Commerce released its "third" estimate of second quarter Gross Domestic Product on Friday, September 25. Real gross domestic product increased at an annual rate of 3.9% in the second quarter, even stronger than the "second" estimate of 3.7% growth, released August 27, and way stronger than the "advance" estimate of 2.3%.

Fed Watch

The Federal Open Market Committee met on September 16 and 17 amid much market uncertainty of whether the Committee would raise rates for the first time since June, 2006. Federal Reserve Bank of Atlanta President Dennis Lockhart said a few days after the meeting that the decision not to raise rates was a "close call." Concerns over a weak global economic environment and weak inflation expectations overbalanced the FOMC's view that domestic economic performance continues to improve, and in the end, the Committee left rates at 0 to ¼ percent, a rate which has been in place since December, 2008.

While officials generally are in agreement that rates should rise this year, they are split on whether that should happen at the upcoming FOMC meeting on October 27 and 28, the meeting on

December 15 and 16, or even later. Because of the Committee's concerns over a weak global economic environment and weak inflation expectations, officials do seem to agree that rates are likely to rise very gradually.

When the FOMC does eventually raise rates, it will lift the uncertainty that still hovers over markets. Also, it will be a vote of confidence that the Committee feels that the strength of the domestic economy finally overbalances global economic and weak inflation concerns. While that uncertainty over rates hovers over markets, we are quite likely to see continued volatility.

Fed Chair Janet Yellen already eased some of these concerns in remarks on September 24, a week after the FOMC declined to raise rates, saying that she expects rates to be raised this year.

Top Eight Funds Don't Fall Very Far

We've noticed that when funds fall out of the *Top Eight Model Portfolio*, they don't usually fall very far. Over the latest 12 issues of *Fidelity Select Fundranker* newsletter (November 2014 through October 2015), 24 funds have fallen out of our *Top Eight Model Portfolio*. On average, those 24 funds fell to an average rank of 13.8. Fifteen of the 24 funds (nearly two-thirds) fell to ranks 9 to 13, within the next five funds after the *Top Eight*. Seven more fell to ranks 15 to 19, still in the top half of Select funds, and the worst two fell to ranks 27 and 30, clearly outliers.

In essence, this means that even when funds fall out of our *Top Eight Model Portfolio*, they usually still are very high in relative performance of the 39 Select funds we follow.

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 2015

Fund Name (Symbol)	Purchase	Return to 9/30
1. Retailing (FSRPX)	7/2/2015	2.39%
2. IT Services (FBSOX)	5/6/2015	(0.31)%
3. Construction & Housing (FSHOX)	9/2/2015	(1.17)%
4. Insurance (FSPCX)	8/3/2015	(8.37)%
5. Consumer Discretionary (FSCPX)	10/2/2015	
6. Leisure (FDLSX)	10/2/2015	
7. Software & Comp Svcs (FSCSX)	10/2/2015	
8. Medical Delivery (FSHCX)	9/2/2015	(3.60)%
Funds to be sold on October 2:		
12. Medical Eqpt & Systems (FSMEX)	9/2/2015	(5.70)%
15. Pharmaceuticals (FPHAX)	2/2/2015	(0.34)%
27. Biotechnology (FBIOX)	9/5/2014	15.62%

Fundranker Exchanges for October 2

Sell Biotechnology (FBIOX), buy Consumer Discretionary (FSCPX)
Sell Pharmaceuticals (FPHAX), buy Leisure (FDLSX)
Sell Med Eqpt & Sys (FSMEX), buy Software & Comp Svcs (FSCSX)

Start a New Portfolio

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

Optional Rebalancing Exchange Dates

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

Upcoming Fundranker Exchange Dates

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

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<i>Fundranker Ratings for 9/30/15</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)	3.77	(9.60)	(3.89)	(0.95)	(2.668)	9
Automotive (FSAVX)	(1.41)	(12.34)	(12.04)	(3.12)	(7.228)	29
Banking (FSRBX)	2.26	(1.46)	(8.60)	(2.88)	(2.670)	10
Biotechnology (FBIOX)	14.48*	(13.15)	(19.77)	(12.35)	(6.698)	27
Brokerage & Investment Mgmt (FSLBX)	(9.63)	(12.74)	(15.06)	(6.18)	(10.903)	32
Chemicals (FSCHX)	(19.23)	(16.27)	(16.91)	(5.50)	(14.478)	34
Communications Equipment (FSDCX)	(5.49)	(10.59)	(7.48)	(2.59)	(6.538)	25
Computers (FDCPX)	(10.34)	(11.92)	(10.26)	(4.37)	(9.223)	31
Construction & Housing (FSHOX)	12.95*	(5.77)	(1.69)	(1.71)	1.945	3
Consumer Discretionary (FSCPX)	10.03*	(4.05)	(5.18)	(2.05)	0.688	5
Consumer Finance (FSVLX)	2.43	(5.25)	(7.59)	(3.33)	(3.435)	13
Consumer Staples (FDFAX)	0.19	(7.35)	(5.14)	(0.03)	(3.083)	11
Defense & Aerospace (FSDAX)	(0.12)	(14.13)	(8.63)	(3.19)	(6.518)	24
Electronics (FSELX)	1.19	(11.43)	(9.69)	(1.99)	(5.480)	18
Energy (FSENX)	(32.43)	(20.35)	(18.50)	(8.25)	(19.883)	36
Energy Service (FSESX)	(44.68)	(19.44)	(21.74)	(11.64)	(24.375)	38
Environment & Alternative Energy (FSLEX)	(7.40)	(12.29)	(12.24)	(4.34)	(9.068)	30
Financial Services (FIDSX)	(2.84)	(8.32)	(8.90)	(3.51)	(5.893)	20
Gold (FSAGX)	(29.20)	(17.22)	(16.60)	(2.82)	(16.460)	35
Health Care (FSPHX)	5.13*	(13.08)	(14.14)	(9.61)	(6.925)	28
Industrial Equipment (FSCGX)	(3.91)	(9.90)	(9.36)	(2.64)	(6.453)	23
Industrials (FCYIX)	(2.80)	(10.92)	(9.48)	(2.43)	(6.408)	22
Insurance (FSPCX)	5.40*	(1.08)	(3.05)	(1.98)	0.823	4
IT Services (FBSOX)	20.00*	1.57*	(2.74)	(1.84)	6.248	2
Leisure (FDLSX)	8.99*	(3.17)	(5.13)	(2.42)	0.568	6
Materials (FSDPX)	(16.93)	(15.20)	(15.47)	(8.42)	(14.005)	33
Medical Delivery (FSHCX)	14.40*	(5.45)	(10.38)	(4.43)	(0.465)	8
Medical Equipment & Systems (FSMEX)	11.82*	(11.79)	(10.24)	(6.90)	(3.278)	12
Multimedia (FBMPX)	0.68	(7.40)	(11.05)	(1.81)	(4.895)	16
Natural Gas (FSNGX)	(44.27)	(26.76)	(25.50)	(10.88)	(26.853)	39
Natural Resources (FNARX)	(33.49)	(21.92)	(19.91)	(9.41)	(21.183)	37
Pharmaceuticals (FPHAX)	5.64*	(7.88)	(11.38)	(8.20)	(4.455)	15
Retailing (FSRPX)	23.51*	3.78*	3.17*	(1.22)	10.310	1
Software & Computer Services (FSCSX)	4.19*	(2.96)	(2.44)	(2.28)	0.128	7
Technology (FSPTX)	(0.78)	(7.81)	(9.21)	(2.06)	(4.965)	17
Telecommunications (FSTCX)	(3.71)	(7.45)	(8.44)	(4.01)	(5.903)	21
Transportation (FSRFX)	(4.06)	(12.33)	(4.36)	(1.55)	(5.575)	19
Utilities (FSUTX)	(5.72)	(8.49)	(2.22)	(0.64)	(4.268)	14
Wireless (FWRLX)	(4.31)	(8.07)	(9.59)	(4.55)	(6.630)	26

*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

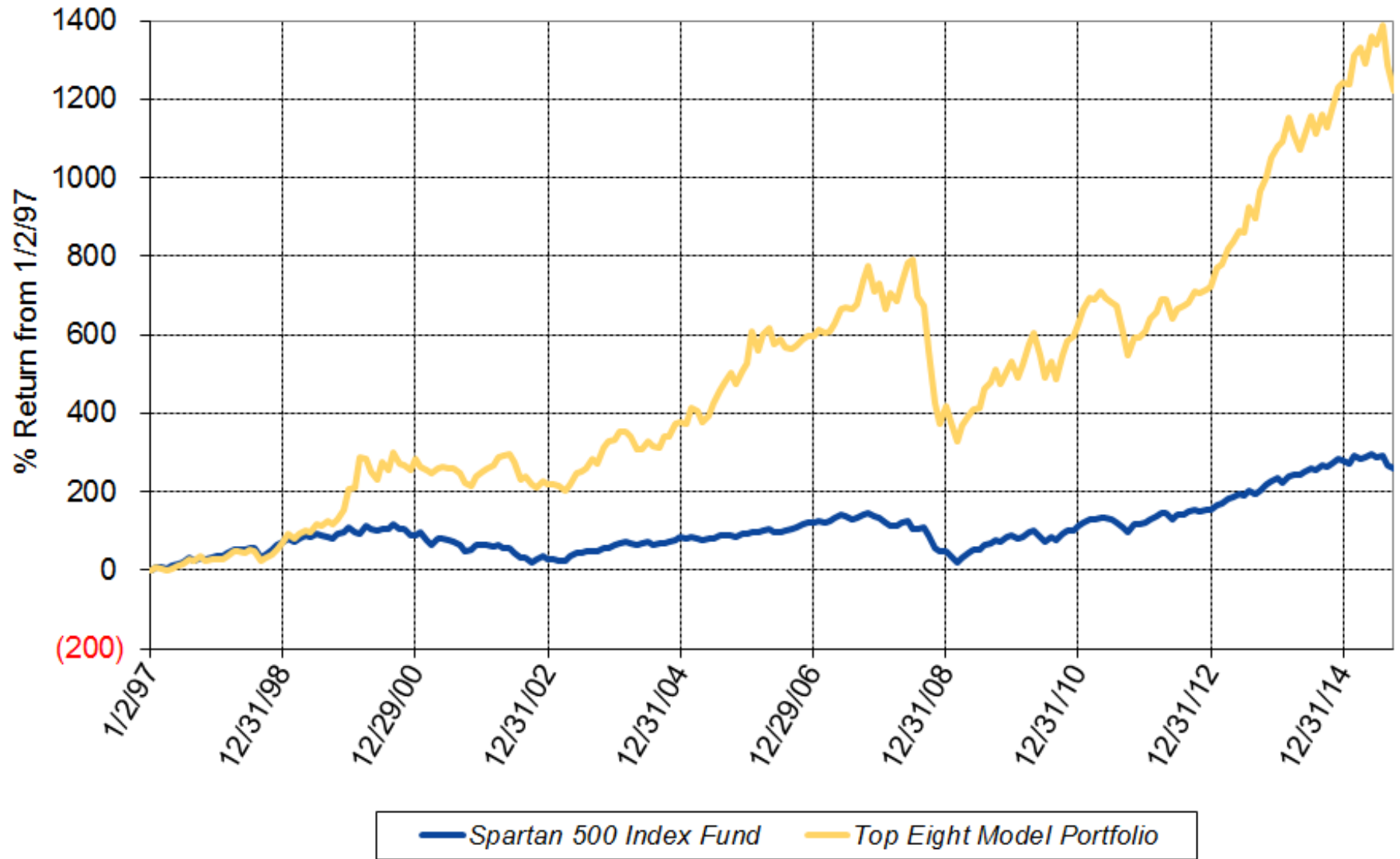
Sell on October 2, 2015

Buy on October 2, 2015

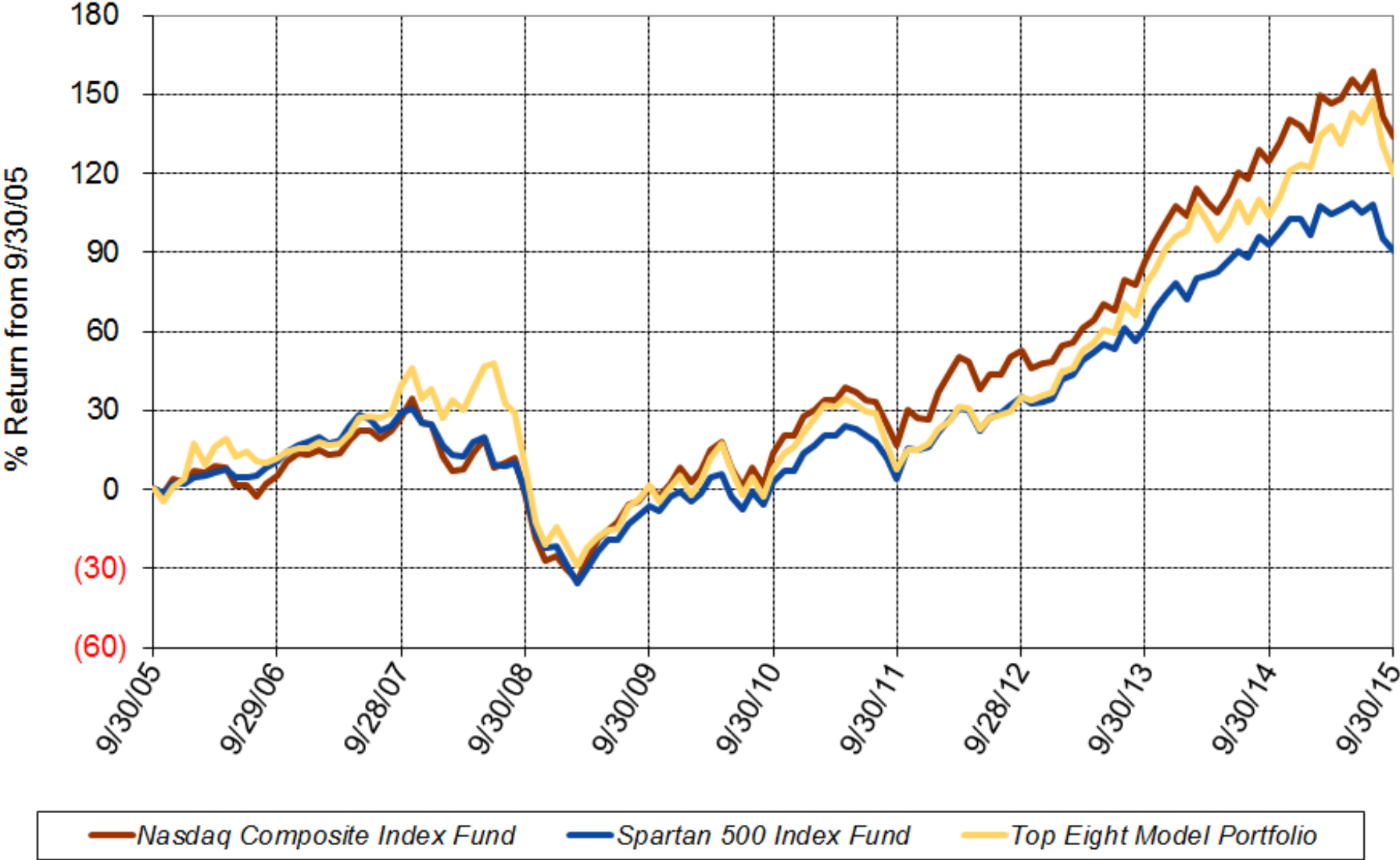
Hold

Fundranker Performance for September 2015													
8/31 Funds	8/31 Shares	8/31 Amount	<=9/2 Div Shrs	9/2 Shares	9/2 Amount	9/2 Funds	9/2 Shares	9/2 Amount	>9/2 Div Shrs	9/30 Shares	9/30 Amount	9/30 Amount	Sep Return
FBIOX	157.756	39,178.70	none	157.756	39,839.70	FSRPX	415.174	40,907.13	none	415.174	40,529.29		
FPHAX1	1,764.752	40,253.99	none	1,764.752	39,971.63	FBSOX1	1,059.770	40,907.13	none	1,059.770	40,610.39		
FSRPX	437.987	43,286.26	none	437.987	43,154.86	FBIOX	161.983	40,907.13	none	161.983	35,258.84		
FSPHX	179.268	40,340.68	none	179.268	40,132.73	FSHCX	469.981	40,907.13	none	469.981	39,436.11		
FBSOX1	1,076.878	42,041.32	none	1,076.878	41,567.49	FPHAX1	1,806.054	40,907.13	none	1,806.054	37,818.77		
FDLSX	300.258	40,877.12	none	300.258	40,961.20	FSHOX	716.287	40,907.13	none	716.287	40,427.24		
FSPCX	613.902	41,192.82	none	613.902	40,603.48	FSPCX	618.493	40,907.13	none	618.493	40,678.28		
FSCPX1	1,225.754	41,222.11	none	1,225.754	41,025.99	FSMEX1	1,125.678	40,907.13	none	1,125.678	38,576.99		
Top Eight		328,393.00			327,257.08			327,257.00			313,335.91		(4.585)
FNCMX1	1,632.105	103,295.93	none						none	1,632.105	99,966.43		(3.223)
FUSEX1	1,273.597	88,820.65	none						none	1,273.597	86,617.33		(2.481)
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	2015 YTD						
				Return %	Return %	Return %	Return %						
<i>Top Eight Model Portfolio</i>				16.302	43.354	13.946	(1.496)						
Nasdaq Composite Index Fund				17.325	39.746	14.602	(1.733)						
Spartan 500 Index Fund - Investor Class				15.929	32.251	13.590	(5.287)						
Lifetime Summary				1/2/97 to 9/30/15		1/2/97 to 9/30/15							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				1,205.566		14.686							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund - Investor Class				260.906		7.085							
10-Year Summary				9/30/05 to 9/30/15		9/30/05 to 9/30/15							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				119.923		8.200							
Nasdaq Composite Index Fund				133.574		8.853							
Spartan 500 Index Fund - Investor Class				91.645		6.721							
5-Year Summary				9/30/10 to 9/30/15		9/30/10 to 9/30/15							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				104.133		15.341							
Nasdaq Composite Index Fund				105.278		15.470							
Spartan 500 Index Fund - Investor Class				86.351		13.257							
3-Year Summary				9/28/12 to 9/30/15		9/28/12 to 9/30/15							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				63.044		17.698							
Nasdaq Composite Index Fund				53.124		15.261							
Spartan 500 Index Fund - Investor Class				41.723		12.326							
1-Year Summary				9/30/14 to 9/30/15		9/30/14 to 9/30/15							
				Total Return %		Total Return %							
<i>Top Eight Model Portfolio</i>				7.778		7.778							
Nasdaq Composite Index Fund				3.874		3.874							
Spartan 500 Index Fund - Investor Class				(0.632)		(0.632)							

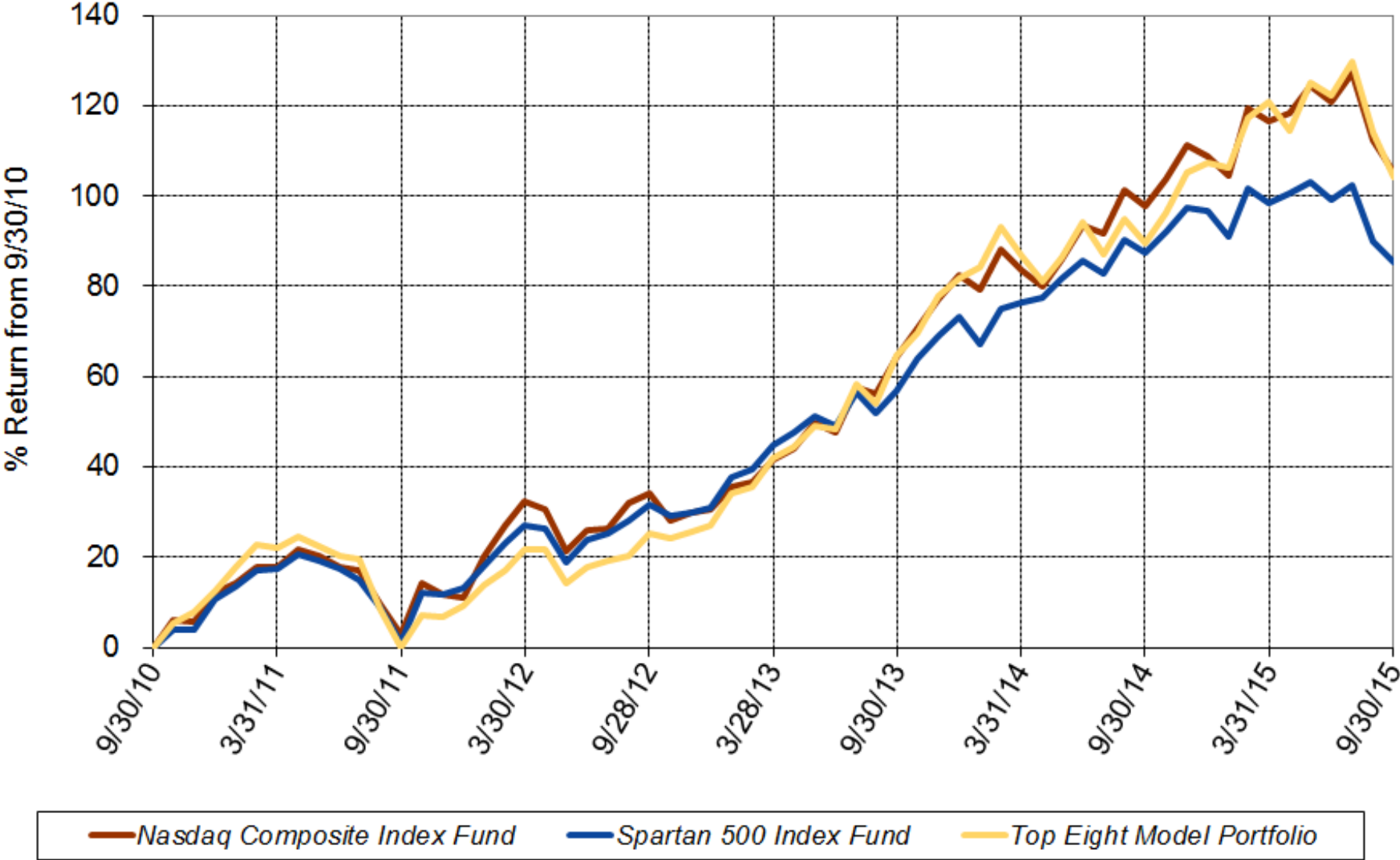
Lifetime Chart



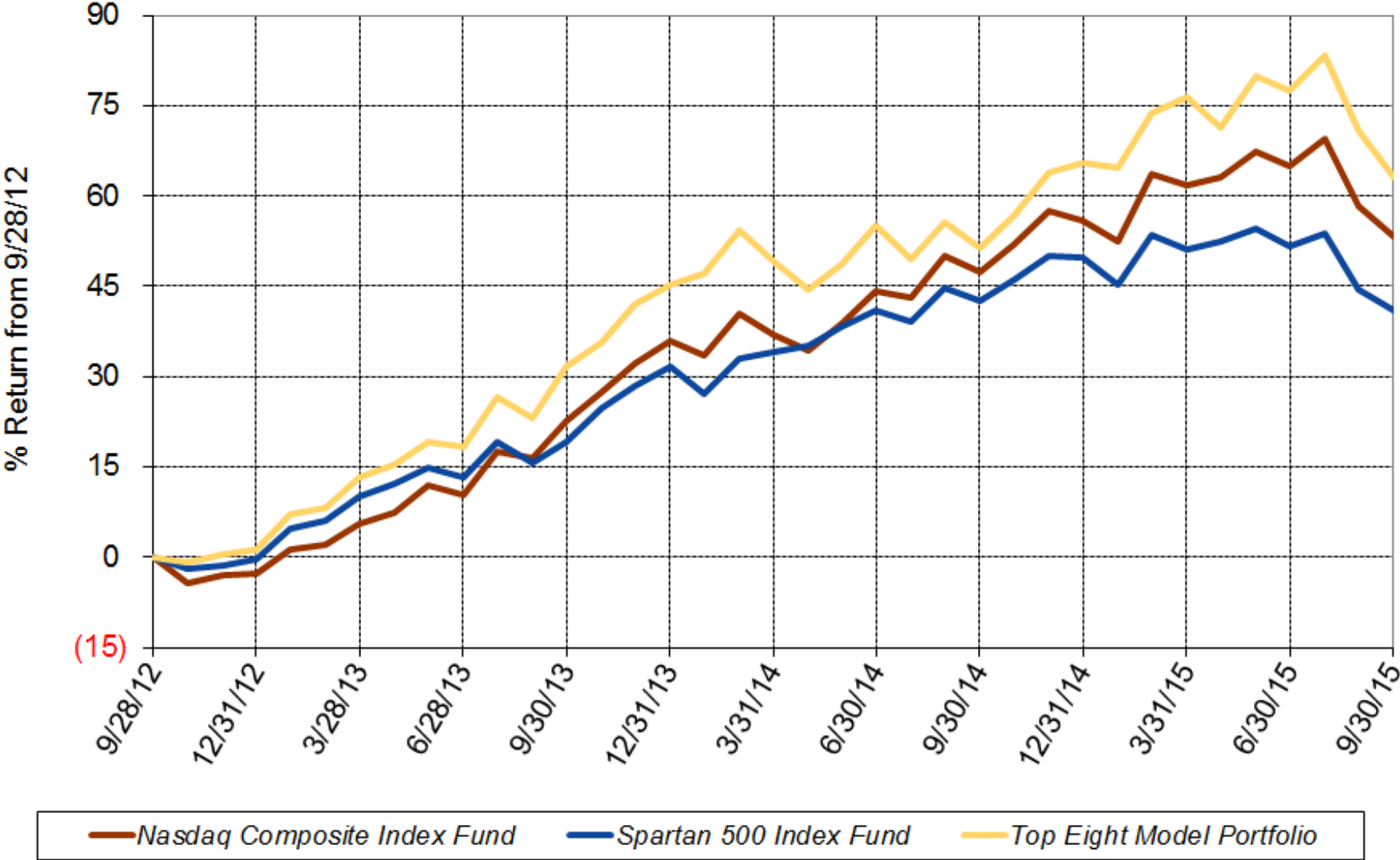
10-Year Chart



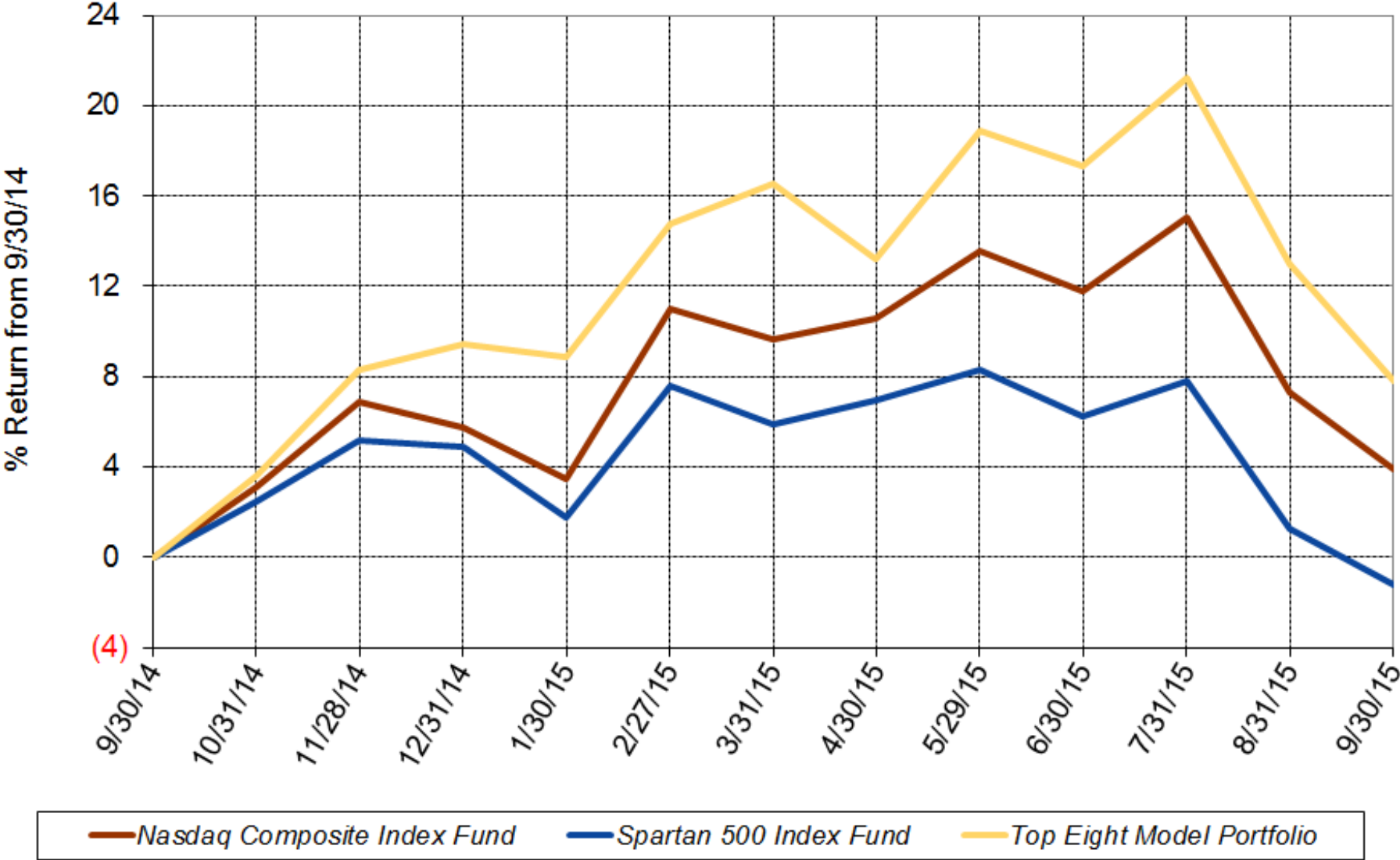
5-Year Chart



3-Year Chart



1-Year Chart



(4)

Daily Chart September 2015

