

# FIDELITY SELECT FUNDRANKER™

Volume 11 Issue 2

The Right Funds at the Right Time

February 2016

## Broad Market Drops Back into Correction

The broad market S&P 500 Index spent a number of days in January in correction territory, down just more than 10% from the July 2015 all-time high it reached on a total return basis, but surged higher on the last trading day.

All eight funds in our *Top Eight Model Portfolio* lost value in January. Biotechnology put in the second worst performance of a *Top Eight* fund ever with a one-month loss of 27.48% (Paper & Forest Products lost 31.57% in October 2008 in the midst of the Great Recession). Technology, Defense & Aerospace, Medical Equipment & Systems, Software & IT Services, IT Services, and Retailing had one-month losses ranging from 8.15% to 5.44%. Consumer Staples lost just 0.91%.

For a sports metaphor, *Fundranker* wins most games (some spectacularly), loses a few games (some spectacularly), and is still a great team. See *Top Eight Model Portfolio* Best and Worst Months at right.

In January, the *Top Eight Model Portfolio* lost 8.305%, making the Worst Ten list at number 10, while the Nasdaq Composite and S&P 500 Indexes lost 7.815% and 4.972%.

## Final Performance of Funds Sold on January 4

*Fundranker* exchanged five funds on January 4. Here are the returns they contributed to the *Top Eight Model Portfolio*:

| Fund                           | Bought    | Sold     | Return  |
|--------------------------------|-----------|----------|---------|
| Banking (FSRBX)                | 12/2/2015 | 1/4/2016 | (6.28)% |
| Construction & Housing (FSHOX) | 12/2/2015 | 1/4/2016 | (4.04)% |
| Consumer Discretionary (FSCPX) | 10/2/2015 | 1/4/2016 | 0.55%   |
| Electronics (FSELX)            | 11/2/2015 | 1/4/2016 | (0.39)% |
| Insurance (FSPCX)              | 8/3/2015  | 1/4/2016 | (5.32)% |

## GDP Watch

The Bureau of Economic Analysis of the U.S. Department of Commerce released its "advance" (first) estimate of fourth quarter Gross Domestic Product on Friday, January 29. Real gross domestic product increased at an annual rate of only 0.7% in the fourth quarter, a considerable slow-down from the third quarter's 2.0% increase.

Consumer spending, which accounts for more than ⅔ of U.S. economic activity, sent a mixed message, advancing at a 2.2% rate, less than the 3% third quarter increase, but higher than economists' expectations. It slowed, but not as much as expected.

Concrete corroboration of the GDP slow-down, expected by economists, led markets to bet on fewer rate hikes in 2016 and lent impetus to the market's rise on the last day of trading in January.

The "second" estimate of fourth quarter Gross Domestic Product will be released on February 26.

## Fed Watch

The Federal Open Market Committee met January 26 and 27 and left the federal funds rate at a range of ¼% to ½%. Various members of the Committee have made it clear that normalization of rates will be very gradual. As recently as the Committee's December meeting, fed officials expected as many as four increases in 2016.

Markets are showing a much slower outlook for 2016, however. Check out the CME Group's [FedWatch Tool](#). It shows market views on the likelihood of changes in U.S. monetary policy, listing probabilities of various fed funds target rates (by the top end of FOMC rate ranges) for upcoming FOMC meetings. For example, as of January 29, the probability of the fed funds target rate remaining at ¼% to ½% at the FOMC March meeting is 78.6% and doesn't fall below 50% until the FOMC December meeting.

## Stay Invested, Don't Time the Market

One of *Fidelity Select Fundranker's* founding tenets is to stay invested. Trying to time the market is next to impossible, and almost invariably results in the investor missing the best days in the market.

Check out [Barry Ritholtz's article](#), "Be Smart. Don't Try to Time the Market." Ritholtz is a Bloomberg View columnist. His article describes one of the most egregious market timing calls ever.

## Fidelity Fund Name Changes

As we noted last month, Fidelity Investments officially changed the names of two Select funds as of January 1, 2016. Select Software & Computer Services (FSCSX) became Select Software & IT Services. Select Medical Delivery (FSHCX) became Select Health Care Services. Note that the new names are listed on our Ratings and Performance pages in this issue, and that Select Health Care Services moved up in the ratings list alphabetically.

## 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 the *Contact Us* form at [www.fundranker.com](http://www.fundranker.com). We welcome your input.

## Top Eight Model Portfolio Best and Worst Months

|            |         |            |           |
|------------|---------|------------|-----------|
| 1. 2/2000  | 25.635% | 1. 10/2008 | (20.429)% |
| 2. 12/1999 | 21.159% | 2. 8/1998  | (17.961)% |
| 3. 12/1998 | 13.445% | 3. 9/2008  | (14.663)% |
| 4. 6/2000  | 13.011% | 4. 7/2002  | (11.551)% |
| 5. 1/2006  | 12.835% | 5. 7/2008  | (10.255)% |
| 6. 8/2000  | 12.601% | 6. 11/2008 | (9.982)%  |
| 7. 1/1999  | 11.490% | 7. 2/2009  | (9.776)%  |
| 8. 10/2003 | 11.191% | 8. 6/2010  | (9.280)%  |
| 9. 7/1997  | 10.606% | 9. 8/2011  | (9.185)%  |
| 10. 9/2010 | 10.554% | 10. 1/2016 | (8.305)%  |

## Top Eight Model Portfolio for February 2016

| Fund Name (Symbol)                | Purchase  | Return to 1/29 |
|-----------------------------------|-----------|----------------|
| 1. Telecommunications (FSTCX)     | 2/3/2016  |                |
| 2. Consumer Staples (FDFAX)       | 1/4/2016  | 0.49%          |
| 3. Retailing (FSRPX)              | 7/2/2015  | 4.43%          |
| 4. Utilities (FSUTX)              | 2/3/2016  |                |
| 5. Software & IT Services (FSCSX) | 10/2/2015 | 3.55%          |
| 6. IT Services (FBSOX)            | 5/6/2015  | (1.15)%        |
| 7. Industrial Equipment (FSCGX)   | 2/3/2016  |                |
| 8. Insurance (FSPCX)              | 2/3/2016  |                |

Funds to be sold on February 3:

|                                    |          |          |
|------------------------------------|----------|----------|
| 11. Technology (FSPTX)             | 1/4/2016 | (5.94)%  |
| 13. Medical Eqpt & Systems (FSMEX) | 1/4/2016 | (4.62)%  |
| 16. Defense & Aerospace (FSDAX)    | 1/4/2016 | (6.40)%  |
| 39. Biotechnology (FBIOX)          | 1/4/2016 | (24.98)% |

## Fundranker Exchanges for February 3

Sell Technology (FSPTX), buy Telecommunications (FSTCX)  
 Sell Medical Eqpt & Systems (FSMEX), buy Utilities (FSUTX)  
 Sell Defense & Aerospace (FSDAX), buy Industrial Eqmnt (FSCGX)  
 Sell Biotechnology (FBIOX), buy Insurance (FSPCX)

## Start a New Portfolio

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

## Optional Rebalancing Exchange Dates

Held funds: None; New funds: February 3 ([see rebalancing FAQ](#))

## Upcoming Fundranker Exchange Dates

If no new funds above are to be exchanged in March, *Fundranker* will exchange on March 2, our [early exchange date](#); otherwise, to avoid roundtrip transactions, *Fundranker* will exchange on March 4, our [late exchange date](#) for March.

*Fidelity Select Fundranker* is published via email on the first day of each month and is edited by Harvey J. Poorbaugh. *Fidelity Select Fundranker* is not affiliated with Fidelity Investments. All facts and figures are obtained from reliable sources. Past results are never an assurance of future performance. The information in this newsletter is not intended as individualized investment advice. All your investment decisions are made by you, individually or with your investment advisor, and are at your own risk. © 2016 *Fidelity Select Fundranker*

| <i>Fundranker Ratings for 1/29/16</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)               | (13.10)  | (10.57)  | (12.92)  | (8.72)   | (11.328)          | 27                |
| Automotive (FSAVX)                       | (14.14)  | (18.02)  | (16.06)  | (15.78)  | (16.000)          | 36                |
| Banking (FSRBX)                          | (1.79)   | (15.95)  | (11.57)  | (11.14)  | (10.113)          | 24                |
| Biotechnology (FBIOX)                    | (22.66)  | (36.11)  | (23.18)  | (27.48)  | (27.358)          | 39                |
| Brokerage & Investment Mgmt (FSLBX)      | (14.75)  | (22.30)  | (14.92)  | (13.12)  | (16.273)          | 37                |
| Chemicals (FSCHX)                        | (12.57)  | (10.55)  | (10.66)  | (9.79)   | (10.893)          | 25                |
| Communications Equipment (FSDCX)         | (12.85)  | (17.31)  | (14.67)  | (9.10)   | (13.483)          | 30                |
| Computers (FDCPX)                        | (16.95)  | (15.57)  | (14.17)  | (9.61)   | (14.075)          | 32                |
| Construction & Housing (FSHOX)           | (1.92)   | (8.08)   | (7.72)   | (8.46)   | (6.545)           | 14                |
| Consumer Discretionary (FSCPX)           | 3.28*    | (8.49)   | (7.93)   | (5.03)   | (3.543)           | 9                 |
| Consumer Finance (FSVLX)                 | (9.08)   | (19.24)  | (14.32)  | (11.26)  | (13.475)          | 29                |
| Consumer Staples (FDFAX)                 | 0.28*    | (1.38)   | 1.77*    | (0.91)   | 1.940             | 2                 |
| Defense & Aerospace (FSDAX)              | (5.94)   | (7.24)   | (7.09)   | (7.66)   | (6.983)           | 16                |
| Electronics (FSELX)                      | (5.96)   | (4.67)   | (7.98)   | (9.74)   | (7.088)           | 18                |
| Energy (FSENX)                           | (20.24)  | (13.75)  | (13.94)  | (2.30)   | (12.558)          | 28                |
| Energy Service (FSESX)                   | (23.93)  | (18.82)  | (14.97)  | (5.31)   | (15.758)          | 34                |
| Environment & Alternative Energy (FSLEX) | (7.40)   | (9.49)   | (8.98)   | (6.23)   | (8.025)           | 21                |
| Financial Services (FIDSX)               | (6.54)   | (14.33)  | (9.30)   | (8.64)   | (9.703)           | 23                |
| Gold (FSAGX)                             | (27.29)  | 4.87*    | (3.38)   | 3.63*    | (3.543)           | 9                 |
| Health Care (FSPHX)                      | (7.21)   | (19.35)  | (7.38)   | (11.13)  | (11.268)          | 26                |
| Health Care Services (FSHCX)             | (1.02)   | (13.41)  | (5.76)   | (7.39)   | (6.895)           | 15                |
| Industrial Equipment (FSCGX)             | 0.80*    | (3.87)   | (5.44)   | (5.92)   | (2.608)           | 7                 |
| Industrials (FCYIX)                      | (6.18)   | (8.90)   | (7.64)   | (6.92)   | (7.410)           | 19                |
| Insurance (FSPCX)                        | 4.86*    | (8.74)   | (6.89)   | (5.75)   | (3.130)           | 8                 |
| IT Services (FBSOX)                      | 10.34*   | (7.36)   | (8.83)   | (5.78)   | (1.908)           | 6                 |
| Leisure (FDLSX)                          | (0.30)   | (11.41)  | (7.04)   | (3.28)   | (5.508)           | 12                |
| Materials (FSDPX)                        | (17.62)  | (18.32)  | (15.32)  | (11.89)  | (15.788)          | 35                |
| Medical Equipment & Systems (FSMEX)      | (1.47)   | (10.45)  | (3.35)   | (6.80)   | (5.518)           | 13                |
| Multimedia (FBMPX)                       | (1.16)   | (16.04)  | (11.21)  | (5.78)   | (8.548)           | 22                |
| Natural Gas (FSNGX)                      | (35.98)  | (26.02)  | (22.24)  | (4.49)   | (22.183)          | 38                |
| Natural Resources (FNARX)                | (23.70)  | (15.87)  | (15.07)  | (3.30)   | (14.485)          | 33                |
| Pharmaceuticals (FPHAX)                  | (1.38)   | (17.19)  | (5.29)   | (7.10)   | (7.740)           | 20                |
| Retailing (FSRPX)                        | 14.27*   | (1.46)   | (6.30)   | (5.44)   | 1.268             | 3                 |
| Software & IT Services (FSCSX)           | 9.66*    | (2.00)   | (5.63)   | (5.96)   | 0.018             | 5                 |
| Technology (FSPTX)                       | 0.01*    | (7.48)   | (8.39)   | (8.15)   | (5.003)           | 11                |
| Telecommunications (FSTCX)               | 4.06*    | (0.88)   | (1.04)   | 0.05*    | 2.548             | 1                 |
| Transportation (FSRFX)                   | (19.34)  | (15.92)  | (13.21)  | (7.07)   | (13.885)          | 31                |
| Utilities (FSUTX)                        | (8.63)   | (2.47)   | 1.09*    | 2.87*    | 0.215             | 4                 |
| Wireless (FWRLX)                         | (5.59)   | (10.45)  | (7.87)   | (4.29)   | (7.050)           | 17                |

\*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

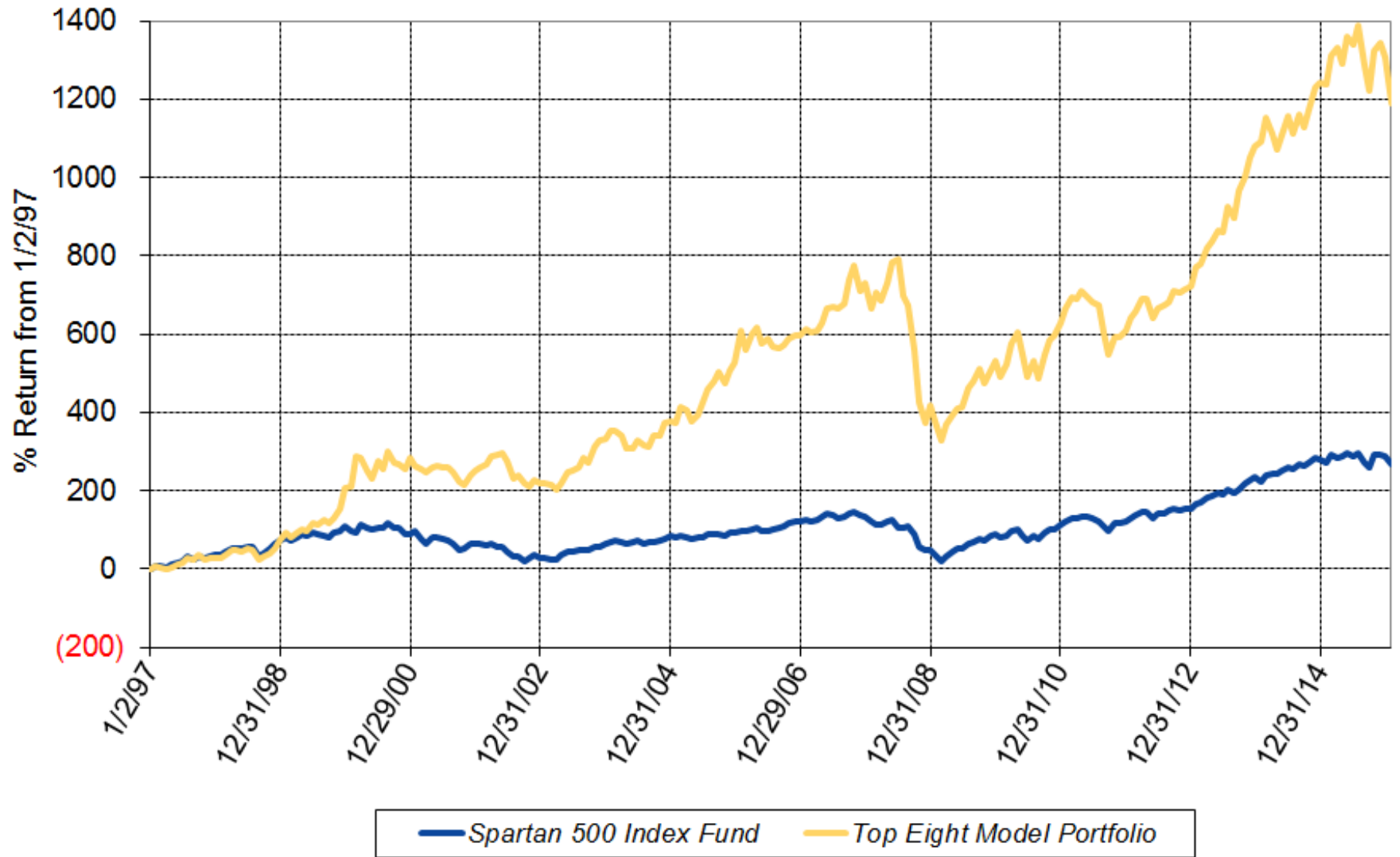
Sell on February 3, 2016

Buy on February 3, 2016

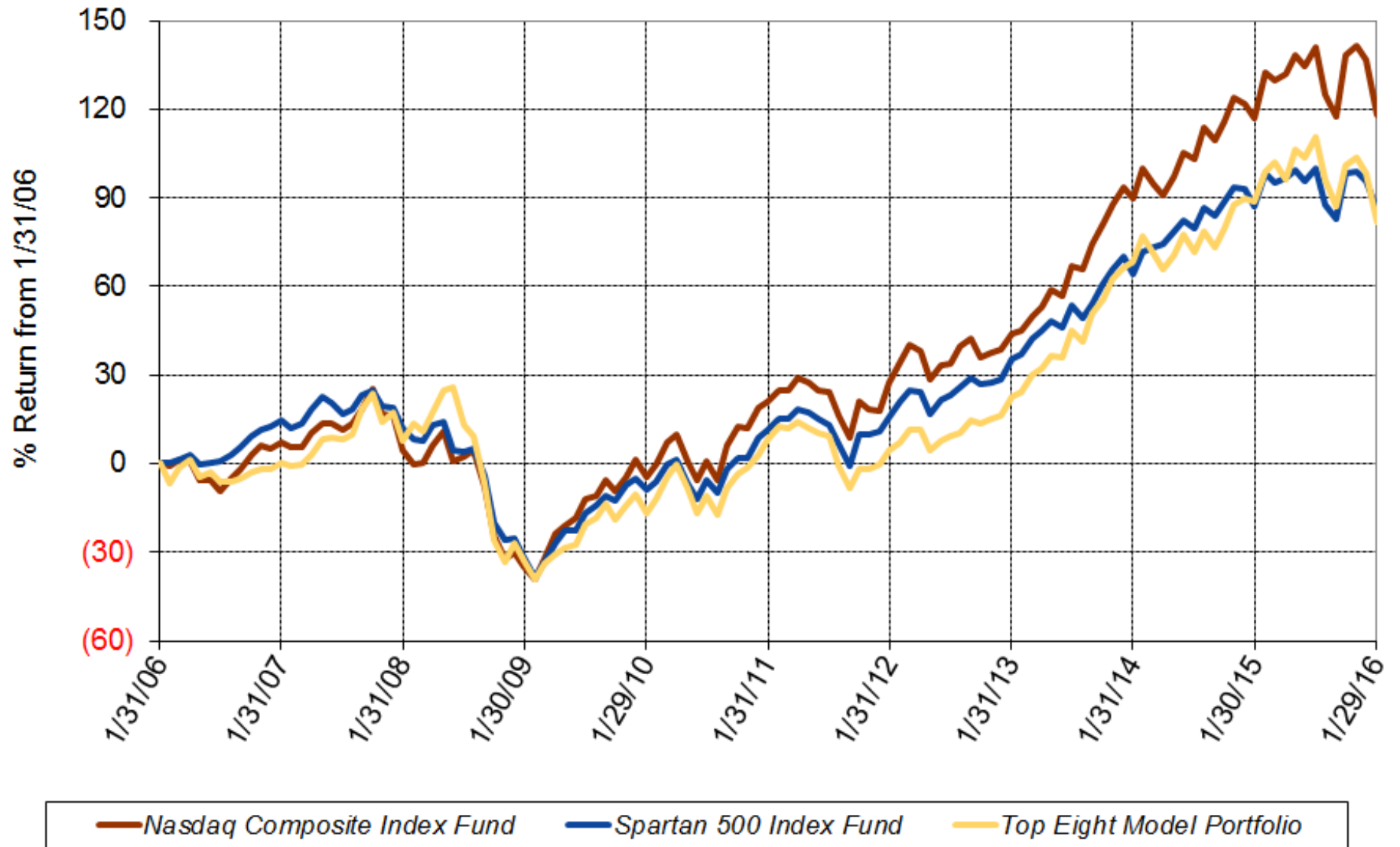
Hold

| Fundranker Performance for January 2016 |              |                   |                |            |                           |                 |             |                           |               |             |                   |            |                |
|---|--------------|-------------------|----------------|------------|---------------------------|-----------------|-------------|---------------------------|---------------|-------------|-------------------|------------|----------------|
| 12/31 Funds                             | 12/31 Shares | 12/31 Amount      | <=1/4 Div Shrs | 1/4 Shares | 1/4 Amount                | 1/4 Funds       | 1/4 Shares  | 1/4 Amount                | >1/4 Div Shrs | 1/29 Shares | 1/29 Amount       | Jan Return |                |
| FSRPX                                   | 402.264      | 42,322.20         | none           | 402.264    | 41,413.08                 | FSRPX           | 401.623     | 41,347.05                 | none          | 401.623     | 39,957.47         |            |                |
| FSCSX                                   | 349.866      | 42,477.23         | none           | 349.866    | 41,599.07                 | FSCSX           | 347.746     | 41,347.05                 | none          | 347.746     | 39,705.64         |            |                |
| FBSOX1                                  | 1,053.412    | 42,104.88         | none           | 1,053.412  | 41,104.14                 | FSPTX           | 358.573     | 41,347.05                 | none          | 358.573     | 38,890.83         |            |                |
| FSHOX                                   | 729.089      | 42,316.33         | none           | 729.089    | 41,725.76                 | FDFAV           | 459.361     | 41,347.05                 | none          | 459.361     | 41,549.20         |            |                |
| FSRBX1                                  | 1,630.113    | 41,698.29         | none           | 1,630.113  | 40,752.83                 | FSMEX1          | 1,179.659   | 41,347.05                 | none          | 1,179.659   | 39,436.00         |            |                |
| FSCPX1                                  | 1,225.926    | 41,889.89         | none           | 1,225.926  | 40,982.71                 | FBSOX1          | 1,059.637   | 41,347.05                 | none          | 1,059.637   | 39,905.93         |            |                |
| FSELX                                   | 557.437      | 42,136.66         | none           | 557.437    | 41,746.46                 | FSDAX           | 364.484     | 41,347.05                 | none          | 364.484     | 38,700.91         |            |                |
| FSPCX                                   | 623.907      | 42,219.79         | none           | 623.907    | 41,452.38                 | FBIOX           | 181.307     | 41,347.05                 | none          | 181.307     | 31,018.00         |            |                |
| <b>Top Eight</b>                        |              | <b>337,165.27</b> |                |            | <b>330,776.43</b>         |                 |             | <b>330,776.40</b>         |               |             | <b>309,163.98</b> |            | <b>(8.305)</b> |
| FNCMX1                                  | 1,656.987    | 108,665.21        | none           |            |                           |                 |             |                           | 1.241         | 1,658.228   | 100,173.55        |            | <b>(7.815)</b> |
| FUSEX1                                  | 1,291.114    | 92,701.99         | none           |            |                           |                 |             |                           | none          | 1,291.114   | 88,092.71         |            | <b>(4.972)</b> |
| <b>Yearly Summaries</b>                 |              |                   |                |            | <b>1997</b>               | <b>1998</b>     | <b>1999</b> | <b>2000</b>               | <b>2001</b>   | <b>2002</b> |                   |            |                |
|   |              |                   |                |            | Return %                  | Return %        | Return %    | Return %                  | Return %      | Return %    |                   |            |                |
| <i>Top Eight Model Portfolio</i>        |              |                   |                |            | 29.144                    | 33.441          | 76.892      | 25.824                    | (8.468)       | (9.333)     |                   |            |                |
| Nasdaq Composite Index Fund             |              |                   |                |            | N/A                       | 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)      | (22.173)    |                   |            |                |
| <b>Yearly Summaries</b>                 |              |                   |                |            | <b>2003</b>               | <b>2004</b>     | <b>2005</b> | <b>2006</b>               | <b>2007</b>   | <b>2008</b> |                   |            |                |
|   |              |                   |                |            | Return %                  | Return %        | Return %    | Return %                  | Return %      | Return %    |                   |            |                |
| <i>Top Eight Model Portfolio</i>        |              |                   |                |            | 35.952                    | 10.340          | 31.341      | 10.863                    | 19.463        | (37.882)    |                   |            |                |
| Nasdaq Composite Index Fund             |              |                   |                |            | N/A                       | 8.598           | 1.902       | 10.031                    | 10.497        | (40.041)    |                   |            |                |
| Spartan 500 Index Fund - Investor Class |              |                   |                |            | 28.487                    | 10.733          | 4.858       | 15.712                    | 5.426         | (37.047)    |                   |            |                |
| <b>Yearly Summaries</b>                 |              |                   |                |            | <b>2009</b>               | <b>2010</b>     | <b>2011</b> | <b>2012</b>               | <b>2013</b>   | <b>2014</b> |                   |            |                |
|   |              |                   |                |            | Return %                  | Return %        | Return %    | Return %                  | Return %      | Return %    |                   |            |                |
| <i>Top Eight Model Portfolio</i>        |              |                   |                |            | 22.518                    | 15.464          | (3.133)     | 16.302                    | 43.354        | 13.946      |                   |            |                |
| Nasdaq Composite Index Fund             |              |                   |                |            | 44.959                    | 17.811          | (0.957)     | 17.325                    | 39.746        | 14.602      |                   |            |                |
| Spartan 500 Index Fund - Investor Class |              |                   |                |            | 26.502                    | 14.842          | 2.036       | 15.929                    | 32.251        | 13.590      |                   |            |                |
| <b>Yearly Summaries</b>                 |              |                   |                |            | <b>2015</b>               | <b>2016 YTD</b> |             |                           |               |             |                   |            |                |
|   |              |                   |                |            | Return %                  | Return %        |             |                           |               |             |                   |            |                |
| <i>Top Eight Model Portfolio</i>        |              |                   |                |            | 4.592                     | (8.305)         |             |                           |               |             |                   |            |                |
| Nasdaq Composite Index Fund             |              |                   |                |            | 6.818                     | (7.815)         |             |                           |               |             |                   |            |                |
| Spartan 500 Index Fund - Investor Class |              |                   |                |            | 1.366                     | (4.972)         |             |                           |               |             |                   |            |                |
| <b>Lifetime Summary</b>                 |              |                   |                |            | <b>1/2/97 to 1/29/16</b>  |                 |             | <b>1/2/97 to 1/29/16</b>  |               |             |                   |            |                |
|   |              |                   |                |            | Total Return %            |                 |             | Average Annual Return %   |               |             |                   |            |                |
| <i>Top Eight Model Portfolio</i>        |              |                   |                |            | 1,188.183                 |                 |             | 14.331                    |               |             |                   |            |                |
| Nasdaq Composite Index Fund             |              |                   |                |            | N/A                       |                 |             | N/A                       |               |             |                   |            |                |
| Spartan 500 Index Fund - Investor Class |              |                   |                |            | 267.053                   |                 |             | 7.052                     |               |             |                   |            |                |
| <b>10-Year Summary</b>                  |              |                   |                |            | <b>1/31/06 to 1/29/16</b> |                 |             | <b>1/31/06 to 1/29/16</b> |               |             |                   |            |                |
|   |              |                   |                |            | Total Return %            |                 |             | Average Annual Return %   |               |             |                   |            |                |
| <i>Top Eight Model Portfolio</i>        |              |                   |                |            | 82.036                    |                 |             | 6.173                     |               |             |                   |            |                |
| Nasdaq Composite Index Fund             |              |                   |                |            | 118.182                   |                 |             | 8.114                     |               |             |                   |            |                |
| Spartan 500 Index Fund - Investor Class |              |                   |                |            | 86.042                    |                 |             | 6.405                     |               |             |                   |            |                |
| <b>5-Year Summary</b>                   |              |                   |                |            | <b>1/31/11 to 1/29/16</b> |                 |             | <b>1/31/11 to 1/29/16</b> |               |             |                   |            |                |
|   |              |                   |                |            | Total Return %            |                 |             | Average Annual Return %   |               |             |                   |            |                |
| <i>Top Eight Model Portfolio</i>        |              |                   |                |            | 68.514                    |                 |             | 11.001                    |               |             |                   |            |                |
| Nasdaq Composite Index Fund             |              |                   |                |            | 80.084                    |                 |             | 12.485                    |               |             |                   |            |                |
| Spartan 500 Index Fund - Investor Class |              |                   |                |            | 67.187                    |                 |             | 10.826                    |               |             |                   |            |                |
| <b>3-Year Summary</b>                   |              |                   |                |            | <b>1/31/13 to 1/29/16</b> |                 |             | <b>1/31/13 to 1/29/16</b> |               |             |                   |            |                |
|   |              |                   |                |            | Total Return %            |                 |             | Average Annual Return %   |               |             |                   |            |                |
| <i>Top Eight Model Portfolio</i>        |              |                   |                |            | 48.148                    |                 |             | 13.998                    |               |             |                   |            |                |
| Nasdaq Composite Index Fund             |              |                   |                |            | 51.580                    |                 |             | 14.872                    |               |             |                   |            |                |
| Spartan 500 Index Fund - Investor Class |              |                   |                |            | 37.593                    |                 |             | 11.224                    |               |             |                   |            |                |
| <b>1-Year Summary</b>                   |              |                   |                |            | <b>1/30/15 to 1/29/16</b> |                 |             |                           |               |             |                   |            |                |
|   |              |                   |                |            | Total Return %            |                 |             |                           |               |             |                   |            |                |
| <i>Top Eight Model Portfolio</i>        |              |                   |                |            | (3.606)                   |                 |             |                           |               |             |                   |            |                |
| Nasdaq Composite Index Fund             |              |                   |                |            | 0.585                     |                 |             |                           |               |             |                   |            |                |
| Spartan 500 Index Fund - Investor Class |              |                   |                |            | (0.688)                   |                 |             |                           |               |             |                   |            |                |

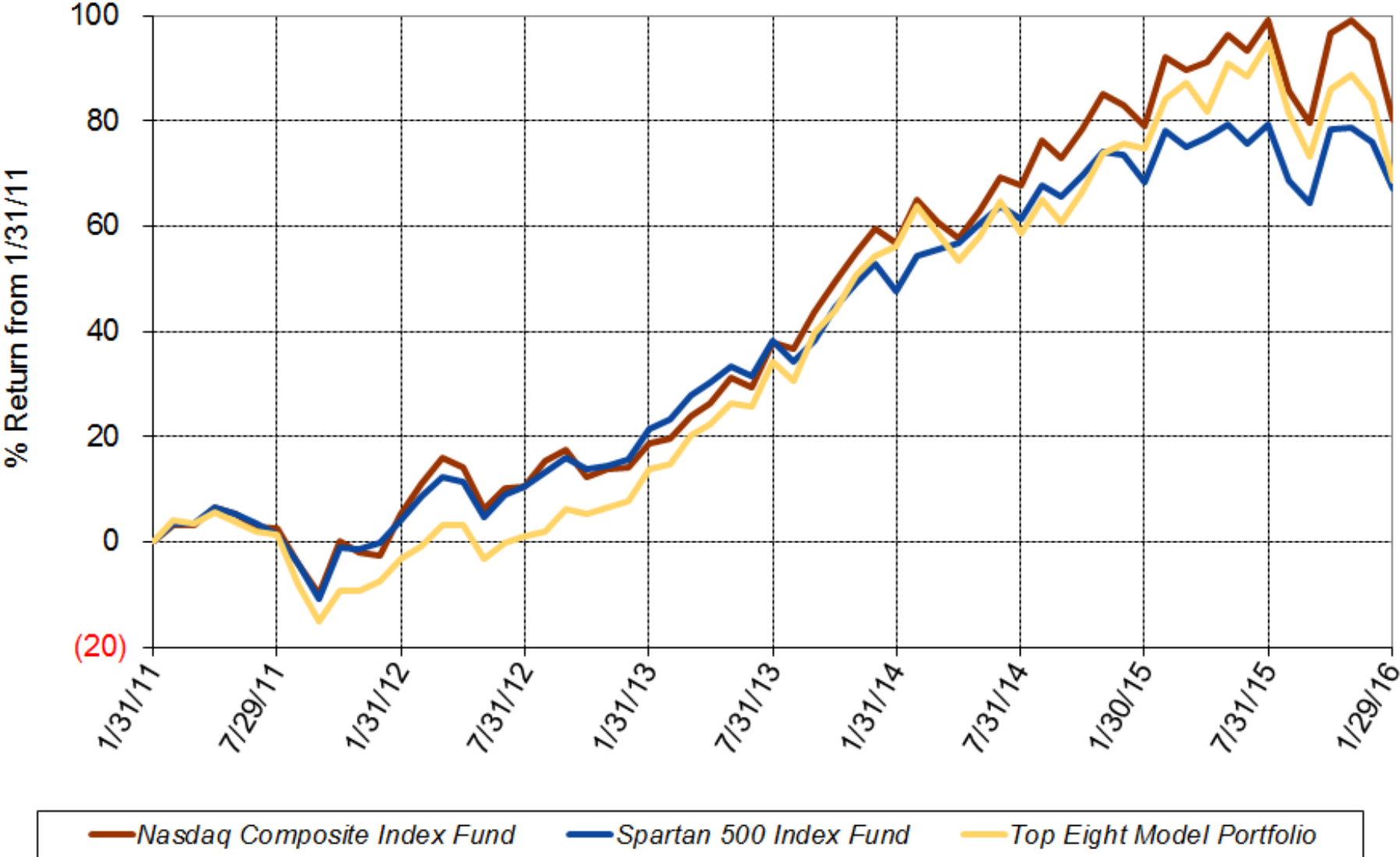
### Lifetime Chart



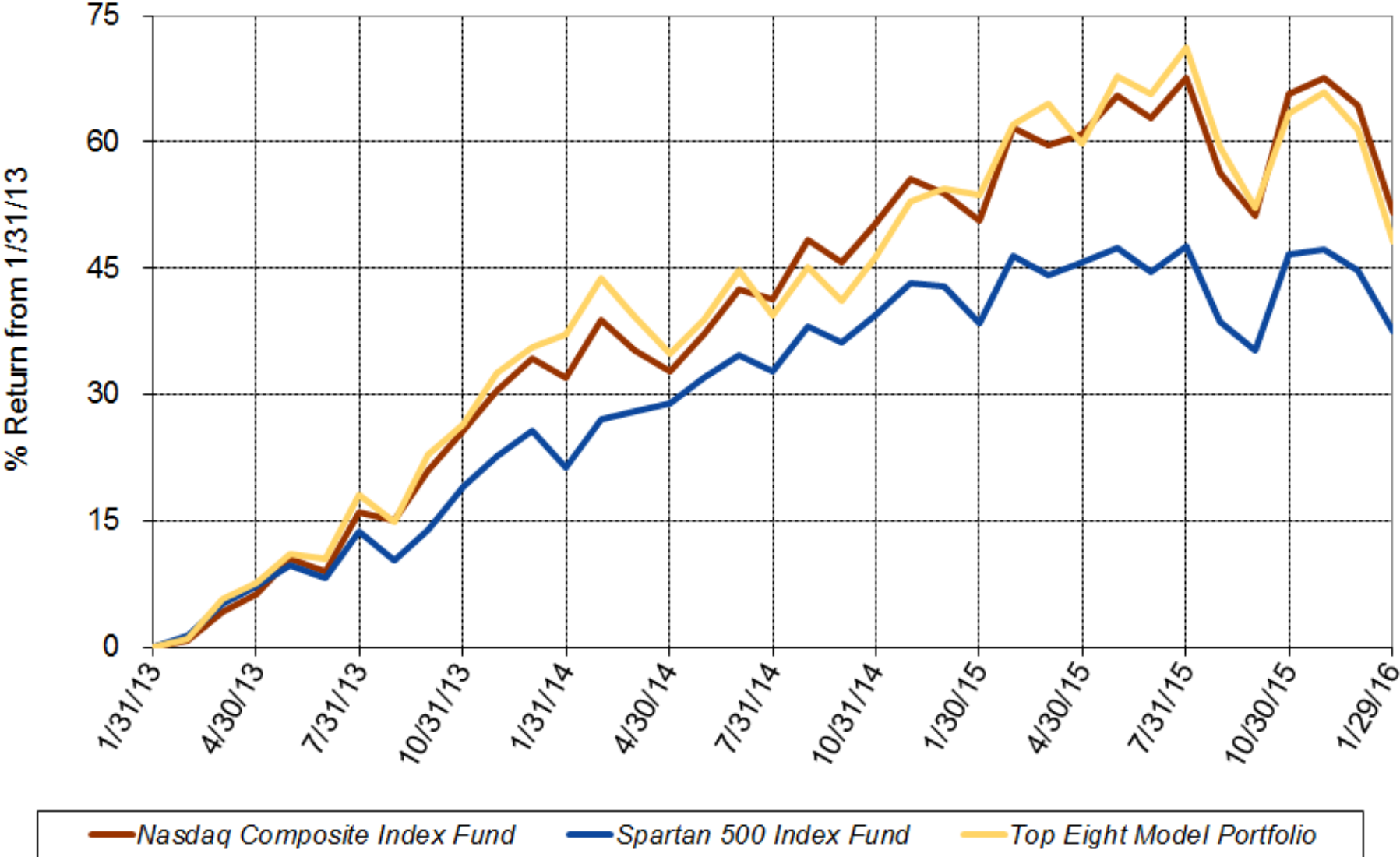
### 10-Year Chart



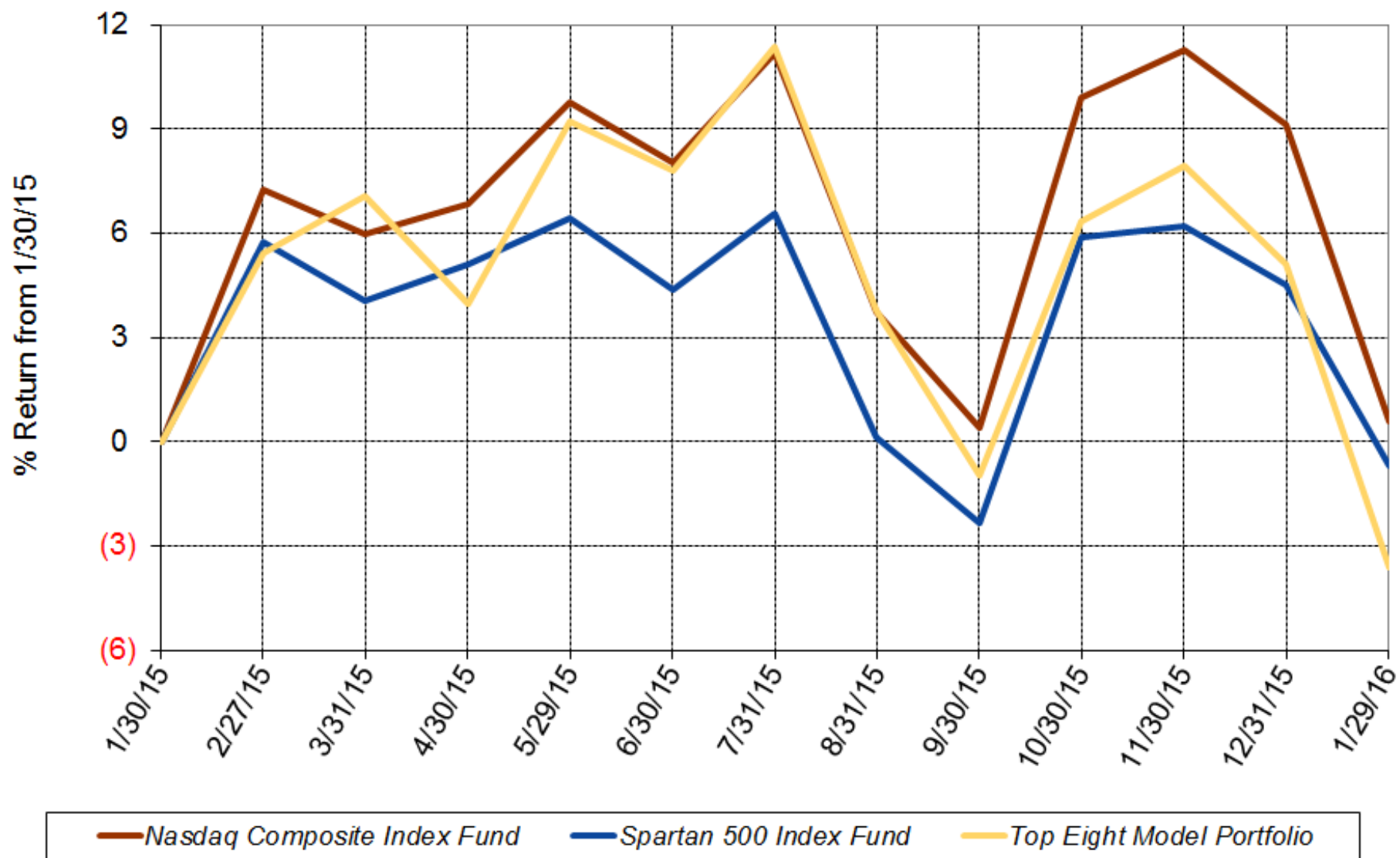
### 5-Year Chart



### 3-Year Chart



### 1-Year Chart





### Daily Chart January 2015

