

FIDELITY SELECT FUNDRANKER™

Volume 11 Issue 3

The Right Funds at the Right Time

March 2016

Broad Market Ends February Flat

The broad market S&P 500 Index fell significantly by mid-February into correction territory, managed to rally back into the black for the month, but closed the month down a fraction of a point.

Four *Top Eight Model Portfolio* funds gained value in February. Telecommunications, Industrial Equipment, Utilities, and Consumer Staples had one-month gains of 3.32%, 2.71%, 1.33%, and 0.03%. Software and IT Services, IT Services, Insurance, and Retailing had one-month losses of 2.69%, 1.33%, 0.99%, and 0.69%.

In February, the *Top Eight Model Portfolio* lost 0.208%, while the Nasdaq Composite and S&P 500 Indexes lost 1.026% and 0.147%. For YTD through February, the *Top Eight Model Portfolio* lost 8.496%, the Nasdaq Composite Index lost 8.761%, and the S&P 500 Index lost 5.111%.

Final Performance of Funds Sold on February 3

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

Fund	Bought	Sold	Return
Biotechnology (FBIOX)	1/4/2016	2/3/2016	(26.30)%
Defense & Aerospace (FSDAX)	1/4/2016	2/3/2016	(7.48)%
Medical Eqpt & Systems (FSMEX)	1/4/2016	2/3/2016	(3.91)%
Technology (FSPTX)	1/4/2016	2/3/2016	(8.11)%

GDP Watch

The Bureau of Economic Analysis of the U.S. Department of Commerce released its "second" estimate of fourth quarter 2016 Gross Domestic Product on Friday, February 26. Real gross domestic product increased at an annual rate of 1.0% in the fourth quarter, a slightly better reading than the "advance" estimate of 0.7% released late in January. This change was due mostly to private inventory investment decreasing less than previously estimated, which could carry over to be a negative in first quarter 2016 GDP. The 1.0% increase furthers the downtrend in growth from 3.9% in second quarter 2015 and 2.0% in third quarter 2015.

BEA will release its "third" and final estimate of fourth quarter 2016 GDP on March 25. We won't see the "advance" estimate of first quarter 2016 GDP until April 28, but early indicators are showing warning signs of still further slowing.

Fed Watch

A further first quarter slowdown in the works is still holding down market expectations for rate increases from the Federal Open Market Committee. Early on March 1, CME Group's [FedWatch Tool](#) shows probabilities of the Fed rate remaining at ¼% to ½% at 95.9%, 85.2%, 75.0%, 73.3%, 63.5%, 60.8%, and 50.0% at the Fed's remaining 2016 meetings on March 15-16, April 26-27, June 14-15, July 26-27, September 20-21, November 1-2, and December 20-21. The probability for the Fed rate remaining at ¼% to ½% at the Fed's January 29-February 1 meeting in 2017 falls to 49.8%, but there also is a 1.0% chance of a rate decrease to 0% to ¼%.

Fed officials on the other hand, are still saying they expect to raise rates several times in 2016, even as early as their March 15-16 meeting, although recent dovish comments from FOMC members Fed Governor Lael Brainard, St. Louis Fed President James Bullard, and Atlanta Fed President Dennis Lockhart seem to indicate no rate change in March.

Gold Conundrum

Select Gold has been the best performer of Select funds in 2016. Its relative outperformance in January (3.63% increase when nearly every other Select was negative) moved it up to #9 in our ratings at the end of January, not quite in our February *Top Eight Model Portfolio*, which was too bad, because then it added 29.52% in February, one of the largest one-month gains of a Select fund since we have been tracking them. That February gain shot Select Gold to the #1 slot in our March *Top Eight Model Portfolio*, way ahead of all

other contenders.

Will Select Gold be able to continue to gain? Global equity and currency market turmoil has boosted Gold as a safe haven. Uncertainty as to Fed rate increases could send it still higher, but if the Fed follows through with rate increases, the party could be over for Gold.

Despite the fact that we don't second-guess our *Fundranker* system as far as our *Top Eight Model Portfolio* is concerned, every investor should consider his or her own level of comfort with owning a volatile sector such as Gold, especially after an astounding 30% one-month run up. Select Gold could turn out to be a good hedge against further turmoil in markets and uncertainty about Fed rate increases, but owning the #9 ranked Select fund, Select Air Transportation, may be a good compromise for more risk averse investors.

What Happened to Our Bull Market?

The broad market S&P 500 Index, the tech-heavy Nasdaq Composite Index, and our *Top Eight Model Portfolio* last hit all-time highs on a total return basis on July 20, 2015. Over seven months later, as of February 29, the three measures are down 7.984%, 11.999%, and 14.151%, respectively, from those highs.

They have sunk into correction territory (down 10% or more) a number of times in that period and even moved within striking range of a bear market (down 20% or more).

Since we haven't actually hit that bear market level, technically the bull market still lives and will complete its seventh year on March 9. Our bull market is old by historical averages, but we still could see more upside.

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. We welcome your input.

Top Eight Model Portfolio for March 2016

Fund Name (Symbol)	Purchase	Return to 2/29
1. Gold (FSAGX)	3/4/2016	
2. Telecommunications (FSTCX)	2/3/2016	3.42%
3. Consumer Staples (FDFAX)	1/4/2016	0.52%
4. Utilities (FSUTX)	2/3/2016	(1.25)%
5. Industrial Equipment (FSCGX)	2/3/2016	4.26%
6. Retailing (FSRPX)	7/2/2015	3.71%
7. Industrials (FCYIX)	3/4/2016	
8. Leisure (FDLSX)	3/4/2016	
Funds to be sold on March 4:		
11. Software & IT Services (FSCSX)	10/2/2015	0.77%
17. IT Services (FBSOX)	5/6/2015	(2.46)%
20. Insurance (FSPCX)	2/3/2016	1.06%

Fundranker Exchanges for March 4

Sell Software & IT Services (FSCSX), buy Gold (FSAGX)
Sell IT Services (FBSOX), buy Industrials (FCYIX)
Sell Insurance (FSPCX), buy Leisure (FDLSX)

Start a New Portfolio

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

Optional Rebalancing Exchange Dates

Held funds: March 2; New funds: March 4 ([see rebalancing FAQ](#))

Upcoming Fundranker Exchange Dates

Fundranker will exchange on April 4, our [early exchange date](#), which date will suffice to avoid roundtrip transactions on shares purchased on or before March 4; no [late exchange date](#) will be needed for April.

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<i>Fundranker Ratings for 2/29/16</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)	(9.24)	(0.78)	(5.47)	6.58*	(1.228)	9
Automotive (FSAVX)	(19.98)	(11.45)	(17.39)	0.81	(12.003)	32
Banking (FSRBX)	(12.57)	(14.09)	(19.09)	(4.53)	(12.570)	33
Biotechnology (FBIOX)	(30.32)	(32.07)	(31.77)	(5.27)	(24.858)	38
Brokerage & Investment Mgmt (FSLBX)	(22.23)	(16.13)	(19.78)	(1.87)	(15.003)	34
Chemicals (FSCHX)	(14.46)	0.47*	(8.35)	4.42*	(2.480)	12
Communications Equipment (FSDCX)	(16.38)	(5.07)	(4.87)	6.12*	(4.050)	18
Computers (FDCPX)	(20.96)	(9.67)	(11.28)	1.28	(10.158)	30
Construction & Housing (FSHOX)	(8.09)	(5.91)	(11.14)	0.08	(6.265)	24
Consumer Discretionary (FSCPX)	(4.60)	(2.14)	(8.18)	(0.22)	(3.785)	16
Consumer Finance (FSVLX)	(14.01)	(13.80)	(13.87)	1.30	(10.095)	28
Consumer Staples (FDFAX)	(3.26)	7.19*	2.69*	0.03	3.663	3
Defense & Aerospace (FSDAX)	(11.07)	(0.06)	(6.95)	1.80	(4.070)	19
Electronics (FSELX)	(10.44)	1.18*	(9.80)	2.40*	(2.165)	10
Energy (FSENX)	(27.61)	(16.05)	(17.99)	(5.03)	(16.670)	35
Energy Service (FSESX)	(30.28)	(21.53)	(19.29)	(3.40)	(18.625)	37
Environment & Alternative Energy (FSLEX)	(10.63)	(1.87)	(8.31)	2.54*	(3.568)	14
Financial Services (FIDSX)	(14.18)	(9.68)	(12.92)	(2.29)	(9.768)	27
Gold (FSAGX)	(2.05)	30.83*	36.34*	29.52*	26.660	1
Health Care (FSPHX)	(14.91)	(14.02)	(12.07)	(2.42)	(10.855)	31
Health Care Services (FSHCX)	(6.30)	(8.50)	(4.65)	0.52	(4.733)	21
Industrial Equipment (FSCGX)	(4.20)	4.55*	(4.77)	2.71*	1.573	5
Industrials (FCYIX)	(8.29)	1.60*	(6.60)	3.35*	(0.485)	7
Insurance (FSPCX)	(2.54)	(3.73)	(9.31)	(0.99)	(4.143)	20
IT Services (FBSOX)	(0.59)	(3.96)	(10.21)	(1.33)	(4.023)	17
Leisure (FDLSX)	(3.48)	(2.36)	(2.75)	2.09*	(0.625)	8
Materials (FSDPX)	(19.81)	(9.79)	(12.27)	4.48*	(8.348)	26
Medical Equipment & Systems (FSMEX)	(6.63)	(3.97)	(4.95)	0.96	(3.648)	15
Multimedia (FBMPX)	(10.88)	(5.19)	(10.63)	(0.71)	(6.853)	25
Natural Gas (FSNGX)	(43.32)	(29.01)	(26.89)	(6.99)	(26.553)	39
Natural Resources (FNARX)	(30.22)	(17.95)	(18.46)	(4.64)	(17.818)	36
Pharmaceuticals (FPHAX)	(11.33)	(13.84)	(10.46)	(4.76)	(10.098)	29
Retailing (FSRPX)	5.10*	0.05*	(7.70)	(0.69)	1.190	6
Software & IT Services (FSCSX)	(1.84)	0.73*	(9.54)	(2.69)	(2.335)	11
Technology (FSPTX)	(7.15)	(1.08)	(10.31)	(0.63)	(4.793)	22
Telecommunications (FSTCX)	0.49*	6.92*	3.47*	3.32*	7.550	2
Transportation (FSRFX)	(16.28)	(3.02)	(5.38)	8.05*	(3.158)	13
Utilities (FSUTX)	(4.19)	3.80*	4.82*	1.33	3.440	4
Wireless (FWRLX)	(11.07)	(4.87)	(7.50)	0.51	(5.733)	23

*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

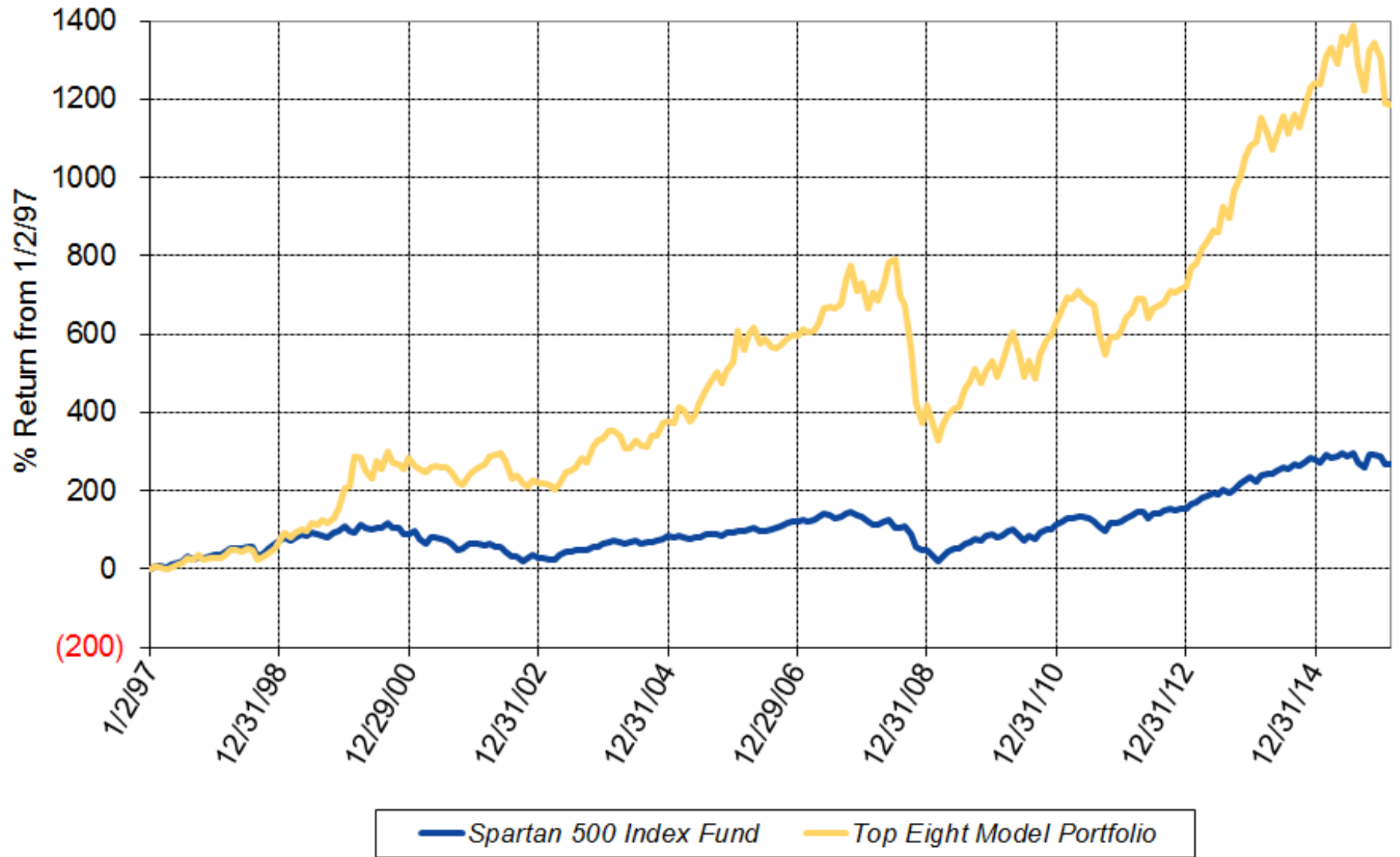
Sell on March 4, 2016

Buy on March 4, 2016

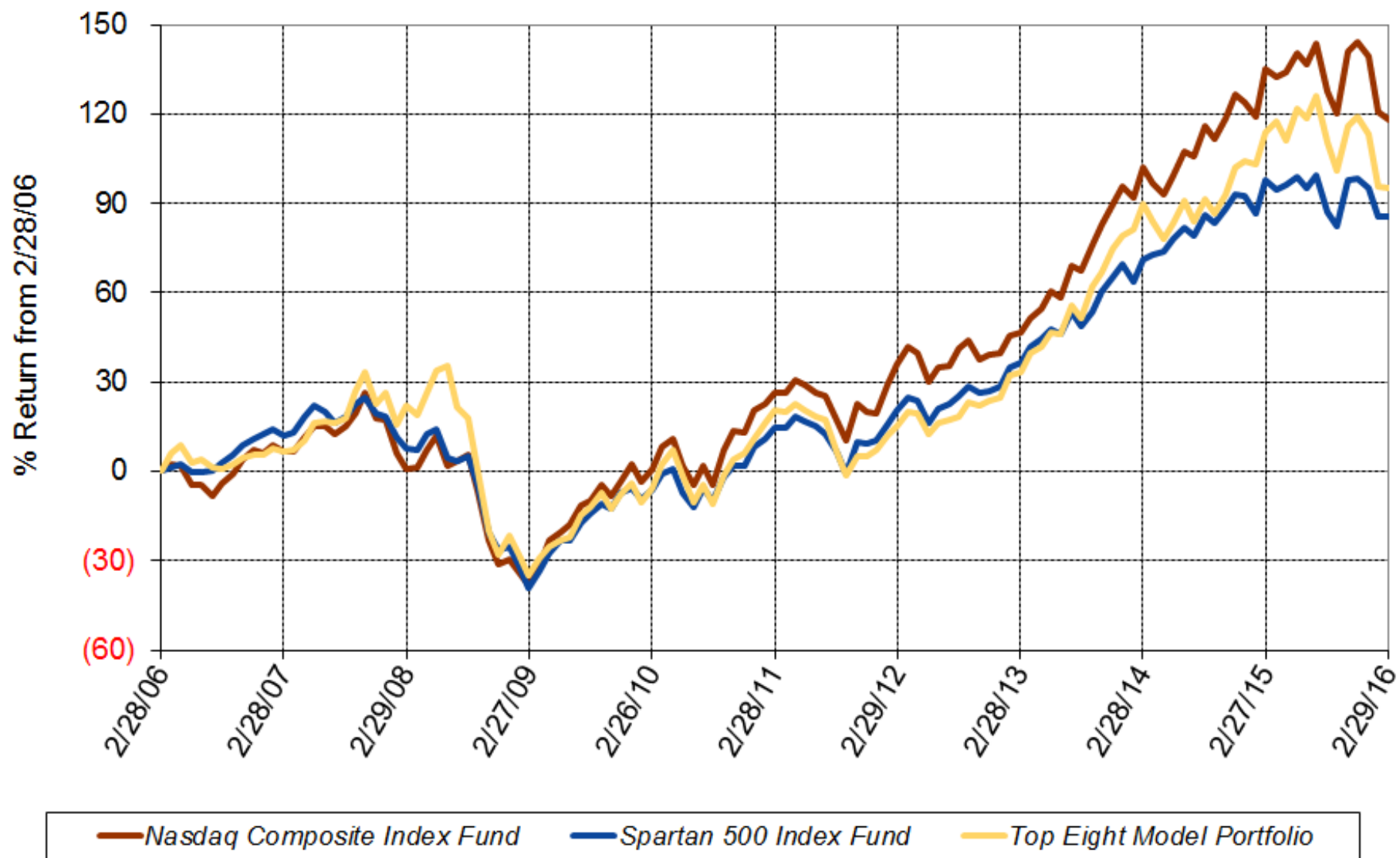
Hold

Fundranker Performance for February 2016													
1/29 Funds	1/29 Shares	1/29 Amount	<=2/3 Div Shrs	2/3 Shares	2/3 Amount	2/3 Funds	2/3 Shares	2/3 Amount	>2/3 Div Shrs	2/29 Shares	2/29 Amount	Feb Return	
FSRPX	401.623	39,957.47	none	401.623	38,820.88	FSTCX	629.371	38,083.26	none	629.371	39,386.04		
FSCSX	347.746	39,705.64	none	347.746	38,895.39	FDFA	424.563	38,083.26	none	424.563	38,414.46		
FSPTX	358.573	38,890.83	none	358.573	37,994.40	FSRPX	393.992	38,083.26	none	393.992	38,926.41		
FDFA	459.361	41,549.20	none	459.361	41,204.68	FSUTX	562.281	38,083.26	none	562.281	37,605.35		
FSMEX1	1,179.659	39,436.00	none	1,179.659	39,730.92	FSCSX	340.485	38,083.26	none	340.485	37,831.29		
FBSOX1	1,059.637	39,905.93	none	1,059.637	39,291.34	FBSOX1	1,027.057	38,083.26	none	1,027.057	38,165.44		
FSDAX	364.484	38,700.91	none	364.484	38,256.24	FSCGX1	1,126.390	38,083.26	none	1,126.390	39,705.25		
FBIOX	181.307	31,018.00	none	181.307	30,472.27	FSPCX	609.430	38,083.26	none	609.430	38,485.50		
Top Eight		309,163.98			304,666.12			304,666.10			308,519.74	(0.208)	
FNCMX1	1,658.228	100,173.55	none						none	1,658.228	99,145.45	(1.026)	
FUSEX1	1,291.114	88,092.71	none						none	1,291.114	87,963.60	(0.147)	
Yearly Summaries				1997	1998	1999	2000	2001	2002				
				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)				
Yearly Summaries				2003	2004	2005	2006	2007	2008				
				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)				
Yearly Summaries				2009	2010	2011	2012	2013	2014				
				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				
Yearly Summaries				2015	2016 YTD								
				Return %	Return %								
<i>Top Eight Model Portfolio</i>				4.592	(8.496)								
Nasdaq Composite Index Fund				6.818	(8.761)								
Spartan 500 Index Fund - Investor Class				1.366	(5.111)								
Lifetime Summary				1/2/97 to 2/29/16		1/2/97 to 2/29/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				1,185.499		14.252							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund - Investor Class				266.515		7.012							
10-Year Summary				2/28/06 to 2/29/16		2/28/06 to 2/29/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				95.180		6.976							
Nasdaq Composite Index Fund				118.259		8.189							
Spartan 500 Index Fund - Investor Class				85.266		6.415							
5-Year Summary				2/28/11 to 2/29/16		2/28/11 to 2/29/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				61.801		10.282							
Nasdaq Composite Index Fund				72.785		11.765							
Spartan 500 Index Fund - Investor Class				61.447		10.233							
3-Year Summary				2/28/13 to 2/29/16		2/28/13 to 2/29/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				46.461		13.977							
Nasdaq Composite Index Fund				48.918		14.629							
Spartan 500 Index Fund - Investor Class				35.579		11.000							
1-Year Summary				2/27/15 to 2/29/16		2/27/15 to 2/29/16							
				Total Return %									
<i>Top Eight Model Portfolio</i>				(8.758)									
Nasdaq Composite Index Fund				(7.157)									
Spartan 500 Index Fund - Investor Class				(6.210)									

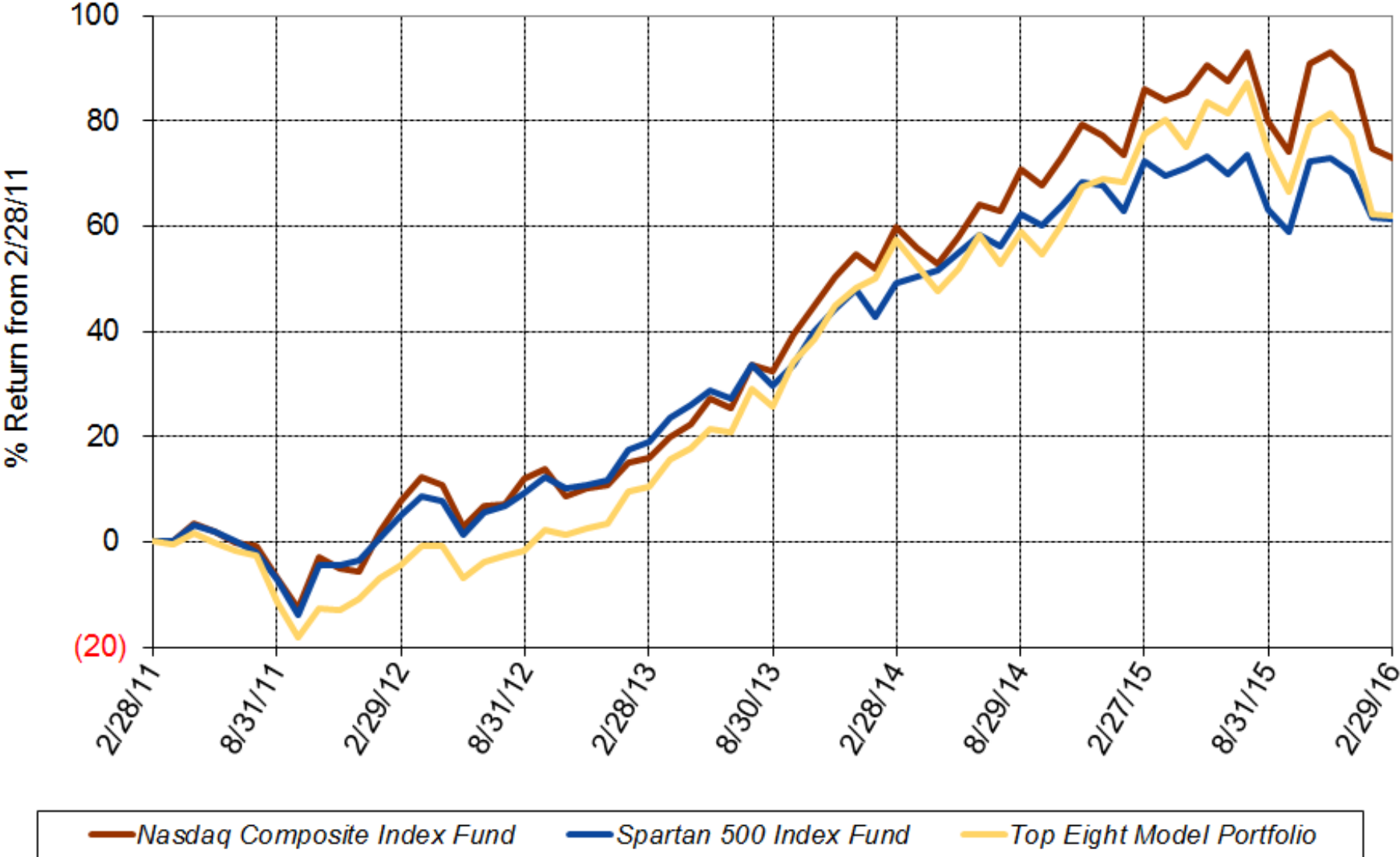
Lifetime Chart



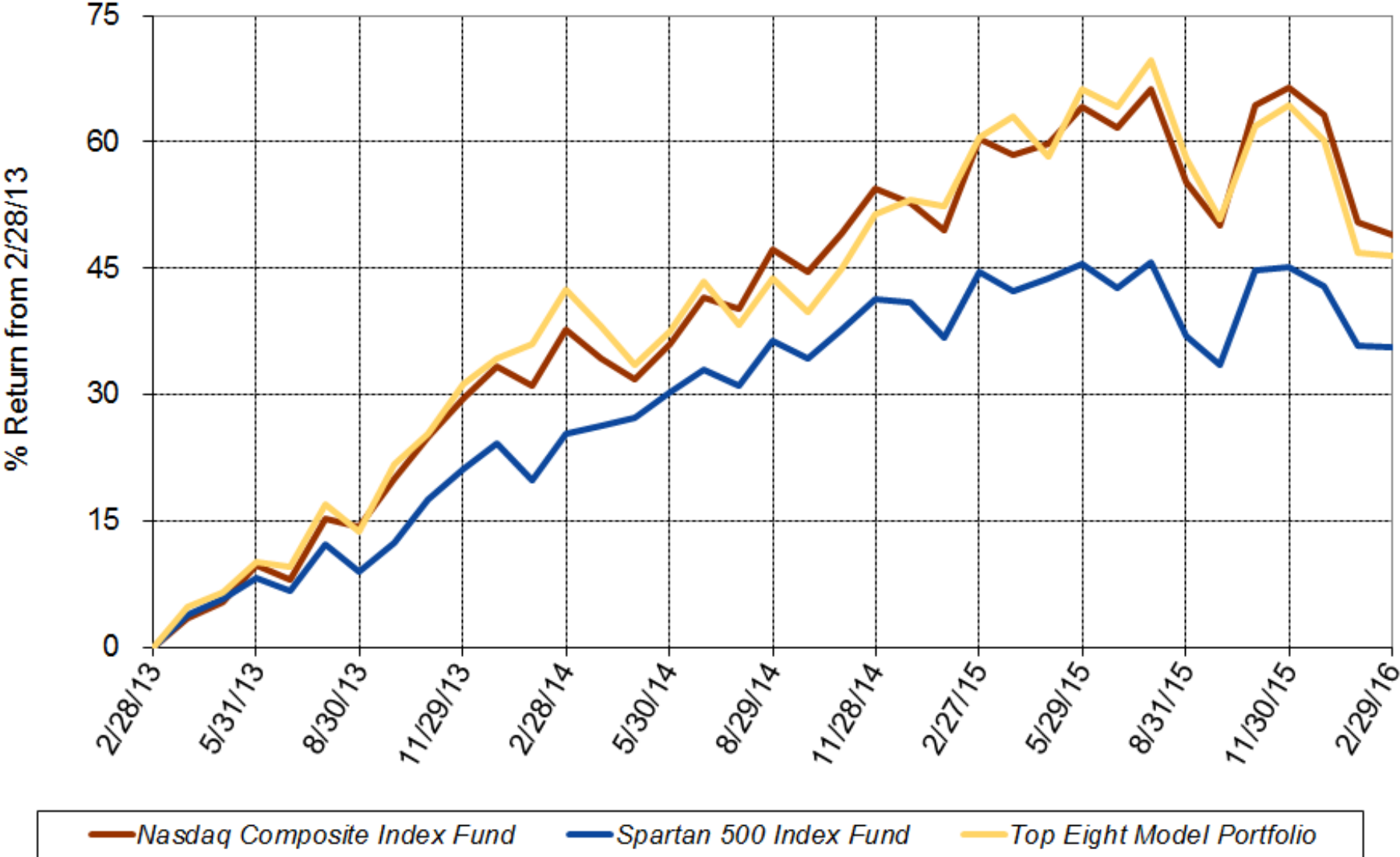
10-Year Chart



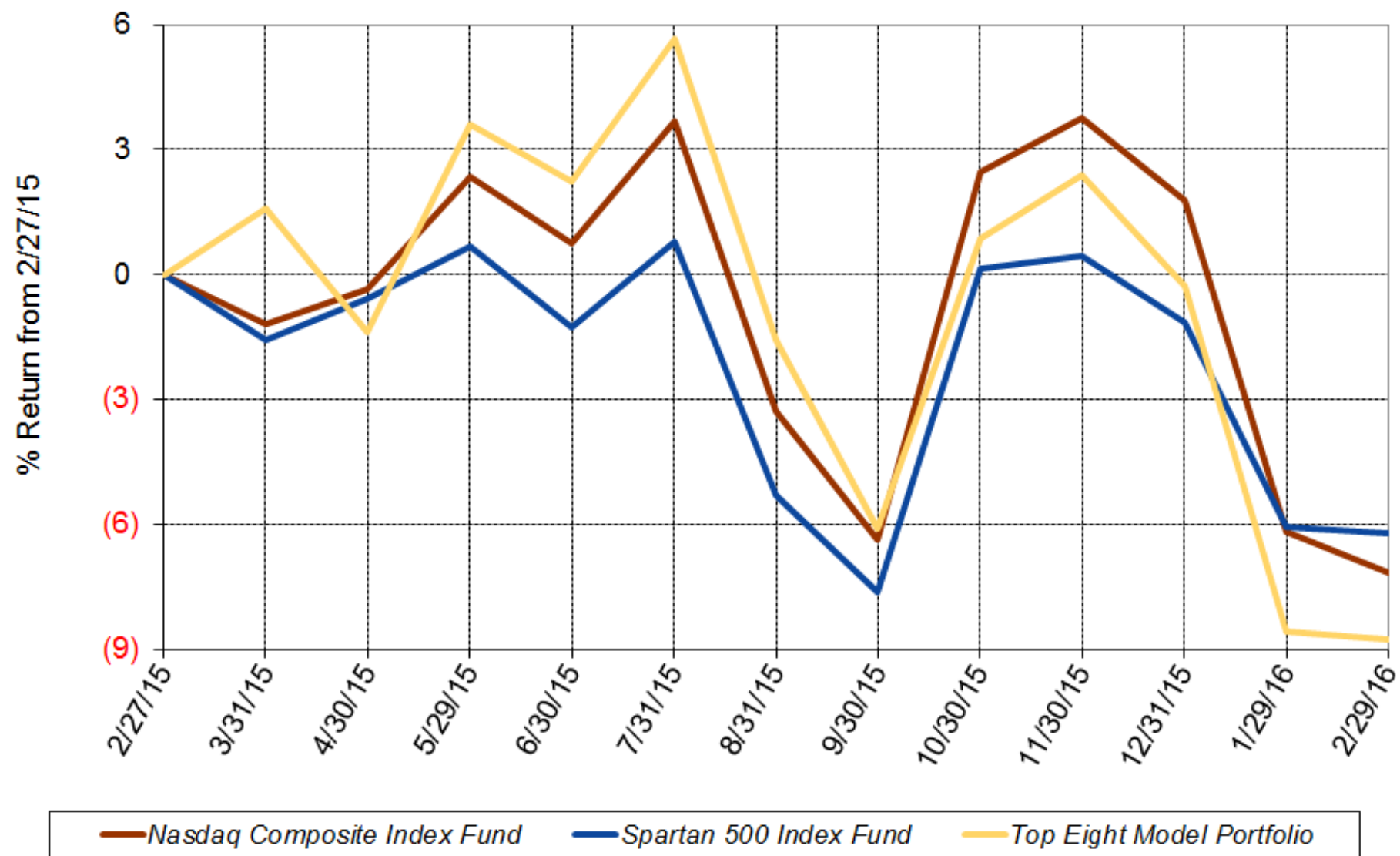
5-Year Chart



3-Year Chart



1-Year Chart



Daily Chart February 2016

