

# FIDELITY SELECT FUNDRANKER™

Volume 11 Issue 6

The Right Funds at the Right Time

June 2016

## Broad Market Sets New All-Time High in May

The broad market S&P 500 Index eked out another new all-time high on May 27 on a total return basis (including dividends), eclipsing its April 20 mark by just 0.095%.

Five *Top Eight Model Portfolio* funds gained value in May. Chemicals, Utilities, Telecommunications, and Medical Equipment & Systems had one-month gains of 2.38%, 2.07%, 1.59%, and 1.56%. Industrials added 0.03%. Industrial Equipment and Environment & Alternative Energy suffered one-month losses of 0.24% and 0.40%, while Gold plunged with a one-month loss of 11.16%.

In May, the *Top Eight Model Portfolio* lost 0.431%, the Nasdaq Composite Index gained 3.840%, and the S&P 500 Index gained 1.789%. For YTD through May, the *Top Eight Model Portfolio* gained 0.014%, the Nasdaq Composite Index lost 0.551%, and the S&P 500 Index gained 3.526%.

## Final Performance of Funds Sold on May 4

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

Fund	Bought	Sold	Return
Consumer Staples (FDFAX)	1/4/2016	5/4/2016	6.58%
Software and IT Services (FSCSX)	4/4/2016	5/4/2016	(1.61)%
Technology (FSPTX)	4/4/2016	5/4/2016	(3.94)%

## GDP Watch

The Bureau of Economic Analysis of the U.S. Department of Commerce released its "second" estimate of first quarter 2016 Gross Domestic Product on Friday, March 27. Real gross domestic product increased at an annual rate of 0.8% in the first quarter, revised up from the "advance" estimate of 0.5%. The BEA will release its "third" and final estimate of first quarter 2016 GDP on June 28.

Trading Economics' [United States GDP Annual Growth Rate Forecast](#) shows growth picking up slowly in the remaining three quarters of 2016 and the first quarter of 2017 with annualized growth rates of 0.9%, 1.8%, 1.9%, and 2.0% for the next four quarters.

Note that the row labeled "GDP Growth Rate" shows the annualized rates of GDP growth for each quarter, while the row labeled "GDP Annual Growth Rate" shows the product of four quarters of quarterly growth rates that are not annualized.

For example, consider the 3.9%, 2.0%, 1.4%, and 0.8% GDP annualized growth rates for the last four quarters. They represent GDP quarterly growth rates (not annualized) of 0.96%, 0.50%, 0.35%, and 0.20%. The product of those four quarterly growth rates gives a GDP annual growth rate of 2.0% at the end of first quarter 2016, which is listed as "Last" on the Trading Economics' webpage.

## Fed Watch

Market expectations for rate hikes from the Federal Open Market Committee in 2016 are dramatically higher than last month, when the probability of keeping the ¼% to ½% current rate didn't drop below 50% until the FOMC's December meeting. On May 31, CME Group's [FedWatch Tool](#) showed market expectations of the Fed rate remaining at ¼% to ½% at 77.5%, 40.5%, 38.1%, 34.9%, and 23.3% at the Fed's remaining 2016 meetings on June 14-15, July 26-27, September 20-21, November 1-2, and December 20-21. The 66.5% combined market expectation for the Fed rate remaining at ½% to ¾% or below at the Fed's December 20-21 meeting shows a significant chance of just one rate hike in 2016.

Market expectations for rate changes could change rapidly this week, lending significant volatility to markets. The FOMC will be looking carefully at April Personal Consumption Expenditures (PCE) data released Tuesday for evidence of higher inflation and May U.S. jobs data due out Friday for evidence of employment strength. Also, three FOMC members, William C. Dudley, Lael Brainard, and Loretta J. Mester, will speak on June 2, 3, and 4 and undoubtedly give more insight into the Fed's thinking on rate changes.

## Funds Spotlight

We are starting a new series of spotlighting the various Select Funds that we rate each month to come up with our *Top Eight Model Portfolio*. This month we'll cover Air Transportation and Automotive.

[Air Transportation](#) began operations on 12/16/1985. It is one of six Select funds in Morningstar's Industrials category. The fund primarily invests in companies engaged in the regional, national, and international movement of passengers, mail, and freight via aircraft. [Matthew Moulis](#) has managed the fund since 1/12/2012. The fund's top three holdings as of 3/31/2016 were Southwest Airlines, United Parcel Service, and Boeing.

*Fundranker's Top Eight Model Portfolio* has held Air Transportation 19 times for a total of 57 months with an average monthly gain of 0.457%. The longest we held the fund was for nine months from October 2013 through June 2014 for a gain of 22.28%.

[Automotive](#) began operations on 6/30/1986. It is one of six Select funds in Morningstar's Consumer Cyclical category. The fund primarily invests in companies engaged in the manufacture, marketing or sale of automobiles, trucks, specialty vehicles, parts, tires, and related services. [Annie Rosen](#) has managed the fund since 6/29/2013. The fund's top three holdings as of 3/31/2016 were General Motors, Toyota, and Tesla.

*Fundranker's Top Eight Model Portfolio* has held Automotive 13 times for a total of 50 months with an average monthly gain of 1.244%. The longest we held the fund was for 14 months from May 2009 through June 2010 for a gain of 43.78%.

## 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 for June 2016

Fund Name (Symbol)	Purchase	Return to 5/31
1. Gold (FSAGX)	3/4/2016	12.86%
2. Telecommunications (FSTCX)	2/3/2016	11.87%
3. Software & IT Services (FSCSX)	6/3/2016	
4. Utilities (FSUTX)	2/3/2016	7.96%
5. Insurance (FSPCX)	6/3/2016	
6. Construction & Housing (FSHOX)	6/3/2016	
7. Electronics (FSELX)	6/3/2016	
8. Medical Eqpt & Systems (FSMEX)	5/4/2016	3.03%
Funds to be sold on June 3:		
9. Chemicals (FSCHX)	5/4/2016	3.63%
13. Industrial Equipment (FSCGX)	2/3/2016	12.87%
21. Industrials (FCYIX)	5/4/2016	1.60%
24. Env & Alternative Energy (FSLEX)	4/4/2016	3.86%

## Fundranker Exchanges for June 3

Sell Chemicals (FSCHX), buy Software & IT Services (FSCSX)  
Sell Industrial Equipment (FSCGX), buy Insurance (FSPCX)  
Sell Env & Alter Energy (FSLEX), buy Const & Housing (FSHOX)  
Sell Industrials (FCYIX), buy Electronics (FSELX)

## Start a New Portfolio

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

## Optional Rebalancing Exchange Dates

Held funds: June 2; New funds: June 3 ([see rebalancing FAQ](#))

## Upcoming Fundranker Exchange Dates

*Fundranker* will exchange on July 5, which date will suffice to avoid roundtrip transactions on shares purchased on or before June 3.

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Fundranker Ratings for 5/31/16 Fund (Symbol)	12-Month Return %	6-Month Return %	3-Month Return %	1-Month Return %	Fundranker Rating**	Fundranker Ranking
Air Transportation (FSAIX)	(2.52)	(2.00)	3.66	(1.04)	(0.475)	30
Automotive (FSAVX)	(14.43)	(9.96)	8.99	(1.17)	(4.143)	39
Banking (FSRBX)	(1.67)	(5.22)	17.14*	2.29	4.135	18
Biotechnology (FBIOX)	(24.99)	(19.74)	17.63*	7.43*	(2.918)	36
Brokerage & Investment Mgmt (FSLBX)	(14.95)	(10.26)	11.86	2.16	(2.798)	35
Chemicals (FSCHX)	(1.88)	5.01*	14.58*	2.38*	8.023	9
Communications Equipment (FSDCX)	(9.71)	1.76	6.97	3.52*	1.635	27
Computers (FDCPX)	(12.74)	(3.01)	9.32	6.85*	1.105	29
Construction & Housing (FSHOX)	6.09*	0.84	13.49*	4.00*	9.105	6
Consumer Discretionary (FSCPX)	1.38*	(3.20)	5.42	(0.79)	1.703	26
Consumer Finance (FSVLX)	(6.56)	(2.46)	13.25*	1.77	2.500	23
Consumer Staples (FDFAX)	5.43*	8.19*	5.36	(0.30)	6.670	11
Defense & Aerospace (FSDAX)	(0.01)	2.54*	10.20	1.75	4.620	16
Electronics (FSELX)	(2.50)	2.30*	13.42*	8.41*	8.408	7
Energy (FSENX)	(11.21)	1.84*	24.18*	(0.22)	5.648	14
Energy Service (FSESX)	(22.82)	(5.96)	16.51*	(6.46)	(3.683)	38
Environment & Alternative Energy (FSLEX)	(2.02)	1.51	10.71	(0.40)	2.450	24
Financial Services (FIDSX)	(6.01)	(3.09)	11.29	2.24	1.108	28
Gold (FSAGX)	20.81*	57.45*	15.48*	(11.16)	23.645	1
Health Care (FSPHX)	(13.30)	(4.92)	8.13	2.65*	(0.860)	32
Health Care Services (FSHCX)	(5.06)	3.14*	8.17	(0.14)	2.528	22
Industrial Equipment (FSCGX)	3.59*	3.09*	8.26	(0.24)	5.675	13
Industrials (FCYIX)	0.84	1.38	8.54	0.03	2.698	21
Insurance (FSPCX)	8.00*	2.08*	12.57	3.64*	9.573	5
IT Services (FBSOX)	5.49*	0.03	11.41	3.68*	7.153	10
Leisure (FDLSX)	(5.04)	(3.31)	(0.57)	(0.63)	(2.388)	34
Materials (FSDPX)	(7.80)	(0.10)	13.88*	1.39	2.843	20
Medical Equipment & Systems (FSMEX)	2.99*	7.25*	12.84	1.56	8.160	8
Multimedia (FBMPX)	(6.58)	(3.97)	7.45	0.42	(0.670)	31
Natural Gas (FSNGX)	(23.55)	0.65	37.68*	(0.08)	4.675	15
Natural Resources (FNARX)	(14.02)	1.16	24.07*	(0.33)	3.720	19
Pharmaceuticals (FPHAX)	(13.84)	(6.03)	4.95	2.08	(3.210)	37
Retailing (FSRPX)	13.70*	(1.01)	7.26	1.13	6.270	12
Software & IT Services (FSCSX)	11.00*	1.80	12.54	5.12*	9.615	3
Technology (FSPTX)	(0.92)	(0.35)	11.11	4.61*	4.613	17
Telecommunications (FSTCX)	9.16*	11.92*	8.17	1.59	9.710	2
Transportation (FSRFX)	(5.46)	(2.60)	2.94	(1.75)	(1.718)	33
Utilities (FSUTX)	4.32*	14.60*	9.33	2.07	9.580	4
Wireless (FWRLX)	(5.88)	(0.78)	7.26	3.57*	2.043	25

\*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

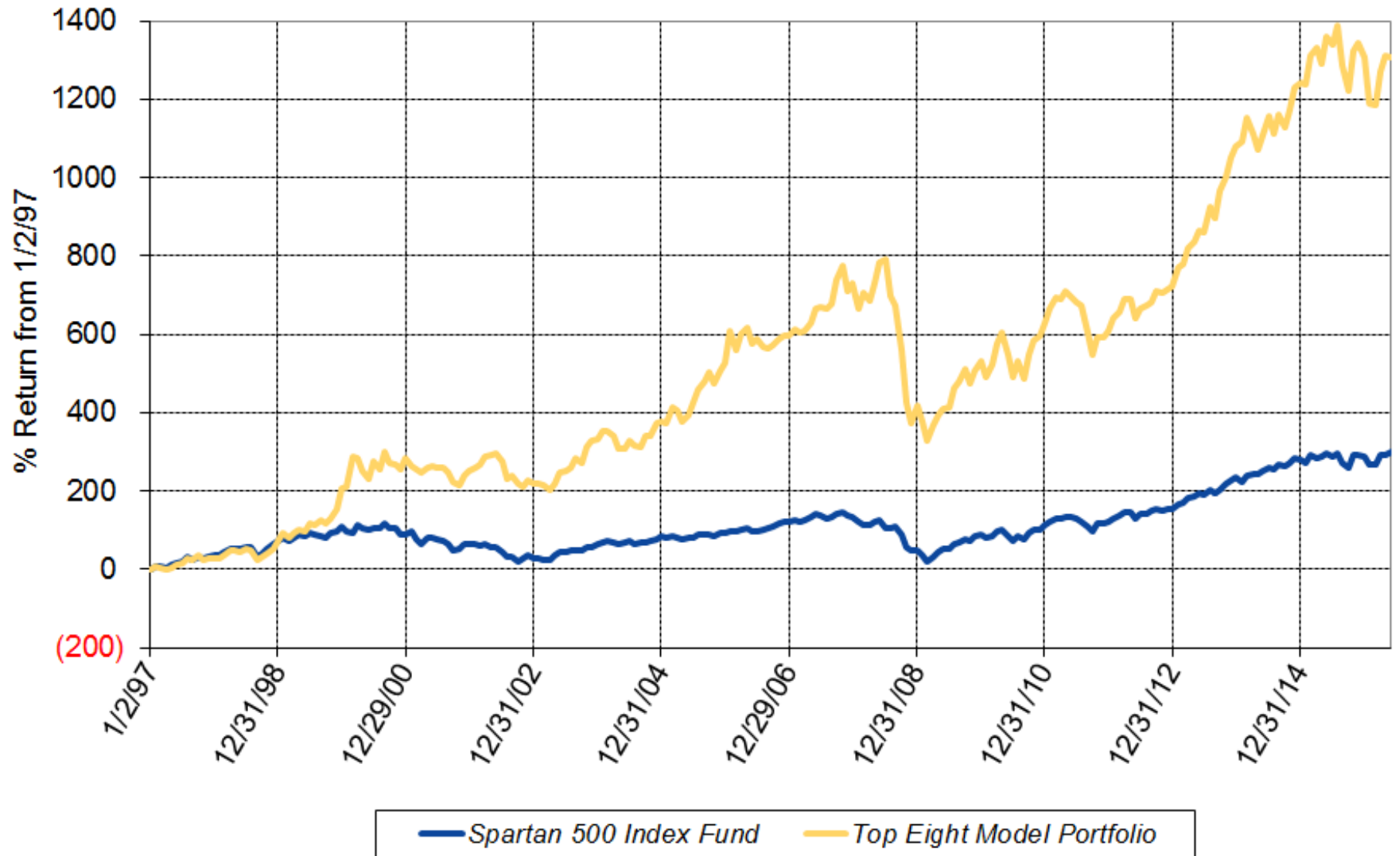
Sell on June 3, 2016

Buy on June 3, 2016

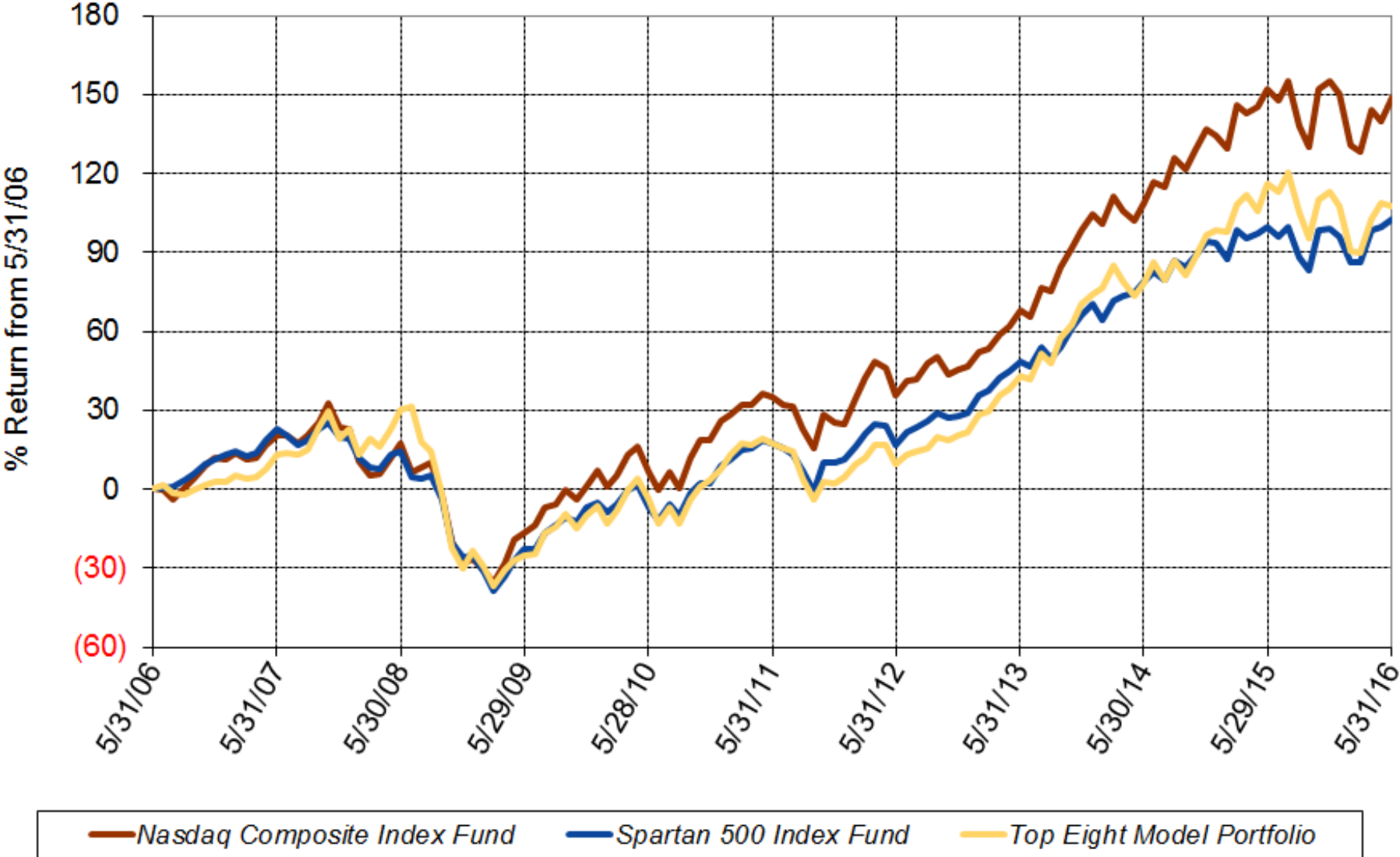
Hold

Fundranker Performance for May 2016															
4/29 Funds	4/29 Shares	4/29 Amount	<=5/4 Div Shrs	5/4 Shares	5/4 Amount	5/4 Funds	5/4 Shares	5/4 Amount	>5/4 Div Shrs	5/31 Shares	5/31 Amount	May Return			
FSAGX	2,216.901	51,631.62	none	2,216.901	47,619.03	FSAGX	1,937.086	41,608.60	none	1,937.086	40,078.31				
FSTCX	611.930	40,699.46	none	611.930	40,742.30	FSMEX	1,134.986	41,608.60	none	1,134.986	42,868.42				
FSUTX	569.398	40,746.12	none	569.398	41,161.78	FSCHX	305.451	41,608.60	none	305.451	43,117.46				
FDFA	428.257	40,624.46	none	428.257	40,761.50	FSTCX	624.941	41,608.60	none	624.941	42,227.26				
FSCGX	1,094.251	41,855.10	none	1,094.251	41,132.90	FSCGX	1,106.906	41,608.60	none	1,106.906	42,239.53				
FSCSX	342.763	40,521.44	none	342.763	40,308.93	FSLEX	2,106.765	41,608.60	none	2,106.765	42,367.04				
FSLEX	2,115.942	42,720.87	none	2,115.942	41,789.85	FSUTX	575.579	41,608.60	none	575.579	42,040.29				
FSPTX	348.314	39,871.50	none	348.314	39,352.52	FCYIX	1,386.029	41,608.60	none	1,386.029	42,273.88				
<b>Top Eight</b>		<b>338,670.57</b>			<b>332,868.81</b>			<b>332,868.80</b>			<b>337,212.19</b>	<b>(0.431)</b>			
FNCMX	1,658.228	104,070.39	none						none	1,658.228	108,066.72	3.840			
FUSEX	1,297.606	94,284.05	none						none	1,297.606	95,970.94	1.789			
<b>Yearly Summaries</b>					1997 Return %		1998 Return %		1999 Return %		2000 Return %		2001 Return %		2002 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>					2003 Return %		2004 Return %		2005 Return %		2006 Return %		2007 Return %		2008 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>					2009 Return %		2010 Return %		2011 Return %		2012 Return %		2013 Return %		2014 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>					2015 Return %		2016 YTD Return %								
<i>Top Eight Model Portfolio</i>					4.592		0.014								
Nasdaq Composite Index Fund					6.818		(0.551)								
Spartan 500 Index Fund - Investor Class					1.366		3.526								
<b>Lifetime Summary</b>					1/2/97 to 5/31/16 Total Return %				1/2/97 to 5/31/16 Average Annual Return %						
<i>Top Eight Model Portfolio</i>					1,305.051				14.580						
Nasdaq Composite Index Fund					N/A				N/A						
Spartan 500 Index Fund - Investor Class					299.879				7.399						
<b>10-Year Summary</b>					5/31/06 to 5/31/16 Total Return %				5/31/06 to 5/31/16 Average Annual Return %						
<i>Top Eight Model Portfolio</i>					107.734				7.585						
Nasdaq Composite Index Fund					148.899				9.547						
Spartan 500 Index Fund - Investor Class					102.887				7.331						
<b>5-Year Summary</b>					5/31/11 to 5/31/16 Total Return %				5/31/11 to 5/31/16 Average Annual Return %						
<i>Top Eight Model Portfolio</i>					77.027				12.101						
Nasdaq Composite Index Fund					84.586				13.042						
Spartan 500 Index Fund - Investor Class					72.985				11.584						
<b>3-Year Summary</b>					5/31/13 to 5/31/16 Total Return %				5/31/13 to 5/31/16 Average Annual Return %						
<i>Top Eight Model Portfolio</i>					45.522				13.321						
Nasdaq Composite Index Fund					48.051				13.974						
Spartan 500 Index Fund - Investor Class					36.709				10.985						
<b>1-Year Summary</b>					5/29/15 to 5/31/16 Total Return %										
<i>Top Eight Model Portfolio</i>					(3.722)										
Nasdaq Composite Index Fund					(1.130)										
Spartan 500 Index Fund - Investor Class					1.640										

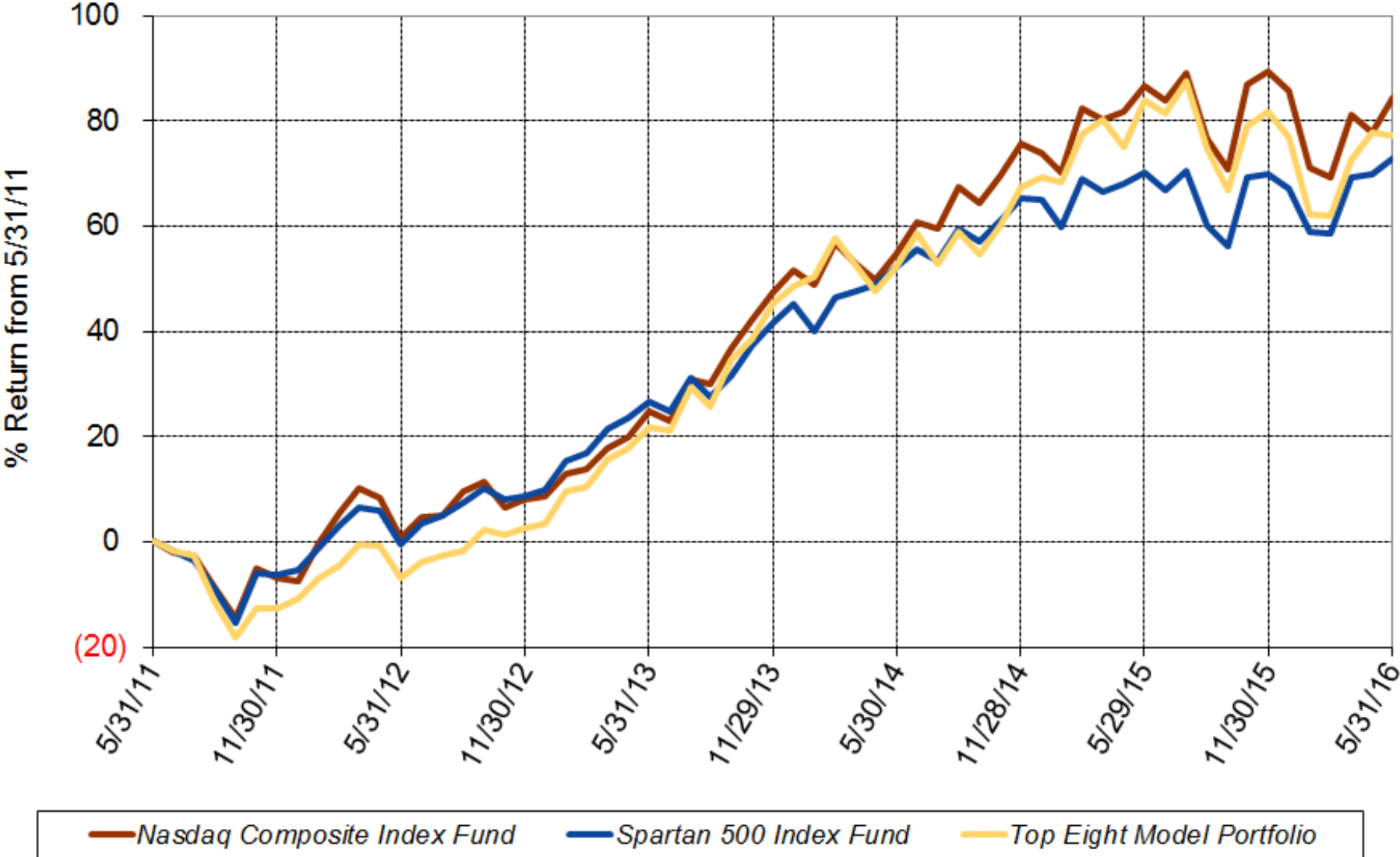
### Lifetime Chart



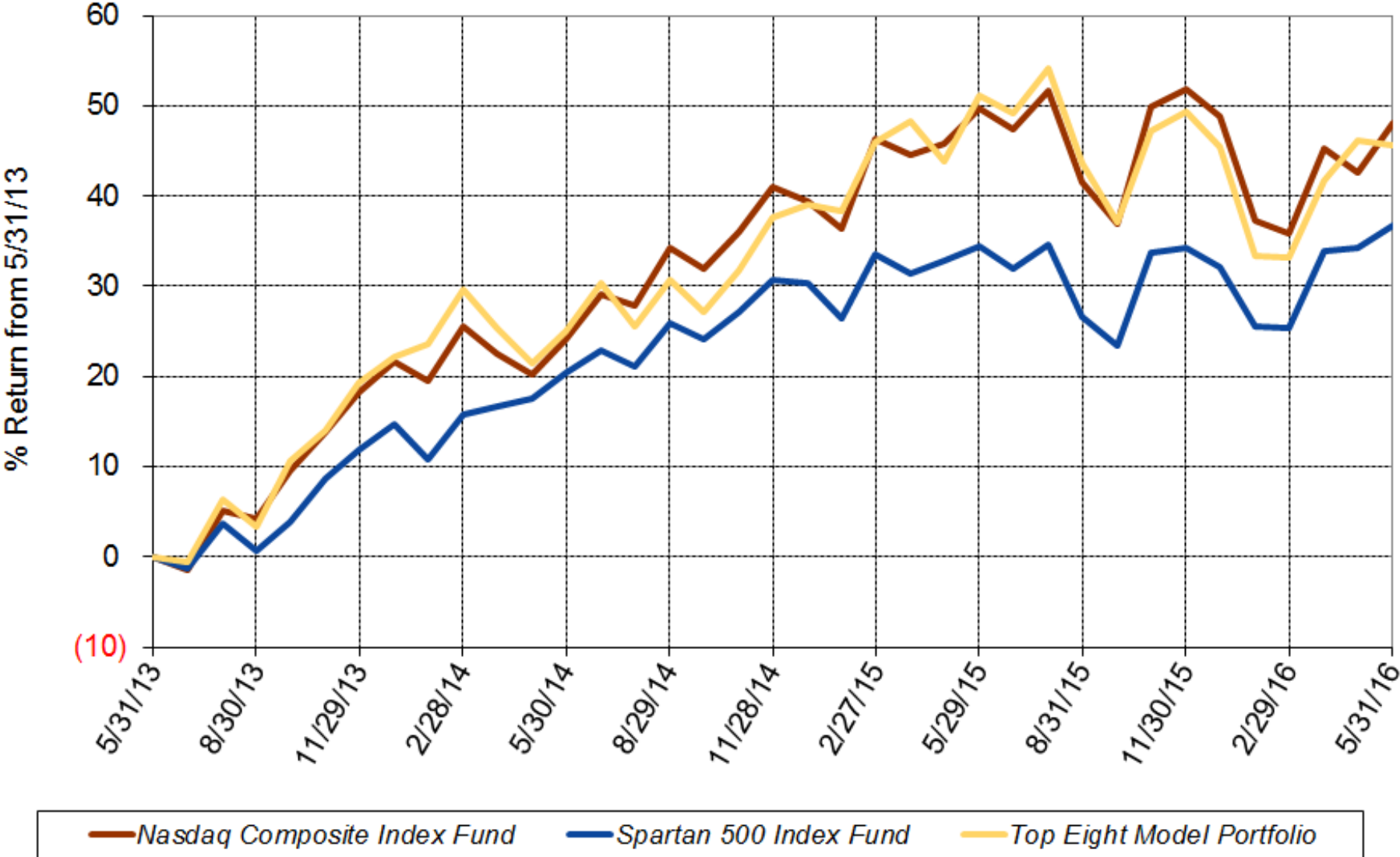
### 10-Year Chart



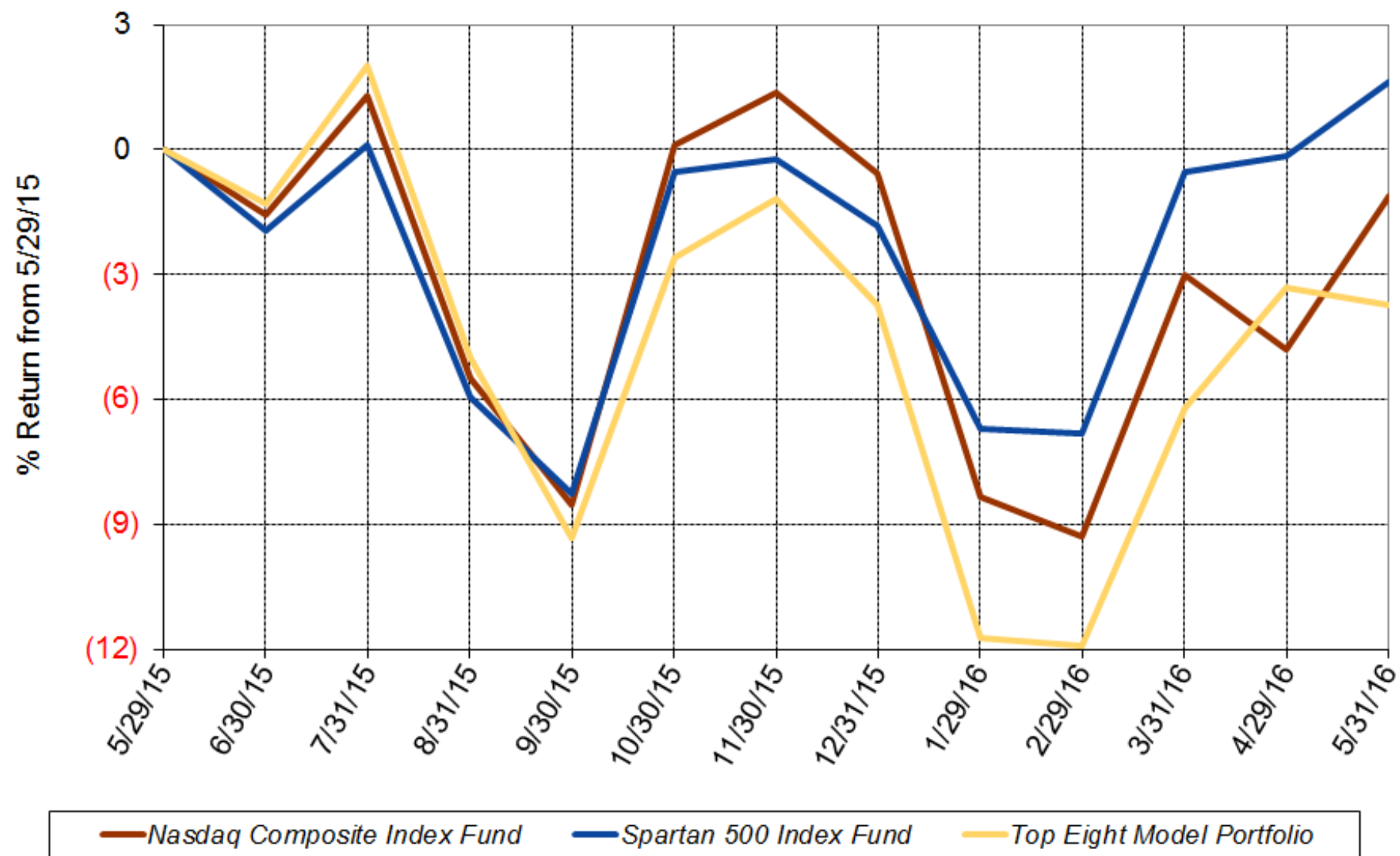
### 5-Year Chart



### 3-Year Chart



### 1-Year Chart





### Daily Chart May 2016

