

# FIDELITY SELECT FUNDRANKER™

Volume 11 Issue 7

The Right Funds at the Right Time

July 2016

## Brexit Whipsaws Broad Market

The broad market S&P 500 Index set new all-time highs on a total return basis (including dividends) early in June before Britain's Brexit referendum roiled markets over the last five trading days. Markets fell dramatically on Friday and Monday after last Thursday's vote but sprang back on the last three trading days of the month.

Four *Top Eight Model Portfolio* funds gained value in June. Gold more than offset its big May loss with a huge 23.30% one-month gain in June. Utilities, Medical Equipment & Systems, and Telecommunications followed with one-month gains of 6.46%, 5.90%, and 4.47%. Construction & Housing, Electronics, Insurance, and Software & IT Services trailed with one-month losses ranging from 1.04% to 2.70%.

In June, the *Top Eight Model Portfolio* gained 4.276%, the Nasdaq Composite Index lost 2.087%, and the S&P 500 Index gained 0.257%. For YTD through June, the *Top Eight Model Portfolio* gained 4.290%, the Nasdaq Composite Index lost 2.626%, and the S&P 500 Index gained 3.792%.

## Final Performance of Funds Sold on June 3

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

Fund	Bought	Sold	Return
Chemicals (FSCHX)	5/4/2016	6/3/2016	4.88%
Env & Alternative Energy (FSLEX)	4/4/2016	6/3/2016	4.33%
Industrial Equipment (FSCGX)	2/3/2016	6/3/2016	13.10%
Industrials (FCYIX)	5/4/2016	6/3/2016	1.57%

## Brexit Implications

Fidelity Viewpoints just published a great article on Brexit implications: [Post-Brexit: the investment landscape](#). The article lists five things to know: odds rise for a U.K. recession, slower global growth, and stagflation; the impact on the U.S. will be relatively small as the consumer remains resilient; Fed tightening later this year is now much less likely; a stronger dollar could create headwinds for multinationals; and a flight to quality could support more defensive, income-producing stocks.

## Energy Funds Join Top Eight Model Portfolio

Three of Fidelity's four Select funds in Morningstar's Equity Energy category are joining the *Top Eight Model Portfolio* for July. We mentioned back in April that Fidelity's Energy Select funds could be a good opportunity for long-term investors to dollar-cost-average them into their portfolios before they rose into the *Top Eight Model Portfolio*. Three of the funds already made it.

## GDP Watch

The Bureau of Economic Analysis of the U.S. Department of Commerce released its "third" estimate of first quarter 2016 Gross Domestic Product on Tuesday, June 28. Real gross domestic product increased at an annual rate of 1.1% in the first quarter, revised up for the second time. The BEA will release its "advance" estimate of second quarter 2016 GDP on July 29.

Trading Economics' [United States GDP Annual Growth Rate Forecast](#) shows steadily better growth for the third and fourth quarters of 2016 and the first and second quarters of 2017 with annualized growth rates of 1.8%, 1.9%, 2.0%, and 2.34%.

## Fed Watch

Brexit implications greatly reduced market expectations for rate hikes from the Federal Open Market Committee in 2016. On June 30, CME Group's [FedWatch Tool](#) showed market expectations of the Fed rate remaining at (or even below) ¼% to ½% at 100%, 100%, 100%, and 91% at the Fed's remaining 2016 meetings on July 26-27, September 20-21, November 1-2, and December 13-14. The 9% probability of a ¼% hike in December is nearly balanced by a 5.4% probability of a ¼% reduction.

## Funds Spotlight

In our Funds Spotlight series this month, we'll cover Banking and Biotechnology.

[Banking](#) began operations on 6/30/1986. It is one of five Select funds in Morningstar's Financials category. The fund primarily invests in companies engaged in banking. [John Sheehy](#) has managed the fund since 1/12/2012. The fund's top three holdings as of 3/31/2016 were Wells Fargo, US Bancorp, and Bank of America.

*Fundranker's Top Eight Model Portfolio* has held Banking 19 times for a total of 34 months with an average monthly loss of 0.196%. The longest we held the fund was for eight months from January 1997 through August 1997 for a gain of 30.52%.

[Biotechnology](#) began operations on 12/16/1985. It is one of five Select funds in Morningstar's Health category. The fund primarily invests in companies engaged in the research, development, manufacture, and distribution of various biotechnological products, services, and processes and companies that benefit significantly from scientific and technological advances in biotechnology. [Rajiv Kaul](#) has managed the fund since 6/29/2013. The fund's top three holdings as of 3/31/2016 were Regeneron Pharmaceuticals, Alexion Pharmaceuticals, and Celgene Corp.

*Fundranker's Top Eight Model Portfolio* has held Biotechnology 15 times for a total of 85 months with an average monthly gain of 1.645%. The longest we held the fund was for 20 months from May 2011 through December 2012 for a gain of 43.21%.

## 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 July 2016

Fund Name (Symbol)	Purchase	Return to 6/30
1. Gold (FSAGX)	3/4/2016	39.16%
2. Utilities (FSUTX)	2/3/2016	14.94%
3. Medical Eqpt & Systems (FSMEX)	5/4/2016	9.11%
4. Telecommunications (FSTCX)	2/3/2016	16.87%
5. Consumer Staples (FDFAX)	7/5/2016	
6. Natural Gas (FSNGX)	7/5/2016	
7. Energy (FSENX)	7/5/2016	
8. Natural Resources (FNARX)	7/5/2016	
Funds to be sold on July 5:		
12. Electronics (FSELX)	6/3/2016	(2.01)%
14. Software & IT Services (FSCSX)	6/3/2016	(2.76)%
15. Construction & Housing (FSHOX)	6/3/2016	(0.28)%
17. Insurance (FSPCX)	6/3/2016	(1.30)%

## Fundranker Exchanges for July 5

Sell Software & IT Services (FSCSX), buy Cons Staples (FDFAX)  
Sell Insurance (FSPCX), buy Natural Gas (FSNGX)  
Sell Construction & Housing (FSHOX), buy Energy (FSENX)  
Sell Electronics (FSELX), buy Natural Resources (FNARX)

## Start a New Portfolio

July 5 ([see new portfolio FAQ](#))

## Optional Rebalancing Exchange Dates

Held funds: none; New funds: July 5 ([see rebalancing FAQ](#))

## Upcoming Fundranker Exchange Dates

If no new funds are to be exchanged, *Fundranker* will exchange on August 2, our [early exchange date](#); otherwise, *Fundranker* will exchange on August 4, our [late exchange date](#).

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<i>Fundranker Ratings for 6/30/16</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)	(4.22)	(3.21)	(6.86)	(4.03)	(4.580)	34
Automotive (FSAVX)	(19.26)	(14.74)	(9.50)	(7.86)	(12.840)	37
Banking (FSRBX)	(12.07)	(7.74)	1.33	(7.16)	(6.410)	36
Biotechnology (FBIOX)	(32.98)	(25.96)	3.49	(8.37)	(15.955)	39
Brokerage & Investment Mgmt (FSLBX)	(23.47)	(14.07)	(7.21)	(9.90)	(13.663)	38
Chemicals (FSCHX)	(0.52)	6.07*	4.31	(1.71)	3.038	18
Communications Equipment (FSDCX)	(4.60)	2.06	0.15	(1.09)	(0.870)	23
Computers (FDCPX)	(9.29)	(2.04)	(3.03)	(2.11)	(4.118)	33
Construction & Housing (FSHOX)	5.68*	2.88	1.51	(1.04)	3.258	15
Consumer Discretionary (FSCPX)	(0.16)	(0.13)	(0.57)	(0.03)	(0.223)	21
Consumer Finance (FSVLX)	(12.80)	(4.86)	(0.79)	(6.55)	(6.250)	35
Consumer Staples (FDFAX)	11.71*	8.86*	3.71	4.24*	10.130	5
Defense & Aerospace (FSDAX)	4.72*	4.36	6.35*	0.74*	7.043	9
Electronics (FSELX)	4.54*	3.64	2.88	(1.14)	3.480	12
Energy (FSENX)	(6.48)	16.35*	12.67*	0.99*	8.883	7
Energy Service (FSESX)	(17.32)	8.82*	7.00*	2.10*	3.150	16
Environment & Alternative Energy (FSLEX)	(2.17)	4.48*	0.55	(1.84)	1.255	20
Financial Services (FIDSX)	(7.05)	(2.70)	1.97	(2.06)	(2.460)	28
Gold (FSAGX)	59.85*	91.11*	35.50*	23.30*	56.440	1
Health Care (FSPHX)	(12.45)	(7.04)	5.98*	(0.86)	(2.593)	29
Health Care Services (FSHCX)	(5.04)	3.03	5.09*	2.32*	3.350	13
Industrial Equipment (FSCGX)	5.59*	4.82*	1.59	0.21	5.053	10
Industrials (FCYIX)	1.95	4.04	0.50	(0.36)	1.533	19
Insurance (FSPCX)	4.88*	2.79	2.82	(2.15)	3.085	17
IT Services (FBSOX)	0.26	(2.05)	(2.17)	(5.43)	(2.348)	27
Leisure (FDLSX)	(5.11)	(1.29)	(3.80)	0.53*	(1.418)	25
Materials (FSDPX)	(7.82)	1.92	2.15	(2.78)	(1.633)	26
Medical Equipment & Systems (FSMEX)	10.64*	12.44*	14.80*	5.90*	14.945	3
Multimedia (FBMPX)	(8.87)	(0.74)	0.10	(1.26)	(2.693)	30
Natural Gas (FSNGX)	(16.89)	24.40*	18.16*	1.72*	9.848	6
Natural Resources (FNARX)	(8.82)	15.90*	12.61*	1.30*	8.248	8
Pharmaceuticals (FPHAX)	(13.22)	(7.68)	4.46*	(0.58)	(3.255)	32
Retailing (FSRPX)	11.30*	0.02	0.37	(0.70)	3.748	11
Software & IT Services (FSCSX)	10.13*	0.21	1.49	(2.70)	3.283	14
Technology (FSPTX)	(0.47)	(0.93)	(0.19)	(2.30)	(0.973)	24
Telecommunications (FSTCX)	15.25*	16.81*	6.48*	4.47*	14.753	4
Transportation (FSRFX)	(5.25)	0.99	(5.59)	(2.29)	(3.035)	31
Utilities (FSUTX)	18.89*	21.33*	7.74*	6.46*	17.605	2
Wireless (FWRLX)	(3.81)	2.70	0.00	(0.48)	(0.398)	22

\*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

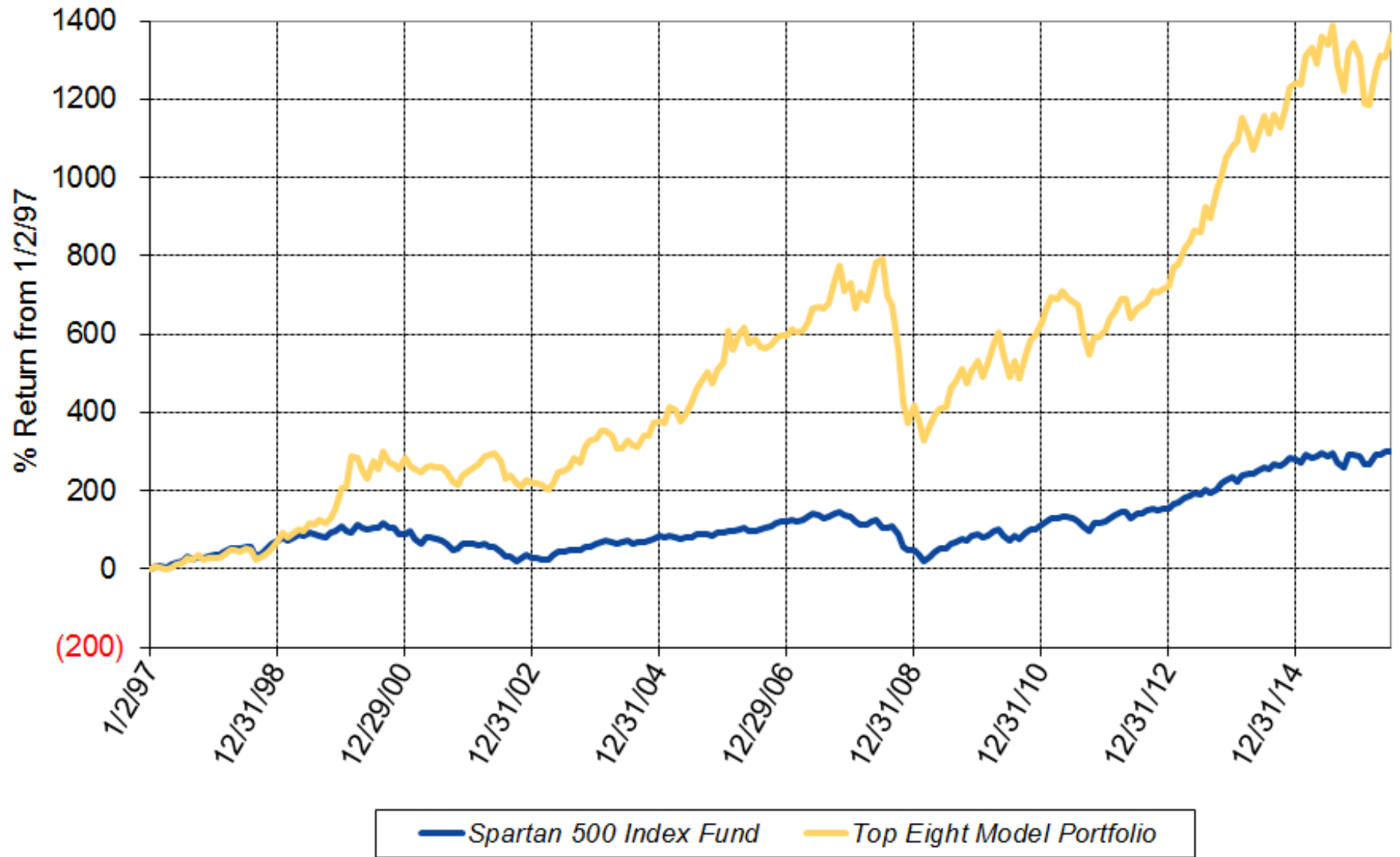
Sell on July 5, 2016

Buy on July 5, 2016

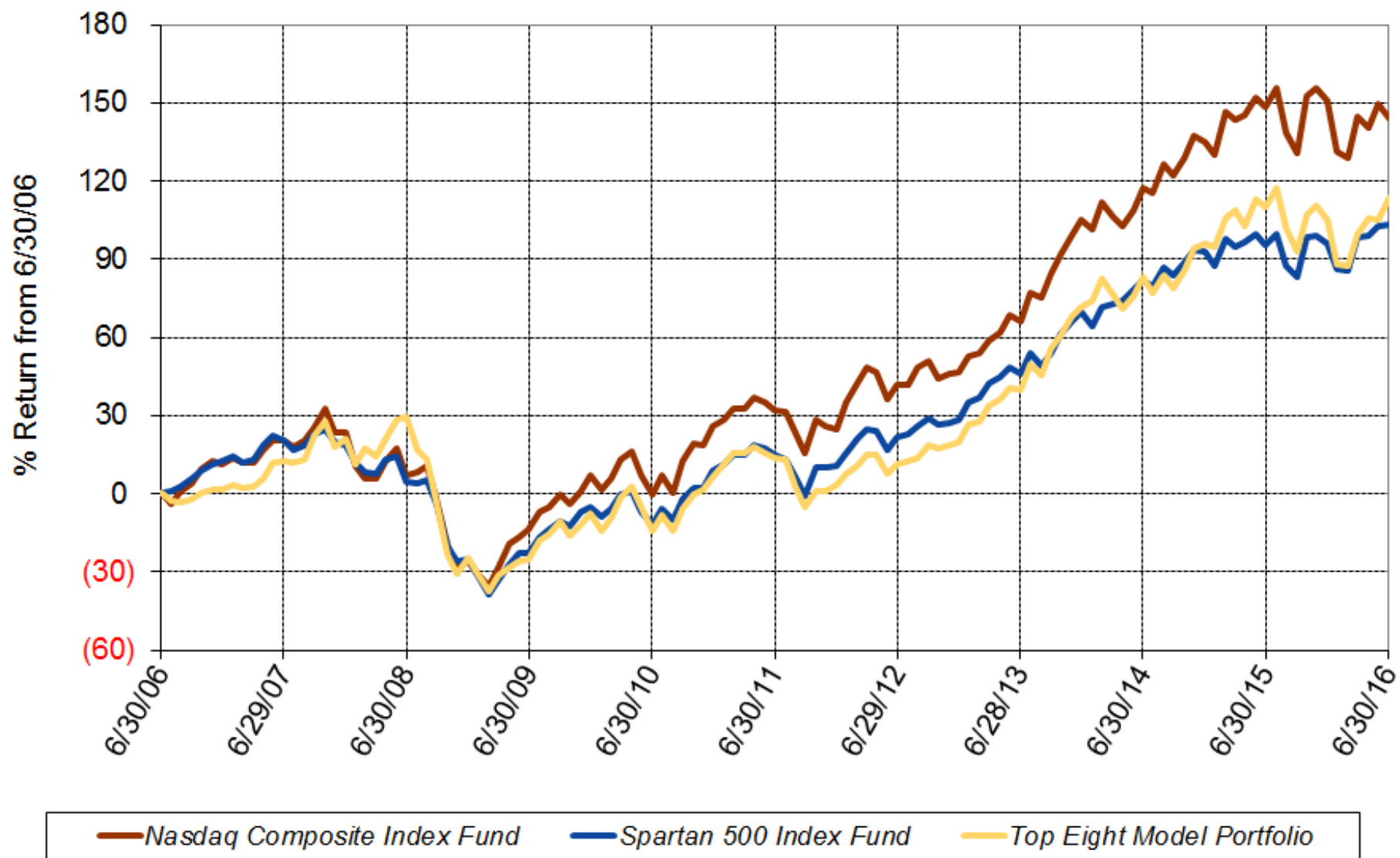
Hold

Fundranker Performance for June 2016													
5/31 Funds	5/31 Shares	5/31 Amount	<=6/3 Div Shrs	6/3 Shares	6/3 Amount	6/3 Funds	6/3 Shares	6/3 Amount	>6/3 Div Shrs	6/30 Shares	6/30 Amount	Jun Return	
FSAGX1,937.086	40,078.31		none	1,937.086	44,088.08	FSAGX1,885.732	42,919.27		none	1,885.732	48,105.02		
FSMEX1,134.986	42,868.42		none	1,134.986	43,708.31	FSTCX 640.873	42,919.27		none	640.873	45,239.23		
FSCHX 305.451	43,117.46		none	305.451	43,639.78	FSCSX 345.177	42,919.27		none	345.177	41,735.35		
FSTCX 624.941	42,227.26		none	624.941	41,852.30	FSUTX 575.557	42,919.27		none	575.557	44,755.31		
FSCGX1,106.906	42,239.53		none	1,106.906	42,328.09	FSPCX 621.298	42,919.27		none	621.298	42,360.10		
FSLEX 2,106.765	42,367.04		none	2,106.765	42,556.65	FSHOX 716.755	42,919.27		none	716.755	42,797.44		
FSUTX 575.579	42,040.29		none	575.579	42,920.93	FSELX 555.589	42,919.27		none	555.589	42,058.09		
FCYIX 1,386.029	42,273.88		none	1,386.029	42,260.02	FSMEX1,114.497	42,919.27		none	1,114.497	44,579.88		
<b>Top Eight</b>	<b>337,212.19</b>				<b>343,354.16</b>		<b>343,354.20</b>				<b>351,630.42</b>	<b>4.276</b>	
FNCMX1,658.228	108,066.72		none						none	1,658.228	105,811.53	(2.087)	
FUSEX1,297.606	95,970.94		none						none	1,297.606	96,217.48	0.257	
<b>Yearly Summaries</b>				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)				
<b>Yearly Summaries</b>				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)				
<b>Yearly Summaries</b>				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				
<b>Yearly Summaries</b>				2015	2016 YTD								
				Return %	Return %								
<i>Top Eight Model Portfolio</i>				4.592	4.290								
Nasdaq Composite Index Fund				6.818	(2.626)								
Spartan 500 Index Fund - Investor Class				1.366	3.792								
<b>Lifetime Summary</b>				1/2/97 to 6/30/16		1/2/97 to 6/30/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				1,365.127		14.759							
Nasdaq Composite Index Fund				N/A		N/A							
Spartan 500 Index Fund - Investor Class				300.906		7.380							
<b>10-Year Summary</b>				6/30/06 to 6/30/16		6/30/06 to 6/30/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				113.602		7.885							
Nasdaq Composite Index Fund				144.203		9.339							
Spartan 500 Index Fund - Investor Class				103.145		7.345							
<b>5-Year Summary</b>				6/30/11 to 6/30/16		6/30/11 to 6/30/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				87.933		13.449							
Nasdaq Composite Index Fund				84.702		13.056							
Spartan 500 Index Fund - Investor Class				76.383		12.019							
<b>3-Year Summary</b>				6/28/13 to 6/30/16		6/28/13 to 6/30/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				52.517		15.108							
Nasdaq Composite Index Fund				47.068		13.721							
Spartan 500 Index Fund - Investor Class				38.930		11.583							
<b>1-Year Summary</b>				6/30/15 to 6/30/16		6/30/15 to 6/30/16							
				Total Return %									
<i>Top Eight Model Portfolio</i>				1.714									
Nasdaq Composite Index Fund				(1.666)									
Spartan 500 Index Fund - Investor Class				3.907									

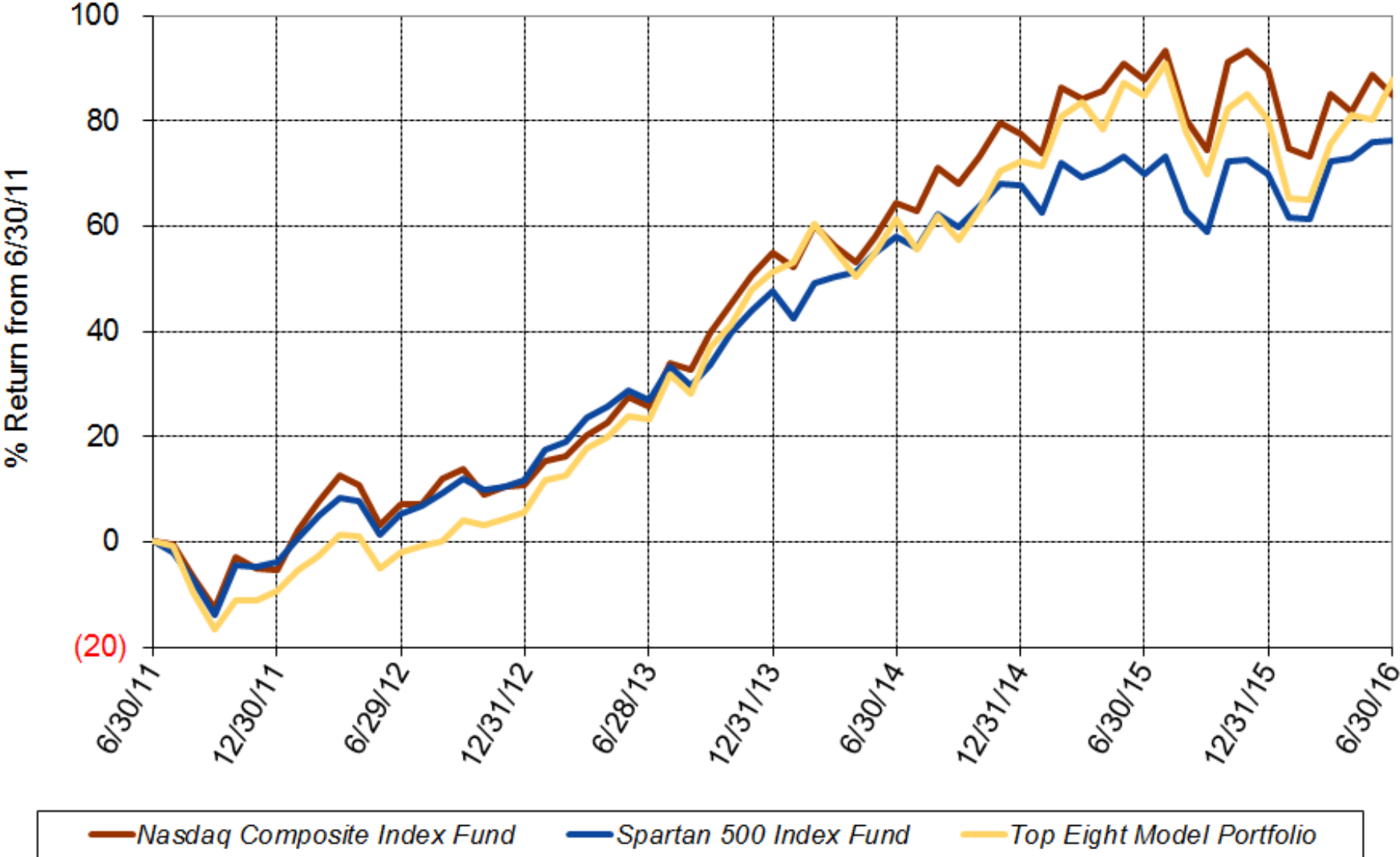
### Lifetime Chart



### 10-Year Chart

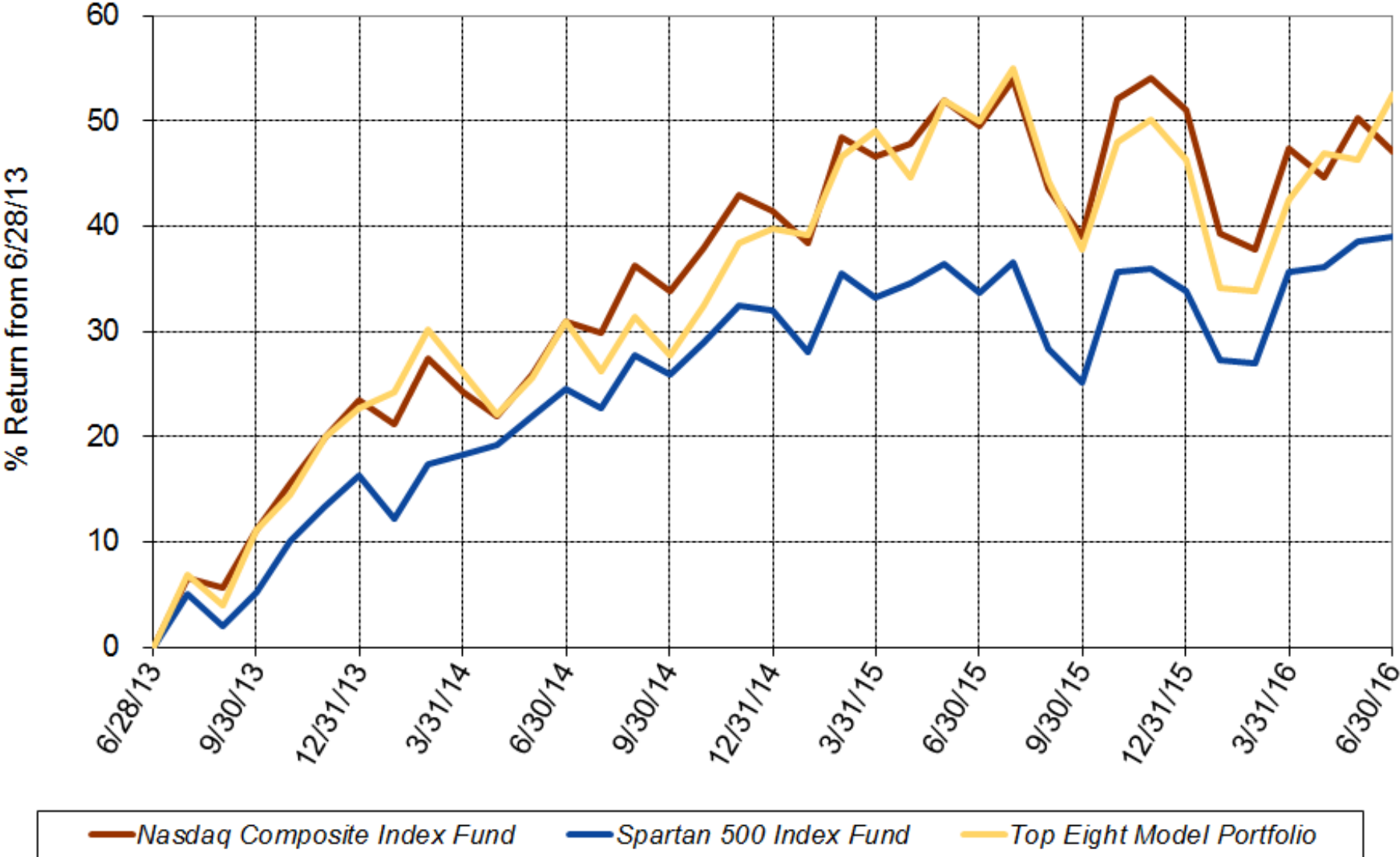


### 5-Year Chart

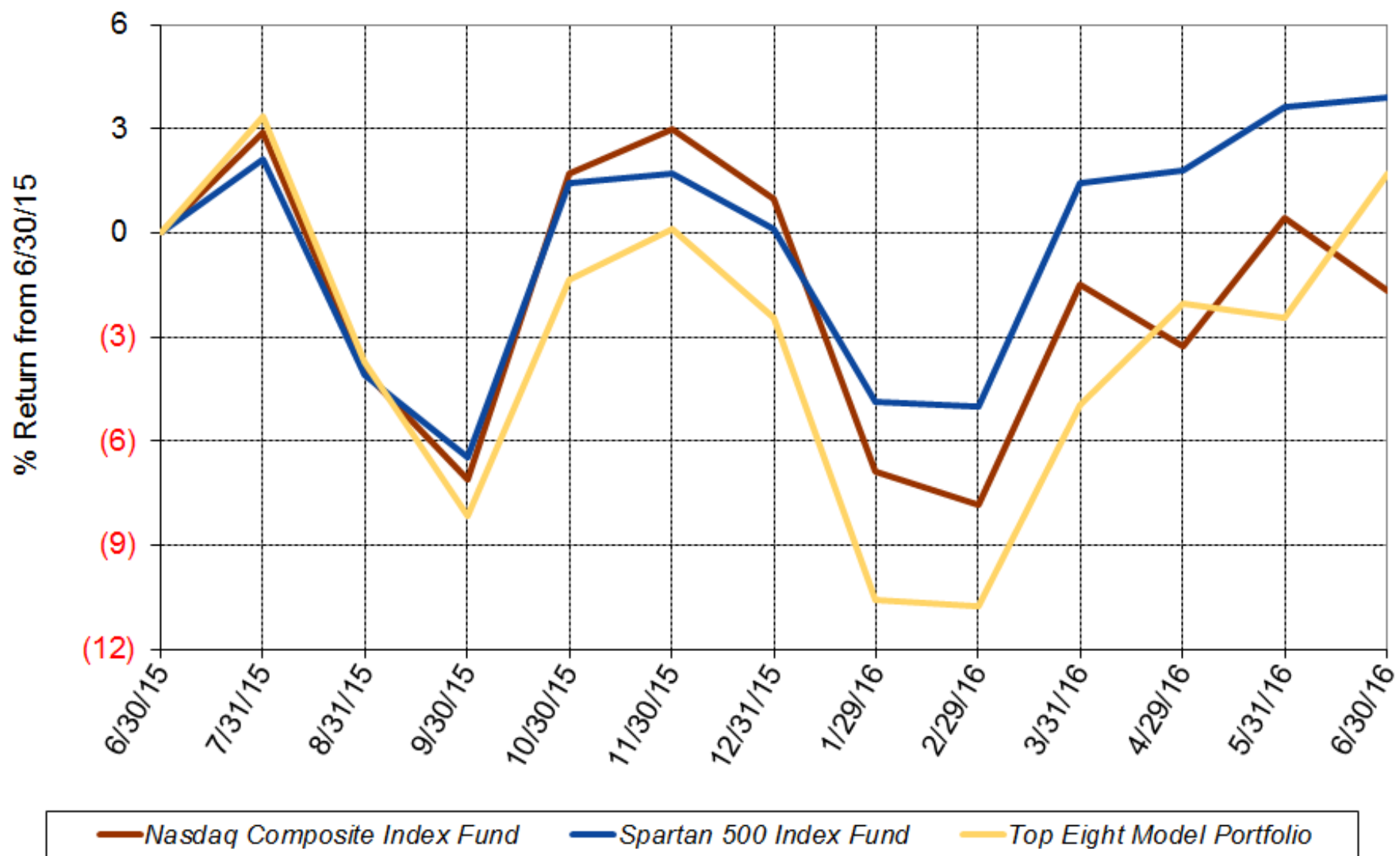




### 3-Year Chart



### 1-Year Chart





### Daily Chart June 2016

