

FIDELITY SELECT FUNDRANKER™

Volume 11 Issue 8

The Right Funds at the Right Time

August 2016

Broad Market Hits New All-Time Highs

The broad market S&P 500 Index set a number of new all-time highs on a total return basis (including dividends) in July, giving it a four month run of new highs.

Three *Top Eight Model Portfolio* funds gained value in July. Gold led the way again with a one-month gain of 8.82% in July. Medical Equipment & Systems and Telecommunications followed with one-month gains of 6.45%, and 2.86%. Natural Resources, Consumer Staples, Utilities, Energy, and Natural Gas trailed with one-month losses ranging from 0.11% to 1.49%.

In July, the *Top Eight Model Portfolio* gained 1.958%, the Nasdaq Composite Index gained 6.645%, and the S&P 500 Index gained 3.673%. For YTD through July, the *Top Eight Model Portfolio* gained 6.332%, the Nasdaq Composite Index gained 3.844%, and the S&P 500 Index gained 7.604%.

Final Performance of Funds Sold on July 5

Fundranker exchanged four funds on July 5. Here are the returns they contributed to the *Top Eight Model Portfolio*:

Fund	Bought	Sold	Return
Construction & Housing (FSHOX)	6/3/2016	7/5/2016	(0.25)%
Electronics (FSELX)	6/3/2016	7/5/2016	(4.69)%
Insurance (FSPCX)	6/3/2016	7/5/2016	(3.36)%
Software & IT Services (FSCSX)	6/3/2016	7/5/2016	(3.01)%

Energy Funds Fall Quickly Out of Top Eight

Back in April we suggested that investing slowly in Fidelity's four energy funds using the dollar cost averaging technique could be a good long term investment opportunity for investors with a tolerance for significant ups and downs. Last month, three of those funds joined the *Top Eight Model Portfolio*, but their stay was short.

The four energy funds did not do particularly badly for the month of July, as you can see on page two, but their relative performance in the 39 Select funds was at the bottom. Only six Select funds lost ground in July, including all four energy funds. Note at right, however, that the three energy funds we are selling on August 4 all gained ground since July 5, when we purchased them. Energy Service also gained ground since July 5.

We still feel that the energy sector has good long-term potential, especially for an incremental, dollar cost averaging investment. See Charles Schwab's recent article [Energy Sector Rating: Marketperform](#) for more information on energy sector potential.

GDP Watch

The Bureau of Economic Analysis of the U.S. Department of Commerce released its "advance" estimate of second quarter 2016 Gross Domestic Product on Friday, July 29. Real gross domestic product increased at an annual rate of 1.2% in the second quarter. The BEA will release its "second" estimate of second quarter 2016 GDP on August 26.

In addition, the BEA issued its 2016 annual revision to previous quarters from fourth quarter 2012 through first quarter 2016, which quarter was revised back down to 0.8% annual rate.

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 1.9%, 2.2%, 2.5%, and 2.6%.

Fed Watch

Market expectations for rate hikes from the Federal Open Market Committee in 2016 and early 2017 continue to be very low. On July 31, CME Group's [FedWatch Tool](#) showed market expectations of the Fed rate remaining at ¼% to ½% at 88%, 88%, and 67% at the Fed's remaining 2016 meetings on September 20-21, November 1-2, and December 13-14. Market expectations for no rate hike through the Fed's July 2017 meeting remain above 50%.

Funds Spotlight

[Brokerage & Investment Management](#) began operations on 7/29/1985. It is one of five Select funds in Morningstar's Financials category. The fund primarily invests in companies engaged in stock brokerage, commodity brokerage, investment banking, tax-advantaged investment or investment sales, investment management, or related investment advisory services. [Daniel Dittler](#) has managed the fund since 7/1/2015. The fund's top three holdings as of 6/30/2016 were Blackrock, E Trade Financial, and Morgan Stanley.

Our *Top Eight Model Portfolio* has held Brokerage & Investment Management 12 times for a total of 60 months with an average monthly gain of 1.385%. The longest we held the fund was for 20 months from January 1997 through August 1998 for a gain of 51.1%.

[Chemicals](#) began operations on 7/29/1985. It is one of two Select funds in Morningstar's Natural Resources category. The fund primarily invests in companies engaged in the research, development, manufacture or marketing of products or services related to the chemical process industries. [Mahmoud Sharaf](#) has managed the fund since 4/1/2010. The fund's top three holdings as of 6/30/2016 were DuPont, Dow Chemical, and Monsanto.

Fundranker's Top Eight Model Portfolio has held Chemicals 16 times for a total of 47 months with an average monthly gain of 0.054%. The longest we held the fund was for 11 months from June 2004 through May 2005 for a gain of 24.06%.

Questions and Suggestions

Do you have a question about the *Fundranker* system or a suggestion for our newsletter? Check out our website at www.fundranker.com. Click Contact Us at the top right of our homepage.

Top Eight Model Portfolio for August 2016

Fund Name (Symbol)	Purchase	Return to 7/29
1. Gold (FSAGX)	3/4/2016	51.43%
2. Electronics (FSELX)	8/4/2016	
3. Medical Eqpt & Systems (FSMEX)	5/4/2016	16.15%
4. Telecommunications (FSTCX)	2/3/2016	20.21%
5. Software & IT Services (FSCSX)	8/4/2016	
6. Technology (FSPTX)	8/4/2016	
7. Construction & Housing (FSHOX)	8/4/2016	
8. Computers (FDCPX)	8/4/2016	

Funds to be sold on August 4:

11. Utilities (FSUTX)	2/3/2016	13.84%
21. Natural Gas (FSNGX)	7/5/2016	0.70%
22. Natural Resources (FNARX)	7/5/2016	1.68%
23. Energy (FSENX)	7/5/2016	0.97%
24. Consumer Staples (FDFAX)	7/5/2016	(0.52)%

Fundranker Exchanges for August 4

Sell Utilities (FSUTX), buy Electronics (FSELX)
Sell Consumer Staples (FDFAX), buy Software & IT Svcs (FSCSX)
Sell Natural Gas (FSNGX), buy Technology (FSPTX)
Sell Energy (FSENX), buy Construction & Housing (FSHOX)
Sell Natural Resources (FNARX), buy Computers (FDCPX)

Start a New Portfolio

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

Optional Rebalancing Exchange Dates

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

Upcoming Fundranker Exchange Dates

If no new funds are to be exchanged in September, *Fundranker* will exchange on September 2, our [early exchange date](#); otherwise, *Fundranker* will exchange on September 6, our [late exchange date](#).

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<i>Fundranker Ratings for 7/29/16</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)	(1.30)	10.36	(1.15)	4.08	2.998	32
Automotive (FSAVX)	(9.25)	10.69	(0.44)	9.34*	3.585	28
Banking (FSRBX)	(9.66)	7.48	(1.69)	3.52	(0.087)	37
Biotechnology (FBIOX)	(27.15)	14.02	9.93*	11.68*	4.120	27
Brokerage & Investment Mgmt (FSLBX)	(17.99)	5.55	(1.77)	6.72*	(0.872)	39
Chemicals (FSCHX)	8.04*	20.78*	3.36	2.72	10.725	10
Communications Equipment (FSDCX)	(0.14)	20.76*	10.13*	7.55*	12.575	9
Computers (FDCPX)	(0.74)	17.56*	13.45*	8.47*	12.685	8
Construction & Housing (FSHOX)	9.38*	18.99*	8.96*	5.88	13.803	7
Consumer Discretionary (FSCPX)	0.67	10.00	3.75	4.61	4.758	25
Consumer Finance (FSVLX)	(8.21)	13.67	0.84	6.03	3.083	31
Consumer Staples (FDFAX)	7.83	9.34	3.44	(0.48)	5.033	24
Defense & Aerospace (FSDAX)	8.49*	16.96	6.08	3.48	9.753	12
Electronics (FSELX)	20.44*	26.35*	17.94*	10.04*	22.693	2
Energy (FSENX)	1.72	17.93*	(0.22)	(0.98)	5.613	23
Energy Service (FSESX)	(8.21)	13.07	(6.03)	(1.61)	(0.695)	38
Environment & Alternative Energy (FSLEX)	6.27	17.41	3.02	5.37	8.018	15
Financial Services (FIDSX)	(6.09)	9.63	3.07	2.94	2.388	33
Gold (FSAGX)	110.46*	100.68*	19.19*	8.82*	63.788	1
Health Care (FSPHX)	(9.68)	11.99	8.95*	7.06*	6.580	19
Health Care Services (FSHCX)	(2.70)	12.37	3.19	1.00	3.465	30
Industrial Equipment (FSCGX)	10.05*	14.48	2.72	2.75	8.500	14
Industrials (FCYIX)	5.20	15.48	2.98	3.32	6.745	18
Insurance (FSPCX)	0.49	10.11	2.39	0.97	3.490	29
IT Services (FBSOX)	1.29	9.35	3.13	5.19	4.740	26
Leisure (FDLSX)	(5.92)	6.20	3.96	4.06	2.075	34
Materials (FSDPX)	(2.19)	19.74*	2.04	3.52	6.778	17
Medical Equipment & Systems (FSMEX)	15.01*	28.42*	14.49*	6.45*	20.093	3
Multimedia (FBMPX)	(9.21)	8.13	1.78	2.64	0.835	36
Natural Gas (FSNGX)	(5.08)	28.31*	0.12	(1.49)	6.465	21
Natural Resources (FNARX)	0.72	19.72*	0.85	(0.11)	6.295	22
Pharmaceuticals (FPHAX)	(12.94)	5.13	7.38	5.79	1.340	35
Retailing (FSRPX)	9.79*	11.42	5.78	5.34	9.083	13
Software & IT Services (FSCSX)	13.03*	15.34	10.71*	8.25*	14.833	5
Technology (FSPTX)	8.18*	16.93	10.79*	8.40*	14.075	6
Telecommunications (FSTCX)	19.04*	20.09*	9.17*	2.86	15.790	4
Transportation (FSRFX)	(2.65)	15.78	2.28	6.54*	6.488	20
Utilities (FSUTX)	13.94*	16.83	7.63	(0.95)	10.363	11
Wireless (FWRLX)	0.45	12.16	7.75*	4.53	7.223	16

*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

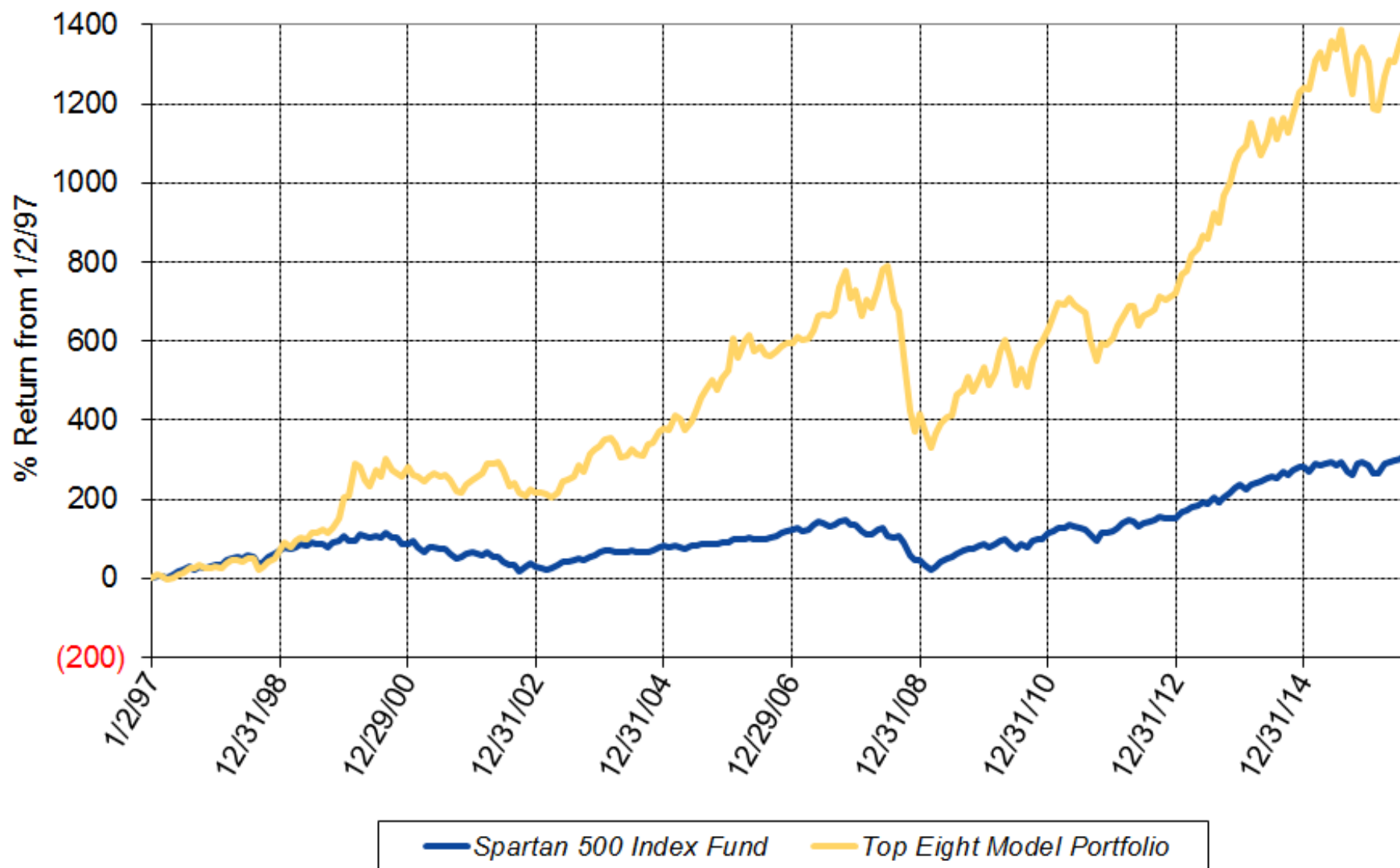
Sell on August 4, 2016

Buy on August 4, 2016

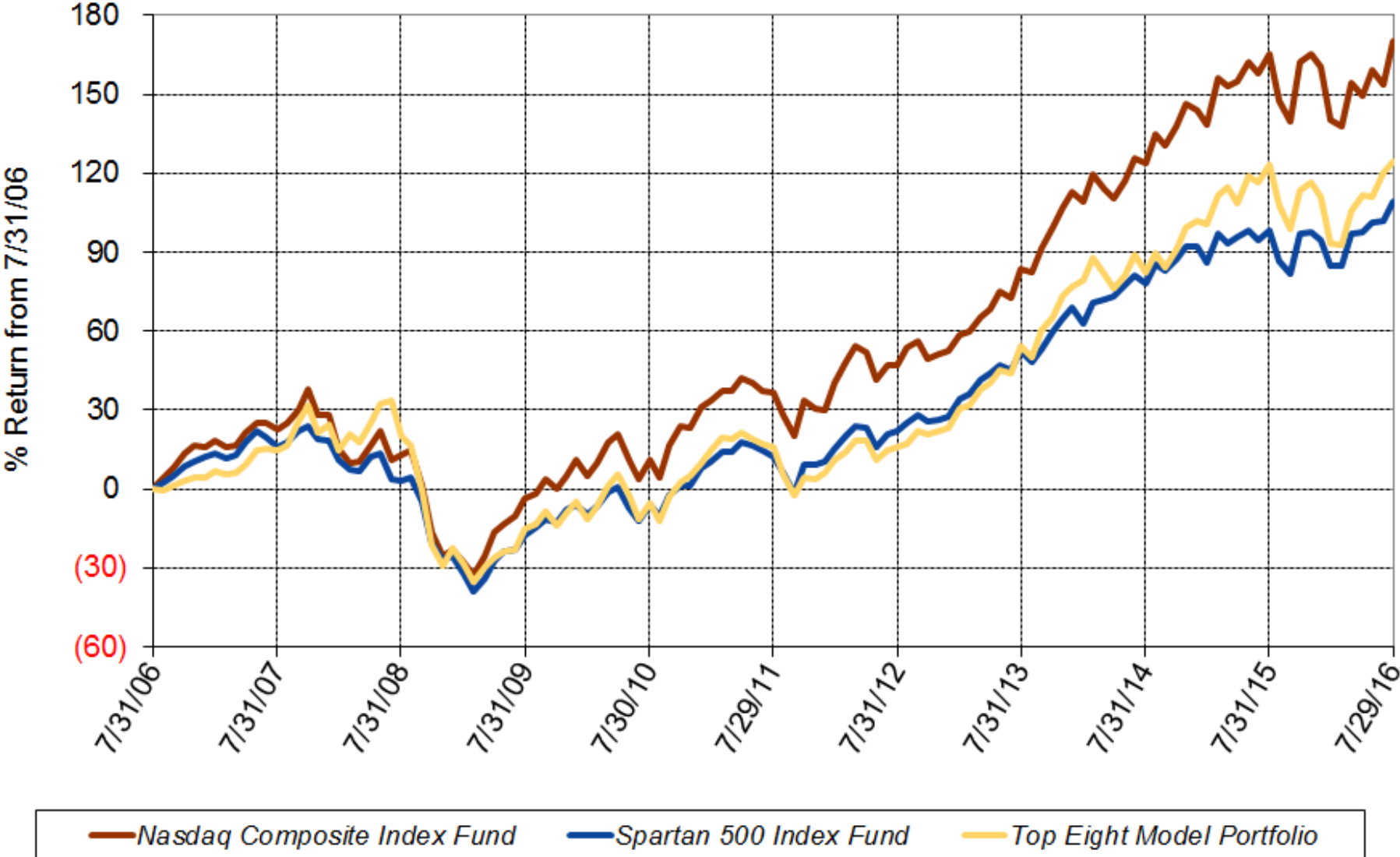
Hold

Fundranker Performance for July 2016													
6/30 Funds	6/30 Shares	6/30 Amount	<=7/5 Div Shrs	7/5 Shares	7/5 Amount	7/5 Funds	7/5 Shares	7/5 Amount	>7/5 Div Shrs	7/29 Shares	7/29 Amount	Jul Return	
FSAGX1,885.732	48,105.02	none	1,885.732	51,159.91	FSAGX1,625.549	44,101.15	none	1,625.549	45,125.24				
FSTCX 640.873	45,239.23	none	640.873	45,194.36	FSUTX 565.544	44,101.15	none	565.544	43,558.20				
FSCSX 345.177	41,735.35	none	345.177	41,628.35	FSMEX1,098.410	44,101.15	none	1,098.410	46,770.30				
FSUTX 575.557	44,755.31	none	575.557	44,881.93	FSTCX 625.371	44,101.15	none	625.371	45,408.19				
FSPCX 621.298	42,360.10	none	621.298	41,477.85	FDFAX 447.137	44,101.15	none	447.137	43,873.08				
FSHOX 716.755	42,797.44	none	716.755	42,811.78	FSNGX1,811.136	44,101.15	none	1,811.136	44,409.05				
FSELX 555.589	42,058.09	none	555.589	40,908.02	FSENX1,101.702	44,101.15	none	1,101.702	44,530.79				
FSMEX1,114.497	44,579.88	none	1,114.497	44,747.05	FNARX1,644.338	44,101.15	none	1,644.338	44,841.10				
Top Eight	351,630.42			352,809.25		352,809.20			358,515.95	1.958			
FNCMX1,658.228	105,811.53	none					none	1,658.228	112,842.42	6.645			
FUSEX1,297.606	96,217.48	none					6.164	1,303.770	99,751.44	3.673			
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				
Fidelity 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)				
Fidelity 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				
Fidelity 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	6.332								
Nasdaq Composite Index Fund				6.818	3.844								
Fidelity 500 Index Fund - Investor Class				1.366	7.604								
Lifetime Summary				1/2/97 to 7/29/16		1/2/97 to 7/29/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				1,393.816		14.806							
Nasdaq Composite Index Fund				N/A		N/A							
Fidelity 500 Index Fund - Investor Class				315.631		7.546							
10-Year Summary				7/31/06 to 7/29/16		7/31/06 to 7/29/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				124.356		8.416							
Nasdaq Composite Index Fund				170.475		10.462							
Fidelity 500 Index Fund - Investor Class				109.320		7.667							
5-Year Summary				7/29/11 to 7/29/16		7/29/11 to 7/29/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				93.018		14.056							
Nasdaq Composite Index Fund				98.103		14.651							
Fidelity 500 Index Fund - Investor Class				86.661		13.295							
3-Year Summary				7/31/13 to 7/29/16		7/31/13 to 7/29/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				45.573		13.334							
Nasdaq Composite Index Fund				47.123		13.735							
Fidelity 500 Index Fund - Investor Class				37.063		11.081							
1-Year Summary				7/31/15 to 7/29/16		7/31/15 to 7/29/16							
				Total Return %									
<i>Top Eight Model Portfolio</i>				0.357									
Nasdaq Composite Index Fund				1.915									
Fidelity 500 Index Fund - Investor Class				5.513									

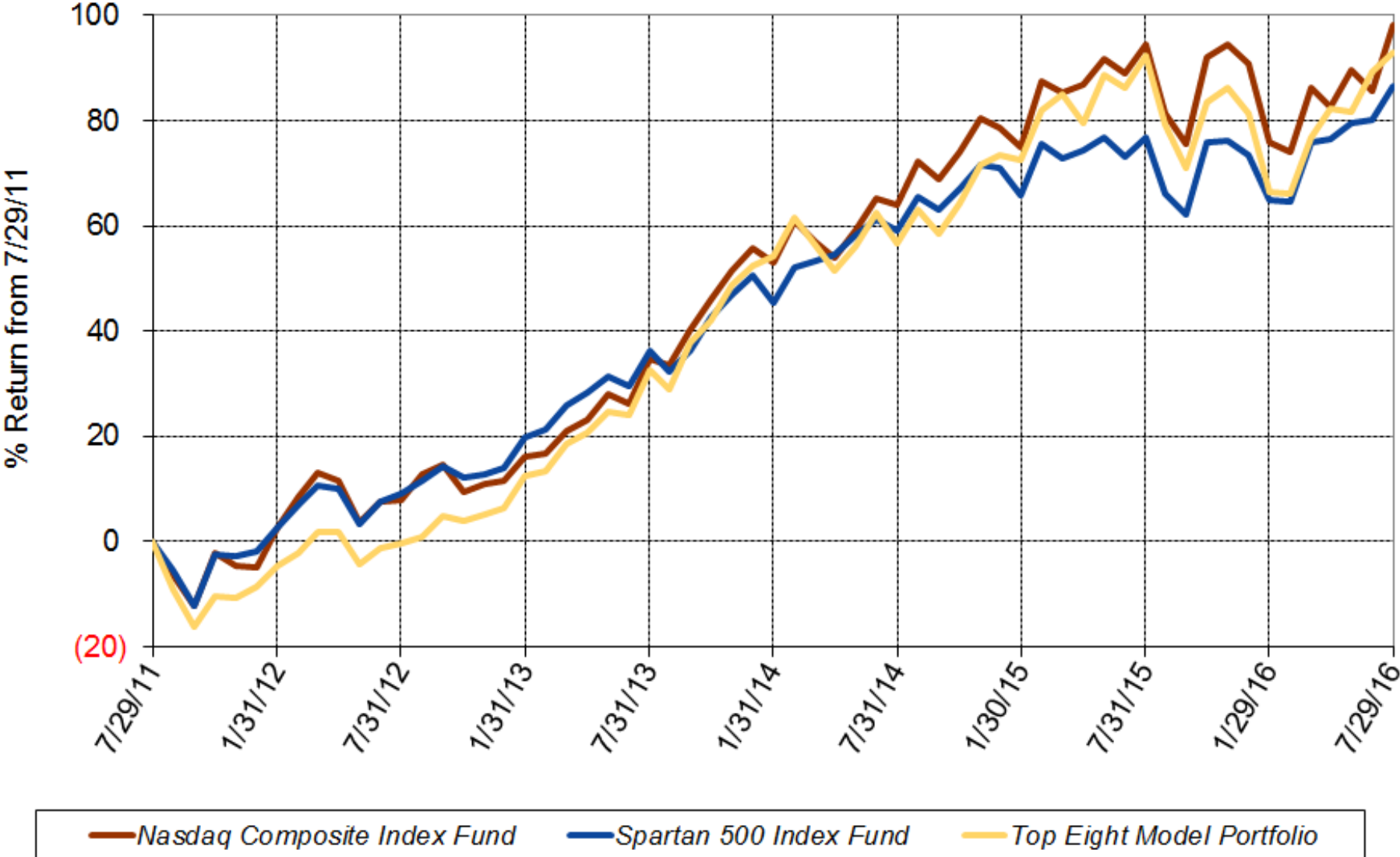
Lifetime Chart



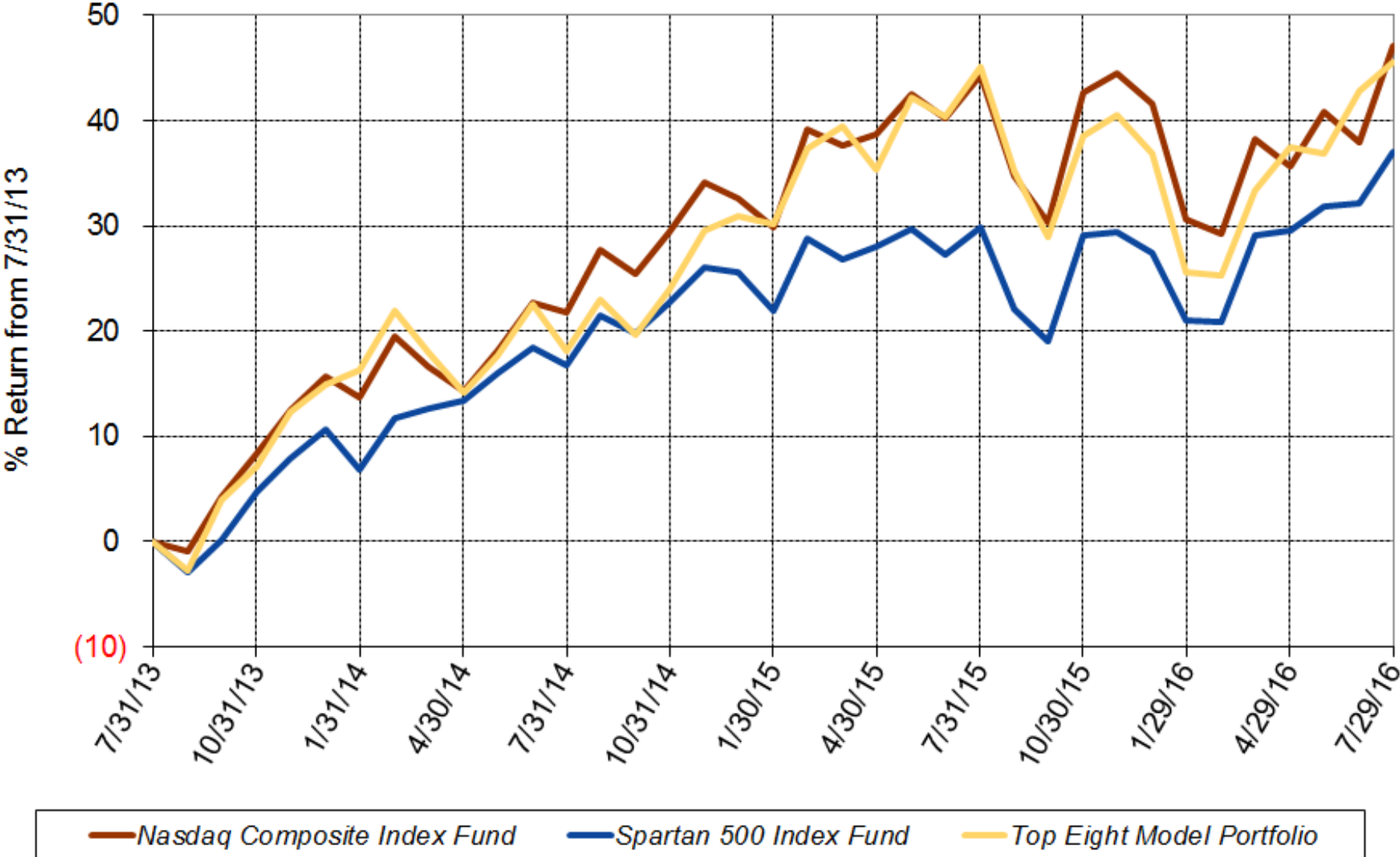
10-Year Chart



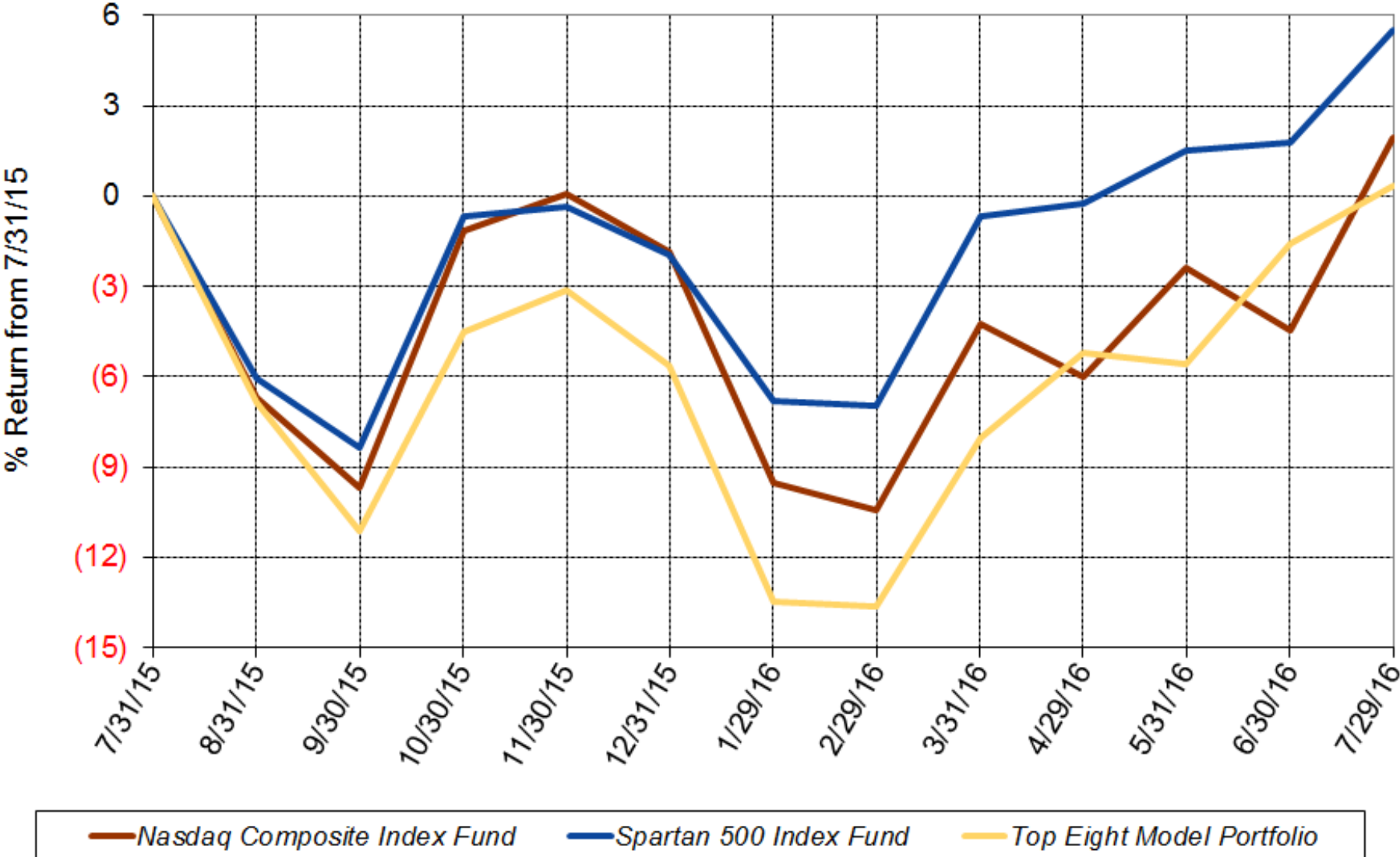
5-Year Chart



3-Year Chart



1-Year Chart



Daily Chart July 2016

