

FIDELITY SELECT FUNDRANKER™

Volume 11 Issue 9

The Right Funds at the Right Time

September 2016

Broad Market Hits New All-Time Highs

The broad market S&P 500 Index set three more new all-time highs on a total return basis (including dividends) in August, extending to five months its run of new all-time highs.

Five *Top Eight Model Portfolio* funds gained value in August. Electronics, Technology, Computers, and Software & IT Services led the way with one-month gains of 5.70%, 3.20%, 2.50%, and 1.80%. Medical Equipment & Systems followed with a one-month gain of 0.73%. Construction & Housing and Telecommunications trailed with one-month losses of 3.32% and 3.57%. After rising more than 50% from our March 4 purchase through July 29, Gold lost some of its luster with a one-month loss of 14.45% in August, but it still remains at the top of our *Top Eight Model Portfolio* for September.

In August, the *Top Eight Model Portfolio* lost 0.818%, the Nasdaq Composite Index gained 1.161%, and the S&P 500 Index gained 0.144%. For YTD through August, the *Top Eight Model Portfolio* gained 5.463%, the Nasdaq Composite Index gained 5.050%, and the S&P 500 Index gained 7.604%.

Final Performance of Funds Sold on August 4

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

| Fund | Bought | Sold | Return |
|--------------------------|----------|----------|---------|
| Consumer Staples (FDFA) | 7/5/2016 | 8/4/2016 | (1.00)% |
| Energy (FSEN) | 7/5/2016 | 8/4/2016 | 1.57% |
| Natural Gas (FSNG) | 7/5/2016 | 8/4/2016 | 0.78% |
| Natural Resources (FNAR) | 7/5/2016 | 8/4/2016 | 2.72% |
| Utilities (FSUT) | 2/3/2016 | 8/4/2016 | 12.24% |

Top Eight Model Portfolio Hits New All-Time Highs

Fundranker's Top Eight Model Portfolio went nearly a year from its all-time high on July 20, 2015, until it hit a new all-time high on July 12, 2016. It hit three more all-time highs in August, most recently on August 15. From January 2, 1997, to August 15, on a total return basis (including dividends), our *Top Eight Model Portfolio* gained a phenomenal 1,416.452% compared to just 319.379% for the S&P 500 Index, which also hit its most recent all-time high that day.

GDP Watch

The Bureau of Economic Analysis of the U.S. Department of Commerce released its "second" estimate of second quarter 2016 Gross Domestic Product on Friday, August 26. Real gross domestic product increased at an annual rate of 1.1% in the second quarter, revised just slightly down from its advance estimate of 1.2%.

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

Fed Watch

Fed Chair Janet Yellen recently said that the case is getting stronger for a rate hike later this year, possibly as soon as the Fed's September 20-21 meeting. Vice Chair Stanley Fischer even sees the possibility of two rate hikes this year. With only three meetings left in 2016, and one of those in the week preceding the November election, when it is unlikely the Fed will hike, the Fed is running short on opportunities to raise the federal funds rate in 2016.

Market expectations for rate hikes from the Federal Open Market Committee in 2016 and early 2017 have climbed somewhat from last month. On August 31, CME Group's [FedWatch Tool](#) showed market expectations of the Fed rate remaining at ¼% to ½% at 73%, 65.4%, and 40.5% at the Fed's remaining 2016 meetings on September 20-21, November 1-2, and December 13-14. Expectations for the Fed holding steady were 38.0%, 33.0%, 30.9%, 26.6%, and 25.9% at the Fed's first five meetings in 2017 (through July). Expectations for two hikes in 2016 were only 13.8%.

Energy Funds Continue Volatility

We have discussed the longer term potential of energy funds several times this year, and we are still upbeat on that potential, especially for an incremental, dollar cost averaging investment.

Fidelity's four energy Select funds are living up to the possibility of volatility we mentioned, however, and that volatility is affecting *Fundranker* rankings, with three of Fidelity's four energy Sector funds making spotty appearances in our *Top Eight Model Portfolio*.

Because of the volatility potential of Fidelity's energy Select funds, and because our *Fundranker* system makes use of relative performance of the 39 Select funds, we expect that one or more of Fidelity's energy Select funds easily could continue to make spotty appearances in our *Top Eight Model Portfolio* before they join it for longer periods, so we suggest a separate dollar cost averaging investment, if you choose that avenue.

Funds Spotlight

[Communications Equipment](#) began operations on 6/29/1990. It is one of six Select funds in Morningstar's Technology category. The fund primarily invests in companies engaged in the development, manufacture, or sale of communications equipment. [Colin Anderson](#) has managed the fund since 10/1/2014. The fund's top five holdings as of 6/30/2016 were Cisco Systems Inc, Qualcomm Inc, F5 Networks Inc, Commscope Holding Company Inc, and Harris Corporation.

Our *Top Eight Model Portfolio* has held Communications Equipment 14 times for a total of 50 months with an average monthly gain of 2.887%. The longest we held the fund was for 18 months from December 1998 through May 2000 for a gain of 182.11%.

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 September 2016

| Fund Name (Symbol) | Purchase | Return to 8/31 |
|-----------------------------------|----------|----------------|
| 1. Gold (FSAGX) | 3/4/2016 | 29.56% |
| 2. Electronics (FSELX) | 8/4/2016 | 6.01% |
| 3. Medical Eqpt & Systems (FSMEX) | 5/4/2016 | 16.99% |
| 4. Technology (FSPTX) | 8/4/2016 | 2.59% |
| 5. Software & IT Services (FSCSX) | 8/4/2016 | 1.65% |
| 6. Natural Gas (FSNGX) | 9/6/2016 | |
| 7. Energy (FSEN) | 9/6/2016 | |
| 8. Natural Resources (FNARX) | 9/6/2016 | |

Funds to be sold on September 6:

| | | |
|------------------------------------|----------|---------|
| 11. Computers (FDCPX) | 8/4/2016 | 2.19% |
| 17. Telecommunications (FSTCX) | 2/3/2016 | 15.92% |
| 27. Construction & Housing (FSHOX) | 8/4/2016 | (1.80)% |

Fundranker Exchanges for September 6

Sell Telecommunications (FSTCX), buy Natural Gas (FSNGX)
Sell Construction & Housing (FSHOX), buy Energy (FSEN)
Sell Computers (FDCPX), buy Natural Resources (FNARX)

Start a New Portfolio

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

Optional Rebalancing Exchange Dates

Held funds: Sep 2; New funds: Sep 6 ([see rebalancing FAQ](#))

Upcoming Fundranker Exchange Dates

If no new funds are to be exchanged in October, *Fundranker* will exchange on October 3, our [early exchange date](#); otherwise, *Fundranker* will exchange on October 6, our [late exchange date](#).

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</i> Ratings for 8/31/16 | 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) | 3.98 | 4.80 | 1.10 | 1.21 | 2.773 | 34 |
| Automotive (FSAVX) | (2.11) | 10.55 | 1.43 | 0.68 | 2.638 | 35 |
| Banking (FSRBX) | 3.25 | 20.18* | 2.60 | 6.75* | 10.195 | 14 |
| Biotechnology (FBIOX) | (20.86) | 16.50 | (0.96) | (3.21) | (2.133) | 38 |
| Brokerage & Investment Mgmt (FSLBX) | (5.30) | 12.92 | 0.95 | 4.98* | 4.388 | 29 |
| Chemicals (FSCHX) | 18.83* | 18.27* | 3.22 | 2.25 | 12.643 | 9 |
| Communications Equipment (FSDCX) | 10.70 | 16.61 | 9.01* | 2.47 | 10.698 | 12 |
| Computers (FDCPX) | 7.47 | 18.98* | 8.83* | 2.50 | 11.445 | 11 |
| Construction & Housing (FSHOX) | 8.16 | 14.95 | 1.29 | (3.32) | 5.270 | 27 |
| Consumer Discretionary (FSCPX) | 8.00 | 10.37 | 4.69 | 0.11 | 5.793 | 26 |
| Consumer Finance (FSVLX) | (0.28) | 15.69 | 2.15 | 3.09* | 6.163 | 23 |
| Consumer Staples (FDFAX) | 16.22* | 8.42 | 2.91 | (0.81) | 7.685 | 20 |
| Defense & Aerospace (FSDAX) | 15.29* | 15.35 | 4.67 | 0.41 | 9.930 | 15 |
| Electronics (FSELX) | 31.96* | 30.42* | 14.99* | 5.70* | 24.768 | 2 |
| Energy (FSENX) | 9.52 | 30.45* | 5.05* | 5.05* | 15.518 | 7 |
| Energy Service (FSESX) | (5.69) | 20.19* | 3.16 | 2.69* | 7.088 | 22 |
| Environment & Alternative Energy (FSLEX) | 14.69* | 16.88 | 5.57* | 2.07 | 11.803 | 10 |
| Financial Services (FIDSX) | 3.97 | 15.11 | 3.43 | 2.59* | 7.275 | 21 |
| Gold (FSAGX) | 73.43* | 32.56* | 14.79* | (14.45) | 29.583 | 1 |
| Health Care (FSPHX) | (3.70) | 12.00 | 3.57 | (2.42) | 2.363 | 36 |
| Health Care Services (FSHCX) | (2.00) | 7.10 | (0.99) | (4.18) | (0.018) | 37 |
| Industrial Equipment (FSCGX) | 18.17* | 13.02 | 4.40 | 1.40 | 10.248 | 13 |
| Industrials (FCYIX) | 14.29* | 12.49 | 3.64 | 0.67 | 8.773 | 19 |
| Insurance (FSPCX) | 11.09 | 15.40 | 2.51 | 3.76* | 9.190 | 16 |
| IT Services (FBSOX) | 6.35 | 10.74 | (0.60) | (0.07) | 4.105 | 30 |
| Leisure (FDLSX) | 1.67 | 4.13 | 4.73* | 0.10 | 3.658 | 32 |
| Materials (FSDPX) | 6.59 | 18.16 | 3.77 | 3.11* | 8.908 | 18 |
| Medical Equipment & Systems (FSMEX) | 23.05* | 28.13* | 13.56* | 0.73 | 19.368 | 3 |
| Multimedia (FBMPX) | 2.68 | 8.29 | 0.78 | (0.56) | 2.798 | 33 |
| Natural Gas (FSNGX) | 2.05 | 43.75* | 4.41 | 4.20* | 15.603 | 6 |
| Natural Resources (FNARX) | 7.17 | 30.61* | 5.27* | 4.03* | 14.770 | 8 |
| Pharmaceuticals (FPHAX) | (9.34) | 5.22 | 0.26 | (4.68) | (2.135) | 39 |
| Retailing (FSRPX) | 10.90 | 10.85 | 3.35 | (1.20) | 5.975 | 24 |
| Software & IT Services (FSCSX) | 21.54* | 20.66* | 7.21* | 1.80 | 15.803 | 5 |
| Technology (FSPTX) | 20.12* | 21.43* | 9.29* | 3.20* | 17.510 | 4 |
| Telecommunications (FSTCX) | 19.85* | 12.09 | 3.63 | (3.57) | 9.000 | 17 |
| Transportation (FSRFX) | 5.10 | 8.37 | 5.28* | 1.13 | 5.970 | 25 |
| Utilities (FSUTX) | 13.03 | 8.90 | (0.40) | (5.54) | 3.998 | 31 |
| Wireless (FWRLX) | 5.80 | 11.21 | 3.68 | (0.34) | 5.088 | 28 |

*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

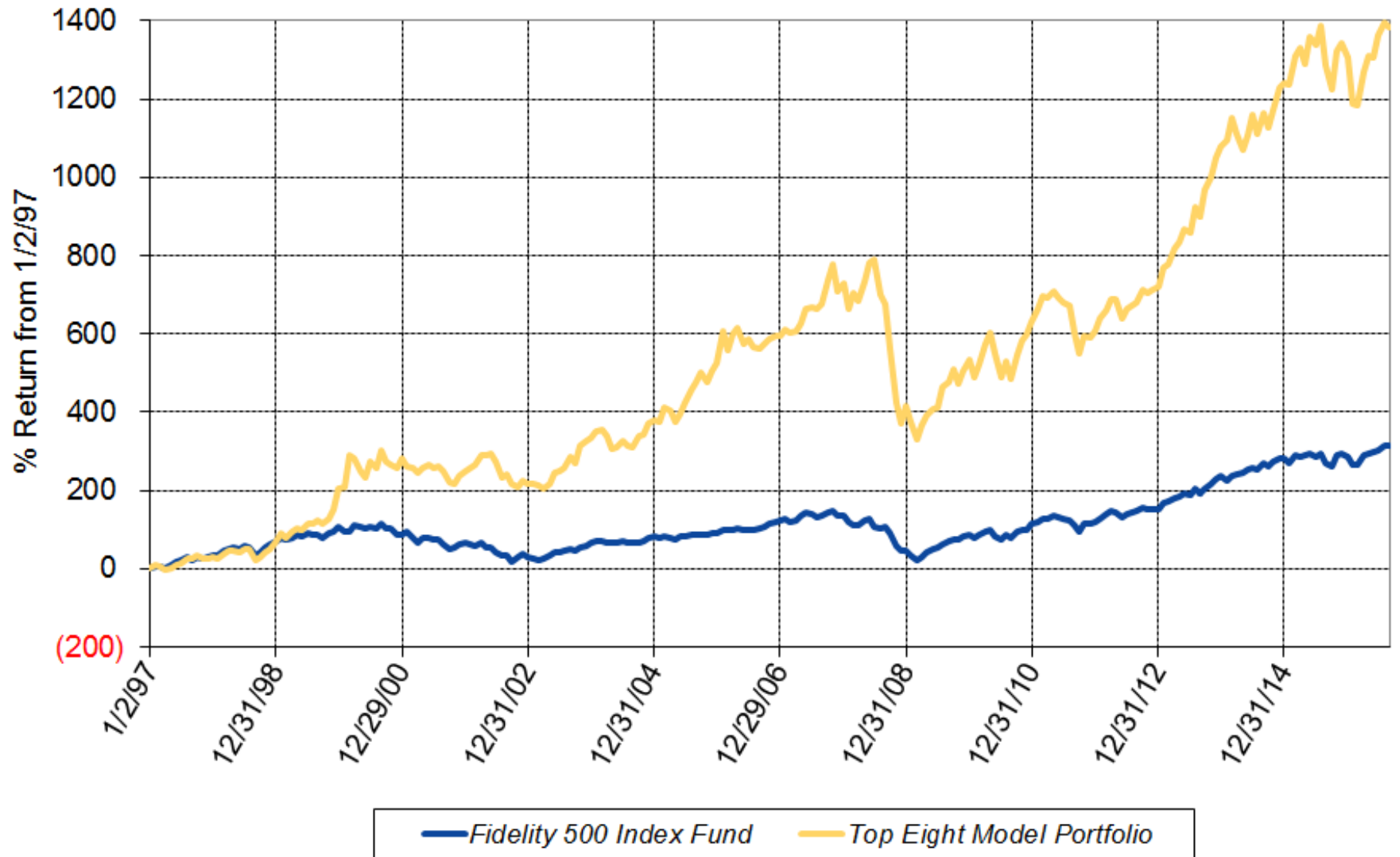
Sell on September 6, 2016

Buy on September 6, 2016

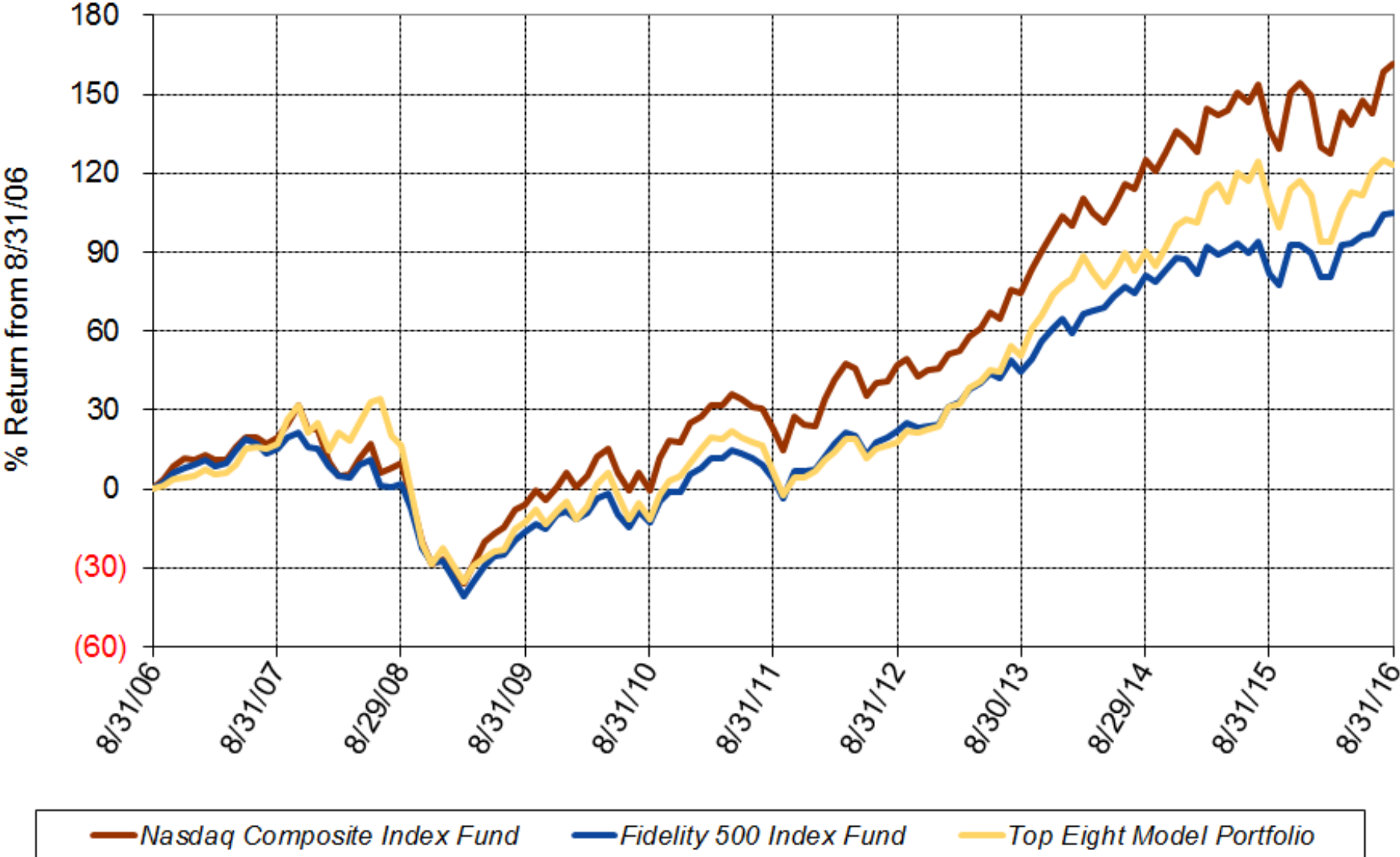
Hold

| Fundranker Performance for August 2016 | | | | | | | | | | | | | |
|--|-------------------|--------|-----------|--------------------|----------------|-------------------------|----------|-----------|-------------------|--------|--------|--------|----------------|
| 7/29 | 7/29 | 7/29 | <=8/4 | 8/4 | 8/4 | 8/4 | 8/4 | 8/4 | 8/4 | >8/4 | 8/31 | 8/31 | Aug |
| Funds | Shares | Amount | Div Shrs | Shares | Amount | Funds | Shares | Amount | Div Shrs | Shares | Amount | Return | Return |
| FSAGX1,625.549 | 45,125.24 | none | 1,625.549 | 45,921.76 | FSAGX1,587.720 | 44,853.10 | none | 1,587.720 | 37,708.35 | | | | |
| FSUTX 565.544 | 43,558.20 | none | 565.544 | 42,947.41 | FSELX 540.008 | 44,853.10 | none | 540.008 | 47,547.70 | | | | |
| FSMEX1,098.410 | 46,770.30 | none | 1,098.410 | 46,891.12 | FSMEX1,050.670 | 44,853.10 | none | 1,050.670 | 45,063.24 | | | | |
| FSTCX 625.371 | 45,408.19 | none | 625.371 | 44,864.12 | FSTCX 625.217 | 44,853.10 | none | 625.217 | 43,777.69 | | | | |
| FDFA 447.137 | 43,873.08 | none | 447.137 | 43,658.46 | FSCSX 342.207 | 44,853.10 | none | 342.207 | 45,592.24 | | | | |
| FSNGX1,811.136 | 44,409.05 | none | 1,811.136 | 44,445.28 | FSPTX 351.568 | 44,853.10 | none | 351.568 | 46,013.22 | | | | |
| FSENX1,101.702 | 44,530.79 | none | 1,101.702 | 44,795.20 | FSHOX 720.647 | 44,853.10 | none | 720.647 | 44,045.94 | | | | |
| FNARX1,644.338 | 44,841.10 | none | 1,644.338 | 45,301.51 | FDCPX 617.896 | 44,853.10 | none | 617.896 | 45,835.53 | | | | |
| Top Eight | 358,515.95 | | | 358,824.86 | | 358,824.80 | | | 355,583.91 | | | | (0.818) |
| FNCMX1,658.228 | 112,842.42 | none | | | | | none | 1,658.228 | 114,152.42 | 1.161 | | | |
| FUSEX1,303.770 | 99,751.44 | none | | | | | none | 1,303.770 | 99,894.86 | 0.144 | | | |
| 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 | 5.463 | | | | | | | | |
| Nasdaq Composite Index Fund | | | | 6.818 | 5.050 | | | | | | | | |
| Fidelity 500 Index Fund - Investor Class | | | | 1.366 | 7.759 | | | | | | | | |
| Lifetime Summary | | | | 1/2/97 to 8/31/16 | | 1/2/97 to 8/31/16 | | | | | | | |
| | | | | Total Return % | | Average Annual Return % | | | | | | | |
| <i>Top Eight Model Portfolio</i> | | | | 1,381.600 | | 14.691 | | | | | | | |
| Nasdaq Composite Index Fund | | | | N/A | | N/A | | | | | | | |
| Fidelity 500 Index Fund - Investor Class | | | | 316.229 | | 7.521 | | | | | | | |
| 10-Year Summary | | | | 8/31/06 to 8/31/16 | | 8/31/06 to 8/31/16 | | | | | | | |
| | | | | Total Return % | | Average Annual Return % | | | | | | | |
| <i>Top Eight Model Portfolio</i> | | | | 123.273 | | 8.364 | | | | | | | |
| Nasdaq Composite Index Fund | | | | 161.759 | | 10.101 | | | | | | | |
| Fidelity 500 Index Fund - Investor Class | | | | 104.759 | | 7.430 | | | | | | | |
| 5-Year Summary | | | | 8/31/11 to 8/31/16 | | 8/31/11 to 8/31/16 | | | | | | | |
| | | | | Total Return % | | Average Annual Return % | | | | | | | |
| <i>Top Eight Model Portfolio</i> | | | | 110.800 | | 16.085 | | | | | | | |
| Nasdaq Composite Index Fund | | | | 113.810 | | 16.414 | | | | | | | |
| Fidelity 500 Index Fund - Investor Class | | | | 97.681 | | 14.602 | | | | | | | |
| 3-Year Summary | | | | 8/30/13 to 8/31/16 | | 8/30/13 to 8/31/16 | | | | | | | |
| | | | | Total Return % | | Average Annual Return % | | | | | | | |
| <i>Top Eight Model Portfolio</i> | | | | 48.428 | | 14.070 | | | | | | | |
| Nasdaq Composite Index Fund | | | | 50.102 | | 14.497 | | | | | | | |
| Fidelity 500 Index Fund - Investor Class | | | | 41.374 | | 12.234 | | | | | | | |
| 1-Year Summary | | | | 8/31/15 to 8/31/16 | | 8/31/15 to 8/31/16 | | | | | | | |
| | | | | Total Return % | | | | | | | | | |
| <i>Top Eight Model Portfolio</i> | | | | 6.846 | | | | | | | | | |
| Nasdaq Composite Index Fund | | | | 10.510 | | | | | | | | | |
| Fidelity 500 Index Fund - Investor Class | | | | 12.468 | | | | | | | | | |

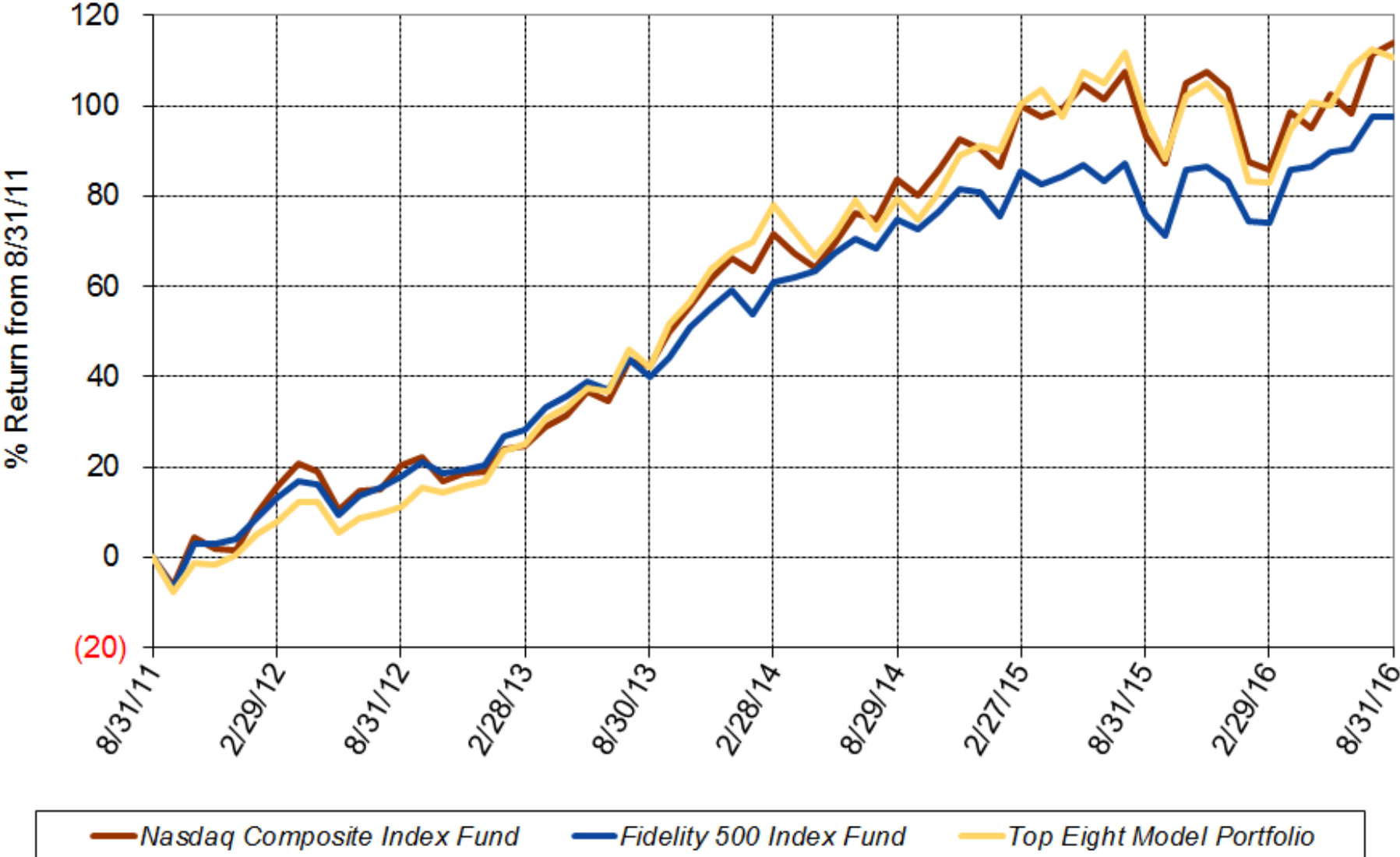
Lifetime Chart



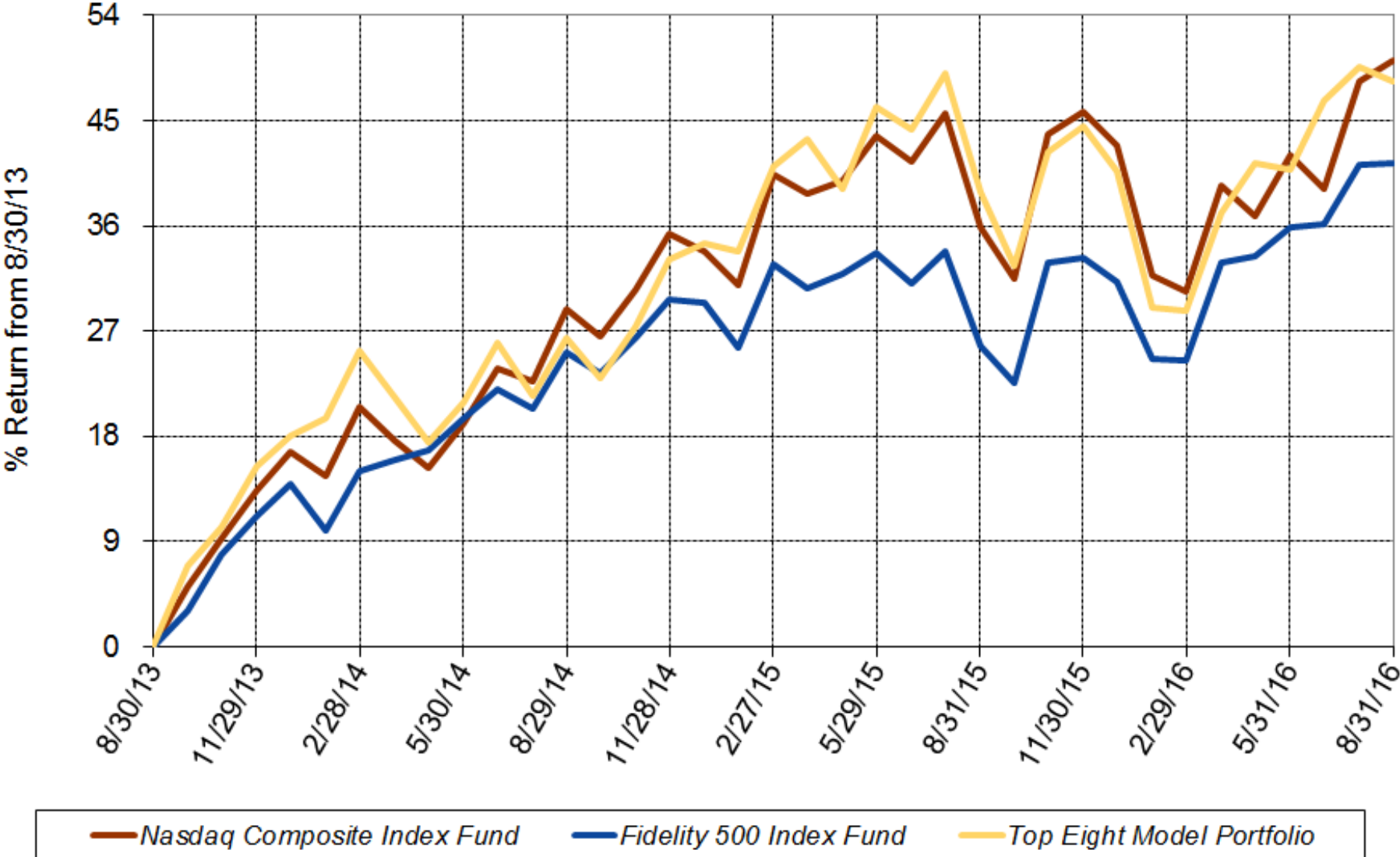
10-Year Chart



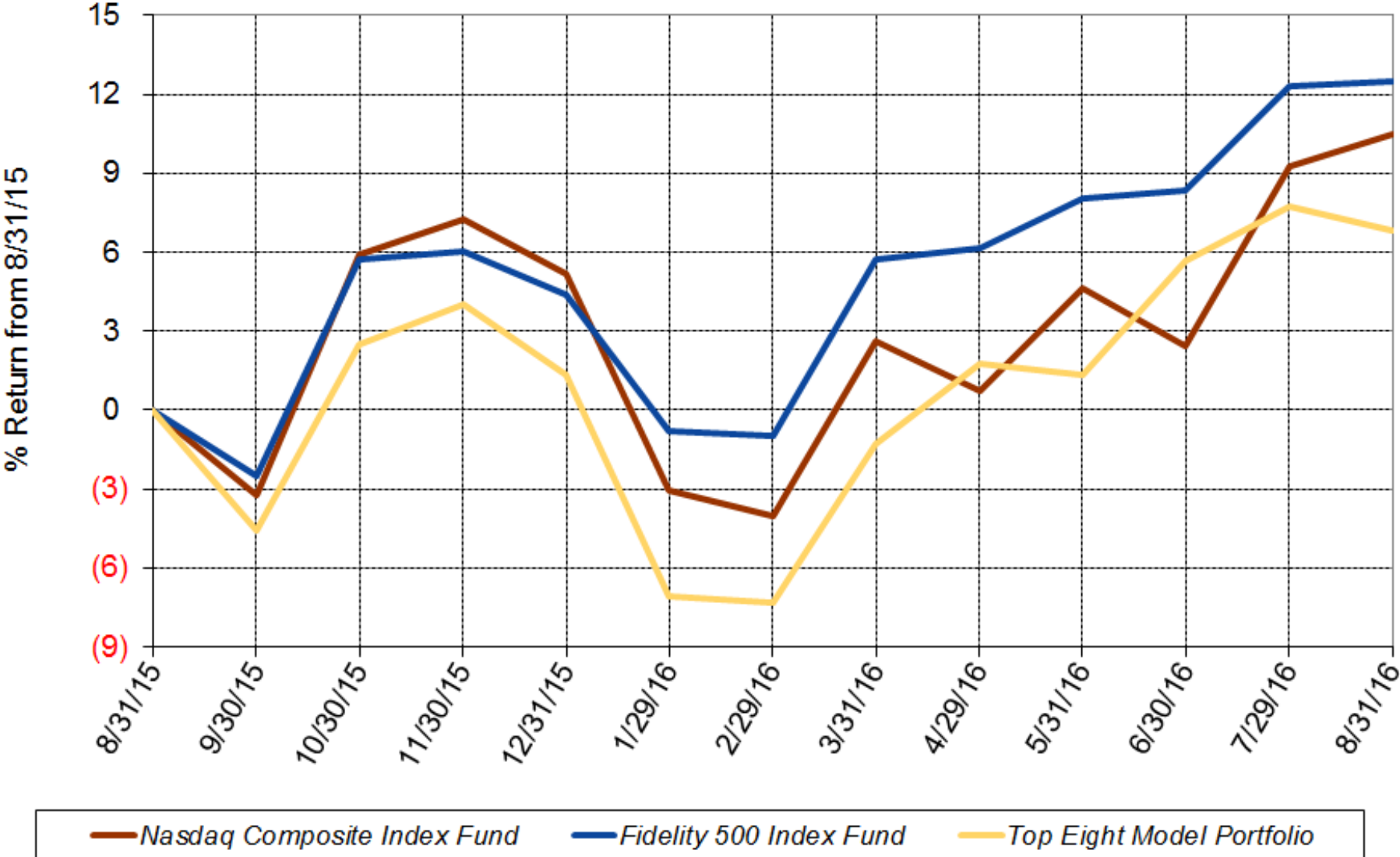
5-Year Chart



3-Year Chart



1-Year Chart



Daily Chart August 2016

