

FIDELITY SELECT FUNDRANKER™

Volume 11 Issue 10

The Right Funds at the Right Time

October 2016

Broad Market Muddles through September

The broad market S&P 500 hovered around break-even in September and ended the month with a sliver of a gain.

All of our *Top Eight Model Portfolio* funds gained value in September. Natural Gas and Electronics excelled with one-month gains of over 5%. Energy, Natural Resources, Gold, and Technology followed with one-month gains of 4.00%, 3.88%, 3.33%, and 3.22%. Software & IT Services and Medical Equipment & Systems had respectable one-month gains of 1.46% and 0.63%.

In September, the *Top Eight Model Portfolio* gained 2.569%, the Nasdaq Composite Index gained 1.947%, and the S&P 500 Index gained 0.013%. For YTD through September, the *Top Eight Model Portfolio* gained 8.173%, the Nasdaq Composite Index gained 7.094%, and the S&P 500 Index gained 7.773%.

Final Performance of Funds Sold on September 6

Fundranker exchanged three funds on September 6. Here are the returns they contributed to the *Top Eight Model Portfolio*:

Fund	Bought	Sold	Return
Computers (FDCPX)	8/4/2016	9/6/2016	3.68%
Construction & Housing (FSHOX)	8/4/2016	9/6/2016	(1.67)%
Telecommunications (FSTCX)	2/3/2016	9/6/2016	17.50%

Top Eight Model Portfolio Hits All-Time High

Fundranker's Top Eight Model Portfolio hit still another all-time high on September 8, stretching its string of monthly all-time highs to three. From January 2, 1997, to September 8, on a total return basis (including dividends), our *Top Eight Model Portfolio* gained a phenomenal 1,420.707% compared to just 318.347% for the S&P 500 Index, which was just 0.246% below its August 15 all-time high. The *Top Eight Model Portfolio* closed out September just a whisker below that September 8 all-time high.

GDP Watch

The Bureau of Economic Analysis of the U.S. Department of Commerce released its "third" estimate of second quarter 2016 Gross Domestic Product on Thursday, September 29. Real gross domestic product increased at an annual rate of 1.4% in the second quarter, revised up from its second estimate of 1.1%.

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

Fed Watch

The Open Market Committee of the Federal Reserve held fast on interest rates at its September 20-21 meeting. The FOMC meets again in the week preceding the November election, when it is very unlikely the Fed will hike, and on December 13-14, when it is much less than even odds that it will hold steady at ¼% to ½%.

Early on October 1, CME Group's [FedWatch Tool](#) showed market expectations for the Fed rate remaining at ¼% to ½% at 89.7% and 38.3% at the Fed's remaining 2016 meetings on November 1-2 and December 13-14 and at gradually declining at the Fed's first six meetings in 2017 (through September): 36.8%, 33.6%, 31.4%, 28.5%, 27.8%, and 24.8%.

Secular Outlook for Global Growth

Fidelity Viewpoints recently published an excellent article about the secular outlook for global growth, [Expect slower world growth, lower yet positive returns](#). They posit that global growth over the next 20 years should remain positive, but slow, and contribute to lower investment returns with four main takeaways: Demographic headwinds are likely to slow global growth; Emerging markets may be better positioned than developed markets; Slower world growth will lead to lower-than-historical-average interest rates and provide

less of a boost to equity returns; and Expect positive return opportunities for investment portfolios.

Energy Funds Roar Back

In our Alert email earlier this week, we noted that all three funds we purchased in September (Energy, Natural Gas, and Natural Resources) had fallen out of our *Top Eight Model Portfolio*. They were up and down significantly all month, and as of September 27, they had fallen far enough out of the *Top Eight* that we deemed it unlikely they all would regain their *Top Eight* statuses by month end.

That was before their impressive performances over the last three days of September, when they roared back. For the three day period, Energy was up 7.5%, Natural Gas was up 8.7%, and Natural Resources was up 6.6%. Due to these phenomenal upticks, they did indeed regain their *Top Eight* statuses, so there are no new funds to exchange this month.

This up and down September performance once again shows the near term volatile nature of energy sector funds.

Funds Spotlight

[Computers](#) began operations on 7/29/1985. It is one of six Select funds in Morningstar's Technology category. The fund primarily invests in companies engaged in research, design, development, manufacture or distribution of products, processes, or services that relate to currently available or experimental hardware technology within the computer industry. [Christopher Lin](#) has managed the fund since 1/30/2013. As of 6/30/2016, the fund's top ten holdings made up 70.29% of the fund. Its top five holdings as of 6/30/2016 were Apple Inc, EMC Corp, HP Inc, Hewlett-Packard Enterprise Co, and International Business Machines Corp.

Fundranker's Top Eight Model Portfolio has held Computers 16 times for a total of 55 months with an average monthly gain of 1.480%. The longest we held the fund was for 21 months from September 1998 through May 2000 for a gain of 45.94%.

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 October 2016

Fund Name (Symbol)	Purchase	Return to 9/30
1. Gold (FSAGX)	3/4/2016	33.87%
2. Semiconductors (FSELX)	8/4/2016	11.59%
3. Natural Gas (FSNGX)	9/6/2016	2.59%
4. Technology (FSPTX)	8/4/2016	5.89%
5. Energy (FSENX)	9/6/2016	1.40%
6. Medical Eqpt & Systems (FSMEX)	5/4/2016	17.73%
7. Natural Resources (FNARX)	9/6/2016	0.41%
8. Computers (FDCPX)	10/3/2016	
Fund to be sold on October 3:		
9. Software & IT Services (FSCSX)	8/4/2016	3.14%

Fundranker Exchange for October 3

Sell Software & IT Services (FSCSX), buy Computers (FDCPX)

Start a New Portfolio

October 3 ([see new portfolio FAQ](#))

Optional Rebalancing Exchange Dates

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

Upcoming Fundranker Exchange Dates

Fundranker will exchange on November 2, our [early exchange date](#), which is 30 days after October's exchange date above, so we won't need to set a [late exchange date](#) for November.

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<i>Fundranker</i> Ratings for 9/30/16 Fund (Symbol)	12-Month Return %	6-Month Return %	3-Month Return %	1-Month Return %	<i>Fundranker</i> Rating**	<i>Fundranker</i> Ranking
Air Transportation (FSAIX)	6.15	(0.79)	6.52	1.12	3.250	32
Automotive (FSAVX)	(1.43)	(2.81)	7.39	(2.45)	0.175	38
Banking (FSRBX)	3.95	9.49	8.05	(2.22)	4.818	27
Biotechnology (FBIOX)	(5.12)	17.55*	13.58*	5.08*	10.773	13
Brokerage & Investment Mgmt (FSLBX)	(0.25)	2.73	10.71*	(1.18)	4.003	29
Chemicals (FSCHX)	23.87*	7.91	3.45	(1.50)	9.433	14
Communications Equipment (FSDCX)	18.04	14.64*	14.47*	3.86*	15.753	10
Computers (FDCPX)	18.47	13.65*	17.21*	5.42*	16.688	8
Construction & Housing (FSHOX)	6.70	0.77	(0.74)	(3.03)	0.925	35
Consumer Discretionary (FSCPX)	9.71	3.60	4.19	(0.50)	4.250	28
Consumer Finance (FSVLX)	2.56	7.83	8.69*	(0.57)	5.628	23
Consumer Staples (FDFAX)	14.45	0.80	(2.81)	(1.55)	2.723	34
Defense & Aerospace (FSDAX)	18.31	9.79	3.23	(0.65)	7.670	19
Electronics (FSELX)	41.73*	25.97*	22.44*	5.27*	27.853	2
Energy (FSENX)	24.14*	21.89*	8.18*	4.00*	18.553	5
Energy Service (FSESX)	12.49	13.92*	6.47	5.39*	11.568	12
Environment & Alternative Energy (FSLEX)	21.70*	9.77	9.17*	1.51	12.538	11
Financial Services (FIDSX)	6.15	6.09	4.04	(1.48)	3.700	30
Gold (FSAGX)	84.39*	30.35*	(3.80)	3.33*	31.568	1
Health Care (FSPHX)	6.91	11.10	4.84	0.35	5.800	22
Health Care Services (FSHCX)	2.71	1.86	(3.07)	0.17	0.418	37
Industrial Equipment (FSCGX)	20.88*	5.42	3.77	(0.40)	8.418	17
Industrials (FCYIX)	15.81	3.34	2.83	(1.14)	5.210	26
Insurance (FSPCX)	13.24	7.63	4.68	(0.08)	6.368	21
IT Services (FBSOX)	9.77	4.17	6.49	1.31	5.435	25
Leisure (FDLSX)	2.94	(0.99)	2.92	(1.20)	0.918	36
Materials (FSDPX)	14.80	7.53	5.27	(1.37)	6.558	20
Medical Equipment & Systems (FSMEX)	33.00*	23.87*	7.90	0.63	18.350	6
Multimedia (FBMPX)	5.86	3.43	3.32	1.23	3.460	31
Natural Gas (FSNGX)	20.74*	27.89*	8.24*	5.44*	19.578	3
Natural Resources (FNARX)	22.89*	21.56*	7.95	3.88*	17.070	7
Pharmaceuticals (FPHAX)	(2.38)	4.13	(0.32)	(1.15)	0.070	39
Retailing (FSRPX)	12.56	4.73	4.34	0.26	5.473	24
Software & IT Services (FSCSX)	26.20*	13.47*	11.80*	1.46	16.233	9
Technology (FSPTX)	26.60*	15.26*	15.48*	3.22*	19.140	4
Telecommunications (FSTCX)	25.19*	5.91	(0.54)	0.27	8.708	15
Transportation (FSRFX)	8.72	3.60	9.73*	1.84*	7.973	18
Utilities (FSUTX)	15.10	1.99	(5.34)	1.18	3.233	33
Wireless (FWRLX)	13.76	6.92	6.92	2.63*	8.558	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

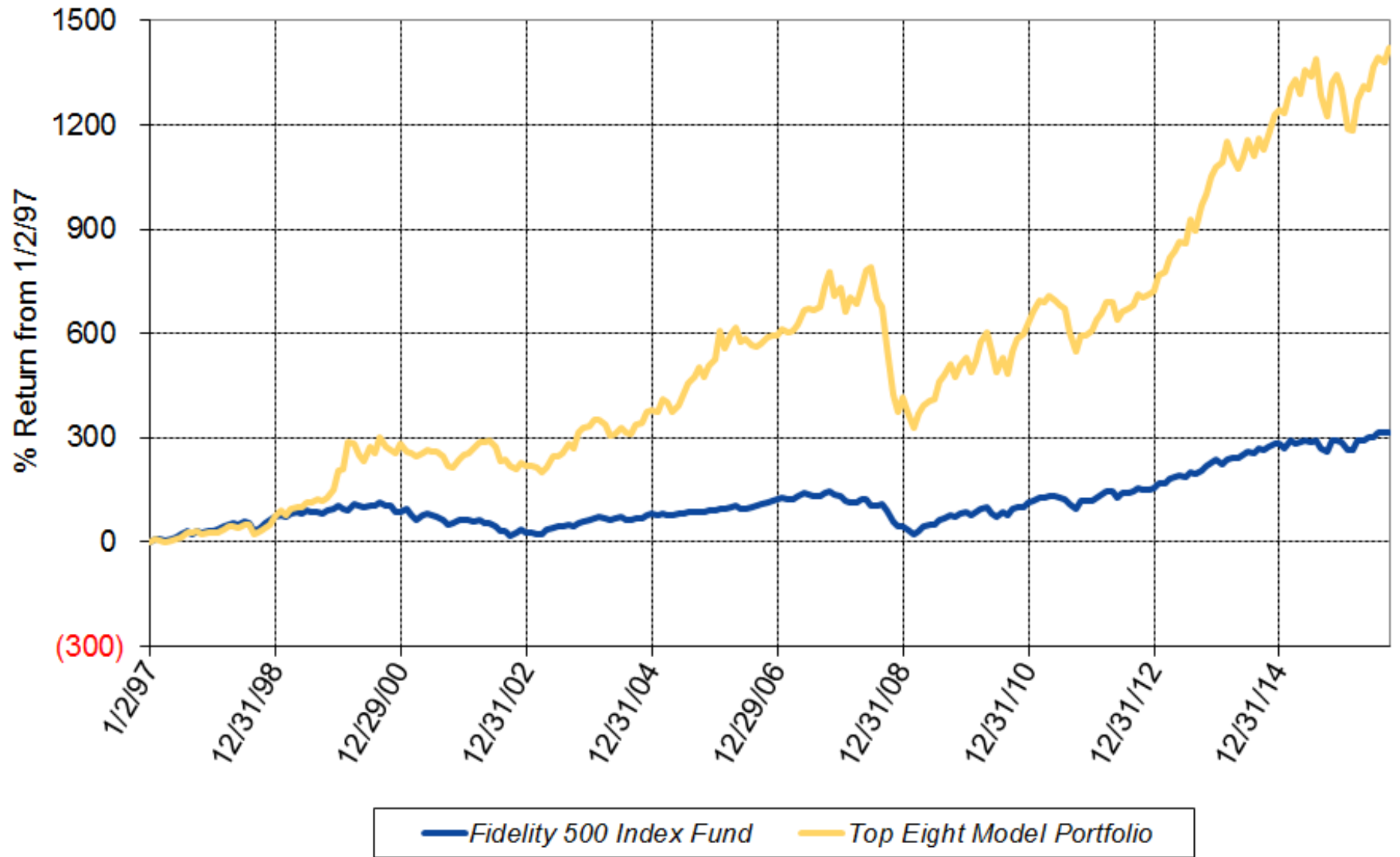
Sell on October 3, 2016

Buy on October 3, 2016

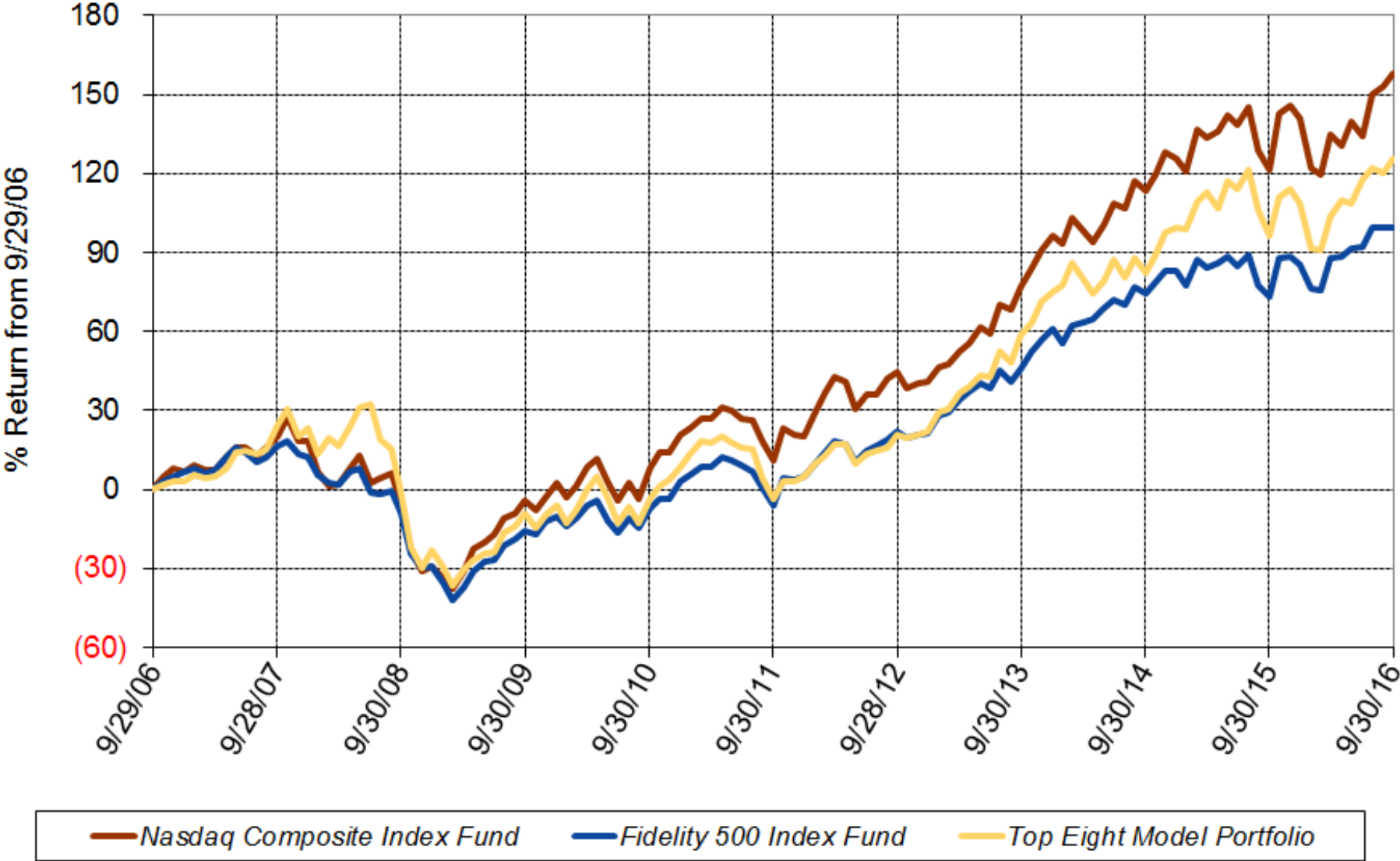
Hold

Fundranker Performance for September 2016													
8/31	8/31	8/31	<=9/6	9/6	9/6	9/6	9/6	9/6	9/6	>9/6	9/30	9/30	Sep
Funds	Shares	Amount	Div Shrs	Shares	Amount	Funds	Shares	Amount	Div Shrs	Shares	Amount	Return	
FSAGX1,587.720	37,708.35	none	1,587.720	42,312.74	FSAGX1,706.507	45,478.40	none	1,706.507	41,877.68				
FSELX 540.008	47,547.70	none	540.008	47,801.51	FSELX 513.764	45,478.40	none	513.764	47,620.79				
FSMEX1,050.670	45,063.24	none	1,050.670	45,578.06	FSMEX1,048.373	45,478.40	none	1,048.373	45,247.78				
FSTCX 625.217	43,777.69	none	625.217	44,371.65	FSPTX 341.429	45,478.40	none	341.429	46,127.06				
FSCSX 342.207	45,592.24	none	342.207	46,327.98	FSCSX 335.931	45,478.40	none	335.931	45,411.15				
FSPTX 351.568	46,013.22	none	351.568	46,828.86	FSNGX1,731.851	45,478.40	none	1,731.851	46,656.07				
FSHOX 720.647	44,045.94	none	720.647	44,103.60	FSENX1,044.280	45,478.40	none	1,044.280	46,115.40				
FDCPX 617.896	45,835.53	none	617.896	46,502.85	FNARX1,549.520	45,478.40	none	1,549.520	45,664.35				
Top Eight	355,583.91			363,827.25		363,827.20			364,720.28	2.569			
FNCMX1,658.228	114,152.42	none					none	1,658.228	116,374.44	1.947			
FUSEX1,303.770	99,894.86	none					none	1,303.770	99,907.90	0.013			
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	8.173								
Nasdaq Composite Index Fund				6.818	7.094								
Fidelity 500 Index Fund - Investor Class				1.366	7.773								
Lifetime Summary				1/2/97 to 9/30/16		1/2/97 to 9/30/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				1,419.668		14.772							
Nasdaq Composite Index Fund				N/A		N/A							
Fidelity 500 Index Fund - Investor Class				316.283		7.488							
10-Year Summary				9/29/06 to 9/30/16		9/29/06 to 9/30/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				125.918		8.491							
Nasdaq Composite Index Fund				157.863		9.936							
Fidelity 500 Index Fund - Investor Class				99.669		7.160							
5-Year Summary				9/30/11 to 9/30/16		9/30/11 to 9/30/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				134.188		18.553							
Nasdaq Composite Index Fund				132.512		18.383							
Fidelity 500 Index Fund - Investor Class				112.692		16.292							
3-Year Summary				9/30/13 to 9/30/16		9/30/13 to 9/30/16							
				Total Return %		Average Annual Return %							
<i>Top Eight Model Portfolio</i>				42.374		12.498							
Nasdaq Composite Index Fund				45.565		13.332							
Fidelity 500 Index Fund - Investor Class				37.095		11.090							
1-Year Summary				9/30/15 to 9/30/16		9/30/15 to 9/30/16							
				Total Return %									
<i>Top Eight Model Portfolio</i>				14.858									
Nasdaq Composite Index Fund				16.414									
Fidelity 500 Index Fund - Investor Class				15.344									

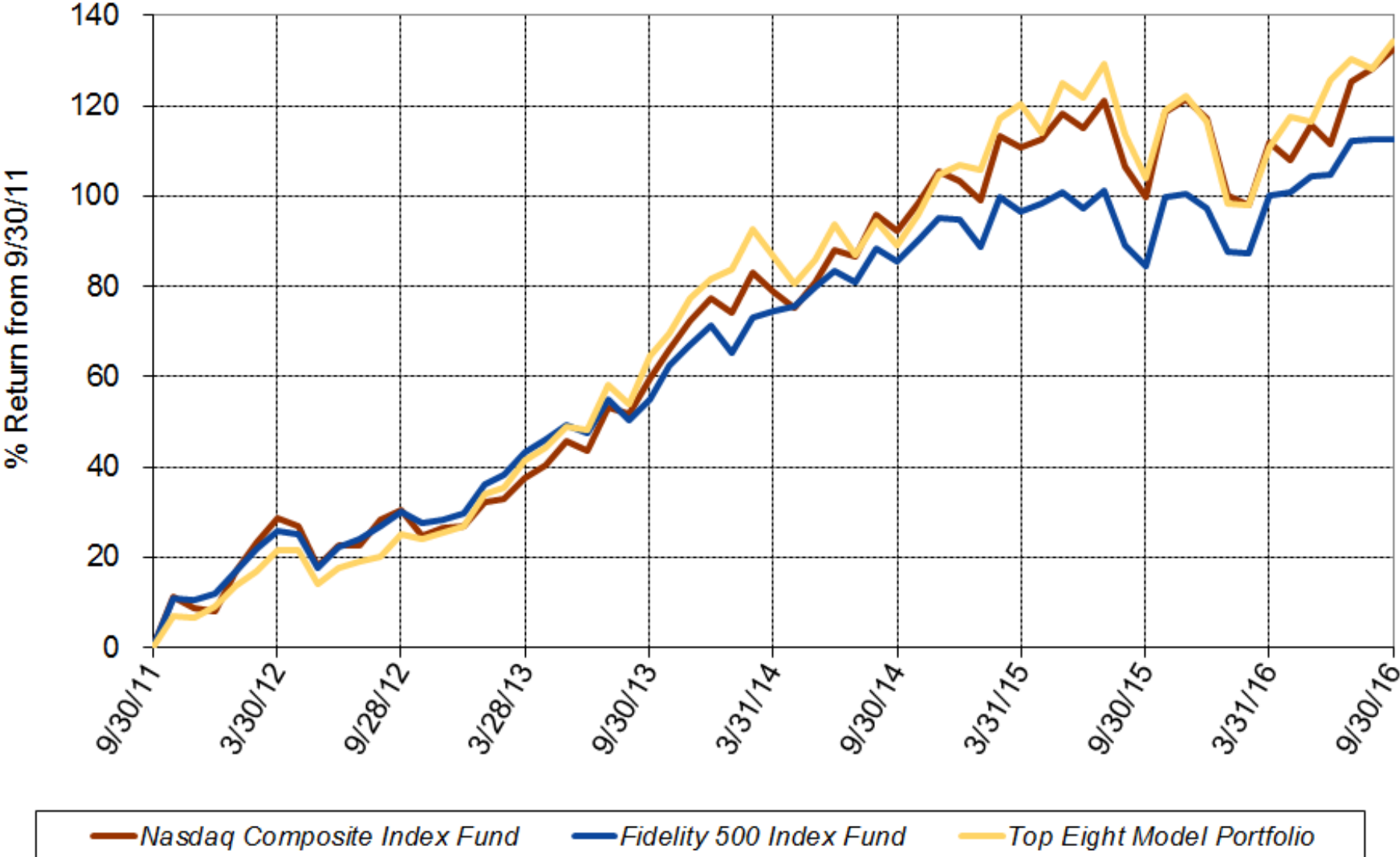
Lifetime Chart



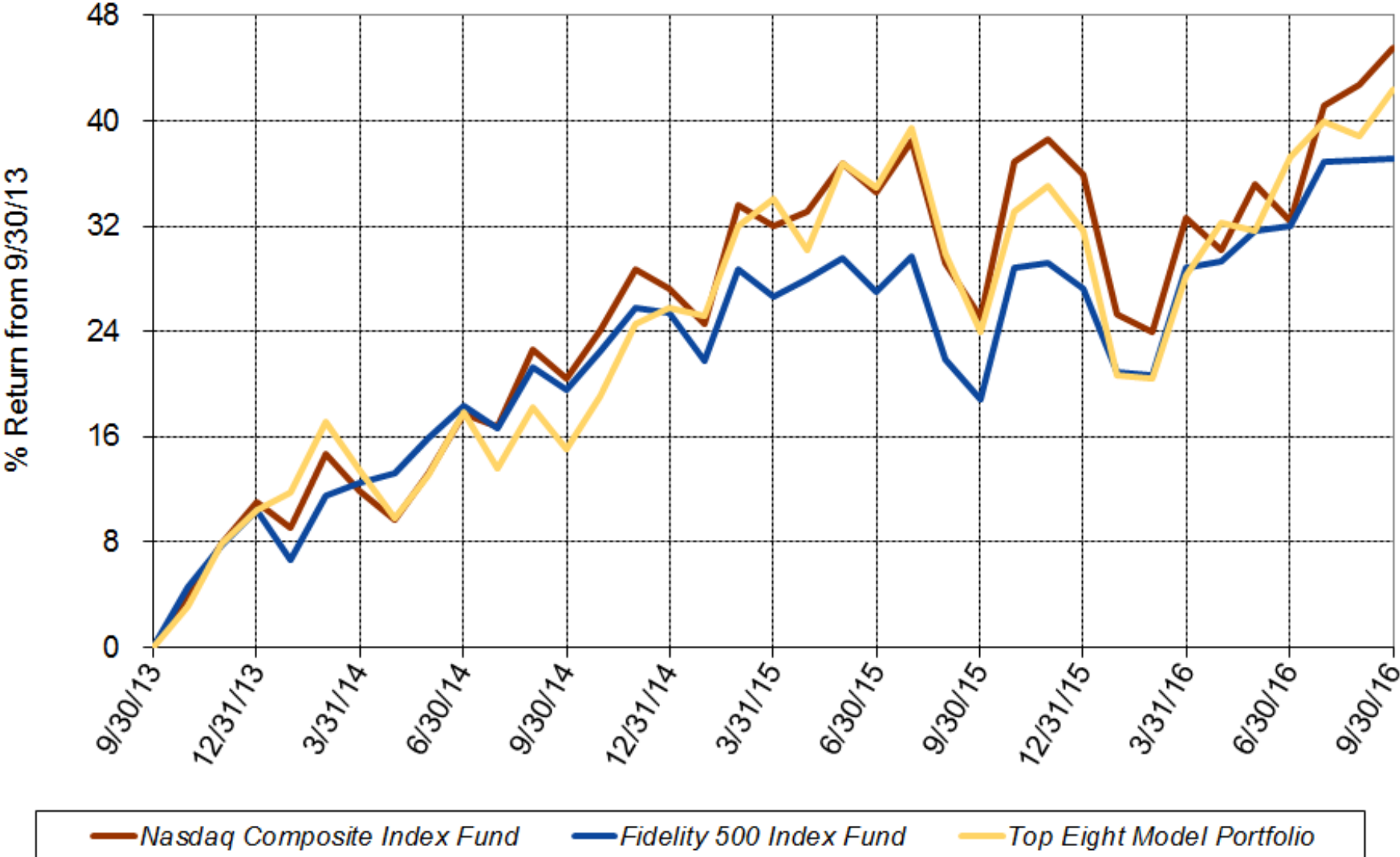
10-Year Chart



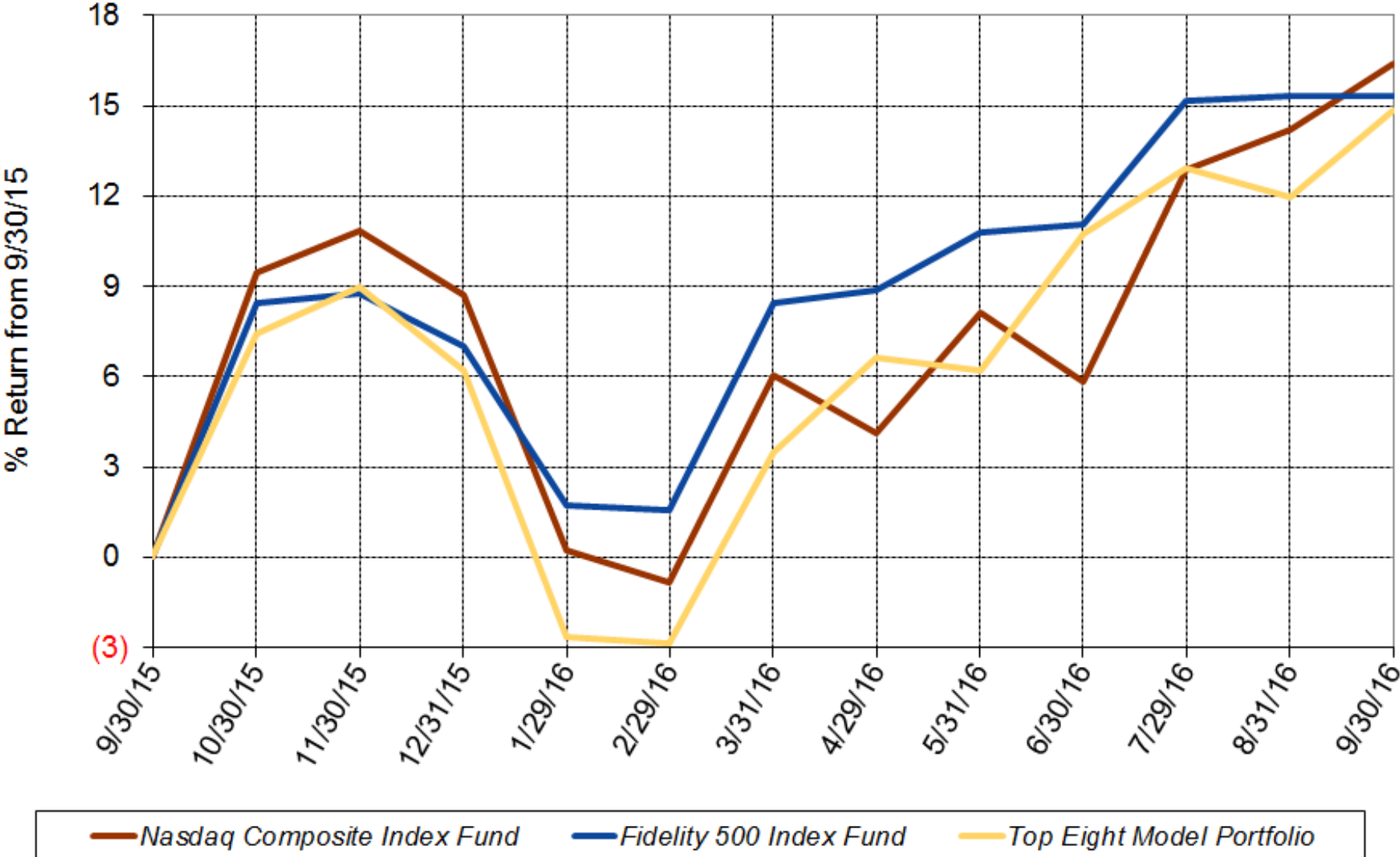
5-Year Chart



3-Year Chart



1-Year Chart



Daily Chart September 2016

