

FIDELITY SELECT FUNDRANKER™

Volume 12 Issue 7

The Right Funds at the Right Time

July 2017

Broad Market Hits Multiple New Highs in June

The broad market S&P 500 Index hit four new all-time highs on a total return basis, that is, including reinvested dividends, in June but ended the month about 1% off its June 19 all-time high. The Nasdaq Composite Index also set all-time highs in June on a total return basis for its eighth month in a row hitting new all-time highs.

Only two *Top Eight Model Portfolio* funds gained value in June. Medical Equipment & Systems and Environment & Alternative Energy gained 5.30% and 1.22%. Software & IT Services, Technology, Leisure, Computers, Wireless, and Semiconductors pushed the *Top Eight Model Portfolio* down with one-month losses ranging from 1.59% to 4.13%.

In June, the *Top Eight Model Portfolio* lost 1.262%, the Nasdaq Composite Index lost 0.918%, and the S&P 500 Index eked out a gain of 0.615%. For YTD through June, the *Top Eight Model Portfolio* gained 4.313%, the Nasdaq Composite Index gained 14.583%, and the S&P 500 Index gained 9.285%.

Final Performance of Funds Sold on June 5

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

Fund	Bought	Sold	Return
Chemicals (FSCHX)	2/2/2017	6/5/2017	3.81%
Defense & Aerospace (FSDAX)	5/5/2017	6/5/2017	1.81%

Top Eight Model Portfolio Hits New Highs in June

Fundranker's Top Eight Model Portfolio hit two new all-time highs on a total return basis on June 1 and 2. From the hypothetical *Top Eight Model Portfolio's* inception on January 2, 1997, through June 2, 2017, it gained a spectacular 1,517.126%. From January 2, 1997, through June 19, 2017, when the S&P 500 Index set its most recent all-time high, it gained only 377.943% on a total return basis.

Top Eight Model Portfolio Composition

In July, our *Top Eight Model Portfolio* shifts to a more diverse composition. After our July 5 exchanges, we will hold two Morningstar Technology category Select funds, one Financial category Select fund, three Health category Select Funds, and two Industrials category Select funds.

Note that Biotechnology gained nearly 11% in June and moved up from a ranking of 35 at the end of May to a ranking of four at the end of June. If you are leery of buying such a volatile fund, consider buying Transportation, ranked nine this month, instead.

Fed Raises Rates for the Fourth Time in This Cycle

The Federal Open Market Committee raised the federal funds rate for a fourth time in this cycle at their June 13 and 14 meeting. The Federal funds rate now stands at 1% to 1.25%. All four rate increases were 0.25%, an indication that the FOMC is taking it slow and easy, although the last three increases came in just six months.

The Federal funds rate hit rock bottom, 0% to 0.25%, in December, 2008, when the FOMC made the last of 10 reductions in their effort to fight off the Great Recession. The committee kept the rate near zero for seven years but finally raised it by 0.25% on December 17, 2015.

The FOMC waited another year before raising the rate again by 0.25% on December 14, 2016. The committee followed that with two more increases of 0.25% on March 15 and June 14, 2017.

The CME Group FedWatch Tool (see link below) shows that a significant chance of another rate increase doesn't occur until the December 12 and 13 FOMC meeting.

Web Roll of Interesting Sites

[Fidelity Viewpoints](#)
[Bureau of Economic Analysis 2017 News Release Schedule](#)
[CME Group FedWatch Tool](#)
[Trading Economics US GDP Annual Growth Rate Forecast](#)

FOMC to Begin Winding Down Balance Sheet

Despite beginning a new cycle of rate increases a year and a half ago, the Fed has kept its balance sheet of \$4.5 trillion in Treasuries and mortgage-backed securities intact by reinvesting the principal payments it receives. This huge balance sheet, \$3.6 trillion larger than before the financial crisis, has been a significant tool in the committee's twin goals of full employment and 2% inflation. At their June 13 and 14 meeting, the FOMC outlined a plan to shrink that balance sheet very gradually, so as not to spook bond markets.

Because the Fed has this second tool to tighten monetary policy, which they have not had in the past, they may be able to raise short-term rates less than they otherwise would.

Fund Spotlight

[Insurance](#) began operations on 12/16/1985. It is one of five Select funds in Morningstar's Financial category. The fund primarily invests in companies engaged in underwriting, reinsuring, selling, distributing, or placing of property and casualty, life, or health insurance. [Peter Deutsch](#) has managed the fund since 6/1/2013. As of 3/31/2017, the fund's top 10 holdings made up 61.08% of the portfolio; its top three holdings were Chubb Ltd, American International Group, and MetLife Inc.

Fundranker's Top Eight Model Portfolio has held Insurance 20 times for a total of 37 months with an average monthly gain of 1.76%. The longest we held the fund was for six months from 3/4/1997 through 9/2/1997 for a gain of 20.76%.

Questions and Suggestions

Do you have a question about the *Fidelity Select Fundranker* newsletter, methodology, or website? Check out the wealth of information posted on our [website](#). Click the [Contact Us](#) link in the heading or footer of any page on our website.

Top Eight Model Portfolio for July 2017

Fund Name (Symbol)	Purchase	Return to 6/30
1. Technology (FSPTX)	3/6/2017	12.56%
2. Brokerage & Inv Mgmt (FSLBX)	7/5/2017	
3. Medical Eqpt & Systems (FSMEX)	4/5/2017	11.30%
4. Biotechnology (FBIOX)	7/5/2017	
5. Software & IT Services (FSCSX)	4/5/2017	7.13%
6. Air Transportation (FSAIX)	7/5/2017	
7. Health Care (FSPHX)	7/5/2017	
8. Env & Alternative Energy (FSLEX)	6/5/2017	0.45%
Funds to be sold on July 5:		
11. Computers (FDCPX)	3/6/2017	3.50%
13. Leisure (FDLSX)	5/5/2017	1.46%
15. Semiconductors (FSELX)	8/4/2016	28.64%
21. Wireless (FWRLX)	6/5/2017	(4.05)%

Fundranker Exchanges for July 5

Sell Semiconductors (FSELX), buy Brokerage & Inv Mgmt (FSLBX)
Sell Computers (FDCPX), buy Biotechnology (FBIOX)
Sell Leisure (FDLSX), buy Air Transportation (FSAIX)
Sell Wireless (FWRLX), buy Health Care (FSPHX)

Start a New Portfolio

July 3 ([see new portfolio FAQ](#)) (Note markets close at 1pm July 3)

Optional Rebalancing Exchange Dates

Held funds: July 3; New funds: July 5 ([see rebalancing FAQ](#))

Upcoming Fundranker Exchange Date

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

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<i>Fundranker Ratings for 6/30/17</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)	34.56*	8.51	8.48*	2.86*	16.603	6
Automotive (FSAVX)	18.58	7.36	1.30	0.09	6.833	24
Banking (FSRBX)	39.82*	1.70	1.54	6.54*	14.400	12
Biotechnology (FBIOX)	24.95	21.29*	4.75	10.93*	17.480	4
Brokerage & Investment Mgmt (FSLBX)	38.84*	11.81	7.48*	6.30*	19.108	2
Chemicals (FSCHX)	25.00	12.38*	0.23	2.62*	12.058	19
Communications Equipment (FSDCX)	23.23	4.91	(0.14)	(0.26)	6.935	23
Computers (FDCPX)	37.72*	16.49*	0.47	(3.16)	14.880	11
Construction & Housing (FSHOX)	12.45	10.12	3.08	1.57	6.805	25
Consumer Discretionary (FSCPX)	14.04	9.14	2.25	(1.86)	5.893	28
Consumer Finance (FSVLX)	27.70*	6.03	3.78	5.04*	12.638	16
Consumer Staples (FDFAX)	5.92	11.87	2.37	(2.24)	4.480	33
Defense & Aerospace (FSDAX)	25.10*	10.75	5.46*	(0.59)	12.180	18
Energy (FSENX)	(4.88)	(17.30)	(11.63)	(2.40)	(9.053)	37
Energy Service (FSESX)	(0.84)	(20.99)	(17.36)	(3.75)	(10.735)	38
Environment & Alternative Energy (FSLEX)	31.35*	13.69*	5.76*	1.22	16.005	8
Financial Services (FIDSX)	28.73*	5.54	3.84	6.34*	13.113	14
Gold (FSAGX)	(18.38)	5.91	(3.47)	(0.39)	(4.083)	35
Health Care (FSPHX)	16.68	21.44*	8.09*	6.57*	16.195	7
Health Care Services (FSHCX)	16.85	17.75*	9.58*	5.65*	15.458	10
Industrial Equipment (FSCGX)	13.85	5.87	2.44	(0.50)	5.415	29
Industrials (FCYIX)	17.38	5.71	2.63	0.15	6.468	26
Insurance (FSPCX)	23.62	7.53	4.50	2.21*	10.465	20
IT Services (FBSOX)	22.29	13.87*	6.13*	(0.38)	12.478	17
Leisure (FDLSX)	24.58	15.63*	7.97*	(2.03)	13.538	13
Materials (FSDPX)	20.91	10.04	2.16	2.16	8.818	22
Medical Equipment & Systems (FSMEX)	22.05	26.27*	10.09*	5.30*	18.928	3
Multimedia (FBMPX)	20.21	8.97	(1.62)	(2.04)	6.380	27
Natural Gas (FSNGX)	(5.87)	(21.12)	(15.21)	(2.80)	(11.250)	39
Natural Resources (FNARX)	(4.30)	(14.84)	(10.20)	(2.11)	(7.863)	36
Pharmaceuticals (FPHAX)	1.84	12.29	5.13	2.14	5.350	31
Retailing (FSRPX)	13.52	8.72	1.41	(2.01)	5.410	30
Semiconductors (FSELX)	41.15*	10.51	0.90	(4.13)	13.108	15
Software & IT Services (FSCSX)	30.99*	18.66*	6.66*	(1.59)	16.680	5
Technology (FSPTX)	44.45*	27.84*	8.88*	(1.97)	22.800	1
Telecommunications (FSTCX)	2.91	(2.11)	(2.23)	(1.77)	(0.800)	34
Transportation (FSRFX)	33.32*	6.94	7.27*	3.70*	15.808	9
Utilities (FSUTX)	4.91	11.66	3.24	(1.04)	4.693	32
Wireless (FWRLX)	21.42	13.28*	1.02	(3.56)	9.040	21

*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

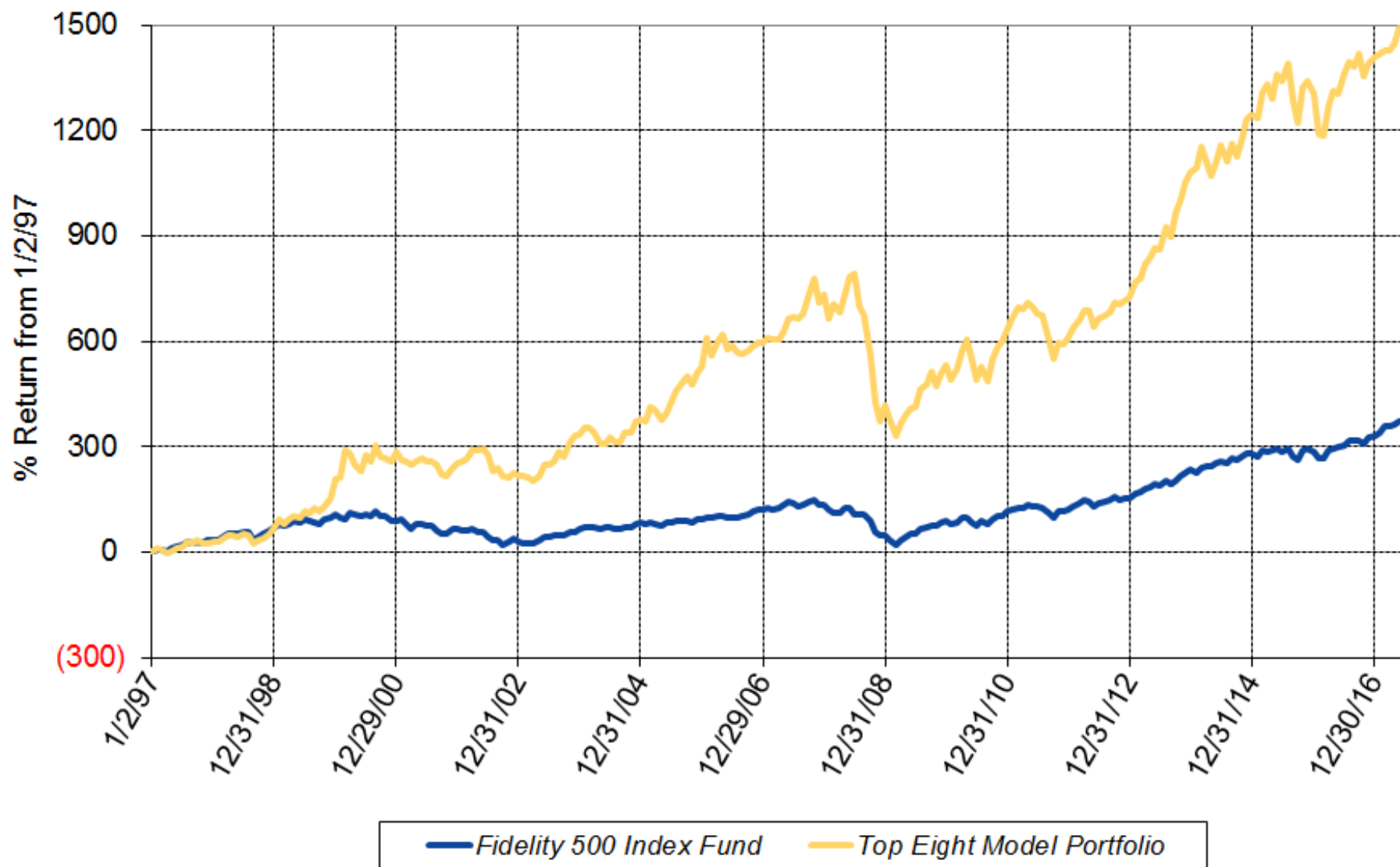
Sell on July 5, 2017

Buy on July 5, 2017

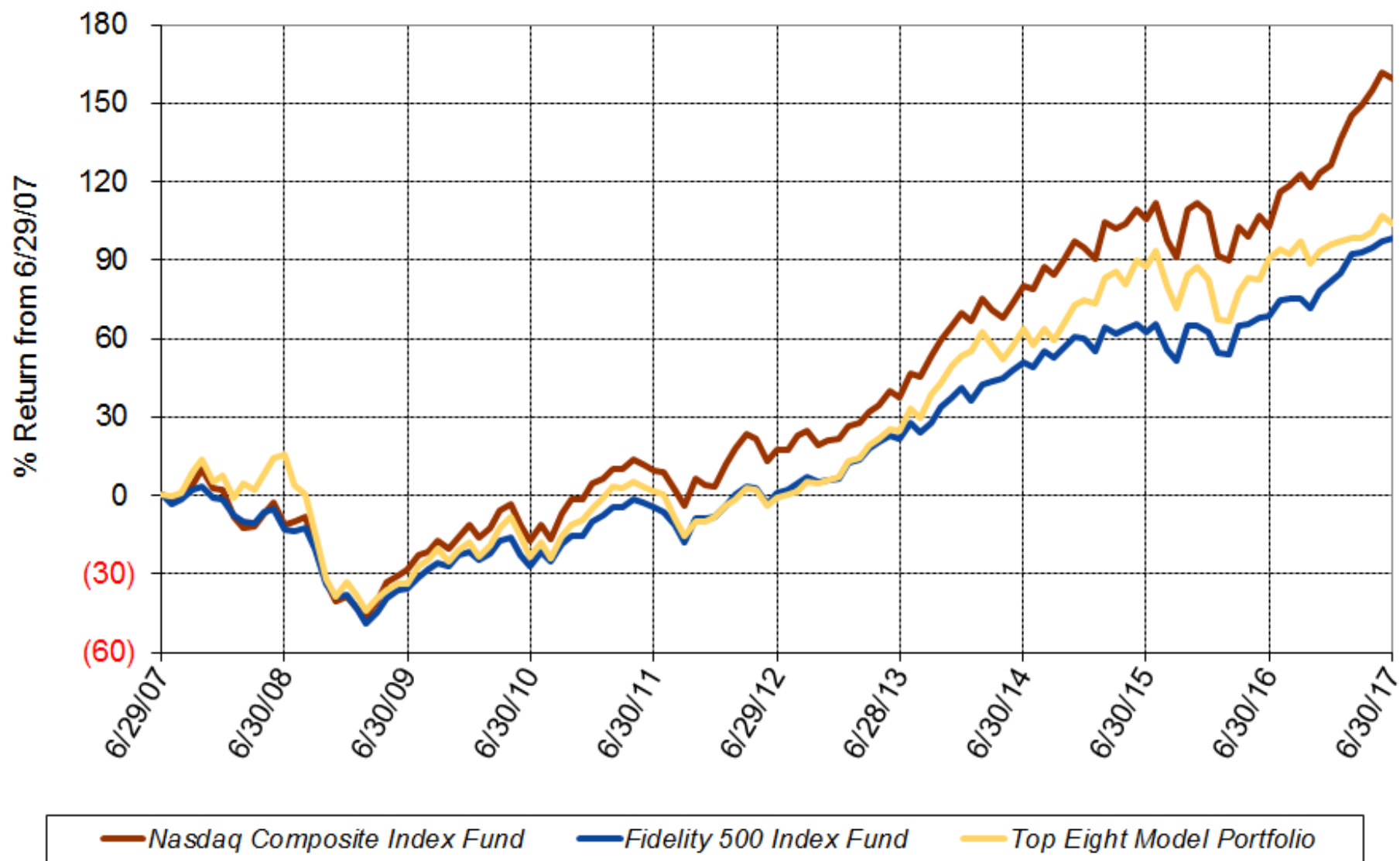
Hold

Fundranker Performance for June 2017												
5/31 Funds	5/31 Shares	5/31 Amount	<=6/5 Div Shrs	6/5 Shares	6/5 Amount	6/5 Funds	6/5 Shares	6/5 Amount	>6/5 Div Shrs	6/30 Shares	6/30 Amount	Jun Return
FSPTX	298.347	48,991.56	none	298.347	49,883.62	FSPTX	289.321	48,374.43	none	289.321	46,574.89	
FDCPX	536.327	46,896.43	none	536.327	47,068.06	FSELX	449.076	48,374.43	none	449.076	45,778.81	
FSCSX	316.632	47,903.26	none	316.632	48,777.16	FDCPX	551.213	48,374.43	none	551.213	46,676.72	
FSELX	462.528	49,180.60	none	462.528	49,823.52	FDLSX	295.272	48,374.43	none	295.272	46,676.60	
FDLSX	300.109	48,425.59	none	300.109	49,166.86	FSCSX	314.018	48,374.43	none	314.018	46,751.00	
FSDAX	333.883	47,695.19	none	333.883	47,601.70	FWRLX	4,901.158	48,374.43	none	4,901.158	46,413.97	
FSMEX	1,074.133	47,197.40	none	1,074.133	48,335.99	FSLEX	1,957.686	48,374.43	none	1,957.686	48,589.77	
FSCHX	294.737	45,734.34	none	294.737	46,338.55	FSMEX	1,074.987	48,374.43	none	1,074.987	49,739.65	
Top Eight		382,024.37			386,995.46			386,995.40			377,201.41	(1.262)
FNCMX	1,673.709	136,708.55	none						none	1,673.709	135,453.27	(0.918)
FUSEX	1,331.473	112,642.62	none						none	1,331.473	113,334.98	0.615
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	2017 YTD						
				Return %	Return %	Return %						
<i>Top Eight Model Portfolio</i>				4.592	7.248	4.313						
Nasdaq Composite Index Fund				6.818	8.787	14.583						
Fidelity 500 Index Fund - Investor Class				1.366	11.870	9.285						
Lifetime Summary				1/2/97 to 6/30/17		1/2/97 to 6/30/17						
				Total Return %		Average Annual Return %						
<i>Top Eight Model Portfolio</i>				1,471.673		14.382						
Nasdaq Composite Index Fund				N/A		N/A						
Fidelity 500 Index Fund - Investor Class				372.229		7.866						
10-Year Summary				6/29/07 to 6/30/17		6/29/07 to 6/30/17						
				Total Return %		Average Annual Return %						
<i>Top Eight Model Portfolio</i>				104.158		7.398						
Nasdaq Composite Index Fund				159.240		9.994						
Fidelity 500 Index Fund - Investor Class				98.593		7.102						
5-Year Summary				6/29/12 to 6/30/17		6/29/12 to 6/30/17						
				Total Return %		Average Annual Return %						
<i>Top Eight Model Portfolio</i>				105.779		15.526						
Nasdaq Composite Index Fund				120.936		17.180						
Fidelity 500 Index Fund - Investor Class				97.202		14.547						
3-Year Summary				6/30/14 to 6/30/17		6/30/14 to 6/30/17						
				Total Return %		Average Annual Return %						
<i>Top Eight Model Portfolio</i>				24.948		7.707						
Nasdaq Composite Index Fund				43.856		12.887						
Fidelity 500 Index Fund - Investor Class				31.453		9.544						
1-Year Summary				6/30/16 to 6/30/17		6/30/16 to 6/30/17						
				Total Return %								
<i>Top Eight Model Portfolio</i>				7.272								
Nasdaq Composite Index Fund				28.014								
Fidelity 500 Index Fund - Investor Class				17.790								

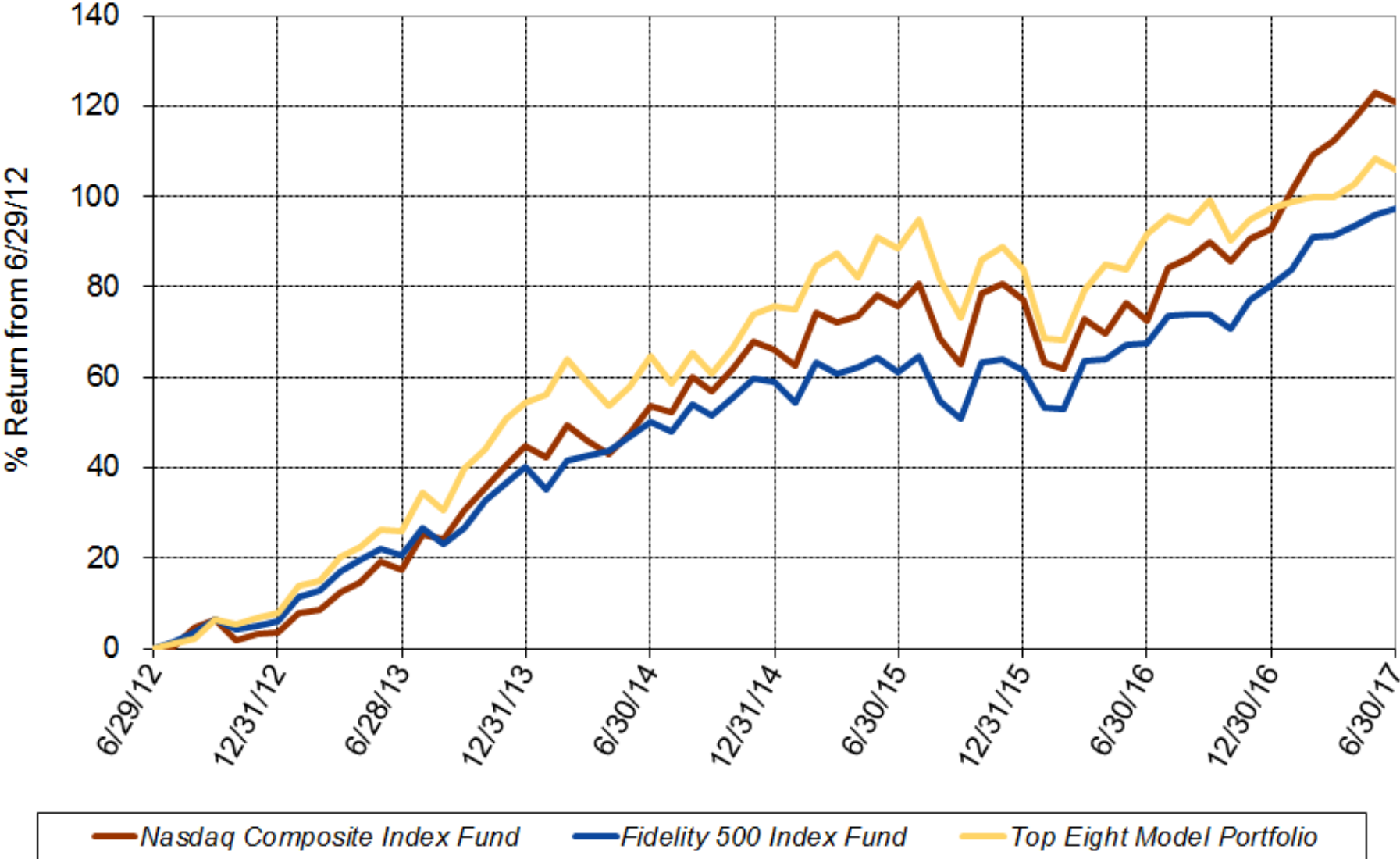
Lifetime Chart



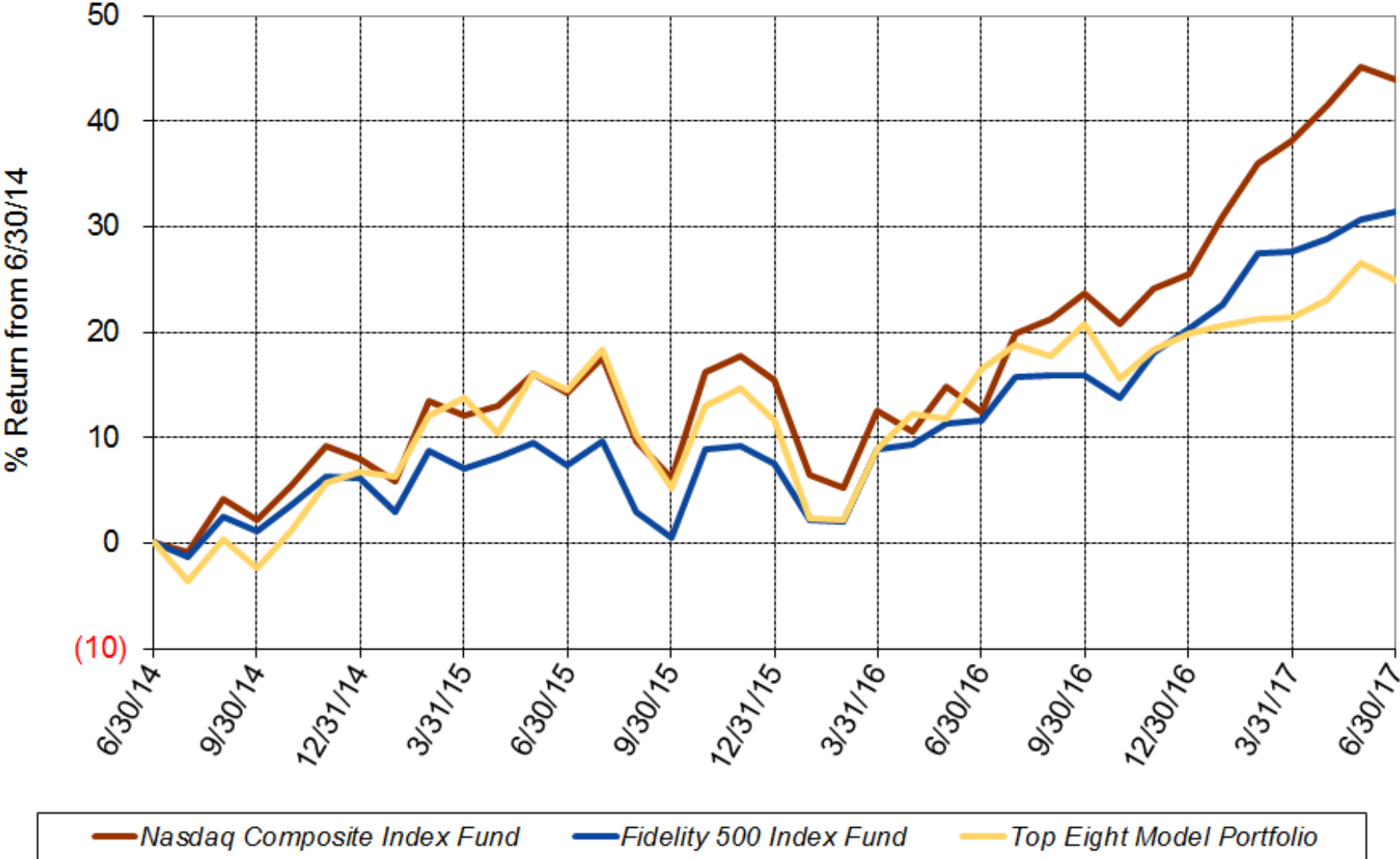
10-Year Chart



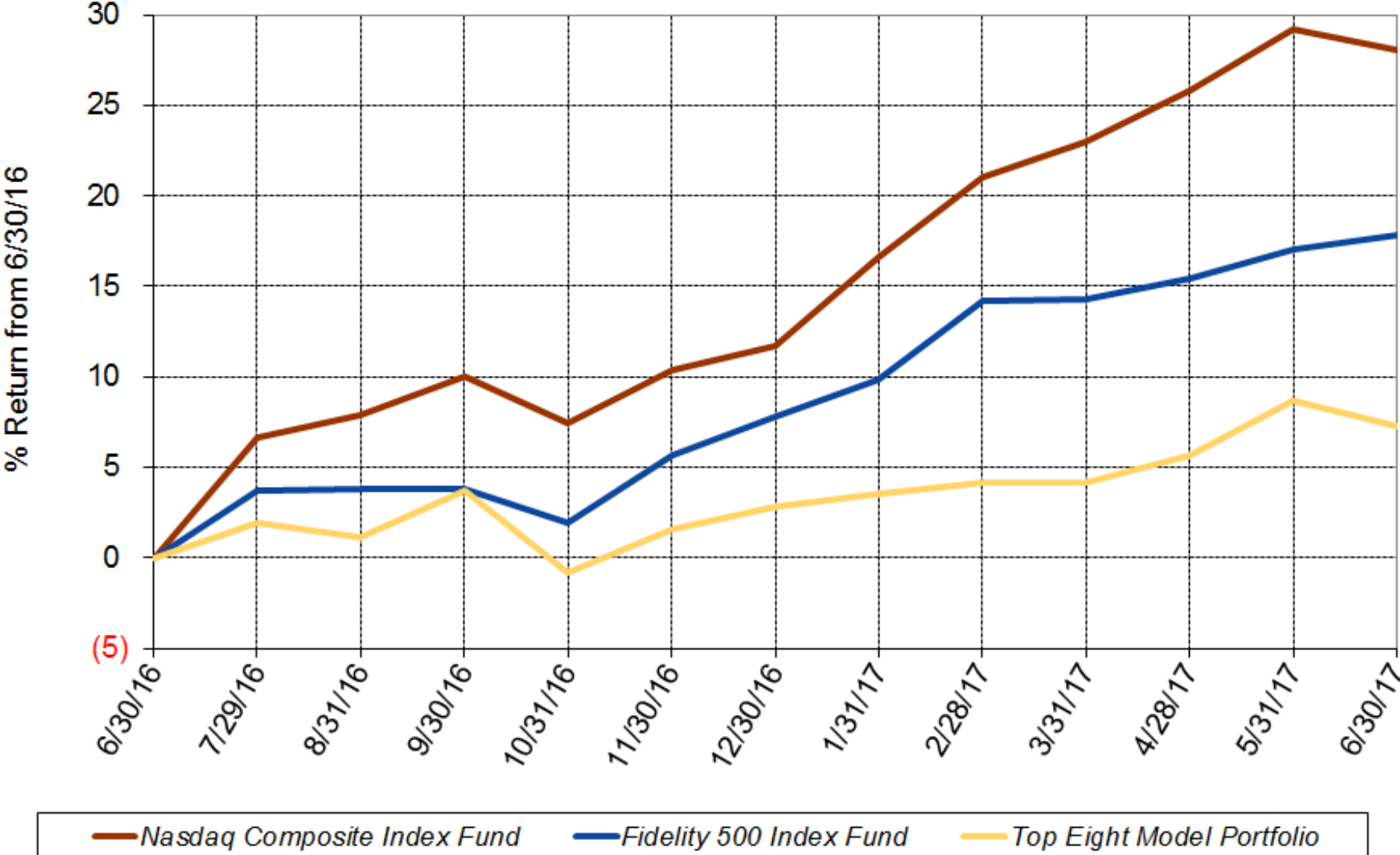
5-Year Chart



3-Year Chart



1-Year Chart



Daily Chart June 2017

