

FIDELITY SELECT FUNDRANKER™

Volume 14 Issue 1

The Right Funds at the Right Time

January 2019

Post-Christmas Rally Buoy Broad Market

After narrowly avoiding correction in both October and November on a total return basis, the broad market S&P 500 Index blew past correction territory by mid-December and nearly into a bear market, falling 19.358% from its September 20 all-time high by December 24, but it rallied strongly over the last four trading days of the year.

All eight *Top Eight Model Portfolio* funds lost value in December. Utilities was our best performer but still endured a one-month loss of 3.34%. Communication Services, Pharmaceuticals, and Medical Technology & Devices tacked on one-month losses of 7.29%, 8.07%, and 8.43%. Health Care, Telecommunications, Health Care Services, and Transportation suffered double digit one-month losses ranging from 10.42% to 14.53%.

In December, the *Top Eight Model Portfolio* lost 9.296% (our 8th worst month in 21+ years), the Nasdaq Composite Index lost 9.405%, and the S&P 500 Index lost 9.029%. For all of 2018, the *Top Eight Model Portfolio* eked out a gain of 0.328%, but the Nasdaq Composite Index lost 3.178%, and the S&P 500 Index lost 4.434%.

Final Performance of Funds Sold on December 6

Fundranker exchanged one fund on December 6. Here is the return it contributed to the *Top Eight Model Portfolio*:

Fund	Bought	Sold	Return
Wireless (FWRLX)	11/5/2018	12/6/2018	(2.94)%

Top Eight Model Portfolio Composition

In January, our *Top Eight Model Portfolio* will maintain its heavy weighting in Morningstar's Health category. After our January exchanges, *Fundranker* will hold one of one Equity Precious Metals category Select Funds, one of one Utilities category Select funds, four of five Health category Select funds, and two of six Technology category Select funds.

Nasdaq Composite, Top Eight Model Portfolio Enter Bear Market in December

After entering correction territory (down 10% from all-time highs) last October, both the Nasdaq Composite Index and the *Top Eight Model Portfolio* entered a bear market (down 20% from all-time highs) in December. As of December 24, the Nasdaq Composite Index was down 23.462% from its August 29 all-time high on a total return basis, while the *Top Eight Model Portfolio* was down 20.025% from its September 28 all-time high. Both indicators rallied strongly after Christmas, however, to close the year down 17.945% and 15.171%, respectively, from their all-time highs.

In contrast, on a total return basis as of December 24, the S&P 500 Index was down 19.358% from its September 20 all-time high, just less than the rather arbitrary threshold of a 20% decline to be considered a bear market. With the post-Christmas rally, the S&P 500 Index closed 2018 down 14.091% from its all-time high. The *Top Eight Model Portfolio's* decline was less than one percent worse than the S&P 500 Index's decline, but put it just past the bear market threshold.

Fidelity Select Fund Name Change Clarification

As of December 1, Fidelity Investments officially changed the name of Select Multimedia to Select Communications Services. In our December issue, we listed Multimedia in our November ratings, but we listed new name Communications Services in our *Top Eight*.

Web Roll of Interesting Sites

[Bureau of Economic Analysis Current Releases](#)
[CME Group FedWatch Tool](#)
[Fidelity Viewpoints](#)
[Project Syndicate Economics & Finance](#)
[Schwab Market Perspective](#) (most recent article)
[Trading Economics US GDP Annual Growth Rate Forecast](#)

Federal Reserve 2019 Rate Outlook

At the FOMC December meeting, the Fed indicated that they expect only two hikes in 2019. The bond market and a partially inverted yield curve, however, seem to be predicting rate cuts and possibly more quantitative easing (round four), which would be good news for equities in 2019.

Fund Spotlight

[Chemicals](#), one of two Select funds in Morningstar's Natural Resources category, began operations on 7/29/1985. The fund primarily invests in companies engaged in the research, development, manufacture or marketing of products or services related to the chemical process industries. [Rick Malnigh](#) has managed the fund since 10/12/2016.

As of 9/30/2018, Chemicals's top 10 holdings made up 74.22% of the portfolio, and its top three holdings were DowDuPont Inc, LyondellBasell Industries, and Linde AG. As of 11/30/2018, its top three sub-industry holdings were diversified chemicals at 32.19%, commodity chemicals at 23.39%, and specialty chemicals at 19.45%. Domestic equities made up 98.71% of the fund's assets and cash and net other assets the remaining 1.29%.

Fundranker's Top Eight Model Portfolio has held Chemicals 18 times for a total of 54 months with an average monthly gain of 0.25%. *Fundranker's* biggest gain and longest holding period for Chemicals was 24.06% for 11 months from 6/2/2004 to 5/3/2005. Chemicals is ranked number 32 as of 12/31/2018.

Questions and Suggestions

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

Top Eight Model Portfolio for January 2019

Fund Name (Symbol)	Purchase	Return to 12/31
1. Gold (FSAGX)	1/7/2019	
2. Utilities (FSUTX)	11/5/2018	(3.16)%
3. Pharmaceuticals (FPHAX)	11/5/2018	(5.58)%
4. Medical Tech & Devices (FSMEX)	6/6/2018	(1.86)%
5. Health Care Services (FSHCX)	7/6/2018	(1.26)%
6. Communications Eqpt (FSDCX)	1/7/2019	
7. Health Care (FSPHX)	8/6/2018	(10.07)%
8. Software & IT Services (FSCSX)	1/7/2019	

Funds to be sold on January 7:

10. Communication Services (FBMPX)	11/5/2018	(7.60)%
15. Telecommunications (FSTCX)	11/5/2018	(9.57)%
25. Transportation (FSRFX)	12/6/2018	(11.05)%

Fundranker Exchanges for January 7

Sell Telecommunications (FSTCX), buy Gold (FSAGX)
Sell Transportation (FSRFX), buy Communications Eqpt (FSDCX)
Sell Comm Services (FBMPX), buy Software & IT Services (FSCSX)

Start a New Portfolio

January 2 ([see new portfolio FAQ](#)).

Optional Rebalancing Exchange Dates

Held funds: Jan 2; New funds: Jan 7 ([see rebalancing FAQ](#))

Upcoming Fundranker Exchange Dates

If no new funds are to be exchanged, *Fundranker* will exchange on February 4, our [early exchange date](#); otherwise, to avoid roundtrip transactions, *Fundranker* will exchange on February 6, our [late exchange date](#).

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<i>Fundranker</i> Ratings for 12/31/18 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)	(12.46)	(7.83)	(17.00)	(13.99)	(12.820)	26
Automotive (FSAVX)	(13.54)	(13.84)	(8.98)	(8.61)	(11.243)	20
Banking (FSRBX)	(18.28)	(17.99)	(18.69)	(15.02)	(17.495)	34
Biotechnology (FBIOX)	(10.73)	(17.83)	(22.31)	(11.72)	(15.648)	31
Brokerage & Investment Mgmt (FSLBX)	(15.02)	(13.77)	(10.79)	(8.36)	(11.985)	23
Chemicals (FSCHX)	(22.19)	(19.11)	(16.79)	(7.77)	(16.465)	32
Communication Services (FBMPX)	(3.27)	(5.66)	(10.32)	(7.29)	(6.635)	10
Communications Equipment (FSDCX)	3.95*	(6.47)	(13.23)	(5.97)	(4.430)	6
Computers (FDCPX)	(5.88)	(11.53)	(19.07)	(7.84)	(11.080)	19
Construction & Housing (FSHOX)	(15.59)	(12.69)	(14.97)	(6.78)	(12.508)	24
Consumer Discretionary (FSCPX)	(0.94)	(9.95)	(15.84)	(8.56)	(8.823)	16
Consumer Finance (FSVLX)	(10.39)	(10.90)	(15.24)	(10.09)	(11.655)	21
Consumer Staples (FDFAX)	(15.82)	(7.52)	(10.53)	(10.17)	(11.010)	18
Defense & Aerospace (FSDAX)	(6.74)	(11.39)	(19.70)	(9.95)	(11.945)	22
Energy (FSENX)	(24.92)	(29.90)	(30.22)	(13.54)	(24.645)	36
Energy Service (FSESX)	(44.10)	(43.99)	(43.87)	(22.24)	(38.550)	38
Environment & Alternative Energy (FSLEX)	(13.43)	(7.13)	(12.94)	(8.66)	(10.540)	17
Financial Services (FIDSX)	(15.86)	(12.71)	(14.21)	(11.12)	(13.475)	28
Gold (FSAGX)	(13.00)	(5.29)	12.31*	11.27*	3.323	1
Health Care (FSPHX)	7.44*	(5.39)	(15.01)	(10.42)	(4.845)	7
Health Care Services (FSHCX)	10.45*	1.50*	(12.53)	(13.36)	(1.485)	5
Industrials (FCYIX)	(15.27)	(12.17)	(19.70)	(10.67)	(14.453)	30
Insurance (FSPCX)	(11.24)	(4.53)	(10.53)	(7.10)	(8.350)	14
IT Services (FBSOX)	4.19*	(8.83)	(17.05)	(8.34)	(6.508)	9
Leisure (FDLSX)	(7.15)	(5.54)	(9.64)	(8.85)	(7.795)	13
Materials (FSDPX)	(23.65)	(20.06)	(16.51)	(7.67)	(16.973)	33
Medical Technology & Devices (FSMEX)	16.20*	(1.44)	(13.79)	(8.43)	(0.865)	4
Natural Gas (FSNGX)	(25.35)	(30.21)	(30.78)	(14.76)	(25.275)	37
Natural Resources (FNARX)	(24.22)	(27.03)	(25.06)	(10.67)	(21.745)	35
Pharmaceuticals (FPHAX)	5.81*	2.29*	(9.52)	(8.07)	(0.373)	3
Retailing (FSRPX)	4.62*	(10.23)	(17.67)	(7.47)	(6.688)	11
Semiconductors (FSELX)	(11.75)	(17.19)	(16.82)	(8.12)	(13.470)	27
Software & IT Services (FSCSX)	4.19*	(8.29)	(14.71)	(7.89)	(5.675)	8
Technology (FSPTX)	(8.79)	(17.64)	(22.49)	(8.76)	(14.420)	29
Telecommunications (FSTCX)	(8.02)	(3.99)	(12.26)	(10.68)	(8.738)	15
Transportation (FSRFX)	(10.93)	(7.89)	(17.37)	(14.53)	(12.680)	25
Utilities (FSUTX)	8.58*	0.47*	(2.01)	(3.34)	2.925	2
Wireless (FWRLX)	(6.21)	(4.45)	(12.62)	(6.73)	(7.503)	12

*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 January 7, 2019

Buy on January 7, 2019

Hold

Fundranker Performance for December 2018

11/30	11/30	11/30	<=12/6	12/6	12/6	12/6	12/6	12/6	12/6	>12/6	12/31	12/31	Dec
Funds	Shares	Amount	Div Shrs	Shares	Amount	Funds	Shares	Amount	Div Shrs	Shares	Amount	Return	
FSHCX	533.796	57,852.81	none	533.796	56,027.23	FSHCX	521.720	54,759.77	36.905	558.625	48,991.41		
FSUTX	616.486	54,984.39	none	616.486	55,576.21	FSMEX1,054.492	54,759.77	35.121	1,089.613	51,506.01			
FSMEX1,068.944	57,017.47	none	1,068.944	55,510.26	FPHAX2,633.948	54,759.77	35.013	2,668.961	51,404.19				
FBMPX	699.459	54,697.69	none	699.459	53,802.39	FSPHX2,174.733	54,759.77	111.865	2,286.598	50,419.49			
FSTCX	929.375	55,558.04	none	929.375	53,773.64	FSUTX	607.430	54,759.77	46.168	653.598	52,366.27		
FPHAX2,655.035	56,366.39	none	2,655.035	55,198.18	FSTCX	946.418	54,759.77	14.909	961.327	50,536.96			
FWRLX5,375.081	54,180.82	none	5,375.081	53,267.05	FSRFX	551.736	54,759.77	30.130	581.866	48,708.00			
FSPHX2,181.223	56,450.05	none	2,181.223	54,923.20	FBMPX	711.905	54,759.77	60.504	772.409	51,612.37			
Top Eight	447,107.66			438,078.16				438,078.20		405,544.70		(9.296)	
FNCMX1,685.822	163,288.72	none							32.908	1,718.730	147,931.09	(9.405)	
FXAIX	1,370.064	132,608.49	none						14.962	1,385.026	120,635.76	(9.029)	

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	2018
	Return %	Return %	Return %	Return %
<i>Top Eight Model Portfolio</i>	4.592	7.248	11.784	0.328
Nasdaq Composite Index Fund	6.818	8.787	29.245	(3.178)
Fidelity 500 Index Fund - Investor Class	1.366	11.870	21.722	(4.434)

Lifetime Summary	1/2/97 to 12/31/18	1/2/97 to 12/31/18
	Total Return %	Average Annual Return %
<i>Top Eight Model Portfolio</i>	1,589.770	13.713
Nasdaq Composite Index Fund	N/A	N/A
Fidelity 500 Index Fund - Investor Class	402.649	7.616

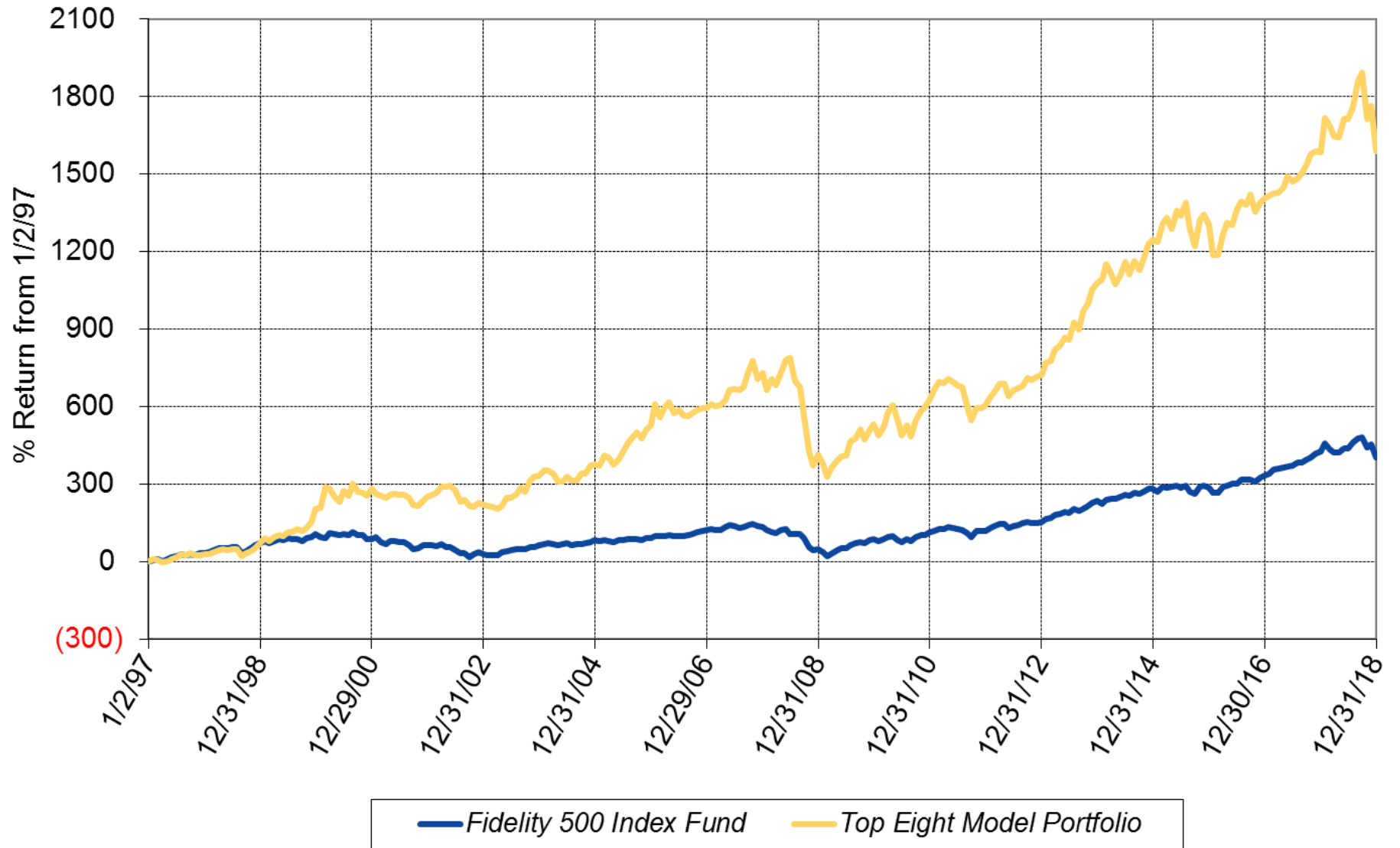
10-Year Summary	12/31/08 to 12/31/18	12/31/08 to 12/31/18
	Total Return %	Average Annual Return %
<i>Top Eight Model Portfolio</i>	227.503	12.596
Nasdaq Composite Index Fund	362.164	16.541
Fidelity 500 Index Fund - Investor Class	240.538	13.036

5-Year Summary	12/31/13 to 12/31/18	12/31/13 to 12/31/18
	Total Return %	Average Annual Return %
<i>Top Eight Model Portfolio</i>	43.349	7.468
Nasdaq Composite Index Fund	66.651	10.755
Fidelity 500 Index Fund - Investor Class	49.838	8.424

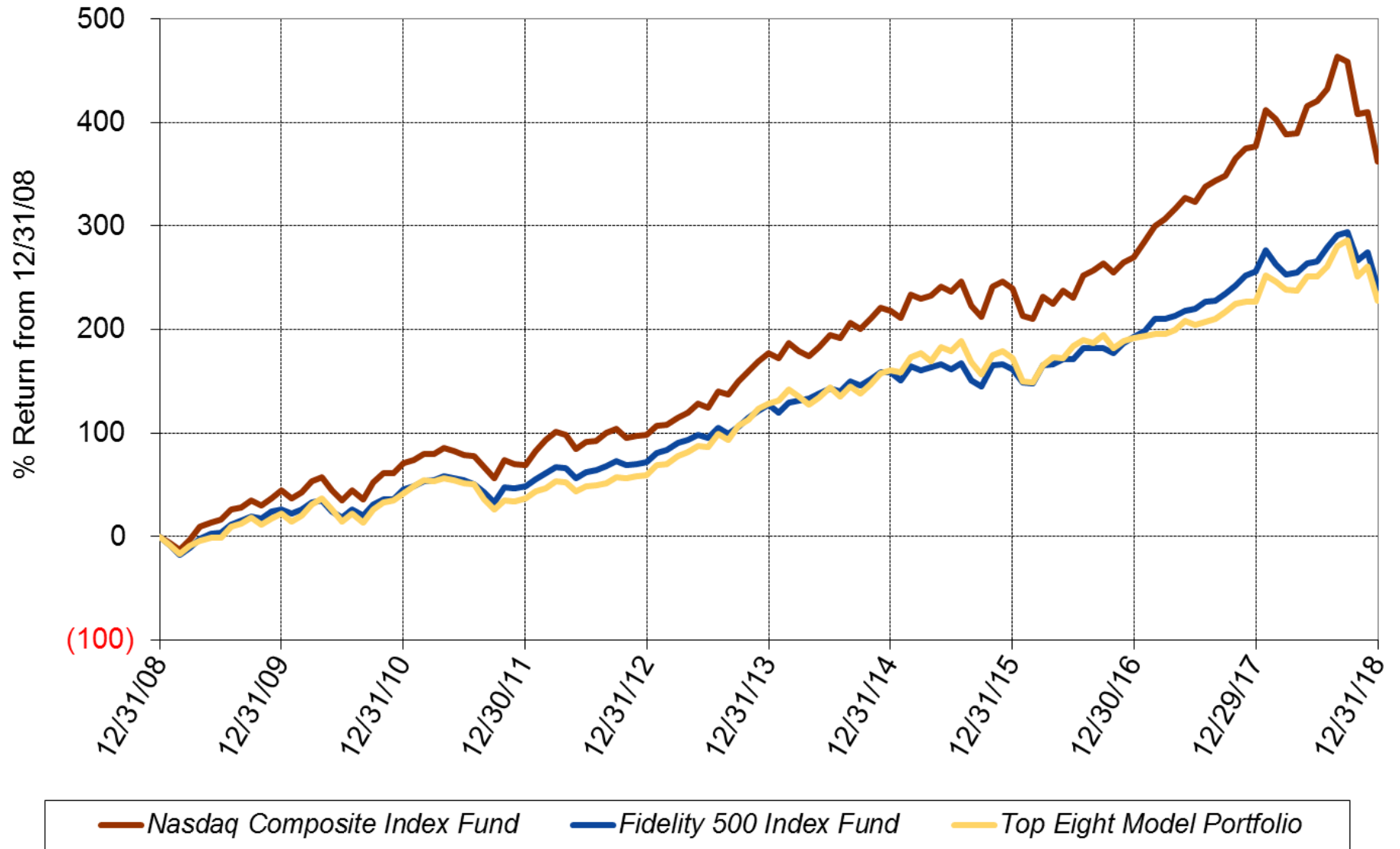
3-Year Summary	12/31/15 to 12/31/18	12/31/15 to 12/31/18
	Total Return %	Average Annual Return %
<i>Top Eight Model Portfolio</i>	20.281	6.349
Nasdaq Composite Index Fund	36.135	10.830
Fidelity 500 Index Fund - Investor Class	30.133	9.176

1-Year Summary	12/29/17 to 12/31/18
	Total Return %
<i>Top Eight Model Portfolio</i>	0.328
Nasdaq Composite Index Fund	(3.178)
Fidelity 500 Index Fund	(4.434)

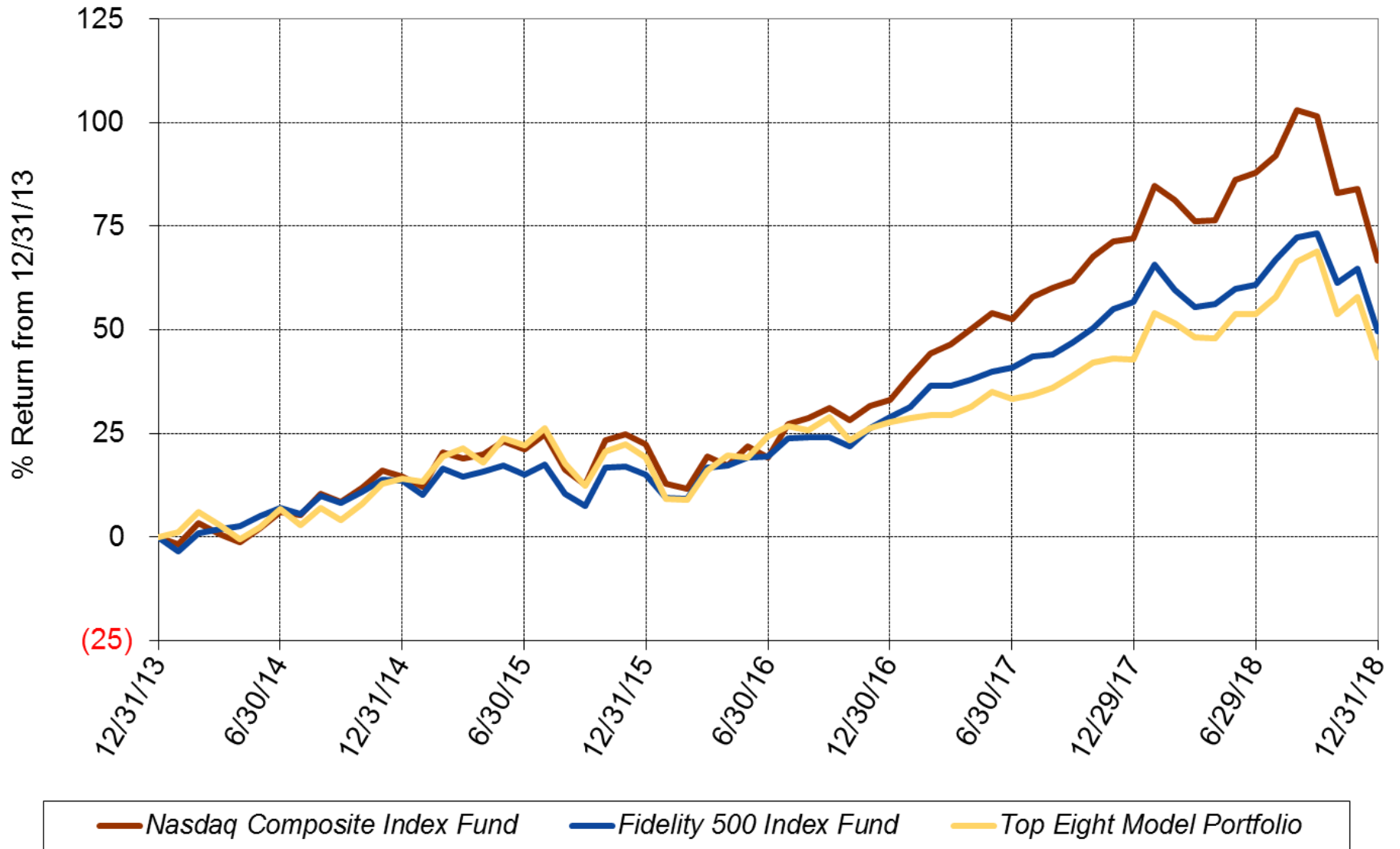
Lifetime Chart



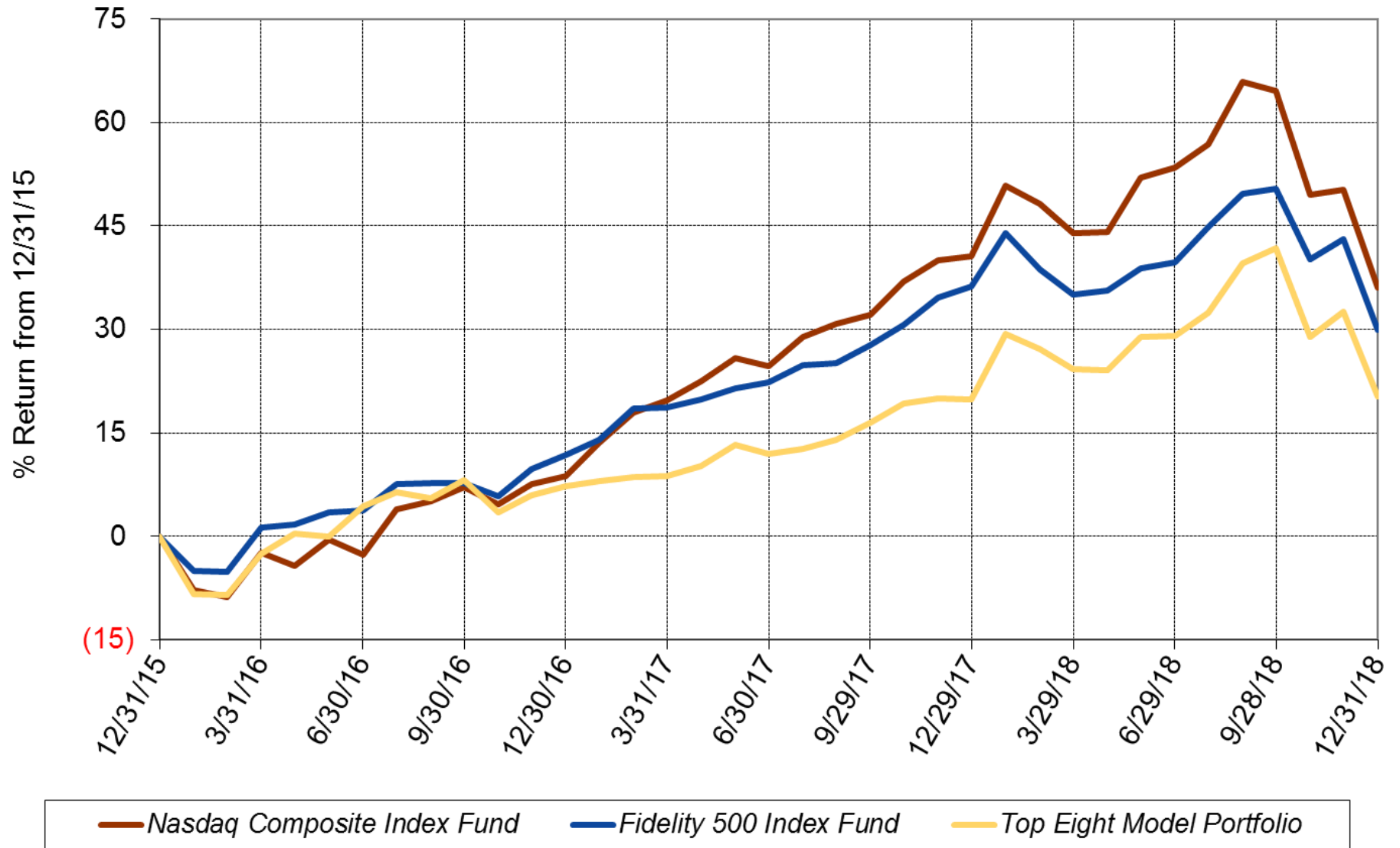
10-Year Chart



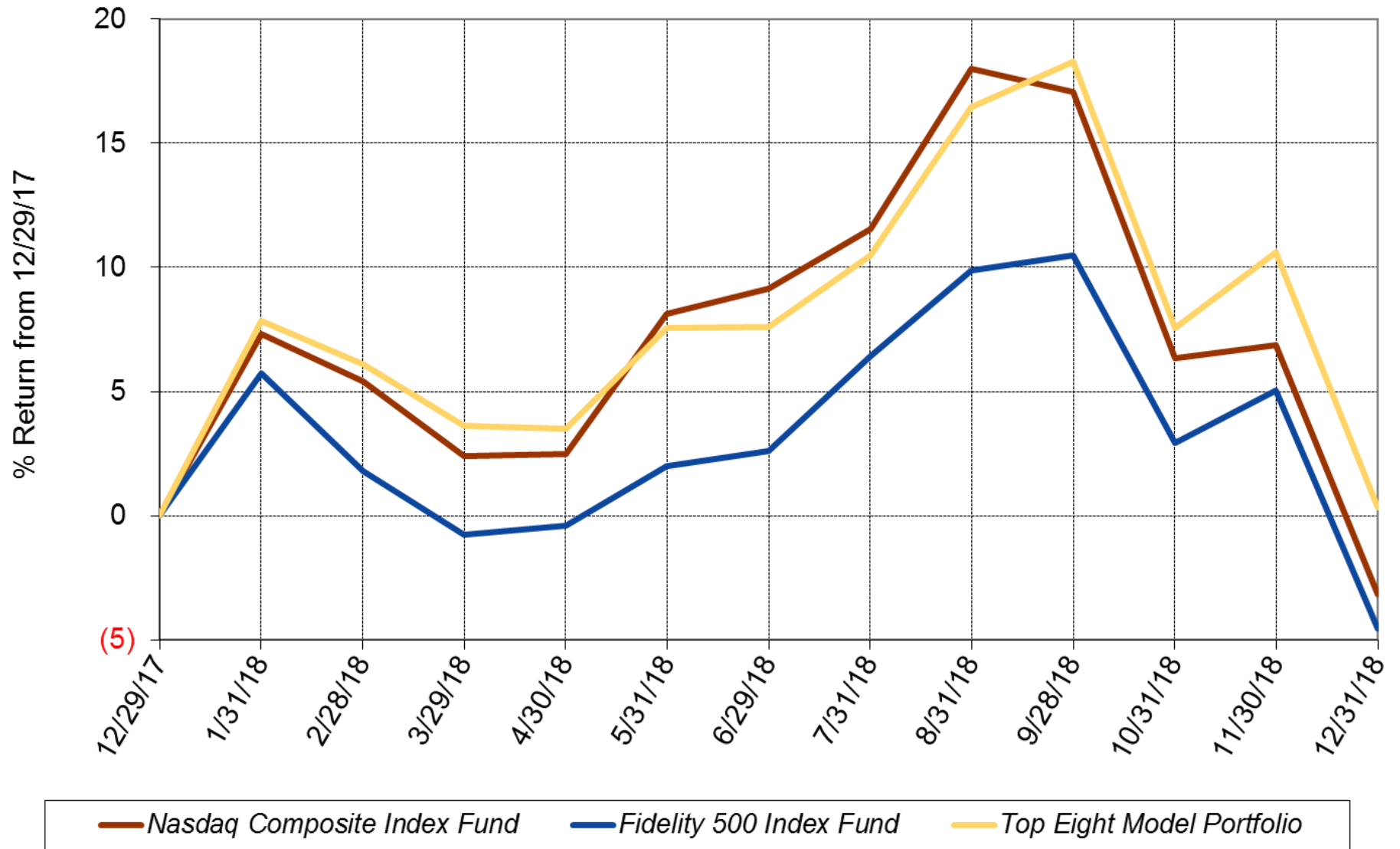
5-Year Chart



3-Year Chart



1-Year Chart



Daily Chart December 2018

