

Sector Rotation System



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President

This Week's Changes

Buy

Chemicals – FSCHX

IT Services -- FBSOX

Sell

Gold – FSAGX

Natural Resources –
FNARX

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We will be making two changes to the model portfolio this week. On Monday, we are going to sell Gold (FSAGX) and Natural Resources (FNARX). We will invest the proceeds evenly in Chemicals (FSCHX) and IT Services (FBSOX).

You will notice that we are not selling Energy this week even though it ranks 11 and has been held long enough to avoid Fidelity's short term trading penalty. The reason for this is because Fidelity's S&P 500 Index fund (FSMKX) holds the 9th spot in the momentum rankings and we are only using this fund as a benchmark to compare the sector funds.

For the week, the model portfolio gained 3.38% vs. a loss of 1.03% for FSMKX. While the results were good, they only make up for half of last weeks ribbing. Year-to-date the model portfolio is down 12.82%. Since inception the model portfolio is up 59.46% which is more than twice the gain of the index fund.

The volatility continued this week as the financial stocks which helped the S&P 500 last week, sold off once again this week. In addition, energy stocks rebounded after Wednesday's oil inventory report showed a larger than expected drop. They were helped after a pipeline in southern Iraq was shut down after an insurgent attack.

The markets are struggling with forecasting where the market is heading over the remaining part of 2008. Some analysts believe we are over the hump and that the economy will slowly improve over the coming months. Other analysts suggest we are still in the early stages of the downturn and more bad news is yet to come. The truth is no one

knows for sure how things will pan out.

Since it is impossible to forecast where we will be, it makes sense to make sure we are diversified. Over the last several years, both international and commodity related stocks have surged while US stocks have barely tread water which means now is a great time to "Rebalance" your portfolio.

If you routinely rebalance your portfolio, you will take profits from your best performing investments and more than likely buy new investments at a discount. Think back a few years, in 1998 everyone was avoiding small cap and International stocks because the S&P 500 was performing so well. Over the next several years small caps and international stocks outperformed. In 2000, wouldn't it have been nice to take some profits from technology stocks and picked up commodity stocks that were unloved. Don't get caught up by all the press about what is hot today, things always change.

Long term rebalancing is a good thing. It forces us to do the prudent thing and not make decisions with our emotions. While this makes sense many people just can't execute. It goes against human nature to sell something that is working to buy something that isn't. Unfortunately, the laws of business suggest we should buy investments when they are selling below their true value and sell them above. The only way to accomplish this is to buy when they are out of favor.

Do yourself a favor and make it a ritual to rebalance your portfolio. In the long run, you will be better off.

If you have any questions, feel free to contact me at 866-455-2643. Don't forget to send this newsletter to your friends and colleagues.

PORTFOLIO PERFORMANCE

Sector Rotation System		Fidelity S&P 500 Index Fund	
1 Week	3.38%	1 Week	-1.03%
4 Week	-3.83%	4 Week	-1.00%
12 Week	-10.84%	12 Week	-6.37%
26 Week	-15.60%	26 Week	-12.99%
YTD	-12.82%	YTD	-9.97%
52 Week	-0.12%	52 Week	-5.67%
Since 12/31/01	59.46%	Since 12/31/01	26.35%
2007	15.34%	2007	5.43%
2006	9.41%	2006	15.71%
2005	16.74%	2005	4.31%
2004	9.29%	2004	10.73%
2003	36.27%	2003	28.49%
2002	-16.63%	2002	-22.48%

CURRENT PORTFOLIO

Purchase									Percent	Days
Rank	Date	Name	NAV	Shares	NAV	Value	Cost	Gain	Gain	Held
1	3/10/08	Consumer Staples	FDFAX	246.937	64.68	15,972	15,451	521	3.37%	18
2	3/24/08	Construction	FSHOX	467.050	33.21	15,511	16,417	(906)	-5.52%	4
3	3/10/08	Industrials	FCYIX	790.326	20.59	16,273	15,451	822	5.32%	18
4	3/17/08	Industrial Equipment	FSCGX	474.703	32.60	15,475	15,020	456	3.03%	11
5	2/19/08	Materials	FSDPX	291.264	56.29	16,395	16,637	(242)	-1.45%	38
6	2/11/08	Natural Gas	FSNGX	321.403	48.60	15,620	15,231	389	2.55%	46
8	3/10/08	Energy Service	FSESX	175.598	91.74	16,109	15,451	658	4.26%	18
11	2/19/08	Energy	FSENX	258.901	62.05	16,065	16,637	(572)	-3.44%	38
12	1/7/08	Gold	FSAGX	416.604	42.53	17,718	17,543	175	1.00%	81
16	2/25/08	Nat. Resources	FNARX	385.103	37.20	14,326	15,292	(967)	-6.32%	32
		Total				159,464				

MODEL CHANGES

We will be making one change to the model portfolio this week. On Monday we are going to sell Chemicals (FSCHX) and with the proceeds purchase Construction & Housing (FSHOX).

Optimized Momentum Rankings

Name	Symbol	1/4	1/11	1/18	1/25	2/1	2/8	2/15	2/22	2/29	3/7	3/14	3/21	3/28
Consumer Staples	FDFA	13	11	10	8	15	14	17	13	13	8	7	1	1
Construction & Housing	FSHOX	31	33	30	7	2	3	6	8	7	10	14	7	2
Industrials	FCYIX	18	20	22	26	23	15	13	11	9	9	9	6	3
Industrial Equipment	FSCGX	14	18	20	25	25	26	24	15	15	11	10	5	4
Materials	FSDPX	9	13	16	16	9	11	5	7	5	5	5	4	5
Natural Gas	FSNGX	3	6	8	9	11	4	1	1	1	2	2	3	6
Chemicals	FSCHX	10	12	12	10	5	6	3	4	6	6	8	14	7
Energy Service	FSESX	4	7	14	30	35	38	31	20	8	7	6	10	8
Fidelity S&P 500 Index	FSMKX	19	17	15	14	19	25	27	26	18	18	18	11	9
IT Services	FBSOX	16	22	26	34	32	24	15	14	17	16	19	18	10
Energy	FSENX	1	2	9	11	20	20	7	3	4	4	4	8	11
Gold	FSAGX	5	1	1	1	1	1	4	2	2	1	1	2	12
Banking	FSRBX	39	37	35	18	7	7	18	21	28	37	34	20	13
Medical Equipment & Systems	FSMEX	8	3	2	2	3	5	8	10	10	12	16	13	14
Electronics	FSELX	34	39	41	41	39	39	39	38	37	28	20	17	15
Natural Resources	FNARX	2	4	11	14	18	21	9	5	3	3	3	9	16
Transportation	FSRFX	37	35	24	12	4	2	2	6	11	13	17	21	17
Computers	FDCPX	21	31	31	37	40	42	42	37	26	16	13	12	18
Retailing	FSRPX	33	34	33	20	8	12	20	27	23	30	31	26	19
Consumer Discretionary	FSCPX	36	32	28	19	12	10	10	12	16	19	21	22	20
Home Finance	FSVLX	40	38	37	29	10	9	14	22	33	41	42	28	21
Environmental	FSLEX	11	15	13	21	26	29	23	17	14	15	12	16	22
Leisure	FDLSX	28	26	29	22	22	13	12	19	22	27	24	23	23
Brokerage	FSLBX	20	23	27	31	17	22	29	29	21	25	29	25	24
Automotive	FSAVX	41	40	40	33	21	23	22	16	19	22	22	24	25
Communications Equipment	FSDCX	32	36	38	38	36	36	36	32	24	26	25	31	26
Software	FSCSX	7	16	18	28	34	34	34	36	39	34	28	27	27
Multimedia	FBMPX	29	25	19	27	30	19	11	9	12	14	11	15	28
Technology	FSPTX	25	30	39	40	41	41	40	40	34	31	27	34	29
Financial Services	FIDSX	35	27	24	24	13	16	33	33	36	38	36	33	30
Paper & Forest	FSPFX	24	24	21	22	6	8	16	23	25	29	26	30	31
Utilities Growth	FSUTX	12	9	6	13	31	30	26	24	27	20	15	19	32
Pharmaceuticals	FPHAX	17	8	5	6	28	32	30	30	30	32	32	32	33
Biotechnology	FBIOX	26	14	7	5	16	18	25	30	35	23	30	35	34
Defense & Aerospace	FSDAX	23	21	23	32	33	27	21	25	20	21	23	29	35
Wireless	FWRLX	27	28	34	39	38	35	35	35	32	35	35	39	36
Insurance	FSPCX	22	19	17	17	27	33	38	39	38	39	38	37	37
Telecommunications	FSTCX	30	29	32	36	37	37	37	41	42	40	37	38	38
Healthcare	FSPHX	15	10	4	4	24	28	28	28	31	24	33	36	39
Networking & Infrastructure	FNINX	38	42	42	42	42	40	41	42	41	42	40	40	40
Air Transportation	FSAIX	42	41	36	35	29	17	19	18	29	33	39	41	41
Medical Delivery	FSHCX	6	5	3	3	14	31	32	34	40	36	41	42	42

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Mutual Fund Performance

Name	Symbol	Close	1 Dy Rtn	2 Dy Rtn	3 Dy Rtn	4 Dy Rtn	5 Dy Rtn	10 Dy Rtn	15 Dy Rtn	20 Dy Rtn	60 Dy Rtn	YTD Fnd
Air Transportation	FSAIX	34.11	-0.20	-0.87	-3.07	-2.18	-0.06	-1.56	-7.59	-14.06	-21.60	-19.15
Automotive	FSAVX	33.51	-1.56	-2.87	-5.07	-4.72	-1.56	-0.42	0.03	-7.64	-13.32	-10.38
Banking	FSRBX	21.91	-2.23	-3.78	-6.81	-6.85	-7.28	0.60	5.90	-7.36	-12.25	-10.50
Biotechnology	FBIOX	60.22	-1.05	-1.62	-1.04	-0.17	2.92	-0.48	-0.76	-5.33	-12.52	-9.69
Brokerage	FSLBX	57.76	-1.16	-2.83	-4.18	-2.25	-2.15	1.17	1.92	-6.97	-14.76	-14.18
Chemicals	FSCHX	79.99	-0.50	-1.39	-1.34	2.38	6.09	-0.57	-1.00	-4.83	-5.43	-3.31
Communications Equipment	FSDCX	19.13	-0.21	-2.15	-2.89	-1.09	3.46	1.22	2.41	-6.41	-17.44	-14.83
Computers	FDCPX	39.40	-0.53	-2.45	-3.57	-3.38	-0.43	-1.99	-1.62	-5.92	-20.24	-18.51
Construction & Housing	FSHOX	33.21	-1.37	-2.24	-4.95	-5.52	-1.40	2.94	4.50	-6.19	-3.91	-1.89
Consumer Discretionary	FSCPX	19.11	-2.40	-3.92	-5.58	-5.54	-2.45	-0.62	-0.31	-7.77	-11.12	-9.09
Consumer Staples	FDFAV	64.68	-0.32	-0.60	-0.60	-0.37	0.78	0.97	2.13	0.42	-4.01	-2.82
Defense & Aerospace	FSDAX	76.55	0.35	-0.87	-1.42	-0.56	1.34	-0.61	-3.35	-7.54	-15.62	-13.46
Electronics	FSELX	37.06	-1.09	-3.44	-4.46	-3.84	-0.56	-2.22	0.62	-5.02	-20.27	-18.73
Energy	FSENX	62.05	0.15	-1.01	1.36	3.18	5.40	-2.86	-2.44	-5.68	-7.88	-6.93
Energy Service	FSESX	91.74	0.27	-0.35	2.55	5.36	7.39	-0.51	-1.10	-2.90	-11.04	-9.72
Environmental	FSLEX	17.32	-0.35	-1.31	-1.53	-0.17	1.76	0.46	-0.86	-4.89	-12.08	-10.54
Fidelity S&P 500 Index	FSMKX	91.22	-0.78	-1.89	-2.75	-2.53	-1.03	0.04	0.93	-4.52	-11.71	-9.97
Financial Services	FIDSX	82.00	-1.58	-3.12	-5.88	-5.77	-5.40	1.17	3.43	-8.64	-15.98	-14.33
Gold	FSAGX	42.53	-0.63	-1.69	0.71	4.57	4.42	-11.08	-10.24	-9.03	8.72	6.64
Healthcare	FSPHX	107.24	-0.61	-0.61	-0.86	-0.86	0.36	-0.39	-3.65	-8.40	-16.42	-14.77
Home Finance	FVLX	25.00	-3.40	-5.52	-9.29	-8.76	-10.14	4.73	9.46	-7.37	-13.10	-12.53
Industrial Equipment	FSCGX	32.60	-0.37	-1.45	-1.87	-0.97	0.80	0.12	0.87	-2.48	-10.68	-9.32
Industrials	FCYIX	20.59	-0.39	-1.39	-1.86	-0.82	1.53	0.59	1.18	-3.06	-8.77	-7.54
Insurance	FSPCX	51.60	-0.81	-1.41	-3.24	-3.12	-1.96	0.84	1.00	-10.10	-19.68	-18.02
IT Services	FBSOX	14.64	-0.34	-1.61	-2.53	-2.66	0.00	1.60	1.39	-4.81	-14.44	-12.39
Leisure	FDLSX	67.75	-2.59	-4.60	-5.84	-5.55	-2.63	-1.02	1.07	-6.78	-13.75	-12.01
Materials	FSDPX	56.29	-0.18	-1.47	-0.99	2.05	5.04	-2.10	-1.61	-4.80	-5.65	-3.74
Medical Delivery	FSHCX	38.75	-0.62	-0.33	-1.10	-1.10	-1.05	-3.63	-12.53	-18.01	-27.33	-26.36
Medical Equipment & Systems	FSMEX	23.88	-0.71	-0.38	-0.79	-0.54	0.76	1.44	0.34	-4.02	-5.43	-3.98
Multimedia	FBMPX	33.68	-1.58	-2.57	-4.78	-4.32	-1.64	-2.38	-3.30	-8.15	-12.06	-10.45
Natural Gas	FSNGX	48.60	0.35	-1.12	1.33	3.23	5.47	-3.44	-1.34	-3.30	-0.84	0.23
Natural Resources	FNARX	37.20	0.08	-1.04	1.42	3.79	5.77	-4.02	-4.07	-6.49	-8.01	-7.12
Networking & Infrastructure	FNINX	1.89	-0.53	-2.07	-3.08	-1.56	2.16	0.53	1.61	-8.70	-25.88	-23.79
Paper & Forest	FSPFX	27.27	-0.26	-1.69	-2.82	-1.62	1.64	-0.69	0.81	-6.48	-13.96	-12.96
Pharmaceuticals	FPHAX	10.19	-0.59	-0.29	-0.88	-1.16	-0.29	1.60	0.39	-5.65	-14.30	-12.46
Retailing	FSRPX	36.33	-1.94	-3.30	-4.62	-4.99	-2.08	1.91	2.95	-7.04	-12.88	-11.20
Software	FSCSX	66.34	-0.42	-3.05	-3.39	-2.46	0.11	0.48	1.39	-3.91	-19.97	-18.33
Technology	FSPTX	65.44	-0.02	-1.83	-2.81	-1.22	3.38	0.86	0.89	-5.53	-21.19	-19.53
Telecommunications	FSTCX	41.25	-1.22	-2.25	-3.17	-2.85	0.76	0.68	-1.08	-6.61	-22.72	-20.73
Transportation	FSRFX	44.10	-0.41	-0.94	-2.73	-1.83	1.12	1.26	-0.14	-5.12	-6.03	-3.59
Utilities Growth	FSUTX	56.80	-0.84	-0.07	0.62	1.10	1.14	-2.09	-1.47	-3.73	-12.37	-11.62
Wireless	FWRLX	6.95	-0.71	-1.97	-1.97	-0.29	3.89	0.43	-0.43	-7.33	-21.65	-19.56

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