

Sector Rotation System



Sven Lange
President

This Week's Changes

Buy

Materials -- FSDPX

Sell

Environmental -- FSLEX

Table of Contents

Outlook	1
Portfolio Perf.	2
Model Portfolio	2
Model Changes.....	2
Rankings	3
Portfolio	4

We will be making one change to the model portfolio this week. On Tuesday, (Monday the markets are closed) we are going to sell Environmental (FSLEX) and invest the proceeds in Materials (FSDPX).

The model portfolio and Fidelity's S&P 500 Index fund (FSMKX) struggled this week, losing 2.69% and 3.44% respectively. The model portfolio continues to be helped by the heavy energy positions which have been out performing FSMKX on a relative basis. Year-to-date the model portfolio is down 2.97% compared with a loss of 5.55% for FSMKX.

Gold (FSAGX) was Fidelity, best performing sector fund this week, gaining 1.72%. FSAGX was helped this week by increasing chatter regarding inflation. With food and energy prices continuing to rise there has been more reporting that companies are hitting the tipping point in regards to raising prices. With the economy slowing, companies have been reluctant to raise prices but it is getting to a point where they have no other choice.

Since Gold is the classic hedge against rising inflation money has been flowing back into this sector. While I am not a long term fan of Gold, I believe the trend could last several weeks until the next Federal Reserve meeting.

I believe the Fed will sit tight at their next meeting and remain in a neutral bias. It is my opinion that the Fed lowered rates as much as they did to help banks firm up their balance sheets and not necessarily due to recession fears. I believe the Fed will hold out as

long as they can before raising rates to curb inflation. If I am correct, Gold could continue its momentum over the next several months. The risk is that the demand for oil and gas could drop quickly which would alleviating some of the inflation concerns. If this week's oil inventory report suggests anything, demand for oil and gas appear to be holding steady.

With Oil prices breaking records, it should come as no surprise that Air Transportation (FSAIX) was Fidelity's worst performing sector fund this week losing 9.88%. In addition to rising fuel costs, several airlines announced that they would be increasing prices with either fuel surcharges or baggage charges. While the airlines had no other choice, the markets clearly believe that higher costs to passengers will lower demand more than they make up in additional revenues.

As I have said on more than one occasion it is best to remain diversified. If you have not rebalanced your portfolio recently you should consider lowering your allocations in the sectors that have been performing well over the past several years and increase your allocation to the sectors that have underperformed. By rebalancing, you will lock in profits and hopefully pick up some investments at a discount. I know it is difficult to sell the only investments that seem to be working but in the long run it is the right thing to do.

If you have any questions or would like to learn more about my portfolio management services call me at 866-455-2643.

PORTFOLIO PERFORMANCE

Sector Rotation System		Fidelity S&P 500 Index Fund	
1 Week	-2.69%	1 Week	-3.44%
4 Week	1.77%	4 Week	-1.38%
12 Week	7.03%	12 Week	3.86%
26 Week	-0.28%	26 Week	-3.53%
YTD	-2.97%	YTD	-5.55%
52 Week	2.29%	52 Week	-7.47%
Since 12/31/01	77.47%	Since 12/31/01	32.55%
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

Rank	Purchase Date	Name	NAV	Shares	NAV	Value	Cost	Gain	Percent Gain	Days Held
1	3/10/08	Energy Service	FSSEX	182.991	108.30	19,818	15,451	4,367	28.26%	74
2	4/21/08	Nat. Resources	FNARX	377.330	43.93	16,576	16,138	438	2.71%	32
3	2/19/08	Energy	FSENX	263.959	72.62	19,169	16,637	2,532	15.22%	94
4	5/5/08	Ntwrkng/Infstrctur	FNINX	7983.805	2.23	17,804	17,325	479	2.76%	18
5	2/11/08	Natural Gas	FSNGX	334.944	54.53	18,264	15,231	3,033	19.91%	102
6	5/5/08	Communications Equipment	FSDCX	803.565	21.96	17,646	17,325	321	1.86%	18
7	5/5/08	Technology	FSPTX	230.906	74.96	17,309	17,325	(16)	-0.09%	18
10	3/31/08	IT Services	FBSOX	1080.900	16.12	17,424	15,911	1,513	9.51%	53
12	4/28/08	Software	FSCSX	236.253	73.33	17,324	17,272	52	0.30%	25
18	4/21/08	Environmental	FSLEX	869.995	18.55	16,138	16,138	-	0.00%	32
		Total				177,473				

MODEL CHANGES

We will be making one change to the model portfolio this week. On Tuesday (Monday the markets are closed) we are going to sell Environmental (FSLEX) and invest the proceeds in Materials (FSDPX).

Optimized Momentum Rankings

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

Page 4
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	29.75	-1.94	-1.82	-7.49	-9.27	-9.88	-7.29	-10.79	-5.65	-19.26	-23.00
Automotive	FSAVX	34.99	-2.70	-4.16	-6.62	-8.43	-8.43	-5.41	-7.41	-5.23	-1.96	-6.42
Banking	FSRBX	21.61	-1.41	-0.46	-1.91	-3.53	-4.13	-3.05	-7.89	-3.91	-7.80	-11.15
Biotechnology	FBIOX	63.01	-0.62	0.67	-1.28	-1.38	-1.58	-0.41	-0.63	-0.66	-0.80	-5.50
Brokerage	FSLBX	57.04	-0.87	-0.51	-2.48	-3.81	-3.86	-1.89	-3.60	0.35	-1.27	-11.09
Chemicals	FSCHX	87.89	-1.36	-0.71	-3.19	-2.46	-4.10	-0.17	1.62	1.00	4.10	6.35
Communications Equipment	FSDCX	21.96	-0.45	0.09	-1.35	-2.57	-2.57	2.09	1.43	6.14	9.53	-2.23
Computers	FDCPX	44.05	0.23	0.43	-2.09	-2.89	-4.22	-1.72	-1.48	1.43	7.54	-8.89
Construction & Housing	FSHOX	33.62	-1.26	-1.67	-4.33	-6.66	-7.31	-0.88	-4.52	-2.61	-0.81	2.01
Consumer Discretionary	FSCPX	19.77	-1.54	-1.00	-2.95	-4.63	-5.04	-1.10	-3.89	-0.50	-3.65	-5.90
Consumer Staples	FDFAX	64.78	-0.31	0.54	-0.40	-1.19	-1.36	1.14	0.09	-0.54	1.63	-2.63
Defense & Aerospace	FSDAX	76.33	-0.96	-1.40	-4.30	-5.54	-4.80	-2.47	-3.62	-1.81	-1.92	-8.06
Electronics	FSELX	41.86	-1.32	-0.62	-2.01	-4.56	-4.89	1.09	0.31	2.20	10.01	-8.20
Energy	FSENX	72.62	-1.41	-2.51	-3.79	-2.35	-1.57	2.57	6.83	6.47	11.91	11.05
Energy Service	FSESX	108.30	-1.41	-2.49	-3.65	-3.01	-2.52	0.61	7.44	6.01	20.06	11.06
Environmental	FSLEX	18.55	-0.86	-0.32	-1.28	-1.33	-1.90	0.82	-0.80	0.76	2.54	-4.18
Fidelity S&P 500 Index	FSMKX	95.70	-1.33	-1.05	-2.64	-3.54	-3.44	-0.81	-2.53	-0.74	0.79	-5.55
Financial Services	FIDSX	81.13	-1.58	-0.60	-2.77	-4.60	-5.04	-3.78	-9.36	-6.12	-8.24	-15.05
Gold	FSAGX	43.06	-0.87	-1.60	-1.49	0.61	1.72	5.33	11.70	10.13	-3.80	8.41
Healthcare	FSPHX	105.23	-0.89	-0.32	-1.06	-1.17	-0.97	0.44	-0.92	0.65	-6.16	-12.50
Home Finance	FSVLX	24.24	-1.50	0.04	-1.50	-3.23	-3.77	-1.90	-7.30	-3.96	-10.16	-14.62
Industrial Equipment	FSCGX	33.38	-0.74	-0.74	-2.48	-3.64	-3.67	-0.51	-1.36	0.72	2.01	-5.51
Industrials	FCYIX	21.63	-1.10	-1.10	-2.74	-3.74	-3.70	-0.23	-1.55	0.65	3.01	-2.50
Insurance	FSPCX	50.09	-1.40	-0.04	-1.84	-3.19	-3.15	-1.88	-8.66	-5.49	-11.01	-20.40
IT Services	FBSOX	16.12	-1.23	-1.89	-3.12	-3.99	-3.93	-2.01	-3.70	1.07	6.33	-3.53
Leisure	FDLSX	68.04	-1.53	-1.23	-3.52	-5.10	-5.62	-3.38	-6.20	-2.91	-5.64	-11.18
Materials	FSDPX	62.42	-1.30	-1.33	-3.75	-3.28	-3.95	1.22	3.88	4.05	5.74	6.74
Medical Delivery	FSHCX	41.52	-1.03	0.14	-0.46	0.00	0.22	0.65	0.39	3.36	-11.12	-20.32
Medical Equipment & Systems	FSMEX	23.80	-1.08	-0.79	-0.87	-0.79	-0.50	-0.08	-1.16	-0.04	-1.28	-1.20
Multimedia	FBMPX	35.55	-1.88	-1.11	-1.88	-3.03	-3.05	0.06	-0.36	4.22	-0.32	-3.02
Natural Gas	FSNGX	54.53	-1.52	-2.73	-4.48	-2.85	-1.55	2.06	5.56	5.99	11.93	17.19
Natural Resources	FNARX	43.93	-1.41	-2.44	-3.73	-2.38	-1.66	2.95	8.02	7.86	12.02	11.07
Networking & Infrastructure	FNINX	2.23	-0.45	-0.45	-1.33	-2.62	-3.46	2.76	2.29	6.19	11.06	-8.20
Paper & Forest	FSPFX	28.06	-1.44	-1.23	-2.37	-2.50	-2.33	3.43	2.56	1.37	-3.74	-10.44
Pharmaceuticals	FPHAX	10.07	-0.98	-0.30	-1.18	-1.47	-1.27	0.90	-1.95	-0.40	-6.46	-12.80
Retailing	FSRPX	38.46	-1.23	-0.59	-2.56	-3.68	-4.38	0.79	-2.81	0.52	-0.31	-5.99
Software	FSCSX	73.33	-1.25	-0.89	-2.65	-3.75	-3.82	-1.01	-3.16	-0.74	6.94	-9.73
Technology	FSPTX	74.96	-0.49	-0.17	-1.99	-3.38	-3.85	0.33	-0.27	3.44	10.43	-7.82
Telecommunications	FSTCX	44.31	-1.05	0.07	-1.25	-2.98	-2.64	-0.61	-4.87	0.34	1.09	-14.65
Transportation	FSRFX	43.77	-2.23	-2.08	-4.60	-5.44	-5.51	-2.58	-5.01	-1.00	-3.43	-1.46
Utilities Growth	FSUTX	61.86	-1.76	-1.54	-1.43	-1.07	0.18	2.06	0.47	0.78	3.90	-3.75
Wireless	FWRLX	7.66	-0.13	1.06	-0.91	-2.05	-2.17	1.46	-0.91	2.82	2.54	-11.34

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