

Sector Rotation System



This Week's Changes

Buy

Telecommunications --
FSTCX

Sell

Utilities Growth -- FSUTX

Table of Contents

- Outlook1**
- Portfolio Perf.2**
- Model Portfolio2**
- Model Changes.....2**
- Rankings3**
- Portfolio4**

Markets will be closed on Monday in observance of Memorial Day so we will be making our changes on Tuesday this week. We will be making one change to the model portfolio this week. We are going to sell Utilities Growth (FSUTX) and with the proceeds purchase Telecommunications (FSTCX).

For the week the model portfolio lost 0.38% vs. a loss of 0.45% for Fidelity S&P 500 Index fund (FSMKX). On a year-to-date basis the model portfolio is up 9.40% which is 1.79% better than FSMKX. Since inception on 12/31/2001 the model portfolio has gained 73.50% which is roughly 30% more than FSMKX over the same time period.

Utilities Growth (FSUTX) was by far the worst performing Fidelity sector fund this week losing 3.79%. It appears that most of the losses can be attributed to profit taking and not to any significant fundamental change in the sector. Despite the recent lag we still maintain a 11.20% unrealized capital gain on FSUTX in our model portfolio.

Fidelity Wireless (FWRLX) was the top performing fund in the model portfolio this week gaining 1.89%. FWRLX has even outperformed the energy related fund over the past 20 trading days gaining 6.46%. FWRLX has quietly been the best performing technology related sector fund for the past several years and with the demand for faster connections and development in emerging markets around the world this sector should see long term strength.

Next week, I expect the recent volatility will continue. As earnings season winds down, the markets will continue their focus on the economic data.

On Thursday the Commerce Department will release its second estimate of first-quarter GDP growth. Economists are forecasting that growth which was previously estimated at an annualized rate of 1.3% will get revised lower to 0.7%. It is still up in the air as to how the market will react should the figures come in as expected. Some analysts believe the data would help support a rate cut from the Fed which could give the market a boost.

On Friday we are going to receive two key pieces of economic data. The first is the Commerce Department's data on personal income and spending. This report includes the Fed's favorite inflation indicator. The second is the Labor Department's report on nonfarm payrolls. Again economists are on both sides of the fence with regards to what they want to see from these reports but expect some volatility either way.

Personally I would like to see the economy improving modestly. In this scenario I would expect earnings to grow and inflation to remain under control.

In the meantime I still recommend maintaining a slightly defensive position to your portfolio.

PORTFOLIO PERFORMANCE

Sector Rotation System		Fidelity S&P 500 Index Fund	
1 Week	-0.38%	1 Week	-0.45%
4 Week	2.66%	4 Week	1.62%
12 Week	13.51%	12 Week	9.67%
26 Week	6.26%	26 Week	9.16%
YTD	9.40%	YTD	7.61%
52 Week	14.57%	52 Week	20.52%
Since 12/31/01	73.50%	Since 12/31/01	43.25%
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	03/26/07	Energy Service	FSESX	220.371	81.48	17,956	15,672	2,284	14.57%	60
2	03/26/07	Energy	FSENX	304.380	58.04	17,666	15,672	1,994	12.72%	60
3	03/05/07	Nat. Resources	FNARX	577.878	33.51	19,365	15,677	3,688	23.52%	81
4	03/05/07	Natural Gas	FSNGX	430.276	45.05	19,384	15,677	3,707	23.65%	81
5	05/14/07	Wireless	FWRLX	2049.150	8.07	16,537	15,983	553	3.46%	11
6	04/23/07	Pharmaceuticals	FPHAX	1334.044	11.98	15,982	15,635	347	2.22%	32
7	05/07/07	Industrial Equipment	FSCGX	490.334	34.03	16,686	16,416	270	1.64%	18
9	05/07/07	Industrials	FCYIX	761.075	21.89	16,660	16,416	244	1.48%	18
19	03/05/07	Utilities Growth	FSUTX	276.765	62.99	17,433	15,677	1,757	11.20%	81
31	05/07/07	Electronics	FSELX	334.619	47.30	15,827	16,416	(589)	-3.59%	18
		Total				173,496				

MODEL CHANGES

We will be making one change to the model portfolio this week. We are going to sell Utilities Growth (FSUTX) and with the proceeds purchase Telecommunications (FSTCX).

Optimized Momentum Rankings

Name	Symbol	3/2	3/9	3/16	3/23	3/30	4/6	4/13	4/20	4/27	5/4	5/11	5/18	5/25
Energy Service	FSEX	19	8	4	2	1	1	1	1	1	1	1	1	1
Energy	FSEN	20	11	11	6	5	4	4	4	3	3	3	2	2
Natural Resources	FNAR	7	3	3	4	3	3	3	2	5	4	4	3	3
Natural Gas	FSNG	6	7	6	3	2	2	2	3	2	2	2	4	4
Wireless	FWRL	23	25	18	17	17	16	20	15	16	14	7	5	5
Pharmaceuticals	FPHA	40	32	32	31	31	23	12	6	4	5	5	9	6
Industrial Equipment	FSCG	21	18	17	18	19	27	32	33	20	10	9	10	7
Telecommunications	FSTC	9	14	12	9	10	11	11	13	21	21	15	13	8
Industrials	FCYI	25	24	23	24	25	29	30	26	15	9	10	8	9
Automotive	FSAV	13	12	20	26	27	26	24	29	17	13	13	6	10
IT Services	FBSO	18	20	26	25	14	6	6	7	9	8	11	14	11
Materials	FSDP	1	2	2	5	6	8	7	9	10	16	12	11	12
Computers	FDCP	38	33	24	29	32	36	38	42	41	36	24	18	13
Chemicals	FSCH	4	6	7	8	9	15	22	27	24	25	25	15	14
Fidelity S&P 500 Index	FSMK	35	29	29	27	24	25	25	21	19	19	17	17	15
Home Finance	FVLX	41	41	41	41	41	42	42	38	35	32	21	19	16
Insurance	FSPC	31	23	31	35	33	34	37	35	28	20	14	12	17
Healthcare	FSPH	27	26	25	30	30	24	15	11	8	12	16	23	18
Utilities Growth	FSUT	3	1	1	1	4	5	5	5	6	6	8	7	19
Communications Equipment	FSDC	22	22	14	11	11	10	13	18	18	18	19	24	20
Defense & Aerospace	FSDA	11	10	10	10	15	21	27	36	37	30	23	20	21
Medical Delivery	FSHC	5	4	5	7	7	7	10	14	22	28	31	29	22
Transportation	FSRF	10	19	19	19	29	30	17	8	11	26	26	21	23
Financial Services	FIDS	37	37	39	40	37	39	39	32	25	22	20	22	24
Brokerage	FSLB	36	39	40	38	36	35	31	16	12	15	18	25	25
Paper & Forest	FSPF	2	5	9	14	18	20	21	23	29	31	29	27	26
Construction & Housing	FSHO	12	16	30	32	39	38	40	40	39	40	36	35	27
Leisure	FDLS	28	31	33	28	23	22	28	28	34	33	34	32	28
Consumer Staples	FDFA	24	17	15	12	8	9	9	12	14	17	28	26	29
Multimedia	FBMP	39	38	35	36	35	31	26	31	38	39	39	34	30
Electronics	FSEL	8	9	8	16	26	32	29	17	7	7	6	16	31
Technology	FSPT	17	15	13	15	16	19	23	29	31	29	27	27	32
Banking	FSRB	33	36	37	37	40	41	41	41	40	37	33	30	33
Software	FSCS	34	30	27	22	20	17	19	24	27	23	30	31	34
Environmental	FSLE	32	34	34	33	28	28	34	34	30	24	32	32	35
Medical Equipment & Systems	FSME	26	28	21	20	13	13	16	20	23	27	35	37	36
Consumer Discretionary	FSCP	29	27	28	21	22	18	17	19	32	38	40	40	37
Biotechnology	FBIO	42	42	42	42	42	40	33	25	13	11	22	36	38
Retailing	FSRP	15	13	16	13	12	14	14	22	26	35	38	38	39
Networking & Infrastructure	FNIN	30	40	36	39	38	37	35	37	33	34	37	39	40
Air Transportation	FSAI	16	21	22	23	34	33	36	39	42	42	42	41	41
Gold	FSAG	14	35	38	34	21	12	8	10	36	41	41	42	42

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	49.75	0.20	-0.70	-0.90	-0.84	-0.64	-0.20	-0.24	-0.92	-2.64	5.06
Automotive	FSAVX	43.47	0.25	-1.67	-1.02	-1.23	-1.05	0.02	0.98	1.12	4.00	12.53
Banking	FSRBX	33.18	0.03	-0.84	-0.75	-0.84	-0.96	-0.36	-0.03	0.73	-0.66	0.56
Biotechnology	FBIOX	65.94	0.37	-0.71	-0.63	0.00	1.03	0.09	-3.54	-3.06	-0.62	1.51
Brokerage	FSLBX	76.38	0.22	-1.15	-0.70	-0.60	-0.66	-0.21	-1.02	-0.34	2.77	6.40
Chemicals	FSCHX	74.88	1.01	-0.35	-0.89	-0.91	-0.87	1.38	1.74	2.04	3.35	12.88
Communications Equipment	FSDCX	22.11	0.73	-1.25	-2.34	-1.60	-0.14	-0.41	-0.09	-0.63	2.69	8.06
Computers	FDCPX	42.3	0.83	-1.10	-1.26	-0.59	0.26	0.43	3.05	3.52	4.39	7.12
Construction & Housing	FSHOX	46.66	0.00	-0.60	-0.72	0.34	0.69	0.56	2.01	0.71	-0.92	5.75
Consumer Discretionary	FSCPX	26.58	0.30	-0.71	-0.75	-0.56	-0.23	0.53	-0.08	-1.01	1.11	6.36
Consumer Staples	FDFAV	61.68	0.60	0.19	0.33	0.08	-0.42	1.10	0.06	0.39	4.95	9.02
Defense & Aerospace	FSDAX	85.55	0.67	0.15	-0.15	-1.27	-0.67	-0.27	1.21	2.63	3.34	9.86
Electronics	FSELX	47.3	0.75	-1.42	-2.91	-2.37	-2.21	-4.02	-3.49	-3.61	-0.63	7.96
Energy	FSENX	58.04	1.58	-0.41	-0.22	-1.02	0.12	3.42	3.83	5.41	16.58	20.83
Energy Service	FSESX	81.48	1.37	-1.30	-0.43	-1.75	-0.91	3.48	4.49	6.14	20.82	23.75
Environmental	FSLEX	17.99	1.01	-0.55	-0.55	-0.28	0.28	0.67	-0.22	0.50	0.95	4.11
Fidelity S&P 500 Index	FSMKX	105.43	0.54	-0.43	-0.54	-0.60	-0.45	0.72	0.79	1.61	5.00	7.61
Financial Services	FIDSX	122.07	0.22	-0.88	-1.00	-0.91	-0.97	-0.72	-0.17	0.45	2.26	4.07
Gold	FSAGX	33.55	0.24	-2.53	-1.67	-2.84	-2.02	-3.67	-4.93	-3.87	-8.03	-3.65
Healthcare	FSPHX	132.36	0.40	-0.23	-0.12	0.36	0.87	1.25	0.39	0.61	4.87	9.55
Home Finance	FSVLX	49.16	0.12	-1.29	-0.81	-0.06	-0.02	0.24	2.25	2.22	2.10	1.51
Industrial Equipment	FSCGX	34.03	0.80	-0.21	0.09	0.44	0.86	1.28	1.76	3.78	6.66	11.69
Industrials	FCYIX	21.89	0.83	-0.45	-0.23	0.05	0.32	0.97	1.62	3.40	6.70	10.87
Insurance	FSPCX	74.22	0.38	-0.62	-0.99	-0.85	-0.91	-0.93	0.43	1.85	4.39	4.68
IT Services	FBSOX	18.2	1.00	0.00	-0.11	0.05	0.66	0.94	1.68	3.64	7.81	12.09
Leisure	FDLSX	81.39	0.25	-1.02	-1.63	-0.18	-0.02	0.62	0.36	0.39	1.98	5.52
Materials	FSDPX	54.93	1.37	-0.18	-0.09	-0.63	-0.54	0.49	2.02	2.44	5.28	17.46
Medical Delivery	FSHCX	53.63	0.90	0.47	0.79	1.38	1.57	2.19	2.56	2.19	4.67	12.77
Medical Equipment & Systems	FSMEX	24.16	0.37	-0.08	0.83	1.43	1.90	1.09	-0.04	-0.70	2.14	7.72
Multimedia	FBMPX	46.49	0.91	-0.30	-0.30	-0.41	0.22	1.55	1.48	1.31	2.45	4.66
Natural Gas	FSNGX	45.05	1.56	-0.66	-1.12	-1.81	-0.16	2.13	1.95	4.16	14.78	24.33
Natural Resources	FNARX	33.51	1.48	-0.65	-0.24	-1.00	-0.03	2.60	3.78	4.95	14.47	22.73
Networking & Infrastructure	FNINX	2.51	0.80	-1.18	-1.95	-1.57	-0.40	-1.57	-1.95	-2.33	-2.71	1.62
Paper & Forest	FSPFX	35.85	0.82	-0.31	-0.69	0.08	0.48	0.65	0.90	1.04	1.39	10.72
Pharmaceuticals	FPHAX	11.98	0.25	-0.50	-0.50	-0.17	0.34	1.44	0.34	0.76	9.60	13.26
Retailing	FSRPX	54.55	0.09	-0.55	-0.58	-0.93	-0.73	-0.24	-1.11	-1.66	0.53	7.98
Software	FSCSX	69.72	1.26	-0.19	-0.63	-0.50	-0.24	0.07	-0.33	0.71	2.89	6.33
Technology	FSPTX	72.92	0.96	-0.88	-1.66	-0.99	-0.33	-1.29	-0.46	-0.56	0.50	7.41
Telecommunications	FSTCX	55.73	1.00	-0.07	0.65	0.80	1.57	2.60	3.53	5.31	6.90	15.00
Transportation	FSRFX	55.84	0.41	-0.64	-0.85	-1.03	-1.27	0.16	0.34	0.79	2.25	12.01
Utilities Growth	FSUTX	62.99	-0.05	-2.69	-3.69	-4.05	-3.79	-2.60	-2.17	-1.88	5.36	13.95
Wireless	FWRLX	8.07	1.13	0.50	0.50	0.87	1.89	3.33	5.22	6.46	9.65	15.29

The information published in this newsletter was produced by Lange Asset Management (LAM). LAM is not responsible for trades executed by users of this newsletter based on the information included herein. The information presented in this newsletter does not represent a recommendation to buy or sell mutual funds or any financial instrument nor is it intended as an endorsement of any security or investment. The information on this newsletter is generic by nature and is not personalized to the specific situation of any individual. The user therefore bears complete responsibility for their own investment research and should seek the advice of a qualified investment professional prior to making any investment decisions. Performance results are based on model portfolios and do not reflect actual trading. Actual performance will vary based on a variety of factors, including market conditions and trading costs. Past performance is not necessarily indicative of future results. Results of Model portfolio prior to March 2006 were not published. The results were recreated by following the same trade rules as the recommended portfolio.