

Sector Rotation System



Sven Lange
President

We will not be making any changes to the model portfolio this week.

The model portfolio held up very well this week under some very poor conditions. For the week, the model portfolio lost just 0.14% compared with a loss of 3.05% for Fidelity's S&P 500 Index fund (FSMKX). Year-to-date the model portfolio is down 1.42%.

Gold (FSAGX) was Fidelity's top performing sector fund this week gaining 3.11%. Year-to-date FSAGX is up only 0.28%. While being up 0.28% may seem good relative to FSMKX it is disappointing considering the fund was up over 20% on a year-to-date basis back in March.

Many of you may be wondering why Gold is not higher, considering other commodity prices seem to continually rise. I think the main difference is the outlook for interest rates. Back in March, the government was doing its best to keep the banking system from imploding by lowering interest rates. This was forcing the dollar to collapse, which in turn was making Gold the alternative of choice. This demand pushed gold prices up too far and too fast.

Now that the Fed appears to have plugged the dam in the banking system it is starting to focus its attention on inflation. This should help increase the demand for gold but should not create the kind of

demand we saw a few months ago.

As I predicted a few weeks ago, I continue to believe the Fed will try to leave interest rates as is, for as long as they can, to allow the banks to strengthen their balance sheets. In the mean time I believe they will continue to talk tough on inflation hoping to stabilize the dollar. Clearly a week dollar is one of the catalysts behind the current price of oil which is the main cause of our current inflation problems.

This week China announced that they would be lowering subsidies on gasoline and will allow prices to rise roughly 20%. While this is good news and should help lower oil prices in the future, the energy markets focused their attention on supply disruptions and the talk of a potential attack on Iran by Israel.

It is impossible to predict if and when the markets are going to shift in the short run. The only prudent move we can make is to rebalance our portfolio and make sure we remain diversified.

Under the current market conditions it is very difficult to remain disciplined. Most of you will want to sell your under performers and move the money in to what has been performing better. Don't do it!! Be patient. We will get through this and brighter days are ahead.

If you need help or have questions, do not hesitate to contact me at 866-455-2643.

This Week's Changes

Buy

No Trades

Sell

No Trades

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PORTFOLIO PERFORMANCE

Sector Rotation System		Fidelity S&P 500 Index Fund	
1 Week	-0.14%	1 Week	-3.05%
4 Week	1.61%	4 Week	-4.03%
12 Week	13.08%	12 Week	0.68%
26 Week	-2.04%	26 Week	-10.31%
YTD	-1.42%	YTD	-9.35%
52 Week	0.75%	52 Week	-10.56%
Since 12/31/01	80.32%	Since 12/31/01	27.21%
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	113.07	20,691	15,451	5,240	33.91%	102
2	6/16/08	Chemicals	FSCHX	185.010	94.56	17,495	17,596	(102)	-0.58%	4
3	2/19/08	Energy	FSENX	263.959	73.86	19,496	16,637	2,859	17.18%	122
4	4/21/08	Nat. Resources	FNARX	377.330	44.45	16,772	16,138	634	3.93%	60
5	2/11/08	Natural Gas	FSNGX	334.944	55.66	18,643	15,231	3,412	22.40%	130
6	5/27/08	Materials	FSDPX	262.992	63.71	16,755	16,295	460	2.82%	24
7	5/5/08	Ntwrkng/Infstrctur	FNINX	7983.805	2.23	17,804	17,325	479	2.76%	46
8	3/31/08	IT Services	FBSOX	1080.900	16.86	18,224	15,911	2,313	14.54%	81
9	5/5/08	Communications Equipment	FSDCX	803.565	21.60	17,357	17,325	32	0.19%	46
13	6/16/08	Environmental	FSLEX	925.632	18.46	17,087	17,596	(509)	-2.89%	4
		Total				180,324				

MODEL CHANGES

We will not be making any changes to the model portfolio this week.

Optimized Momentum Rankings

Name	Symbol	3/28	4/4	4/11	4/18	4/25	5/2	5/9	5/16	5/23	5/30	6/6	6/13	6/20
Energy Service	FSESX	8	2	1	1	1	1	1	1	1	2	2	1	1
Chemicals	FSCHX	7	7	4	4	5	15	14	13	13	14	7	2	2
Energy	FSENX	11	9	3	3	3	7	6	6	3	5	5	3	3
Natural Resources	FNARX	16	12	7	4	4	12	8	4	2	4	4	5	4
Natural Gas	FSNGX	6	3	2	2	2	6	5	9	5	8	8	6	5
Materials	FSDPX	5	5	5	6	6	21	13	11	8	12	12	9	6
Networking & Infrastructure	FNINX	40	37	35	25	12	5	4	2	4	1	1	4	7
IT Services	FBSOX	10	15	15	13	8	2	2	7	10	7	6	8	8
Communications Equipment	FSDCX	26	19	16	18	16	8	7	5	6	3	3	7	9
Utilities Growth	FSUTX	32	32	20	9	14	24	27	29	16	17	18	12	10
Biotechnology	FBIOX	34	31	18	20	24	34	34	30	33	25	15	14	11
Software	FSCSX	27	27	26	15	7	4	10	12	12	9	10	11	12
Environmental	FSLEX	22	18	12	8	15	19	20	23	18	15	13	10	13
Medical Equipment & Systems	FSMEX	14	20	10	23	26	32	30	31	32	30	25	16	14
Computers	FDCPX	18	24	23	17	11	10	9	10	11	10	11	13	15
Technology	FSPTX	29	22	14	12	9	3	3	3	7	6	9	15	16
Retailing	FSRPX	19	14	24	24	24	20	26	21	20	21	22	17	17
Electronics	FSELX	15	10	13	11	13	11	11	8	9	11	14	18	18
Healthcare	FSPHX	39	40	41	39	38	37	36	35	34	33	26	23	19
Wireless	FWRLX	36	35	33	32	23	16	15	17	15	13	16	22	20
Industrials	FCYIX	3	4	8	10	17	14	17	19	17	19	21	21	21
Industrial Equipment	FSCGX	4	8	11	21	21	25	25	20	19	23	27	26	22
Pharmaceuticals	FPHAX	33	39	38	37	39	39	38	39	37	35	32	30	23
Fidelity S&P 500 Index	FSMKX	9	16	17	19	20	23	23	25	25	26	28	29	24
Transportation	FSRFX	17	11	19	16	27	22	24	22	28	24	23	28	25
Telecommunications	FSTCX	38	38	37	36	28	18	16	24	21	20	17	20	26
Medical Delivery	FSHCX	42	42	42	42	40	38	33	33	31	22	24	19	27
Multimedia	FBMPX	28	30	31	35	33	31	19	15	14	16	20	24	28
Consumer Discretionary	FSCPX	20	23	27	31	31	29	28	26	30	31	30	31	29
Consumer Staples	FDFAV	1	6	9	14	22	33	35	36	35	34	33	25	30
Construction & Housing	FSHOX	2	1	6	7	10	13	21	16	23	27	29	32	31
Paper & Forest	FSPFX	31	28	29	30	35	40	41	34	27	18	19	27	32
Gold	FSAGX	12	33	32	28	37	42	42	41	26	32	34	35	33
Leisure	FDLSX	23	29	30	34	32	30	29	28	36	37	35	34	34
Brokerage	FSLBX	24	13	22	27	29	28	22	27	29	28	31	33	35
Insurance	FSPCX	37	36	34	33	36	36	39	42	41	41	38	36	36
Defense & Aerospace	FSDAX	35	34	25	26	19	17	18	18	22	29	36	37	37
Automotive	FSAVX	25	17	21	22	18	9	12	14	24	36	37	38	38
Air Transportation	FSAIX	41	41	40	40	42	41	40	38	42	42	40	39	39
Financial Services	FIDSX	30	25	28	29	30	26	32	37	39	40	41	40	40
Home Finance	FSVLX	21	21	39	41	41	35	37	40	40	39	39	41	41
Banking	FSRBX	13	26	36	38	34	27	31	32	38	38	42	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	28.53	-2.86	0.28	-1.07	-1.55	-1.25	-4.96	-8.70	-5.84	-10.65	-26.15
Automotive	FSAVX	31.44	-4.03	-3.08	-6.37	-7.31	-6.79	-5.92	-11.39	-13.89	-10.61	-15.91
Banking	FSRBX	18.47	-1.12	-0.48	-2.22	-5.52	-4.05	-8.20	-14.65	-14.92	-20.96	-24.06
Biotechnology	FBIOX	65.74	-0.26	1.64	0.72	1.01	1.62	0.41	0.92	5.03	8.99	-1.41
Brokerage	FSLBX	53.70	-1.79	-1.09	-3.42	-4.50	-3.37	-5.59	-8.75	-6.33	-4.67	-16.30
Chemicals	FSCHX	94.56	-0.53	-1.63	-2.43	-0.58	-0.25	1.91	3.82	6.82	21.16	14.42
Communications Equipment	FSDCX	21.60	-2.26	-1.05	-1.86	-2.35	-2.44	-3.53	-4.89	-1.55	11.69	-3.83
Computers	FDCPX	43.00	-2.85	-1.94	-3.37	-3.11	-2.18	-5.22	-5.97	-1.96	5.44	-11.07
Construction & Housing	FSHOX	32.40	-2.61	-1.22	-2.09	-3.51	-2.96	-3.05	-6.06	-5.24	-5.33	-1.70
Consumer Discretionary	FSCPX	18.96	-2.67	-1.46	-3.36	-4.63	-4.39	-3.71	-6.78	-5.06	-6.23	-9.75
Consumer Staples	FDFAX	61.28	-1.29	-1.19	-2.31	-2.84	-3.72	-4.16	-6.16	-4.89	-5.56	-7.89
Defense & Aerospace	FSDAX	70.84	-1.32	0.45	0.20	-1.01	-1.17	-0.73	-9.19	-8.49	-1.95	-14.68
Electronics	FSELX	40.30	-2.26	-0.54	-2.07	-3.01	-1.71	-3.82	-5.73	-4.32	4.57	-11.62
Energy	FSENX	73.86	-0.85	-2.83	-2.83	-0.53	0.52	-0.78	1.34	-0.85	25.21	12.95
Energy Service	FSESX	113.07	-0.51	-1.14	-0.72	1.53	2.82	2.01	3.42	1.80	35.33	15.95
Environmental	FSLEX	18.46	-1.91	-1.49	-3.15	-2.89	-4.00	-3.90	-3.95	-0.81	6.40	-4.65
Fidelity S&P 500 Index	FSMKX	91.31	-1.83	-1.45	-2.39	-3.06	-3.05	-3.06	-5.74	-5.04	-1.87	-9.35
Financial Services	FIDSX	74.06	-2.19	-1.40	-2.49	-4.83	-3.98	-4.73	-9.53	-9.26	-14.70	-22.45
Gold	FSAGX	39.83	-0.10	-0.35	0.45	1.81	3.11	-3.98	-4.12	-8.98	-1.67	0.28
Healthcare	FSPHX	104.10	-1.26	-0.34	-1.08	-1.31	-1.36	-2.09	-3.49	-1.39	0.68	-13.44
Home Finance	FSVLX	21.62	-1.91	-1.77	-2.57	-4.93	-3.01	-6.37	-11.68	-10.77	-20.57	-23.85
Industrial Equipment	FSCGX	32.43	-1.55	-0.98	-2.23	-2.52	-2.26	-1.49	-5.34	-3.57	0.25	-8.20
Industrials	FCYIX	21.10	-1.59	-0.61	-1.63	-2.09	-2.09	-2.04	-5.30	-3.52	2.03	-4.88
Insurance	FSPCX	47.44	-2.08	-0.88	-1.88	-3.91	-4.18	-3.93	-6.83	-5.33	-10.91	-24.61
IT Services	FBSOX	16.86	-0.77	0.66	-0.47	-0.82	-0.41	-0.18	-2.60	2.62	12.10	0.90
Leisure	FDLSX	65.39	-2.68	-1.43	-3.11	-4.33	-3.70	-3.31	-7.18	-5.08	-8.37	-14.64
Materials	FSDPX	63.71	-1.33	-1.45	-1.83	-1.19	-0.79	-0.14	0.41	0.71	15.50	8.94
Medical Delivery	FSHCX	39.22	-1.26	-1.78	-3.30	-4.25	-4.92	-6.10	-7.96	-5.40	1.08	-24.74
Medical Equipment & Systems	FSMEX	24.05	-1.43	-0.41	-1.27	-1.80	-1.64	-0.37	-1.27	0.25	3.42	-0.16
Multimedia	FBMPX	33.09	-2.56	-2.22	-3.84	-4.86	-5.38	-5.32	-7.85	-7.96	-3.55	-9.73
Natural Gas	FSNGX	55.66	-0.54	-3.25	-3.00	-0.27	1.09	-0.02	2.71	-0.71	23.20	19.62
Natural Resources	FNARX	44.45	-0.83	-2.84	-2.50	-0.27	0.77	-0.74	1.16	-1.29	25.58	12.38
Networking & Infrastructure	FNINX	2.23	-2.19	-0.45	-1.33	-2.19	-1.76	-3.46	-4.70	-0.45	18.58	-8.20
Paper & Forest	FSPFX	26.44	-2.76	-2.47	-2.76	-4.13	-3.96	-6.80	-9.88	-6.93	-4.62	-15.61
Pharmaceuticals	FPHAX	9.87	-1.30	0.10	-0.50	-0.50	-0.70	-2.28	-4.45	-2.28	-3.51	-14.54
Retailing	FSRPX	37.88	-2.82	-0.79	-2.35	-3.83	-3.39	-1.56	-4.37	-2.09	-0.94	-7.41
Software	FSCSX	73.95	-2.67	-1.45	-2.44	-2.75	-2.29	-2.09	-4.96	-0.05	8.73	-8.96
Technology	FSPTX	72.36	-2.62	-1.68	-2.89	-3.02	-1.66	-4.37	-6.38	-3.64	9.22	-11.02
Telecommunications	FSTCX	42.05	-3.02	-2.44	-4.02	-4.37	-4.52	-7.24	-8.29	-5.04	-0.73	-19.00
Transportation	FSRFX	43.49	-2.14	1.02	0.74	-0.75	-0.34	-3.16	-6.27	-2.71	-0.31	-2.09
Utilities Growth	FSUTX	62.40	-1.42	-0.76	-1.17	-1.06	-1.05	0.87	-0.41	-0.68	11.07	-2.91
Wireless	FWRLX	7.30	-2.80	-2.28	-3.18	-2.67	-2.14	-3.69	-7.24	-3.69	4.73	-15.51

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