

Sector Rotation System



Sven Lange
President

This Week's Changes

Buy

Gold – FSAGX

Utilities Growth -- FSUTX

Sell

Materials – FSDPX

Networking &
Infrastructure – FNINX

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We will be making two changes to the model portfolio this week. On Monday, we are going to sell Materials (FSDPX) and Networking & Infrastructure (FNINX) and invest the proceeds evenly in Gold (FSAGX) and Utilities Growth (FSUTX).

The model portfolio struggled this week losing 3.95% vs. a loss of 1.19% for Fidelity's S&P 500 Index fund (FSMKX). The model portfolio now sits with a loss of 7.12% year-to-date which is roughly the same as the decline over the past year. Year-to-date FSMKX is down 13.10% and is down 15.87% over the past year.

Materials (FSDPX) and Chemicals (FSCHX) were the worst performing funds in the model portfolio this week losing 6.31% and 5.06% respectively.

Even the energy funds struggled this week, despite oil prices continuing to move higher. This is clearly a sign that investors do not believe energy prices will continue moving higher and are more likely to move in the opposite direction.

As we move forward, the world economy is likely to continue slowing as long as energy prices remain high. Higher prices will continue to reduce spending both in the US and abroad.

Unemployment is likely to continue rising as many companies struggle with higher expenses. They will have trouble raising prices and will be forced to cut production which often leads to layoffs.

While this is all bad news the stock markets are all very much aware of the problems which is why the major indices are down 20% or more from the peaks.

As investors we need to pay attention to the trends and be ready to adjust quickly. Doing so will allow us to hold any gains we still have from the past sector leaders and put that money to work in future leaders.

I continue to believe that energy prices are artificially high. I believe a lot of money has been flowing out of equities into commodities and since the equities markets dwarf the commodities markets the enormous demand is forcing prices higher.

Large pension funds like CALPERS are trying to imitate the large University endowments like the one at Yale which had been investing in commodities for years with tremendous success. The problem is this new money has no intentions of taking actual delivery of the oil they invest in. Right now there does not seem to be a problem because there are plenty of buyers, but when the demand falls, watch out. The floor can drop quickly.

Be Patient! Watch the trends and be ready to move. This is not a time to be indecisive.

If you have any questions or need help managing your portfolio, call me at 866-455-2643.

PORTFOLIO PERFORMANCE

Sector Rotation System		Fidelity S&P 500 Index Fund	
1 Week	-3.95%	1 Week	-1.19%
4 Week	-6.78%	4 Week	-7.06%
12 Week	3.07%	12 Week	-4.82%
26 Week	-5.01%	26 Week	-9.63%
YTD	-7.12%	YTD	-13.10%
52 Week	-7.17%	52 Week	-15.87%
Since 12/31/01	69.90%	Since 12/31/01	21.96%
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		NAV	Shares	NAV	Value	Cost	Gain	Percent Gain	Days Held
	Date	Name								
1	3/10/08	Energy Service	FSESX	182.991	110.71	20,259	15,451	4,808	31.12%	116
2	2/19/08	Energy	FSENX	263.959	71.93	18,987	16,637	2,350	14.12%	136
3	4/21/08	Nat. Resources	FNARX	377.330	43.32	16,346	16,138	208	1.29%	74
4	6/30/08	Biotechnology	FBIOX	246.824	66.07	16,308	16,095	212	1.32%	4
6	2/11/08	Natural Gas	FSNGX	334.944	53.01	17,755	15,231	2,524	16.57%	144
9	3/31/08	IT Services	FBSOX	1080.900	15.87	17,154	15,911	1,243	7.81%	95
10	6/16/08	Chemicals	FSCHX	185.010	84.31	15,598	17,596	(1,998)	-11.36%	18
12	5/27/08	Materials	FSDPX	262.992	57.57	15,140	16,295	(1,155)	-7.09%	38
13	5/5/08	Ntwrkng/Infstrctur	FNINX	7983.805	2.08	16,606	17,325	(719)	-4.15%	60
18	6/16/08	Environmental	FSLEX	925.632	17.01	15,745	17,596	(1,851)	-10.52%	18
		Total				169,898				

MODEL CHANGES

We will be making two changes to the model portfolio this week. On Monday we are going to sell Materials (FSDPX) and Networking & Infrastructure (FNINX) and invest the proceeds evenly in Gold (FSAGX) and Utilities Growth (FSUTX).

Optimized Momentum Rankings

Name	Symbol	4/4	4/11	4/18	4/25	5/2	5/9	5/16	5/23	5/30	6/6	6/13	6/20	6/27	7/4
Energy Service	FSSEX	2	1	1	1	1	1	1	1	2	2	1	1	1	1
Energy	FSENX	9	3	3	3	7	6	6	3	5	5	3	3	2	2
Natural Resources	FNARX	12	7	4	4	12	8	4	2	4	4	5	4	3	3
Biotechnology	FBIOX	31	18	20	24	34	34	30	33	25	15	14	11	6	4
Gold	FSAGX	33	32	28	37	42	42	41	26	32	34	35	33	13	5
Natural Gas	FSNGX	3	2	2	2	6	5	9	5	8	8	6	5	4	6
Utilities Growth	FSUTX	32	20	9	14	24	27	29	16	17	18	12	10	8	7
Medical Equipment & Systems	FSMEX	20	10	23	26	32	30	31	32	30	25	16	14	11	8
IT Services	FBSOX	15	15	13	8	2	2	7	10	7	6	8	8	7	9
Chemicals	FSCHX	7	4	4	5	15	14	13	13	14	7	2	2	5	10
Pharmaceuticals	FPHAX	39	38	37	39	39	38	39	37	35	32	30	23	18	11
Materials	FSDPX	5	5	6	6	21	13	11	8	12	12	9	6	9	12
Networking & Infrastructure	FNINX	37	35	25	12	5	4	2	4	1	1	4	7	10	13
Healthcare	FSPHX	40	41	39	38	37	36	35	34	33	26	23	19	15	14
Software	FSCSX	27	26	15	7	4	10	12	12	9	10	11	12	12	15
Computers	FDCPX	24	23	17	11	10	9	10	11	10	11	13	15	20	16
Communications Equipment	FSDCX	19	16	18	16	8	7	5	6	3	3	7	9	16	17
Environmental	FSLEX	18	12	8	15	19	20	23	18	15	13	10	13	14	18
Retailing	FSRPX	14	24	24	24	20	26	21	20	21	22	17	17	21	19
Consumer Staples	FDFAI	6	9	14	22	33	35	36	35	34	33	25	30	26	20
Fidelity S&P 500 Index	FSMKX	16	17	19	20	23	23	25	25	26	28	29	24	23	21
Technology	FSPTX	22	14	12	9	3	3	3	7	6	9	15	16	17	22
Electronics	FSELX	10	13	11	13	11	11	8	9	11	14	18	18	19	23
Industrial Equipment	FSCGX	8	11	21	21	25	25	20	19	23	27	26	22	24	24
Medical Delivery	FSHCX	42	42	42	40	38	33	33	31	22	24	19	27	27	25
Wireless	FWRLX	35	33	32	23	16	15	17	15	13	16	22	20	25	26
Industrials	FCYIX	4	8	10	17	14	17	19	17	19	21	21	21	22	27
Telecommunications	FSTCX	38	37	36	28	18	16	24	21	20	17	20	26	29	28
Multimedia	FBMPX	30	31	35	33	31	19	15	14	16	20	24	28	30	29
Transportation	FSRFX	11	19	16	27	22	24	22	28	24	23	28	25	28	30
Consumer Discretionary	FSCPX	23	27	31	31	29	28	26	30	31	30	31	29	31	31
Leisure	FDLSX	29	30	34	32	30	29	28	36	37	35	34	34	33	32
Construction & Housing	FSHOX	1	6	7	10	13	21	16	23	27	29	32	31	32	33
Paper & Forest	FSPFX	28	29	30	35	40	41	34	27	18	19	27	32	34	34
Insurance	FSPCX	36	34	33	36	36	39	42	41	41	38	36	36	36	35
Defense & Aerospace	FSDAX	34	25	26	19	17	18	18	22	29	36	37	37	37	36
Brokerage	FSLBX	13	22	27	29	28	22	27	29	28	31	33	35	35	37
Financial Services	FIDSX	25	28	29	30	26	32	37	39	40	41	40	40	38	38
Air Transportation	FSAIX	41	40	40	42	41	40	38	42	42	40	39	39	39	39
Banking	FSRBX	26	36	38	34	27	31	32	38	38	42	42	42	42	40
Automotive	FSAVX	17	21	22	18	9	12	14	24	36	37	38	38	40	41
Home Finance	FSVLX	21	39	41	41	35	37	40	40	39	39	41	41	41	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	25.16	0.64	-3.565	-4.116	-4.48	-5.2	-14.33	-11.66	-18.5	-24.08	-34.88
Automotive	FSAVX	27.14	-0.11	-4.638	-4.031	-5.337	-5.862	-17.16	-17.63	-21.92	-23.61	-27.41
Banking	FSRBX	16.87	-1.747	-3.655	-2.316	-4.635	-5.649	-9.69	-13.09	-18.97	-25.2	-30.64
Biotechnology	FBIOX	66.07	0.061	-0.542	1.319	1.506	2.323	0.243	3.949	1.226	4.823	-0.915
Brokerage	FSLBX	48.58	-0.39	-1.799	-2.076	-4.03	-4.389	-11.16	-11.2	-15.29	-16.23	-24.28
Chemicals	FSCHX	84.31	0.453	-3.975	-4.486	-5.609	-5.056	-11.31	-9.266	-8.149	-0.296	2.018
Communications Equipment	FSDCX	19.88	0.607	-1.242	-0.749	-1.876	-1.924	-10.05	-8.765	-11.84	-0.101	-11.49
Computers	FDCPX	40.72	0.148	-0.925	-0.049	-1.189	-1.927	-7.998	-6.24	-10.39	-1.237	-15.78
Construction & Housing	FSHOX	28.89	-0.345	-4.147	-3.924	-5.061	-5.834	-13.17	-11.03	-15.65	-17.12	-12.34
Consumer Discretionary	FSCPX	17.6	0.057	-1.84	-1.401	-2.385	-3.244	-9.651	-8.95	-12.78	-12.31	-16.23
Consumer Staples	FDFAX	59.9	0.554	-0.067	-0.183	0.301	-0.943	-3.512	-6.421	-7.59	-8.716	-9.964
Defense & Aerospace	FSDAX	64.62	1.254	-1.072	-0.814	-1.072	-1.987	-9.987	-8.78	-13.29	-14.11	-22.17
Electronics	FSELX	36.93	-1.389	-4.003	-3.928	-4.746	-5.04	-10.43	-7.606	-13.19	-6.601	-19.01
Energy	FSENX	71.93	-1.695	-5.764	-5.405	-3.863	-2.824	-3.437	-0.923	0.056	10.74	9.997
Energy Service	FSESX	110.7	-2.001	-6.154	-5.715	-4.766	-3.638	-2.587	1.83	3.111	16.49	13.53
Environmental	FSLEX	17.01	0.473	-2.073	-2.911	-3.462	-4.706	-9.617	-9.425	-11.27	-6.281	-12.14
Fidelity S&P 500 Index	FSMKX	87.54	0.103	-1.707	-1.308	-1.185	-1.552	-5.881	-5.658	-8.165	-7.373	-13.1
Financial Services	FIDSX	67.4	-0.325	-1.491	-0.868	-2.868	-4.18	-10.99	-11.19	-15.36	-22.02	-29.42
Gold	FSAGX	42.43	-1.714	-3.59	-2.505	-2.122	1.971	6.421	10.38	5.338	-0.58	6.825
Healthcare	FSPHX	102.6	-0.475	-0.917	-0.927	-0.475	0.264	-2.684	-1.668	-4.567	-2.073	-14.69
Home Finance	FSVLX	18.69	-1.941	-3.161	-2.147	-5.03	-6.876	-15.2	-15.51	-21.21	-28.14	-34.17
Industrial Equipment	FSCGX	30.06	0.468	-3.032	-2.529	-2.212	-2.403	-8.743	-7.876	-10.64	-9.871	-14.91
Industrials	FCYIX	19.44	0.517	-2.654	-2.994	-2.605	-2.8	-9.328	-8.345	-11.6	-9.229	-12.37
Insurance	FSPCX	43.91	-0.521	-0.925	-0.295	-2.401	-2.918	-9.37	-10.46	-12.96	-18.88	-30.22
IT Services	FBSOX	15.87	-0.502	-2.158	-2.578	-3.643	-2.399	-6.592	-4.455	-7.301	4.477	-5.027
Leisure	FDLSX	60.9	-0.327	-0.798	-0.96	-2.169	-3.118	-9.362	-8.778	-11.97	-13.75	-20.5
Materials	FSDPX	57.57	0.191	-5.561	-6.527	-6.995	-6.314	-10.84	-7.888	-8.59	-3.616	-1.556
Medical Delivery	FSHCX	37.03	-2.037	-2.424	-3.768	-4.562	-3.668	-6.772	-9.262	-12.77	-6.543	-28.94
Medical Equipment & Systems	FSMEX	23.95	-0.457	-0.664	-0.416	0.293	0.673	-1.844	-0.374	-2.045	-0.533	-0.573
Multimedia	FBMPX	31.26	0.032	-1.605	-2.343	-2.16	-2.829	-7.951	-8.73	-12.85	-8.444	-14.72
Natural Gas	FSNGX	53.01	-2.43	-6.111	-5.575	-4.4	-3.125	-5.272	-3.178	-1.008	7.289	13.93
Natural Resources	FNARX	43.32	-1.545	-5.662	-5.374	-3.904	-2.608	-3.347	-0.597	0.116	11.05	9.524
Networking & Infrastructure	FNINX	2.08	0.483	-1.422	-1.422	-2.804	-3.256	-8.772	-6.726	-10.34	5.05	-14.37
Paper & Forest	FSPFX	23.98	0.042	-2.876	-2.718	-3.15	-3.306	-11.81	-11.41	-16.97	-15.41	-23.46
Pharmaceuticals	FPHAX	10.03	0.4	0	0.703	1.518	2.035	0.3	1.931	-1.859	-1.083	-13.15
Retailing	FSRPX	35.54	0.056	-2.336	-1.14	-2.443	-2.175	-8.825	-7.158	-9.797	-7.061	-13.13
Software	FSCSX	69.52	0.086	-1.544	-1.627	-2.524	-2.674	-8.502	-5.876	-9.16	0.477	-14.42
Technology	FSPTX	67.25	0.119	-2.153	-1.782	-3.056	-3.265	-9.501	-6.83	-12.08	-2.281	-17.3
Telecommunications	FSTCX	39.48	0.101	-1.571	-2.974	-2.398	-2.735	-8.948	-8.843	-12.81	-7.187	-23.95
Transportation	FSRFX	39.07	0.8	-3.768	-5.719	-4.591	-4.357	-12.08	-9.413	-14.82	-12.73	-12.04
Utilities Growth	FSUTX	61.56	-1.061	-1.787	-1.077	0.901	0.375	-2.749	-0.933	-1.409	4.233	-4.217
Wireless	FWRLX	6.78	-0.147	-2.023	-2.865	-2.586	-2.305	-9.72	-7.377	-11.49	-5.833	-21.53

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