

### FSESX - Dangerous Rating



### Fidelity Select Portfolios: Energy Service Portfolio

★★☆☆☆	<b>Predictive Rating</b>	Dangerous
★★☆☆☆	<b>Portfolio Management</b>	Dangerous
★★★☆☆	<b>Total Annual Costs</b>	Neutral

- [Predictive Ratings](#) are based on aggregating our stock ratings on each of the fund's holdings and all of the fund's expenses.
- Stock-picking ([Portfolio Management](#)) and fund expenses ([Total Annual Costs](#)) drive fund performance.

#### Investment Recommendation

- We recommend investors avoid FSESX.
- Despite strong past performance, we expect the fund to underperform the market.
- FSESX's Portfolio Management rating does not justify its high Total Annual Costs.

#### Fund Rankings

- 11th percentile of the 7000+ equity funds we cover.
- 35 out of 76 Energy funds.
- 19 of 21 ETFs in the same category rank better.
- See rankings for all US equity funds on our free [fund screener](#).

#### Portfolio Management Rating Details

- FSESX receives our Dangerous rating because it overweights Dangerous-or-worse-rated stocks.
- XLE, FSESX's benchmark, receives our Dangerous rating and holds better stocks than the fund.
- Our fund analytics are based on aggregating our models and ratings for each fund's holdings.
- Our [top-ranked](#) stock ratings leverage key data from the financial footnotes for unrivaled research quality.

#### Portfolio Management Rating Breakdown

##### Business Strength

★★★☆☆	Quality of Earnings	Neutral
★★★☆☆	Return on Invested Capital (ROIC)	9.86%

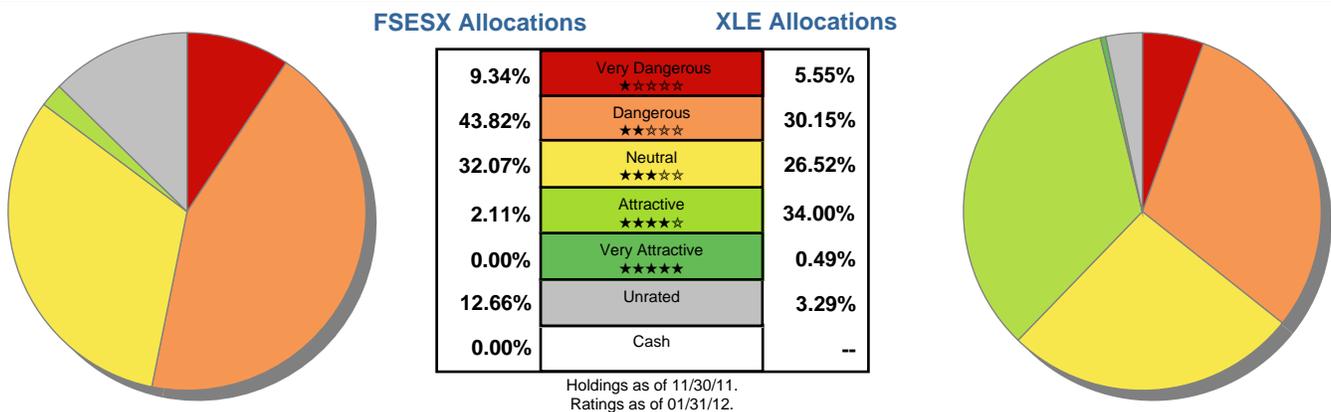
##### Valuation

★☆☆☆☆	Free Cash Flow Yield	-5.85%
★☆☆☆☆	Price to Economic Book Value	4.04
★★☆☆☆	Market-Implied Duration of Growth	43 year(s)

##### Fund Asset Allocation

★★★★★	Cash Allocation	0.00% cash
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#### Stock and Cash Rating Allocations vs Benchmark - Energy Select Sector SPDR (XLE)



#### Active Management Commentary

- FSESX allocates 53.16% of its value to Dangerous-or-worse-rated stocks while XLE allocates 35.70%.
- FSESX allocates 2.11% of its value to Attractive-or-better-rated stocks while XLE allocates 34.49%.
- Investors should expect funds with higher Total Annual Costs to allocate more value to Attractive and Very Attractive Stocks and less to Dangerous and Very Dangerous stocks than alternative funds with lower costs.
- Active portfolio management of FSESX adds value versus its ETF benchmark XLE.

#### Return - Annual

Year to Date	6.74%
1 Year	-13.01%
3 Year	24.17%
5 Year	2.43%
Inception	9.34%

#### Top 5 Holdings

Schlumberger NV
Halliburton Co
Cameron International Corp
Baker Hughes Inc
National Oilwell Varco Inc

#### Key Mutual Fund Statistics

SLB	Net Assets(mm)	\$1,236.70	Category	Energy
HAL	NAV	\$69.41	Mgmt Co	Fidelity
CAM	Benchmark	XLE	Manager	Kasen/Oldham
BHI	# of Holdings	50	Tenure	2010
NOV	Initial Min	\$2,500	Inception	12/16/85

## Total Annual Costs Rating and Ranking

Rating	Total Annual Costs	Fund Universe % Rank	Category Rank
★★★☆☆	1.10%	84.29%	6 of 76

This rating reflects all expenses, loads, fees, and transaction costs in a single value that is comparable across all funds.

## Total Annual Costs Breakdown

All Cost Types	Annualized Values	
	FSESX	Benchmark: XLE
Front-End Load	0.00%	--
Expense Ratio	0.94%	0.22%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--
Transaction Costs	0.16%	--
<b>Total Annual Costs</b>	<b>1.10%</b>	<b>0.22%</b>

- To justify its higher Total Annual Costs, FSESX must outperform its ETF benchmark by 0.90% annually over any holding period.
- This analysis assumes a 3-year holding period, the average for all funds.
- Transaction costs are estimated using the fund's annual portfolio turnover ratio of 85%.

Data from Lipper, a Thomson Reuters Company, and New Constructs, LLC.

## Overview of Our Predictive Mutual Fund Rating System

New Constructs' [Predictive Fund Ratings](#) enable smarter investing by assessing the key drivers of future fund performance. We start by analyzing every fund holding based on New Constructs' stock ratings, which are regularly featured as among the [best by Barron's](#). Next, we measure and rank the all-in costs of investing in a fund.

Intuitively, there are two drivers of future fund performance.

- 1) New stock-picking ([Portfolio Management Rating](#)) and
- 2) Fund expenses ([Total Annual Costs Rating](#)) drive investment performance

The figure below details the criteria that drive our Predictive Rating system for funds. The two drivers of our predictive rating system are Portfolio Management and Total Annual Costs. The Portfolio Management Rating (details [here](#)) is the same as our Stock Rating (details [here](#)) except that we incorporate Asset Allocation (details [here](#)) in the Portfolio Management Rating. The Total Annual Costs Rating (details [here](#)) captures the all-in cost of being in a fund over a 3-year holding period, the average period for all mutual fund investors.

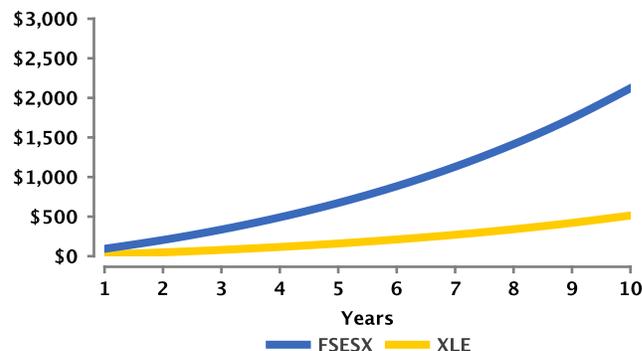
Predictive Rating	Portfolio Management Rating						Total Annual Costs Rating
	Business Strength		Valuation			Asset Allocation	
	Quality of Earnings	Return on Invested Capital	FCF Yield	Price to Econ Book Value	Mkt-Imp Duration of Growth	Cash %	
Very Dangerous ★☆☆☆☆	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50	> 20%	> 4%
Dangerous ★★☆☆☆	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50	8% < 20%	2% < 4%
Neutral ★★★☆☆	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20	2.5% < 8%	1% < 2%
Attractive ★★★★☆	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10	1% < 2.5%	0.5% < 1%
Very Attractive ★★★★★	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3	< 1%	< 0.5%

## Reported Costs vs Benchmark: as of 04/29/11

	FSESX	Benchmark: XLE
Front-End Load	0.00%	--
Expense Ratio	0.85%	0.20%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--

## Accumulated Total Costs vs Benchmark

Accumulated Total Costs represent the dollar value of costs investors incur during a 10-yr holding period. Assumes a \$10,000 investment and a 10% annual return for the fund and its benchmark.



- 3-year Accumulated Total Costs are \$336.53 for FSESX and \$79.70 for XLE. 10-year Accumulated Total Costs are \$2,122.24 for FSESX and \$514.10 for XLE.

## New Constructs® - Profile

Incorporated in July 2002, [New Constructs](#) is an independent publisher of investment research that provides clients with consulting, advisory and research services. We specialize in quality-of-earnings, forensic accounting and discounted cash flow valuation analyses for all U.S. public companies.

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1. **Superior Recommendations** - Our [stock-picks](#) consistently outperform. See our track record in our [stock-picking accolades](#) and [Proof Is In Performance](#) reports.
2. **More Accurate Research** - Our [patented Research Platform](#) for [reversing accounting distortions](#) and [discounted cash flow analysis](#) leverages better data to deliver smarter research.
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1. Based on the complete set of financial information available.
2. Standard for all companies.
3. A more accurate representation of the true underlying cash flows of the business.

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