February 2006

AlphaProfit™

Sector Investors' Newsletter

$ervice for $ophisticated $ector Investors

Ideas. Insights. Results.

Monthly Report

WHAT'S INSIDE

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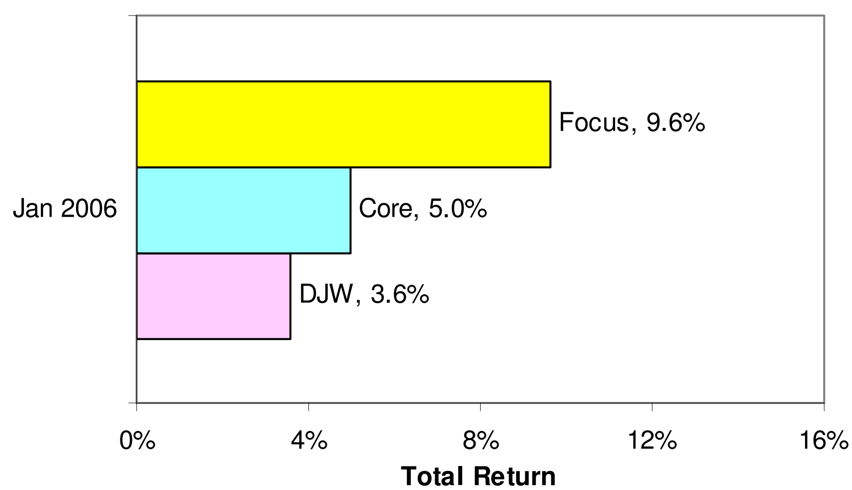
Fund Exchanges
Core Portfolio: None
Focus Portfolio: None

AlphaProfit SP Indicator™
Reading: Buy
Favored Buy: None

Scorecard

The AlphaProfit Focus and Core model portfolios advanced 9.6% and 5.0% during the first month of the New Year. The Dow Jones Wilshire 5000 index benchmark advanced 3.6%

The bull sprints. Equity markets around the world got off to a dynamic start in January. In the U. S. the rise in equity prices was supported by belief that the Federal Reserve may soon stop raising interest rates. The December jobs report supported this bullish cause and the Dow Jones Industrial Average gained 2.3% during the first week of trading in the New Year. The rally extended into the following week with the DJIA surpassing 11,000 for the first time in more than four years.



Earnings reports checkered. Overall, fourth-quarter earnings reports were sound. About 62% of S&P 500 companies reporting in January exceeded analysts' estimates. Numbers from the energy patch were notably strong while financial service was a weak-spot. Companies like McDonald's, Procter & Gamble, and United Technologies posted robust numbers. However, some household names including DuPont, Intel, General Electric, and Yahoo disappointed.

Destabilizing forces. Equity investors had to contend with threats from Osama Bin Laden who warned that *al-Qaeda* planned more terrorist attacks in the U. S. Around mid-month, Japanese stocks sold off massively over a three day period losing over $300 billion in market value on reports of a probe of an

Portfolio Composition

AlphaProfit Focus™ Model Portfolio

Our Focus Portfolio was last repositioned at the close of business on December 31, 2005. We are leaving our Focus portfolio unchanged at this time.

Fidelity Fund Holding	December 31, 2005		January 31, 2006	
(Ticker Symbol)	Amount Invested	Percent Portfolio	Value	Percent Portfolio
Biotech. (FBIOX)	$460,134	33.33%	$479,230	31.66%
Energy Svce. (FSESX)	$460,134	33.33%	$549,999	36.34%
Pharma. (FPHAX)	$460,134	33.33%	$484,246	32.00%
Total (rounded to)	$1,380,403	100.00%	$1,513,474	100.00%

AlphaProfit Core™ Model Portfolio

Our Core Portfolio was last repositioned at the close of business on December 31, 2005. We are leaving our Core portfolio unchanged at this time.

Fidelity Fund Holding	December 31, 2005		January 31, 2006	
(Ticker Symbol)	Amount Invested	Percent Portfolio	Value	Percent Portfolio
Biotech. (FBIOX)	$60,651	10.00%	$63,168	9.92%
Bus. Svce. (FBSOX)	$60,651	10.00%	$62,968	9.89%
Energy Svce. (FSESX)	$60,651	10.00%	$72,496	11.39%
Food & Ag. (FDFAX)	$60,651	10.00%	$61,585	9.67%
Health Care (FSPHX)	$60,651	10.00%	$61,931	9.73%
Insurance (FSPCX)	$60,651	10.00%	$60,305	9.47%
Pharma. (FPHAX)	$121,302	20.00%	$127,658	20.05%
Telecomm (FSTCX)	$60,651	10.00%	$63,453	9.97%
Util. Growth (FSUTX)	$60,651	10.00%	$63,126	9.91%
Total (rounded to)	$606,511	100.00%	$636,691	100.00%

Internet company.

Oil prices surged on supply concerns and closed the month at $67.92 per barrel, rising about $10 per barrel for the month. Political uncertainty enabled gold to close near $570 per oz., a 25-year high.

Mergers continue. Foreign as well as domestic companies remained active in their quest to buy businesses. Luxembourg-based steel maker Arcelor and New Jersey-based chemicals maker Engelhard received hostile bids from across their borders for about $22.5 billion and $5 billion, respectively. Albertson's agreed to be bought by Supervalu and CVS for about $10 billion while Home Depot agreed to buy Hughes Supply for $3 billion.

Investor appetite for equities remained strong through January and did not succumb to selected earnings disappointments or surging oil prices. The broad market as measured by the Dow Jones Wilshire 5000 closed 3.6% higher for the month. Energy, gold, and technology-related stocks were leaders whereas economically less sensitive groups generally lagged. Exposure to the energy service group enabled the AlphaProfit Focus and Core model portfolios to outperform the DJW 5000 index with gains of 9.6% and 5.0%, respectively.

Major Movers

(Company and fund ticker symbols in parentheses.)

Roughly two out of three stocks on the list of top 10 holdings we track advanced in January. The winners list was dominated by energy service companies. Among the top 10 winners were eight energy service companies. Selected health care stocks including the biotech heavyweights, Amgen (AMGN-FBIOX) and Genentech (DNA-FBIOX, FSPHX) were among the losers.

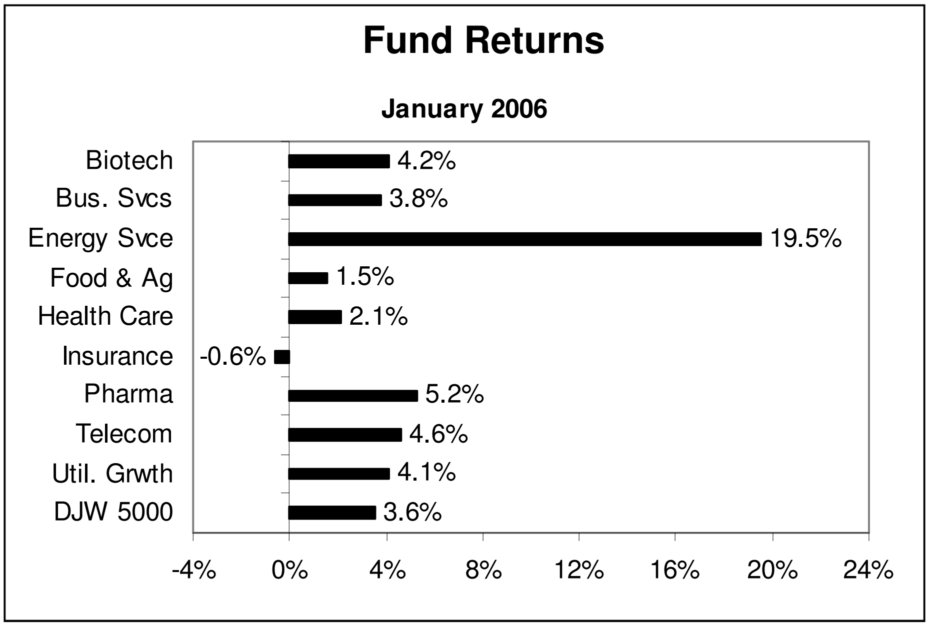
Schlumberger hardly slumbering. Energy services giant Schlumberger (SLB-FSESX) with a 31% gain was the best performer across both model portfolios. Schlumberger investors couldn't have asked for more. The company reported strong fourth-quarter 2005 results with per share-earnings more than doubling from year-ago levels and upped its earnings forecast. Schlumberger announced a 20% increase in its dividend and a 2-for-1 stock split as well. Backed by rising crude oil prices and group strength, investors bid up the company's shares sharply. Interestingly, Schlumberger's peer Halliburton (HAL-FSESX) with a 28% return was the second best performer across both model portfolios.

Gilead on the go. Shares of biotechnology company, Gilead Sciences (GILD-FBIOX), with a 16% gain, were one of two non-energy service companies to figure in the list of top 10 winners. Strong sales of the once-a-day HIV pill *Truvada* enabled Gilead to more than double its fourth-quarter profit. Gilead's royalty revenues from Roche's (ROG.VX-FPHAX) sales of *Tamiflu*, an anti-viral treatment that is being stockpiled to treat avian flu, were also higher. Going forward, the launch of *Truvada* in Spain and Italy is expected to drive this drug's revenue 25% higher to $1.75 billion this year. Alliance Data Systems

Featured Quote

'I can't change the direction of the wind, but I can adjust my sails to always reach my destination.'

Jimmy Dean



(ADS-FBSOX) was the other non-energy service company to figure in the top 10 winner list.

Schering-Plough's turnaround inadequate. Schering-Plough (SGP-FPHAX) reversed losses from the year-ago period and reported $104 million in profit (7 cents per share) as revenue increased 6% to $2.3 billion. The results were however shy of analysts' forecasts. Investors largely ignored the impressive sales gain in the company's rheumatoid arthritis and allergy drugs as well as momentum in the cholesterol drug joint venture with Merck (MRK-FSPHX, FPHAX). Schering's shares traded down over 8% for the month to become the worst performer in both model portfolios.

Outlook

(Company and fund ticker symbols in parentheses.)

Economic indicators portray a deceleration in U. S. economic growth while inflation concerns linger. Government data showed gross domestic product rose at a 1.1% rate during the fourth quarter of 2005, the slowest since the fourth quarter of 2002. The Institute for Supply Management's Factory Index, the New York Federal Reserve's Empire State Index, and the Philadelphia Federal Reserve's Manufacturing Index declined in December from levels seen in the previous month.

Energy and raw material prices continue to add to inflation pressures. The Labor Department reported that prices of raw materials and other inputs jumped 0.9% in December, the largest gain since September 2005. Ex. food and energy costs, the core Producer Price Index rose a modest 0.1%.

Fidelity Select Biotechnology, Health Care, Pharmaceuticals

Pfizer and Merck are focusing on controlling costs while developing new products. Wyeth meanwhile appears to have gotten its act together. Generic drug manufacturers stand to prosper from branded drug patent expirations. Biotechnology companies continue to harbor ambitious growth expectations. Managed care firms continue to execute well. Consolidation in biotech and managed care is alive and well.

Pfizer and Merck control costs. Tight rein on costs helped Pfizer (PFE-FSPHX, FPHAX) and Merck (MRK-FSPHX, FPHAX) beat analysts' earnings estimates. Pfizer achieved $800 million in savings from restructuring, double its earlier forecast. The company earned 52 cents per share excluding one-time items, 9 cents higher than analysts' forecast. Pfizer's quarterly revenue fell 9% to $13.6 billion, even as global sales of its leading cholesterol drug *Lipitor* edged up 3% to $3.4 billion.

Excluding restructuring costs, Merck earned 64 cents a share, beating analysts' forecast by 2 cents. Revenue held flat from the year-ago level at $5.8 billion. The company plans to save $5 billion in costs by 2010. Of the 7,000 jobs that will be eliminated to achieve these savings, 1,100 positions were cut by year-end 2005. Merck has added $295 million to its *Vioxx* legal defense costs.

Facing several patent expirations in the coming years, both companies seek new products as a way to perk up revenue. Pfizer is working on a *Lipitor/Torcetrapib* combination drug which offers hope for reducing bad cholesterol while elevating the good kind. Pfizer received U. S. FDA approval for *Exubera*, the first inhaled version of insulin for Type 1 or Type 2 diabetes with annual revenue potential exceeding $1 billion. Pfizer also won U.S. approval for *Sutent* against two hard-to-treat kidney and stomach cancers.

Meanwhile, Merck filed for the approval of a cervical cancer vaccine last month. The company is expected to file three new-drug applications in 2006. Five experimental drugs are slated to commence Phase III trials this year.

Wyeth's turnaround. In 2005, Wyeth's (WYE-FSPHX, FPHAX) profit nearly tripled to $3.7 billion. In 2004, profit was impacted by charges related to manufacturing, restructuring, and debt retirement. Revenue in 2005 rose to $18.8 billion from $17.4 billion in 2004.

Wyeth plans to file five new-drug applications with the U. S. FDA during the next 18 months. Among the drugs that hold substantial promise are *Lybrel*, an oral contraceptive and *DVS-233*, a depression drug.

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Top 10 Fund Holdings

Fidelity Investments has released the list of top 10 holdings of its mutual funds as of December 31, 2005. Following the merger with AT&T, SBC Communications has taken the name and ticker symbol T of the former. Fidelity Select Telecommunications and Fidelity Select Utilities Growth now include the new AT&T in lieu of SBC Communications.

Biotechnology (FBIOX)	**B. Svc. & Out. (FBSOX)**	**Energy Svce. (FSESX)**
Genentech	First Data	Halliburton
Celgene	Aff. Comp. Services	Schlumberger
Gilead Sciences	Accenture Cl. A	Natl. Oilwell Varco
Bioden-Idec	Auto. Data Process.	BJ Services
Amgen	Ceridian	Baker Hughes
Medimmune	Paychex	Nabors Industries
Genzyme	State Street	Global SantaFe
Cephalon	DST Systems	Diamond Offshore
Sepracor	Alliance Data Systems	Weatherford Intl.
Amylin Pharma.	Cognizant Tech. Solns.	Noble Corp.
54.8% of portfolio	*51.9% of portfolio*	*56.9% of portfolio*
91 holdings	*71 holdings*	*46 holdings*

Food & Ag. (FDFAX)	**Health Care (FSPHX)**	**Insurance (FSPCX)**
Nestle ADR	UnitedHealth	Amer. Intl. Group
Altria	Genentech	Ace
Pepsico	Wyeth	St. Paul Travelers
Unilever	Pfizer	Hartford Fin. Svcs.
McDonald's	Alcon	Wellpoint
Coca Cola	Merck	Metlife
Kellogg	Wellpoint	Aflac
Coca Cola Ent.	Health Net	Allstate
General Mills	Allergan	Prudential Financial
Kroger	Johnson & Johnson	Endurance Spl. Hldgs.
53.8% of portfolio	*37.7% of portfolio*	*48.2% of portfolio*
82 holdings	*237 holdings*	*88 holdings*

Pharma. (FPHAX)	**Telecomm. (FSTCX)**	**Util. Growth (FSUTX)**
Merck	Qwest Comm.	AT&T
Wyeth	AT&T	Verizon Comm.
Novartis ADR	Sprint Nextel	BellSouth
Roche Holdings	Verizon Comm.	Sprint Nextel
AstraZeneca	Qualcomm	Publ. Svc. Ent. Grp.
Pfizer	Nortel Networks	AES
Teva Pharma. ADR	Bellsouth	Exelon
Inverness Med. Innov.	Nextel Partners Cl. A	TXU
Schering-Plough	Motorola	Qwest Comm.
GlaxoSmithKline	Alltel	Alltel
51.6% of portfolio	*70.4% of portfolio*	*67.8% of portfolio*
113 holdings	*34 holdings*	*39 holdings*

As for changes to the top 10 holdings, **Fidelity Select Telecommunications** disconnects Corning, NII Holdings, and Vodafone. Cell phone handset maker Motorola, Nextel Partners, a Nextel affiliate that is in the process of being acquired by Sprint-Nextel, and telecom equipment maker Nortel Networks make their way into the top 10 list instead.

Electric utilities lose ground to telecommunication service providers in **Fidelity Select Utilities Growth.** Dominion Resources and Edison International yield place to Alltel and Qwest Communications.

Concentration in **Fidelity Select Health Care** drops as the number of holdings increases from 162 to 237 while share of the fund's assets accounted for by the top 10 holdings drops from 42.9% to 37.7%. Major U. S. drug manufacturers Merck and Pfizer gain favor here**.** So does ophthalmic and aesthetic-related drug maker, Allergan**.** To make way for the new selections Abbott Laboratories, Amgen, and Medtronic depart.

Fidelity Select Business Services & Outsourcing too has increased the number of holdings. While the number of holdings increases from 56 to 71, the percent of portfolio accounted for by the top 10 names remains around 50%. Transaction service provider Alliance Data Systems, payroll processor Automatic Data Processing, and information technology service provider Cognizant Technology Solutions are new entrants to this fund's top 10. Computer Sciences, Infosys Technologies, and Lamar Advertising exit.

Fidelity Select Biotechnology, **Fidelity Select Energy Service**, and **Fidelity Select Pharmaceuticals** show two changes each. Fidelity Select Biotechnology chooses to replace Invitrogen and Affymetrix with Amylin Pharmaceuticals and Genzyme. Amylin focuses on drugs related to diabetes and Genzyme on renal diseases and genetic disorders. Offshore drillers Diamond Offshore and Noble Corp. win favor with Fidelity Select Energy Service in place of driller Pride International and oilfield equipment maker Grant

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Prideco. U. S. drug majors Merck and Pfizer are back in Fidelity Select Pharmaceuticals as Takeda Pharmaceuticals and McKesson retreat.

Fidelity Select Food & Agriculture and **Fidelity Select Insurance** show one change each. In Fidelity Select Food & Agriculture, super market chain Kroger replaces Kraft while Fidelity Select Insurance swaps property and casualty insurer Endurance Specialty Holdings for WR Berkeley.

Health care related-companies Genentech, Merck, Pfizer, Wellpoint, and Wyeth and telecom service providers Alltel, AT&T, Bellsouth, Qwest Communications, Sprint Nextel, and Verizon Communications each find a place in two of the Core model portfolio funds. There is no overlap among the top 10 holdings of the three Focus model portfolio funds.

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Following the acquisition of biotech company, Progenics last month, Wyeth is buying privately held Trubion Pharmaceuticals to develop and co-market treatments for inflammatory diseases and cancer.

Growth prospects in generics. Israel-based Teva Pharmaceuticals (TEVA-FPHAX) has become the world's largest generic drug company following approval from the Federal Trade Commission to purchase Ivax. The Sandoz unit of Novartis (NVS-FPHAX) is the number two generic drug company. Teva and Novartis are both well positioned to prosper from a slew of branded drug patents expiring in 2006 and 2007.

Novartis' fourth quarter operating income increased 21% excluding a $266 million one-time charge to terminate the development of cholesterol drug *Pitavastatin*. Fourth-quarter sales rose 14% to $8.7 billion. Novartis Chairman and Chief Executive Daniel Vasella said, 'We are confident of delivering in 2006, another year of dynamic growth with record sales and earnings.'

Biotech earnings and pipelines. Despite strong performance, share prices of Genentech (DNA-FBIOX, FSPHX) and Amgen (AMGN-FBIOX) softened upon failing to meet analysts' forecasts. Genentech posted a 44% rise in revenue and a 64% rise in earnings in the fourth quarter from year-ago levels, thanks to an 88% surge in sales of colorectal cancer drug, *Avastin*. Strong sales of rheumatoid arthritis and anemia drugs helped Amgen raise its fourth quarter earnings by 20% from year-ago levels.

Genentech is investigating new uses for *Avastin*, as in treatment of lung and breast cancers. The company has also reported positive trial data for its macular degeneration drug, *Lucentis*. Genentech and Amgen have forecasted 2006 earnings growth of 35% to 45% and 21% to 26%, respectively.

Growing 'off-label' use to treat multiple myeloma enabled Celgene's (CELG-FBIOX) *Thalomid* quarterly sales to increase 23% to $106 million. Celgene's earnings were dragged lower from year-ago levels by *Revlimid* launch-related expenses. *Revlimid* was recently approved for treatment of myelodysplastic syndromes. Celgene has applied for U. S. FDA approval of *Revlimid* to treat multiple myeloma that has relapsed or failed to respond to prior therapy. The company is also developing several *Thalomid*-related compounds, with *Actimid* holding promise against hematological malignancies and solid tumors.

> *'We are confident of delivering in 2006, another year of dynamic growth with record sales and earnings.'*
>
> *Daniel Vasella*
> *Chairman, Novartis*

Strong sales of insomnia drug *Lunesta* made 2005 Sepracor's (SEPR-FBIOX) first profitable year since going public in 1991. Sepracor forecasts per-share earnings of $1.50 in 2006, well above $1.21 estimated by analysts.

After settling its *Provigil* patent disputes with Teva Pharmaceuticals and Ranbaxy Labs. in December, Cephalon (CEPH-FBIOX) has settled with Mylan Labs., granting the latter a non-exclusive, royalty-bearing right to market a generic version of *Provigil* in the U. S. The only outstanding litigant left is Barr Labs. Meanwhile, the U. S. FDA has extended the review of Cephalon's attention-deficit/hyperactivity disorder drug, *Sparlon* until March 23.

Biotech deals. Novartis' acquisition of biotech firm Chiron Corp. remains on track to be completed in the first half of 2006. This transaction is expected to result in savings of $200 million from synergies while providing Novartis entry into the global vaccine market. Amgen has received Federal Trade Commission clearance for its proposed $2.2 billion acquisition of Abgenix, a deal that will likely close by early April.

ImClone Systems appears to be considering selling or merging with another company. Swiss biotechnology company, Serono is reported to have been in sale discussions with several large drug companies including Novartis, GlaxoSmithKline (GSK-FPHAX), and Pfizer. A deal however has not materialized due to Serono's asking price. Meanwhile, Merck's CEO Richard Clark recently reiterated comments that his company would be interested in purchasing a biotechnology firm, preferably one with existing revenues.

Earnings and consolidation drive managed care. The nations leading health insurers came through with their fourth-quarter earnings and raised their 2006 forecasts. UnitedHealth Group's (UNH-FSPHX) fourth-quarter profit increased 18% as revenue rose 15%. The company now expects 2006 per share earnings to grow between

21% and 23%.

WellPoint (WLP-FSPHX, FSPCX) increased its 2006 earnings forecast to $4.54 per share, 3 cents higher than its prior view. Excluding acquisitions, the company increased its enrollment by nearly 1.2 million members during 2005.

Health Net (HNT-FSPHX) plans to acquire health plan assets of privately held insurer Universal Care. The acquisition will add 20,000 Medi-Cal and Healthy Families beneficiaries along with 75,000 commercial members. Meanwhile, rumors continue to circulate on Health Net itself being a takeover target for Aetna. Management changes at Aetna may well turn this rumor into reality.

Boston Scientific wins Guidant. Johnson & Johnson (JNJ-FSPHX) lost the bidding war to acquire Guidant; Boston Scientific won. Meanwhile, worldwide revenue from J&J's pharmaceutical segment declined 6% in its most recent quarter with U. S. revenue falling 10%. Generic competition adversely impacted sales of pain patch, *Duragesic*. Sales gains from the medical devices and consumer products segments could not prevent J&J's total fourth quarter revenue from dipping a tad to $12.6 billion. With margin in the medical devices segment being more attractive, the failure to buy Guidant will force J&J to seek other avenues for growth.

We like the prospects for the health care sector in the context of a slowing economy. While biotechnology and generic drug companies offer growth, major pharmaceutical companies like Pfizer and Merck that trade at forward P/E multiples of 12 and 15, respectively are value plays. We continue to include Select Biotechnology and Select Pharmaceuticals in both model portfolios. Select Health Care finds a place in the Core model portfolio.

Fidelity Select Business Services and Outsourcing

The efforts being made by Affiliated Computer Services and First Data to enhance shareholder value add to the evidence that share prices in this group are undervalued. Meanwhile, technology and financial service providers continue to execute well.

Late last year, the New York Times reported that Affiliated Computer Services (ACS-FBSOX) was in sale talks with a private-equity group led by Texas Pacific Group for about $8 billion, or $62 per share. A deal however failed to materialize.

Seeking alternate means to add shareholder value, Affiliated is making a tender offer for 45% of its common shares through a Dutch auction. Dutch auctions are typically conducted because management believes the company's shares are undervalued.

Taking a different approach to enhancing shareholder value, First Data (FDC-FBSOX) is spinning off its Western Union global money transfer business to FDC shareholders. Shares of FDC have been depressed because of the company's struggling credit and debit card processing businesses. The spin-off unlocks value by making Western Union's growth prospects more transparent.

'People are more confident about the economy and they believe they need to be competitively differentiated. So they need to invest in their businesses.'

William Green
CEO, Accenture

With companies wanting to improve the way they do business, Accenture (ACN-FBSOX) is seeing rising demand for its consulting services. The company's quarterly profit rose 9.5% to $4.2 billion from year-ago levels. New bookings, an indicator of future business, increased to $5.5 billion. Accenture CEO William Green commented, 'People are more confident about the economy and they believe they need to be

Disclosure

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competitively differentiated. So they need to invest in their businesses.'

Helped by a 6% gain in assets under management to a record $1.4 trillion, State Street's (STT-FBSOX) revenue increased 11% to $1.4 billion. Return on equity for the world's biggest institutional asset manager improved from 11.9% a year-ago, to 15.9%. The company seeks EPS growth of 10% to 15% in 2006.

Valuation levels in the business service group remain attractive. We continue to include Fidelity Select Business Service & Outsourcing in the Core model portfolio.

Fidelity Select Energy Service

Energy service companies are thriving. While fundamentals for this group are well-supported by strong demand for products and services, possibility of a commodity price correction leads to risks.

Energy service companies are setting records on the operating front. Year 2005 was Halliburton's (HAL-FSESX) best year in its 86-year history. Revenue for 2005 reached nearly $21 billion, exceeding analysts' forecast of $20.4 billion. Net income increased to $2.4 billion or $4.54 per share. Halliburton is making progress towards becoming a pure-play energy service company by separating its engineering and construction unit Kellogg Brown & Root. Halliburton plans to sell a minority stake in KBR through an initial public offering.

Likewise, strong demand for pressure-pumping services helped BJ Services (BJS-FSESX) report record revenue and earnings. The company reported a 66% increase in per-share first quarter earnings from year-ago levels as revenue rose 30%.

Corporate coffers in this group continue to bulge with cash as profits increase. Diamond Offshore (DO-FSESX) is returning cash to shareholders through a $1.50 per share special dividend.

Looking ahead in 2006, E&P companies are expected to increase spending by at least 15% from the elevated levels seen in 2005. Industry bellwether Schlumberger (SLB-FSESX) says increase in onshore rig construction, high levels of exploration spending, and a shortage of skilled workers will put a premium on reliable services and productivity-enhancing tools. Schlumberger predicts 2006 sales growth similar to the 25% posted in 2005.

The earnings outlook for energy service companies remains favorable. Share prices in this group ran up substantially in January. Part of the bullish enthusiasm stemmed from rising crude oil prices. Crude oil prices surged due to concern over reliability of supplies from Iran, Nigeria, Russia, and Venezuela. In the coming months, there is a possibility of the 'supply disruption premium' embedded in the current oil price to come off. This in turn could set the stage for a measurable correction in the energy service group.

Energy service companies are setting records on the operating front, Corporate coffers in this group continue to bulge with cash as profit increase.

While we remain optimistic on the intermediate-term prospects of Fidelity Select Energy Service, subscribers seeking to establish a position in this fund may consider taking a measured approach by dollar cost averaging on weakness.

Fidelity Select Food and Agriculture

Against the backdrop of a strong equity market, shares in the food and agriculture group put in a tepid performance. However, companies here continue to execute well.

McDonald's (MCD-FDFAX) put a strong showing as fourth-quarter income increased 53% from year-ago levels. Stronger sales of breakfast items and growing popularity of the Arch card added to U. S. sales. Sales in Europe also appear to be on the mend. Satisfied with operating results, activist shareholder William Ackman, ended demands that McDonald's spin off or sell company-owned restaurants. The IPO of Chipotle Mexican Grill, a restaurant chain owned by McDonald's, sizzled doubling on debut.

Year 2006 may well be a better one for Kellogg (K-FDFAX). Kellogg has increased its 2006 profit forecast to a range of $2.43 to $2.48 per share. Jim Jenness, Kellogg's Chairman said, 'Our confidence in delivering another strong year in 2006 is high and reflected in the fact we raised our earnings-per-share guidance early in the year'. The company's return on invested capital improved for the fourth straight year in 2005.

Nestle (NESN.VX-FDFAX) has fulfilled its aspiration of becoming a global ice-cream powerhouse. The company has acquired 100% ownership of Dreyer's Grand after the 'put' period expired. Nestle has also reached an agreement to acquire Greece's leading ice-cream maker, Delta Holdings. These actions bring Nestlé's global ice-cream market share to 17.5%. Nestle is rumored to be interested in acquiring Novartis' baby nutrition unit, Gerber.

Strong results from international units enabled Altria Group (MO-FDFAX) to record an 18% increase in fourth-quarter profit. However, citing difficult conditions in some foreign markets such as Spain, the company has pared down its 2006 earnings forecast. Meanwhile, Florida's Supreme Court is reviewing the $145 billion Engle tobacco award. A successful outcome here could pave the way for Altria to separate Kraft Foods.

With companies continuing to execute well, we like the defensive characteristics of Select Food and Agriculture. We include this fund in the Core model portfolio.

Fidelity Select Insurance

Mixed news from the nation's insurers along with weakness in the financial services sector put pressure on share prices in the insurance group even as insurers focus on execution, risk reduction, and new product introduction.

Among negative developments, an Insurance Information Institute report suggested that the outbreak of avian flu similar to the one in 1918 could cause 1.9 million deaths and cost the life insurance industry $133 billion in additional death claims. This dampened investor sentiment towards the insurance group.

St. Paul Travelers (STA-FSPCX) lost a court battle to place limits on asbestos claims. This raised concerns that St. Paul and other insurers may have to increase reserves for asbestos exposure.

Several banks including Citigroup, JP Morgan Chase, and Wells Fargo posted disappointing results putting pressure on the financial services sector as a whole. Hartford Financial (HIG-FSPCX) added to the woes by reporting earnings short of forecasts. Hartford had to boost reserves for market timing and directed brokerage-related matters.

Not all news was discouraging. Aflac (AFL-FSPCX) continues to execute well. The company backed its projection for a 15% increase in per-share operating earnings in 2006 before currency impact.

Companies in the insurance group are endeavoring to reduce risk and earnings variability. Allstate (ALL-FSPCX) announced new reinsurance agreements to reduce earnings variability from catastrophic payouts. The company seeks to include reinsurance costs in premium rates and mitigate the impact of these costs. Meanwhile, MetLife (MET-FSPCX) is taking steps to protect its variable annuities against equity market downturns by transferring such risk to a re-insurer owned by Société Générale.

St. Paul Travelers has teamed with the Independent Community Bankers of America to offer member banks access to identity theft-related coverage.

We believe property and casualty insurance underwriting remains strong. Japan presents U. S. insurers like Hartford with attractive business opportunities in variable annuities and securities market-based life insurance products whereas Aflac is well-positioned to prosper from changes to Japan's national health care plan.

Notwithstanding the current mixed news flow, we believe the positives will prevail in a more pronounced manner in the coming periods. We include Fidelity Select Insurance in the Core model portfolio.

Fidelity Select Telecommunications, Utilities Growth

Telecom service providers are benefiting from the growth in wireless and broadband customers while seeking to derive synergies from deals completed. The growing popularity of wireless entertainment is leading to new services and products. Electric utilities continue to execute well. Merger possibilities add to investment appeal.

Growth in wireless and broadband. The nation's largest cellular service provider Cingular Wireless, an AT&T (FSTCX, FSUTX) and BellSouth (BLS-FSTCX, FSUTX) joint venture, added 1.8 million new customers in the fourth-quarter. The number two carrier, Verizon Wireless, a Verizon (VZ-FSTCX, FSUTX) and Vodafone joint venture, did better with 2 million new customer additions for the quarter. Cingular ended 2005 with 54.1 million customers while Verizon Wireless had 51.3 million.

Customer addition for broadband services was also strong. Verizon led the pack adding 613,000 customers during the quarter. AT&T added 425,000 broadband customers while BellSouth posted 204,000 broadband customer additions.

Growth in number of wireless and broadband customers enabled telecom service providers to recapture revenue lost from the decline in wireline telephony. Verizon's quarterly revenue increased 5.8% from year-ago levels to $19.3 billion while Bellsouth's revenue increased 1.9% to $5.2 billion. AT&T's consolidated fourth-quarter 2005 revenues following the merger of SBC and AT&T totaled $13.0 billion.

Consolidation. AT&T is now focusing on realizing synergies from the merger completed in late 2005. Excluding one-time items, the company reported $0.48 in earnings per share, up from the $0.34 per-share reported in the year-ago period. AT&T Chairman Edward Whitacre said, 'We continue to execute well across our operations, and we have moved quickly on merger integration.' Meanwhile in January, Verizon completed the $8.5 billion purchase of MCI. The new Verizon with 250,000 employees and customers in 150 countries will have annual revenue of over $90 billion. Rumors of further consolidation continue to circulate with AT&T-BellSouth, Alltel (AT-FSTCX, FSUTX)-Sprint Nextel (S-FSTCX, FSUTX), and Alltel-Verizon Wireless mergers being possibilities.

> *'We continue to execute well across our operations, and we have moved quickly on merger integration.'*
>
> *Edward Whitacre*
> *AT&T Chairman*

Handsets. Telecom service providers as well as handset makers are introducing new services to cash in on wireless entertainment. Verizon Wireless has launched a service that lets customers download music to their phones or transfer music between phones and computers. Motorola (MOT-FSTCX) has launched a subscription music service *iRadio* for cell phones that allows music to play over car radios and home stereos. Handset chip maker Qualcomm (QCOM-FSTCX) sees a significant opportunity in wireless entertainment and is working on delivering mobile television.

Power dynamics. AES (AES-FSUTX) appears to be finally getting its financial house in order. After a lengthy process stemming from the treatment of deferred income taxes, the company has completed restating several years' earnings. AES, which generates and distributes electric power in 26 countries, reported 68 cents in per share earnings for the first nine months of 2005, up from 28 cents a share in the comparable 2004 period. The company raised forecasts for its full year earnings.

Exelon (EXC-FSUTX) has moved one step closer in completing the Public Services Enterprise Group (PEG-FSUTX) merger by winning the nod from Pennsylvania's utility regulators. The deal still requires approval from New Jersey regulators as well as the Federal Department of Justice. If approvals stay on track, the transaction will likely close in the second quarter. Post-merger, Exelon expects to increase the annual per-share dividend from $1.60 to $1.86.

With natural gas and coal prices remaining high, electricity generators with nuclear power plants like Exelon are well-positioned to benefit from wider profit margins. Recent enactment of the 2005 Public Utility Holding Company Act should facilitate additional consolidation among electric utilities.

We like the growth prospects and relative economic insensitivity offered by Fidelity Select Telecommunications and Fidelity Select Utilities Growth. Both funds are included in the Core model portfolio.

AlphaProfit Sector Portfolio Indicator Reading: Buy

The U. S. equity market fared well in January. Economically sensitive groups such as commodities and technology were particularly notable. The performance appeared to be predicated on three expectations: First, economic growth in the U. S. will moderate. Second, the Federal Reserve will end its interest rate tightening process in the near future. Third, emerging economies will continue to grow rapidly.

Preliminary estimate for fourth quarter U. S. GDP growth was 1.1%, lower than the 4.1% rate reported in the third quarter. The fourth quarter number is sub-par, with a potential for upward revision. Unlike the above trend-line level growth seen in 2005, we believe U. S. economic growth will likely revert to a long-term trend-line rate in 2006. Factors that could cause growth to moderate include a cooling housing market and slower growth of consumer credit.

We believe the performance of the broad U. S. equity market going forward will hinge on whether a balance between economic growth and inflation can be struck.

As for interest rate expectations, inflation concerns persist and they could prove to be a thorn in monetary policy prospects. Capacity utilization increased to 80.7% in December 2005, the highest since October 2000. The Consumer Price Index increased 3.4% in 2005, the largest year-over-year gain since 2000. The Federal Reserve ended January with the 15th consecutive 0.25% increase in short-term interest rates. Issuing a relatively non-committal commentary, the Federal Reserve left the door open for the new Chairman Ben Bernanke to consider additional data in determining the next move.

Emerging economies have a tougher task of balancing economic growth and inflation. While rapid growth is causing commodity prices to rally, rising raw material costs could cause growth in these economies to falter. Alternatively, if growth doesn't slow, spiraling raw material costs can translate into a rise in inflation.

We believe the performance of the broad U. S. equity market going forward will hinge on whether a balance between economic growth and inflation can be struck. Things appear to be on an even keel for now. Rising raw material costs present a risk to this balance. As such, having a mix of offensive and defensive selections with favorable sector- or group-specific fundamentals appears appropriate.

With both model portfolios carrying at least a modicum of defensive groups, we are satisfied with their composition. We rate the AlphaProfit Sector Portfolio Indicator 'Buy'. With Fidelity Select Energy Service having had a relatively large run in January, some caution is called for here. As such, Subscribers initiating positions in this fund may consider taking a measured approach through dollar-cost-averaging. None of the funds in the model portfolios carry a 'Favored Buy' rating at the present time.

AlphaProfit Investments, LLC
Date: January 31, 2006 ■

The AlphaProfit Sector Investors' Newsletter™ is edited and published by Dr. Sam Subramanian, Managing Principal and Chief Investment Officer of AlphaProfit Investments, LLC. Sam is an avid stock market investor and has tracked Fidelity Select Funds for several years. With a strong quantitative and analytical bent, Sam has honed his skills in security research and analysis. Sam developed the ValuM Investment Process™ for managing investments. The ValuM Investment Process has helped Sam build a successful track record in managing his investments since 1985. Prior to founding AlphaProfit Investments, LLC, Sam worked in positions of increasing responsibility in Finance and Corporate Strategy advising in Acquisitions and Divestitures, Asset Valuation, Trading, Bankruptcies, and Risk Management. Sam graduated with honors from the MBA program at the University of Michigan and has a Doctorate Degree in Chemical Engineering from Syracuse University. Sam also holds 16 U. S. patents.

Fund Facts and News

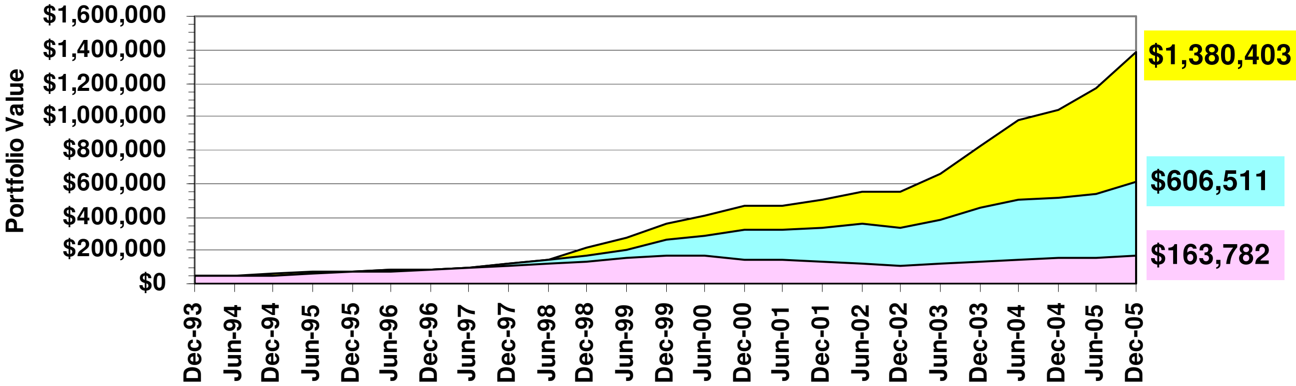
Fidelity Fund	Ticker	Fund Style	Risk Rating	Manager
Select Biotechnology	FBIOX	Mid Cap Growth	Above Average	R. Kaul
Select Bus. Svcs. & Outsourcing	FBSOX	Mid Cap Growth	Below Average	N. Stafford
Select Energy Service	FSESX	Mid Cap Growth	Above Average	J. Dowd
Select Food & Agriculture	FDFAX	Large Cap Blend	Below Average	R. Lee
Select Health Care	FSPHX	Large Cap Growth	Below Average	H. Carere
Select Insurance	FSPCX	Large Cap Value	Average	C. Hebard
Select Pharmaceuticals	FPHAX	Mid Cap Growth	Below Average	H. Carere
Select Telecommunications	FSTCX	Large Cap Blend	Above Average	B. Younger
Select Utilities Growth	FSUTX	Large Cap Value	Average	B. Younger

Fidelity Select Portfolio® Fund's Initial Purchase Requirements:
The minimum initial investment for regular as well as Traditional, Roth, and Rollover IRA accounts in any Fidelity Select Portfolio Mutual Fund is $2,500. The minimum initial investment is $500 for SEP-IRA and Keogh accounts. Check fund prospectus for details.

Fidelity Spartan 500 Index® Fund's Initial Purchase Requirements:
The minimum initial investment for regular accounts in the Fidelity Spartan 500 Index Fund is $10,000. The minimum initial investment for Traditional, Roth, and Rollover IRA accounts is $2,500 and the minimum initial investment for SEP-IRA and Keogh accounts is $500. Check fund prospectus for details.

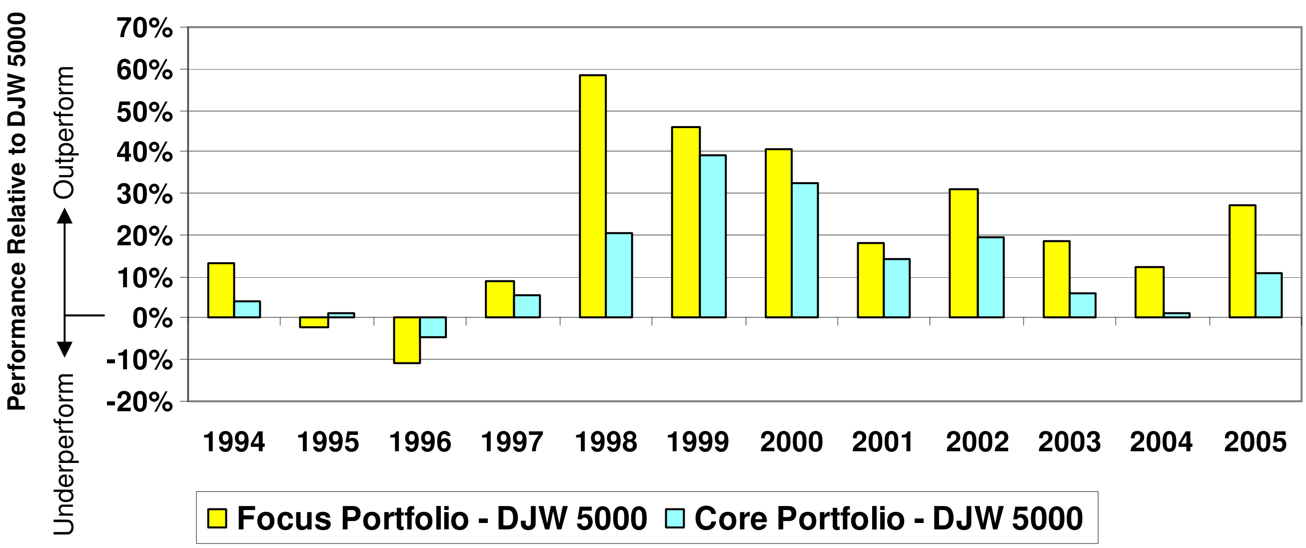
AlphaProfit Model Portfolio Long-Term Performance

The Core and Focus Portfolios were initiated on December 31, 1993 each with a $50,000 value. No new capital is added. All distributions are reinvested in the fund in which they are paid. The performance shown below is as of December 31, 2005; the returns do not include the one-time 3% front-end sales load charged by Fidelity Investments® for deposits made in the Fidelity Select Portfolio® funds. On Sept. 23, 2003, Fidelity Investments eliminated the one-time 3% front-end sales load for deposits in Fidelity Select Portfolio funds.



	Cumulative Return			Compound Annual Return			Sharpe Ratio	
	3 year	5 year	Inception	3 year	5 year	Inception	5 year	Inception
Focus	149.5%	193.9%	2660.8%	35.6%	24.1%	31.9%	1.15	1.16
Core	83.4%	86.8%	1113.0%	22.4%	13.3%	23.1%	0.69	1.06
DJW 5000	57.6%	11.1%	227.6%	16.4%	2.1%	10.4%	0.04	0.38

	Total Return											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Focus	13.0%	34.2%	10.4%	40.1%	82.1%	69.3%	29.9%	7.1%	10.0%	50.0%	24.8%	33.4%
Core	3.9%	37.6%	16.7%	36.7%	44.0%	62.8%	21.4%	3.3%	-1.4%	37.6%	13.9%	17.0%
DJW 5000	-0.1%	36.4%	21.2%	31.3%	23.4%	23.6%	-10.9%	-11.0%	-20.9%	31.6%	12.6%	6.3%



Glossary of Terms Used

Alpha: Difference between the expected return of the sector fund and the "fair return" for the fund based on its historical responsiveness to market movements.

AlphaProfit Sector Portfolio Indicator™: Proprietary short-term indicator used by AlphaProfit Investments, LLC to assess attractiveness and risks in investing additional capital. The indicator considers upcoming portfolio re-positioning exchanges along with economic and equity market metrics.

AlphaProfit Core™ Portfolio: This portfolio generally comprises of 7 to 8 Fidelity Select Funds. When fewer number of Select Funds appear attractive, the portfolio invests in the Spartan 500 Index or Spartan Total Market Index fund. The portfolio is usually fully invested in equity funds. Portfolio turnover for the Core Portfolio is lower than that of the Focus Portfolio. Subscribers seeking long-term capital appreciation in retirement as well as regular accounts may find this portfolio suitable.

AlphaProfit Focus™ Portfolio: This portfolio typically invests in 2 Fidelity Select Funds that are deemed most attractive. The portfolio is usually fully invested in equity funds. The typical holding period for the Select Funds included in this portfolio is 6 months. Portfolio turnover for the Focus Portfolio is higher than that of the Core Portfolio. Subscribers seeking aggressive growth of capital in retirement as well as regular accounts may find this portfolio suitable.

Beta: Beta is a measure of the responsiveness of a security such as sector fund or stock to market movements.

Compound Annual Return: The compound annual return rate earned by the portfolio over the referenced time period.

Cumulative or Holding Period Return: Total return earned by the fund or portfolio over the referenced holding period. All distributions are reinvested in the fund paying the distribution.

DJ Wilshire 5000® (Full Cap): This index measures the performance of all U.S. headquartered equity securities with readily available price data. Over 5,000 capitalization weighted security returns are used to adjust the index. Therefore, the index is an excellent approximation of dollar changes in the U.S. equity market.

Fidelity Select Portfolio® Funds: This refers to a group of 41 equity mutual funds that focus their investments on a particular sector or industry of the stock market.

Fidelity Spartan 500 Index® Fund: This mutual fund seeks investment results that correspond to the total return (i.e., the combination of capital changes and income) of common stocks publicly traded in the United States, as represented by the Standard & Poor's 500 Index (S&P 500®), while keeping transaction costs and other expenses low.

Fidelity Spartan® Total Market Index Fund: This mutual fund seeks to provide investment results that correspond to the total return of a broad range of United States stocks. The fund normally invests at least 80% of the fund's assets in common stocks included in the DJ Wilshire 5000.

Front-End Load: Mutual fund commission or sales fee that is charged at the time fund shares are purchased. On September 23, 2003, Fidelity Investments eliminated the 3% one-time front-end sales charge on deposits made into the Fidelity Select Portfolio® Stock Funds.

Fund Style: Fund style information obtained from Morningstar, Inc. at http://www.morningstar.com.

Risk Rating: AlphaProfit Investments, LLC classifies Fidelity Select Funds into 3 categories, 'Above Average', 'Average', and 'Below Average' based on the fund's standard deviation of returns over the last 8 years. Shorter history is used for newer funds.

Sharpe Ratio: This ratio is commonly used as a measure of risk adjusted return. This ratio is calculated using the formula, (portfolio return minus risk free return)/standard deviation of portfolio return. The return on the Vanguard® Prime Money Market Fund is used as a measure of risk free return.

S&P 500®: This index consists of 500 stocks chosen by Standard and Poor's, Inc. It is a market-value weighted index (stock price times number of shares outstanding) that is widely used as a benchmark of U.S. equity performance.

ValuM™ Investment Process: This is a proprietary investment process used by AlphaProfit Investments, LLC to select investments. The investment process selects sector funds for including in the model portfolio based on the sector's momentum, valuation, and news flow quality.