AlphaProfit™

Sector Investors' Newsletter

Monthly Report

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Economy & Markets

U. S. economic growth remains uninterrupted in the face of rising oil prices and interest rates. The broad U.S. equity market indexes recorded single digit gains in 2005 despite strong corporate profits and increased merger activity. Strong growth in the emerging Asian economies translated into a commodity price boom. Overseas equity markets put in a strong showing.

The U.S. economy continues to grow. Economic expansion which started in earnest in 2003 continued through 2005 at a strong pace. The Commerce Department stated that the economy grew at a robust 4.1% during the third quarter.

Coincident as well as forward-looking indicators continue to provide a sanguine picture. The Institute for Supply Management's November manufacturing index came in at 58.1, a tad lower than October's 59.1 reading. Values above 50 suggest further expansion ahead. Meanwhile, the Conference Board's leading economic indicator index increased at a peppy 0.5% in November.

The Federal Reserve ticks up short-term interest rates in measured steps. The Federal Reserve picked up 2005 from where it left 2004 and continued to tick up short-term interest rates. By year-end, the Central Bank had put its 13th consecutive 0.25% increase in place. Longer-term interest rates however hardly budged. The 2-year and 10-year Treasury notes were yielding

Featured Quote

'Always bear in mind that your own resolution to succeed is more important than any other thing.'
Abraham Lincoln

about the same at year-end. Fears of inflation ran high as prices excluding food and energy rose 0.2% for the second consecutive month in November.

Going forward, Federal Reserve leadership is set to change. With Alan Greenspan retiring on January 31, Ben Bernanke takes over as Chairman on February 1.

Strong productivity growth keeps a lid on job creation. Job creation during the current economic expansion has been weak with numbers well-short of the late 90s boom. The labor department stated that 215,000 jobs were created in November. Part of the reason is that productivity has increased at a robust rate through this expansion. Productivity increased at a 4.7% annual rate during the third quarter.

Consumer spending remained steady. Consumers have stood firm in their resolve to spend and keep the economy humming. For most of 2005, a booming housing market provided consumers with the ability to take on more debt. By year-end, falling gasoline prices provided a lift to consumer confidence with the University of Michigan's December

AlphaProfit Core™ Model Portfolio

As e-mailed on January 1, the Core Model Portfolio was repositioned with the following changes at the close of business on December 31, 2005.

Before Repositioning

Fidelity Fund Holding (Ticker Symbol)	Value	Percent Portfolio	Action
Air Trans. (FSAIX)	$55,301	9.12%	**Sell**
Biotech. (FBIOX)	$49,344	8.14%	**None**
Bus. Svc. & Out. (FBSOX)	$48,142	7.94%	**None**
Dev. Comm. (FSDCX)	$46,968	7.74%	**Sell**
Energy Svce. (FSESX)	$110,458	18.21%	**Reduce**
Ind. Equip. (FSCGX)	$48,728	8.03%	**Sell**
Med. Dlvy. (FSHCX)	$97,001	15.99%	**Sell**
Telecomm. (FSTCX)	$47,711	7.87%	**None**
Util. Growth (FSUTX)	$49,623	8.18%	**None**
Wireless (FWRLX)	$53,236	8.78%	**Sell**
Total rounded to	$606,511	100.00%	

After Repositioning

Action	Fidelity Fund (Ticker Symbol)	Value	Percent Portfolio
Add	Biotech. (FBIOX)	$60,651	10.00%
Add	Bus. Svc. & Out. (FBSOX)	$60,651	10.00%
None	Energy Svce. (FSESX)	$60,651	10.00%
Buy	Food & Agri. (FDFAX)	$60,651	10.00%
Buy	Health Care (FSPHX)	$60,651	10.00%
Buy	Insurance (FSPCX)	$60,651	10.00%
Buy	Pharma. (FPHAX)	$121,302	20.00%
Add	Telecomm. (FSTCX)	$60,651	10.00%
Add	Util. Growth (FSUTX)	$60,651	10.00%
	Total rounded to	$606,511	100.00%

reading increasing to 91.5 from 81.6 in November. The housing market however showed signs of faltering with homebuilders like Toll Brothers offering subdued forecasts for earnings growth in 2006.

The U.S. equity market remained disconnected with corporate earnings. While corporate earnings appear to have increased at a 13% rate in 2005, the U.S. stock market, as measured by the broad averages, put in a relatively tame performance. The S&P 500 index gained 4.9% while the Dow Jones Wilshire 5000 fared slightly better with a 6.3% advance. Corporate earnings for the S&P 500 companies are forecasted to grow only 9% in 2006.

Rising profits lead to increased dividends and deal activity. With corporate coffers bulging with cash, thanks to strong operating performance, public companies were receptive to increasing dividends and pursuing acquisitions. Private equity firms joined the acquisition bandwagon as well. This trend continued through December with oil major, ConocoPhillips agreeing to buy natural gas producer, Burlington Resources for over $35 billion.

Commodity prices set new highs. Helped by booming Asian economies, 2005 was a year for the commodities. Oil and natural gas prices set new highs, breaching the $70 per barrel and $15 per million BTU levels, respectively. Reports of warmer weather however caused oil and natural gas prices to pull back measurably by year-end. Strong demand from Asia, rumors of Central Bank buying, and concerns with inflation pushed gold prices to multi-decade highs.

International equities score strong gains. Overseas markets such as those in Korea and Latin America recorded substantial gains. With the Japanese economy showing signs of a sustained recovery in the latter half of the year, the Nikkei average surged 40%. Meanwhile, the backdrop of rising interest rates enabled the U.S. dollar to appreciate about 10 to 15% against major currencies.

Investment Implications

We take a cautious view of economically sensitive sectors and industry groups even as U.S. equity market valuation levels remain relatively attractive.

With the U.S. equity market not having advanced substantially during a period of rising earnings, market valuation as seen from a P/E ratio perspective appears relatively attractive. Economic growth should enable corporations to continue increasing their earnings. Additionally, bulging corporate coffers should likely spur M&A activity while dividends and stock buy-back program commitments increase.

AlphaProfit Focus™ Model Portfolio

As e-mailed on January 1, the Focus Model Portfolio was repositioned with the following changes at the close of business on December 31, 2005.

Before Repositioning			Action
Fidelity Fund Holding (Ticker Symbol)	**Value**	**Percent Portfolio**	
Energy Svce. (FSESX)	$734,971	53.24%	**Reduce**
Med. Dlvy. (FSHCX)	$645,433	46.76%	**Sell**
Total rounded to	$1,380,403	100.00%	

Action	After Repositioning		
	Fidelity Fund (Ticker Symbol)	**Value**	**Percent Portfolio**
Buy	Biotech. (FBIOX)	$460,134	33.33%
None	Energy Svce. (FSESX)	$460,134	33.33%
Buy	Pharma. (FPHAX)	$460,134	33.33%
	Total rounded to	$1,380,403	100.00%

Offsetting the above positives is the likelihood that economic growth particularly in the U.S. will moderate.

First, the Federal Reserve's interest rate hikes will work their way through the economy.

Second, the super-strong housing market appears to be moderating. We believe this will impact the ability of consumers to take on more debt and continue spending.

Third, the yield curve has flattened. We view this change as a cautionary sign. An inverted yield curve has more often than not preceded recessionary conditions.

The Federal Reserve may well pause on its tightening course if economic growth starts to slow. Uptick in inflation is a key risk to this expectation. Should inflation rates move higher, as suggested by action in the price of gold, we believe the Central Bank will continue pushing additional rate increases through until inflationary pressures are contained and growth cools off.

The change in Federal Reserve leadership adds some uncertainty. While there is reason to expect Bernanke will continue Greenspan's tactic of increasing rates in 0.25% increments in the near-term, it will take some time for Bernanke's policies to become evident.

On the currency front, a moderating U.S. economy may cause the U.S. dollar to give back some of its recent gains against major world currencies and provide a tail-wind for shares of foreign companies.

Given this backdrop, we like the prospects for the economically less sensitive health care and utility sectors. We are taking a cautious view of sectors that are particularly sensitive to the economy. As such, we have avoided exposure to the cyclical sector. Among other sectors such as consumer, natural resources, financial services, and technology, we have tried to include Fidelity Select funds that focus on specific industry groups which we believe offer better-than-average prospects.

Investment Thesis for Selections

(Fidelity funds' top 10 holdings as of September 30, 2005.)

In the sections below, we outline the key factors including risks that could drive the performance of the Select funds in the model portfolios.

Fidelity Select Biotechnology, Health Care, Pharmaceuticals

Strong drug pipelines of foreign pharma companies and progress being made by biotech companies towards new drugs bode well for sales and earnings growth. Health insurance companies will likely focus on realizing synergies while pursuing smaller acquisitions. Deal making is alive and well in the medical equipment group.

Bright prospects for foreign pharma. Foreign pharma companies are making progress towards developing new drugs.

Novartis (NVS-FPHAX), a well-diversified drug company, derives two-thirds of its revenues from the branded pharmaceutical segment. The company's generic drug unit Sandoz and consumer products division comprise the remaining third. About 30 of the company's 75 drugs are in late stages of clinical development. Among the key developmental drugs is a potential blockbuster diabetes drug, *Vidoglipitin*.

Japan's largest drug manufacturer, Takeda Pharmaceutical (TXC.IL-FPHAX) plans to introduce seven new prescription drugs in the U.S. including those for constipation and cancer. Meanwhile, GlaxoSmithKline (GSK-FPHAX) is well positioned to benefit from high growth in vaccines.

Top 10 Fund Holdings

The top 10 holdings of the Fidelity Funds included in the model portfolios after repositioning are reported below. The data are as of Sept. 30, 2005.

Biotechnology (FBIOX)	B.Svc. & Out. (FBSOX)	Energy Svce. (FSESX)
Genentech	Aff. Comp. Services	Halliburton
Celgene	Accenture Cl. A	Natl. Oilwell Varco
Amgen	Paychex Inc	BJ Services
Biogen Idec	First Data	Schlumberger
Gilead Sciences	DST Systems	Baker Hughes
Medimmune	Infosys Tech. (Demat)	GlobalSantaFe
Cephalon	Comp. Sciences	Weatherford Intl.
Sepracor	Ceridian Corp.	Nabors Industries
Invitrogen	Lamar Advt. Cl A	Pride International
Affymetrix	State Street	Grant Prideco
54.1% of portfolio	*49.7% of portfolio*	*60.4% of portfolio*
88 holdings	*56 holdings*	*46 holdings*

Food & Agri. (FDFAX)	Healthcare (FSPHX)	Insurance (FSPCX)
Nestle ADR	Johnson & Johnson	Amer. Intl. Group
Altria Group	Unitedhealth Group	Ace
McDonalds	Amgen	Metlife
Pepsico	Genentech	St. Paul Travelers
Unilever	Wyeth	Aflac
Coco Cola	Abbott Labs.	Wellpoint
Kellogg Co	Medtronic	Hartford Fin. Svcs.
General Mills	Wellpoint	Prudential Financial
Coco Cola Ent.	Health Net	Allstate
Kraft Foods Cl A	Alcon	Berkley (WR)
52.8% of portfolio	*42.9% of portfolio*	*50.5% of portfolio*
84 holdings	*162 holdings*	*78 holdings*

Pharma. (FPHAX)	Telecom. (FSTCX)	Util. Growth (FSUTX)
Novartis ADR	Qwest Comm.	SBC Comm.
AstraZeneca ADR	SBC Comm.	Verizon Comm.
GlaxoSmithKline ADR	Verizon Comm.	Bellsouth
Wyeth	Sprint Nextel	Sprint Nextel
Roche Holdings	Qualcomm	TXU
Schering Plough	Alltel	Exelon
Takeda Pharma.	Bellsouth	Public Svc. Ent. Grp.
Inverness Med. Innov.	Vodafone ADR	Dominion Resources
Teva Pharma.	NII Holdings	Edison Intl.
McKesson	Corning	AES
54.1% of portfolio	*69.6% of portfolio*	*64.6% of portfolio*
104 holdings	*36 holdings*	*44 holdings*

London-based AstraZeneca (AZN-FPHAX) is rapidly growing its earnings. The company posted third quarter earnings of 76 cents per share, 9 cents above analysts' estimates, thanks to rapid sales growth of *Arimidex* cancer and *Seroquel* psychosis treatment drugs. The company expects to file for a new bipolar depression indication for *Seroquel* soon.

Switzerland-based Roche (ROG.VX-FPHAX) has completed four Phase III trials of its anti-anemia drug, *CERA*. The company expects to file for its approval, both in Europe and in the U.S. in 2006. While *CERA* has the makings of becoming a blockbuster drug, its potential hinges on how the patent dispute with Amgen (AMGN-FBIOX, FSPHX) gets resolved.

Biotech companies make progress with new drugs. Biotechnology companies are making progress in their efforts to develop new drugs which in turn augurs well for sales and earnings growth. Operating profits stand to benefit as some fixed costs and sales efforts get spread over a larger revenue base.

After satisfying the U.S. FDA with safety data, Celgene (CELG-FBIOX) won approval in December for *Revlimid* in treating anemia associated with certain blood disorders. The company plans to begin shipping *Revlimid* in early 2006. Analysts estimate the drug's sales to exceed $250 million in 2006.

Meanwhile, Cephalon (CEPH-FBIOX) is making progress with its experimental leukemia drug *CEP-701*. The company is developing this drug as a treatment for a type of acute myelogenous leukemia, a blood cancer. The company has also settled its *Provigil*-related patent disputes by granting nonexclusive rights to Israel-based Teva Pharm. (TEVA-FPHAX) and India-based Ranbaxy Laboratories for selling generic versions of the drug.

Oncology powerhouse Genentech (DNA-FBIOX, FSPHX) continues to execute well as the usage of *Avastin* ramps up. The company is investing in new production facilities as manufacturing capacity is limited. Genentech recently filed for U.S. FDA approval of its ophthalmology drug, *Lucentis*, to treat age-related macular degeneration.

Pharma companies target biotech for growth. The interest shown by pharma companies in acquiring biotech firms bodes well for consolidation in the biotech group.

Novartis is harboring ambitions of growing its biotechnology business.

December and Year 2005 in Review

The AlphaProfit Focus and Core model portfolios gained 2.8% and 1.5% in **December** while the DJW 5000 benchmark gained 0.1%.

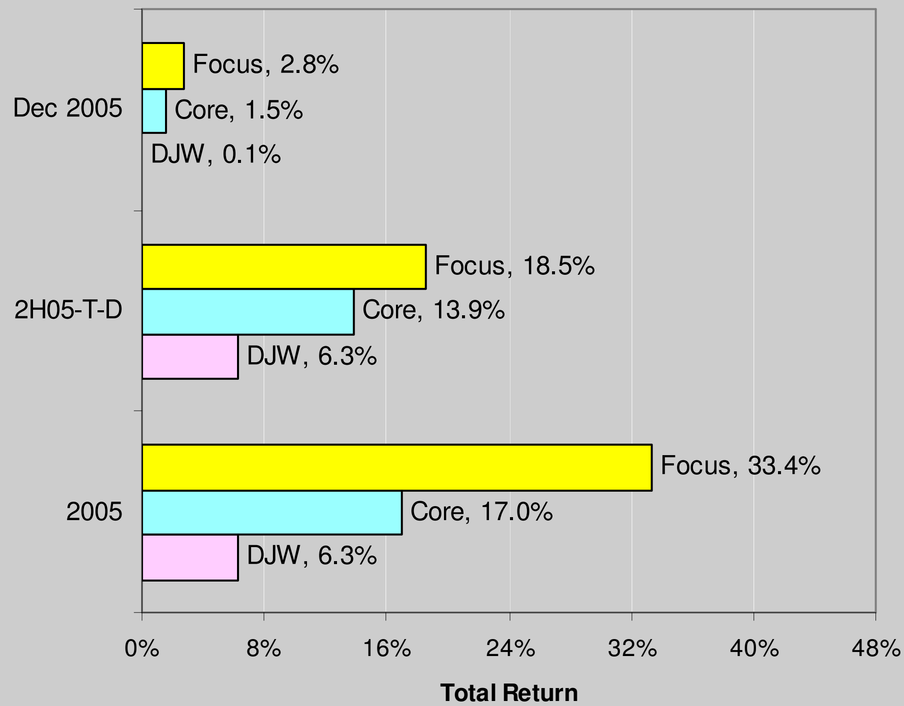
After a relatively strong start in December, the broad market rally stalled on concerns that the Federal Reserve will continue to raise interest rates in response to the up-tick in inflation indicators. Exposure to stronger sectors such as Air Transportation and Energy Services enabled both model portfolios to outperform the DJW 5000 benchmark.

The honors for the best performing stock among the top 10 holdings of funds included in the Core model portfolio went to biotechnology company Cephalon with a 27.4% return. JetBlue Airways with a 16.6% loss was the laggard. In the Focus model portfolio, energy service companies were at either end of the performance spectrum. Grant Prideco's 14.9% gain made it the best performer whereas Halliburton's 2.7% loss made it the worst.

The **second half of 2005** was marked by rising energy costs as Hurricanes Katrina and Rita hit the Gulf Coast. Inflation fears ran high as a result. During this period, the AlphaProfit Focus and Core model portfolios gained 18.5% and 13.9%, respectively, handily beating the DJW 5000 benchmark's 6.3% gain. Nine out of the ten model portfolio funds outperformed the DJW 5000 with Fidelity Select Energy Service and Fidelity Select Air Transportation leading the pack with returns of 26.2% and 20.4%, respectively. The sole exception was Fidelity Select Utilities Growth with a muted 3.5% gain.

For the **year 2005**, the Focus model portfolio's return amplified to 33.4%, thanks to its12.5% advance during the first half. The Core model portfolio gained 2.7% in the first half to bring the year's tally to 17%. With an essentially flat first-half, the DJW 5000's return for the year was pretty much identical to its second-half return of 6.3%

In 2005, four **'Favored Buy'** calls were made. All four of them proved timely. In each instance, the 'Favored Buy' funds outperformed the DJW 5000 from the time the rating was assigned to the time the rating was removed. (The 'Favored Buy' rating was maintained between one and two months.) The 'Favored Buy' funds on average increased **6.1%**, that is 5.6% higher than the DJW 5000's return of 0.5% on a comparable basis.



Following the bid for Chiron, the company also appears to be interested in acquiring Berna Biotech. Meanwhile, Switzerland-based Serono, the third largest biotech firm in the world, has hired Goldman Sachs to consider strategic options. Novartis is seen as a forerunner in acquiring Serono.

Wyeth (WYE-FSPHX, FPHAX), with an array of biotech drugs in its pipeline, has agreed to acquire biotech company Progenics Pharmaceuticals for $417 million. This deal will bring Wyeth rights for an experimental regimen to treat constipation and other side-effects associated with opioid painkillers.

Roche Holdings, which owns a majority interest in Genentech, benefits from strong sales of Genentech's *Avastin*, *Herceptin*, and *Tarceva*. Roche has reported that two years of maintenance therapy with its *MabThera* drug (*Rituxan* in the U.S.) improves survival of indolent non-Hodgkin's Lymphoma patients.

Even as pharma companies target to acquire biotech companies to shore up their growth, biotech companies are buying their smaller siblings. In December, Amgen agreed to acquire Abgenix for $2.2 Billion. With this acquisition, Amgen will acquire all rights to a promising colon cancer drug, *Panitumumab.* Based on the drug's success in a large human trial, Amgen believes its sales could exceed $2 billion.

Stent wars. Boston Scientific has jumped into the fray to acquire Guidant with a bid of $25.5 billion, $4 billion more than Johnson & Johnson's (JNJ-FSPHX) offer for Guidant. While Guidant's board is waiting for a final offer from Boston Scientific, J&J has not disclosed if it will increase its earlier offer. J&J has instead announced that it will acquire Animas Corp., an insulin pump maker, for $518 million.

Meanwhile, Medtronic (MDT-FSPHX), has begun human trials of a new drug-coated coronary stent designed to prolong release of its drug and heal complex coronary lesions. Medtronic launched its first drug-eluting stent, *Endeavor*, in Europe this summer.

Health insurance companies to focus on realizing synergies. Consolidation has been the name of the game recently among health insurance companies, Wellpoint (WLP-FSPHX, FSPCX) picked up Anthem and Wellchoice. UnitedHealth (UNH-FSPHX) followed its purchase of Oxford Health with the acquisition of PacifiCare. The UnitedHealth-PacifiCare acquisition closed in December 2005. UnitedHealth is now buying the managed care unit of farm equipment manufacturer, Deere for $500 million.

While there is some room for additional consolidation, we believe companies like Wellpoint and UnitedHealth will focus mostly on realizing synergies from acquisitions completed while embarking on relatively small purchases.

Investments in the health care sector are subject to risks. Share prices of individual companies, particularly in the biotechnology space, can decline sharply if results from drug trials disappoint. Drug safety issues and patent disputes are a part-and parcel of this sector. There is some level of internal hedging in including generic drug manufacturers and health insurance companies along with branded pharmaceutical manufacturers since the former benefits from the latter's patent expirations.

Fidelity Select Biotechnology meets the aggressive-growth objective of the AlphaProfit Focus model portfolio. Fidelity Select Pharmaceuticals is added to provide a degree of stability to this model portfolio. These funds along with the umbrella fund for the health care sector, Fidelity Select Health Care find a place in the Core Model portfolio. The 20% weighting provided to Fidelity Select Pharmaceuticals in the Core model portfolio reflects our optimism.

Fidelity Select Business Services and Outsourcing

Growing complexity of information systems and a drive to contain costs bodes well for information technology service providers. The takeover interest seen in this sector confirms that valuation of companies in this group is attractive.

As information technology systems become more complex, corporations find it beneficial to outsource IT services to firms that specialize in this area. In addition to having suitably trained resources, IT firms provide services from Asia and Eastern Europe where wages are relatively low. We expect corporations and government to continue outsourcing their IT needs to keep a rein on costs.

IT service companies like Accenture (ACN-FBSOX) and Infosys (INFY-FBSOX) are executing well. Their consulting businesses are also perking up. While Infosys seeks to increase its client base in the U.S. and Europe, Accenture plans to increase its staff in lower-wage nations to better compete with companies like Infosys.

Takeover talk continues to swirl around companies in the business service group. Acquirers value the steady cash-flow generation capability of companies here. Following the successful takeover of Sungard Data System by a group of private equity firms, Lockheed Martin along with a group of private equity firms

continued on page 10

tried to put together a bid for Computer Sciences (CSC-FBSOX).

Currently, Affiliated Computer Services (ACS-FBSOX) is the subject of takeover talk. The New York Times has reported that ACS may be sold to a private equity group for $8 billion. The interest seen in acquiring ACS and CSC validates our hypothesis that valuation is attractive.

We like the prospects for 'Below-Average' risk-rated Fidelity Select Business Services and Outsourcing. The fund offers a relatively low-risk technology sector play. The loss of key contracts, cost over-run in fulfilling contract obligations, and keen price competition are factors that can impact results for individual companies in this group. There is also some risk that this group may lag during periods of strong growth in the technology sector.

Fidelity Select Energy Service

(As of December 19, 2005, John Dowd manages this fund.)

The fundamentals for the energy service business remains attractive as oil and gas companies increase spending in response to rising demand for commodities.

The economic recovery underway in Japan should add to oil demand that is already strong in China and India. The Energy Information Administration estimates that global daily demand for oil will increase by over 1.5 million barrels in 2006. Meanwhile, U.S. demand for oil as well as natural gas remains robust.

As petroleum commodity prices remain elevated for extended periods of time, the incentive for oil and gas companies to increase spending to boost current production and shore up reserves is substantial.

Chevron, for example, has increased its capital expenditure budget from $11.0 billion in 2005 to $14.8 billion in 2006 of which $11.3 billion is earmarked for exploration & production projects worldwide. This augurs well for energy service providers like Schlumberger (SLB-FSESX), drillers like Nabors Industries (NBR-FSESX), and oil field equipment manufacturers like National-Oilwell Varco (NOV-FSESX).

Meanwhile, energy service companies are seeing strong demand for their products and services. Companies like Halliburton (HAL-FSESX) have put several price increases in place. With cash rapidly building on energy service companys' balance sheets, dividend hikes and increases to stock buyback commitments should be forthcoming. Weatherford's (WFT-FSESX) board, for example, has approved a $1 billion share-repurchase program.

While we are optimistic on the prospects for Fidelity Select Energy Service, there are risks. Factors such as slowing economic growth and warmer-than-normal weather that reduce petroleum product demand will likely drive down commodity prices. This in turn will curtail demand for energy services.

Our decision to reduce the allocation provided to Fidelity Select Energy Service in both model portfolios from prior levels is driven by the need to free up cash to avail of opportunities in the health care sector and is not driven by a tempered outlook for energy service.

Fidelity Select Food and Agriculture

We value the predictability of earnings in the food and agriculture group. Companies are executing well, introducing new products. Consolidation is underway.

Given the outlook for moderating growth, we like the defensive characteristics of the food and agriculture group. The earnings of companies in this group are less susceptible to the vicissitudes of the economy. Additionally, a weakening dollar will provide a tailwind for earnings of multinational companies that dominate this group.

Companies in this group are executing well. Citing better than expected performance in its first half, General Mills (GIS-FDFAX) has increased its 2006 earnings forecast. McDonald's (MCD-FDFAX) premium chicken sandwiches are a hit with health-conscious consumers. The U.S. FDA's rule requiring trans fat content to be disclosed in food labeling will take effect in 2006. We believe such changes will provide opportunities for companies to benefit from new products.

Food companies continue to leverage their distribution networks over a larger revenue base via acquisitions. Switzerland–based Nestle (NESN.VX-FDFAX) is increasing its dominance in the ice cream market. The company which already owns Dreyer's Grand is buying Greece-based Delta Ice Cream for about $287 million to expand its ice cream business in Greece and the Balkans. Nestle is also working on entering into a 40/60 joint venture with France's dairy group, Lactalis.

Altria (MO-FDFAX) has its eyes on the Chinese cigarette market. The company is seeking approval from the Chinese government to make and sell *Marlboro* cigarettes. The company has won a victory in the court-room with the Illinois Supreme Court ruling that Altria's Philip Morris USA unit does not have to pay smokers of 'light' cigarettes $10.1 billion. This ruling will likely pave the way for Altria to spin-off its Kraft Foods' unit (KFT-FDFAX).

We value the relative stability 'Low-Risk' rated Fidelity Select Food and Agriculture provides and include this fund in the Core model portfolio. As for risks, rising commodity prices can crimp company earnings here. Additionally, adverse litigation outcomes can impact shares of tobacco companies.

Fidelity Select Insurance

Property and casualty insurers are enjoying substantial pricing power. Life insurers are executing well. On-going consolidation

The Fund Deletions

(Dow Jones Wilshire 5000 index returns for corresponding periods in parentheses)

Consistent with the macroeconomic view that economic growth both in the U.S. and abroad will likely moderate, we have reduced the economic sensitivity of the model portfolios by removing both Fidelity Select Air Transportation (FSAIX) and Fidelity Select Industrial Equipment (FSCGX). Since joining the Core model portfolios on December 31, 2003 and December 31, 2004, Fidelity Select Air Transportation and Fidelity Select Industrial Equipment gained **39.1%** (19.8%) and **7.41%** (6.32%), respectively.

The risk of earnings shortfalls appears to be increasing in the health insurance space. Near-term impact of Medicare Part D services on earnings appears relatively small. Substantial exposure to health insurance companies through Fidelity Select Medical Delivery (FSHCX) is no longer warranted in our view. Fidelity Select Medical Delivery included in the model portfolios since December 31, 2004 returned **29.0%** (6.32%).

In the technology sector, we remove Fidelity Select Developing Communications (FSDCX) due to lack of catalysts. Since joining the model portfolios on December 31, 2003, Fidelity Select Developing Communications delivered a cumulative return of **20.6%** (19.8%).

We continue to like the prospects for wireless-related businesses in general. From a risk-reward perspective, we prefer exposure to the wireless space through service providers rather than wireless equipment makers and infrastructure enablers. We part ways with Fidelity Select Wireless (FWRLX). Fidelity Select Wireless which was included in the model portfolios since the inception of the newsletter on September 30, 2003 delivered a cumulative return of **98.2%** (34.6%).

offers value-creation opportunities.

The insurance industry consists of three groups: property and casualty (P&C) insurance providers like Allstate (ALL-FSPCX), life insurance providers like MetLife (MET-FSPCX) and diversified financial service companies like American International Group (AIG-FSPCX) that have life and P&C insurance lines and a host of other products.

Insurers in the P&C line are seeing significant pricing power. Property insurance rates in hurricane affected states of the Southeast will likely increase significantly. Ace (ACE-FSPCX) expects P&C net earned premiums to grow 6% to 8% in 2006. Meanwhile, American International Group has received a license to offer P&C insurance in Vietnam.

On the legislative front, President Bush has reauthorized the Terrorism Risk Insurance Program for two years beyond its originally scheduled expiration date of December 31, 2005. This program provides government support for terror-related catastrophes.

Among life insurers, Prudential Financial (PRU-FSPCX) is executing well and is expecting earnings to grow 18% in 2006. Supplemental insurance provider Aflac (AFL-FSPCX) expects operating earnings to grow 15% in 2006. Aflac is on a robust growth trajectory and has increased the number of agents by over 8% from year ago levels.

Insurance is a consolidating industry. In July 2005, MetLife completed its acquisition of Travelers Life & Annuity. In October 2005, Lincoln National announced its merger with Jefferson-Pilot. Given the fragmented and competitive nature of this industry, we believe insurers with strong balance sheets will pursue acquisition opportunities creating value for investors.

The obvious risk here is that natural or terrorism-related catastrophic events may increase reimbursement and impact earnings. There is also some risk that political interference particularly in the P&C segment may result in unfavorable changes. Lastly, being a part of the financial services group, stock prices in the insurance group are generally sensitive to interest rate movements.

Notwithstanding such risks, we like the prospects for Fidelity Select Insurance and include it in the Core model portfolio.

Fidelity Select Telecommunications and Utilities Growth

Telecom service companies are poised to realize synergies from deals and to benefit from the growing use of wireless. The valuation of telecom service companies does not reflect their growth prospects. The repeal of PUHCA 1935 should pave the way for more consolidation in the electric utility space.

Realizing synergies from consolidation. Year 2005 brought about several major deals in the telecom services space. We believe the merged entities will seek to realize synergies by integrating businesses and by optimizing the business mix.

Sprint acquired Nextel to form Sprint Nextel (S-FSTCX, FSUTX). To focus on merger integration, Sprint Nextel has bought out several affiliates who challenged the merger in court. After several months of dispute over valuation, Sprint Nextel has now agreed to buy Nextel's largest affiliate, Nextel Partners, for $6.5 billion. The combined company plans to garner merger synergies of $1 billion. Sprint Nextel also harbors ambitions of becoming a pure wireless company down the road.

SBC Communications (T-FSTCX, FSUTX) acquired AT&T and renamed the combined company, AT&T. Verizon's (VZ-FSTCX, FSUTX) acquisition of MCI will likely close in January. Verizon is looking to the MCI acquisition to optimize its business mix and unlock value. Verizon is planning to sell or spin off its directories business, likely netting $17 billion. The company plans to use the proceeds to pay down debt and upgrade its networks.

Alltel (AT-FSTCX) has acquired Western Wireless and is in the process of forming a pure-play wireless company. Alltel is spinning off its local-telephone unit and merging the business with Valor Communications in a $4.9 billion deal. The transformation of Alltel into a pure wireless carrier may well make this company a takeover target.

Growth through wireless. The usage of wireless services continues to grow, thanks to the introduction of new features and services. Telecom service providers like AT&T, BellSouth (BLS-FSTCX, FSUTX) and Verizon have major wireless businesses. The AT&T-BellSouth joint venture, Cingular, is the largest domestic wireless service provider with over 50 million subscribers. Verizon through Verizon Wireless, an entity jointly owned with UK-based Vodafone Group (VOD-FSTCX), is the second largest with more than 47 million subscribers. We believe telecom service providers are well-positioned to benefit from the growing use of wireless telephony.

Attractive valuation. Revenue from traditional wireline services is declining as usage of wireless and Voice-over-Internet Protocol (VoIP) expands. Cable companies, Internet service providers, and VoIP-based service providers are fiercely competing with telecom service providers.

Concerns over rising competition have pushed valuation levels of telecom service providers to levels that are not reflective of their growth prospects. We believe telecom service providers have a unique advantage in that they can offer facilities-based wireless service as part of service bundles which competitors cannot. We believe this advantage should likely enable telecom service providers to prevail.

Electric utility consolidation to continue. In 2005, Exelon (EXC-FSUTX) agreed to buy Public Services Enterprise Group (PEG-FSUTX) and Duke Energy agreed to takeover Cinergy. Both transactions are pending with various approvals being sought. In December, FPL Group agreed to buy Constellation Energy for $11 billion. This merger is expected to enable the combined company save up to $250 million a year.

In December, the Federal Energy Regulatory Commission finalized the rules for the Congress-mandated repeal of the Public Utility Holding Company Act (PUHCA) of 1935 which made electric utility mergers difficult. The PUHCA of 2005 now takes effect. We believe PUHCA 2005 will set the stage for additional consolidation in the electric utility industry. Companies like Allegheny Energy and PPL could well be potential takeover targets.

Since stocks in the telecom and electric utility groups typically appeal to investors seeking dividend income, such shares more often than not, get negatively impacted by rising interest rates. To stay ahead of competition, telecom service providers are introducing new services and incurring substantial capital expenditure. The possibility that such investments may yield low returns is an added risk.

We like the value-creation prospects and relative economic insensitivity associated with telecom and electric utility companies and include Fidelity Select Telecommunications and Fidelity Select Utilities Growth in the Core model portfolio.

Portfolio Impact

From an investment style perspective, the repositioned Focus model portfolio has a mid-growth flavor. The repositioned Core model portfolio has a large-cap slant with the valuation metric falling between blend and growth styles. There are eight securities that are included in the top 10 holdings of two of the Core model portfolio funds. These include Amgen, BellSouth, Genentech, SBC Comm., Sprint Nextel, Verizon Comm., Wellpoint, and Wyeth Pharmaceuticals. There is no overlap among the top 10 holdings of the three funds included in the Focus model portfolio.

AlphaProfit Sector Portfolio Indicator™ Reading: Buy

With the model portfolios repositioned, the AlphaProfit Sector Portfolio Indicator is reading 'Buy'.

AlphaProfit Investments, LLC
Date: December 31, 2005 ■

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

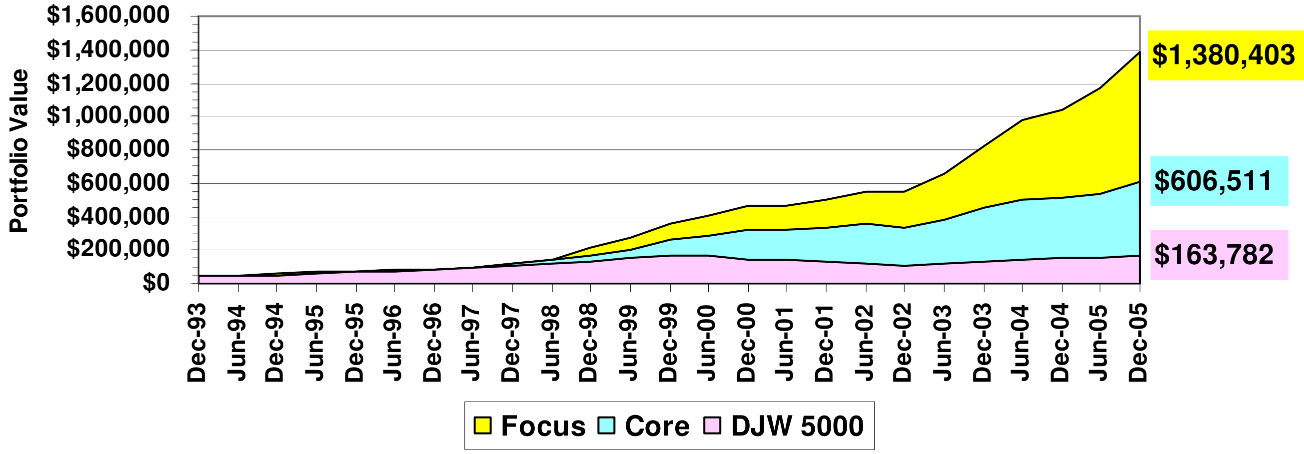
Manager Changes: None.

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.

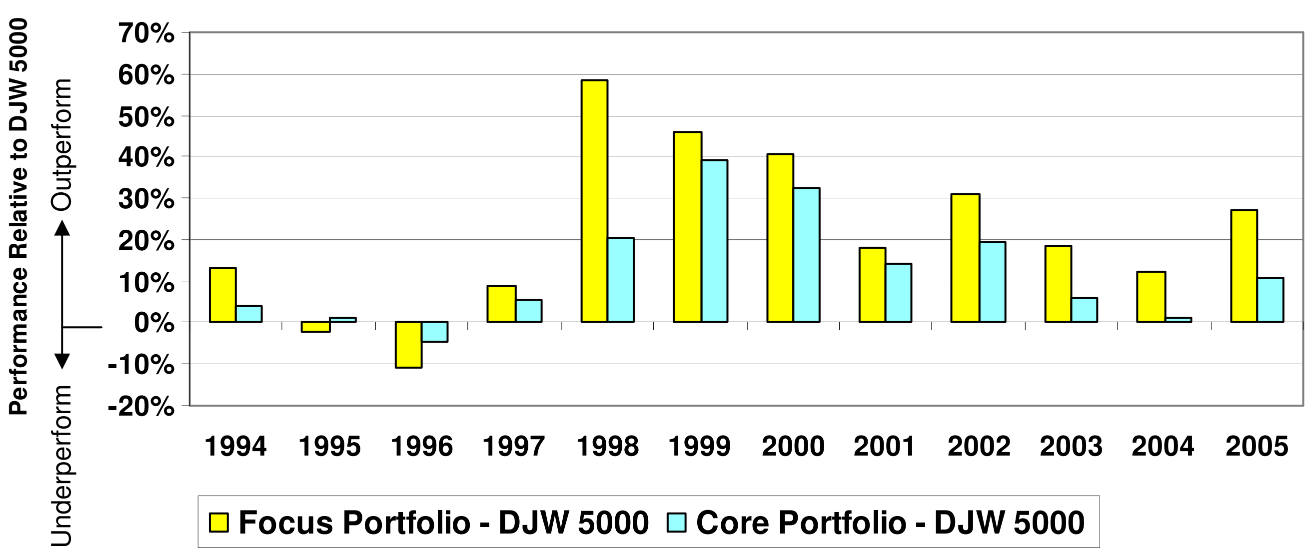
AlphaProfit Model Portfolio Long-Term Performance

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.