October 2007

AlphaProfit™

Sector Investors' Newsletter

Monthly Report

$ervice for $ophisticated $ector Investors

Ideas. Insights. Results.

WHAT'S INSIDE

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Fund Exchanges
Core Portfolio: None
Focus Portfolio: None

AlphaProfit SP Indicator™
Reading: Buy
Favored Buy: FSAVX

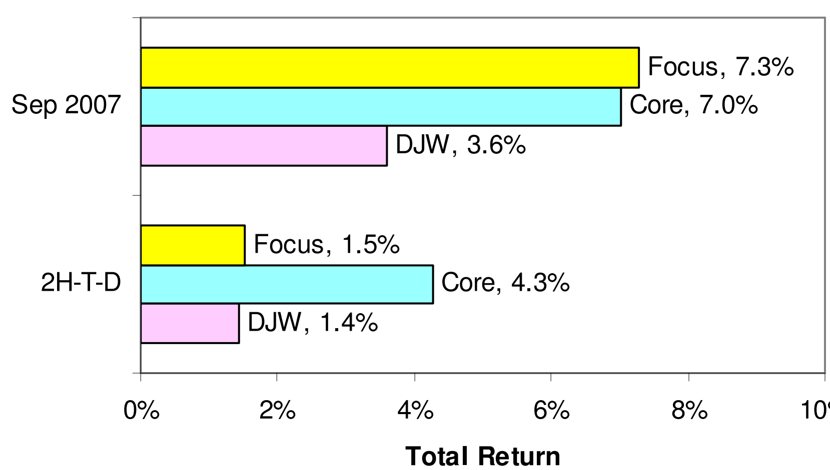
Scorecard

The AlphaProfit Core and Focus model portfolios gained 7.0% and 7.3%, respectively in September while the Dow Jones Wilshire 5000 Total Market Index advanced 3.6%.

Rocky start. The equity markets got off to a rocky start in September as fresh evidence of a deepening housing slump and an abnormally weak August employment report sent chills of an imminent recession.

The National Association of Realtors stated that contract signings on existing homes declined 12.2% in July, the weakest showing in nearly six years. The Labor Department reported that nonfarm payrolls contracted by 4,000 in August, the first decline in employment since August 2003. With economists expecting the payroll count to increase by 100,000, equity investors interpreted the slump in employment as an ominous sign of an upcoming recession. The Dow Jones Industrial Average plunged nearly 250 points on September 7 setting up what in retrospect turned out to be the low for the month.

Fed buoys markets. Trying to stem credit-market losses and the real estate slump from undermining the economy, the Federal Reserve cut its target interest rate on overnight bank loans by 0.5% to 4.75%. The magnitude of the cut exceeded most economists' forecasts. Six major banks followed suit by lowering their prime lending rate by 0.5%.



Against this backdrop of falling interest rates, investors aggressively

Portfolio Composition

AlphaProfit Focus™ Model Portfolio

The Focus Portfolio was last repositioned at the close of business on June 29, 2007. We are leaving the Focus portfolio unchanged at this time.

Fidelity Fund Holding	June 29, 2007		September 30, 2007	
(Ticker Symbol)	Amount Invested	Percent Portfolio	Value	Percent Portfolio
Automotive (FSAVX)	$861,343	50.00%	$826,717	47.27%
Materials (FSDPX)	$861,343	50.00%	$922,296	52.73%
Total (rounded to)	$1,722,686	100.00%	$1,749,012	100.00%

AlphaProfit Core™ Model Portfolio

The Core Portfolio was last repositioned at the close of business on June 29, 2007. We are leaving the Core portfolio unchanged at this time.

Fidelity Fund Holding	June 29, 2007		September 30, 2007	
(Ticker Symbol)	Amount Invested	Percent Portfolio	Value	Percent Portfolio
Automotive (FSAVX)	$116,335	15.45%	$111,658	14.22%
Gold (FSAGX)	$68,623	9.11%	$85,739	10.92%
Materials (FSDPX)	$116,335	15.45%	$124,567	15.86%
Soft. & Comp. (FSCSX)	$75,750	10.06%	$79,581	10.13%
Spartan 500 (FSMKX)	$376,159	49.94%	$383,776	48.87%
Total (rounded to)	$753,202	100.00%	$785,321	100.00%

bought stocks helping the market wipe out most of its recent losses. The Dow Jones Wilshire 5000 vaulted nearly 530 points or 3.6% in two days.

Buybacks and M&A. Perceiving shares to be undervalued, corporations continued to buy back their stock. Chevron and Texas instruments were among the companies announcing sizeable share buybacks. Attempts to jumpstart the M&A engine yielded mixed results. While Leap Wireless and 3Com announced deal agreements, private equity buyers backed out of transactions to purchase student loan processor SLM Corp. and electronic equipment manufacturer Harmon International.

The DJW 5000 benchmark finished the month with a gain of 3.6%. Large cap-stocks fared better than mid-cap and small-cap ones. From a sector perspective, natural resource related-groups led the way while consumer discretionary-related groups lagged. A weak jobs report combined with a cut in short-term U. S. interest rates undermined the dollar. The greenback slid to multi-year lows against major currencies. Gold in turn rallied.

Returns from all four of the industry groups represented in the AlphaProfit model portfolios exceeded the return of the DJW 5000 index with gold and materials leading the way. The AlphaProfit Core and Focus model portfolios gained 7.0% and 7.3%, respectively in September and handily outperformed the 3.6% advance recorded by the DJW 5000 index.

Major Movers

(Company and fund ticker symbols in parentheses.)

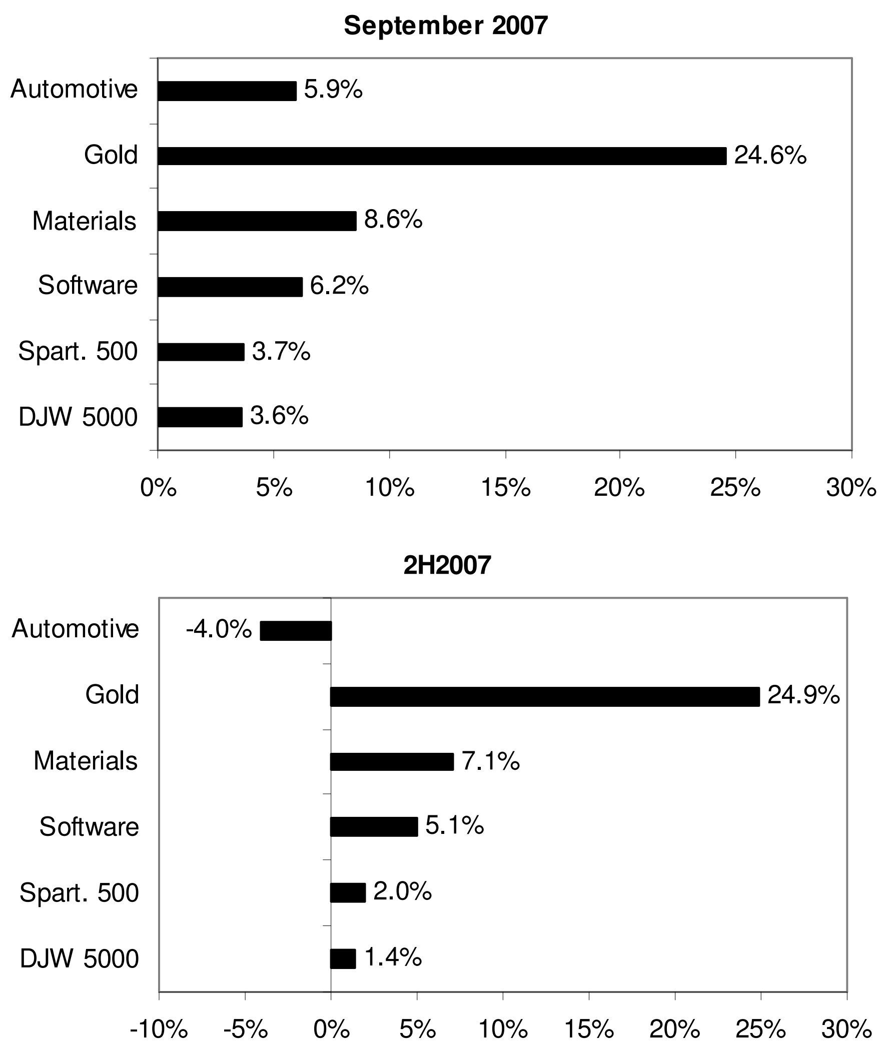
The stocks on the top 10 fund holdings list fared well in September as nine out of 10 stocks advanced. Seven of the 10 biggest winners were gold mining shares with six of them gaining over 20% each. After a strong showing in August, Standard and Poor's 500 index titans were subdued in September. Bank of America (BAC-FSMKX), Citigroup (C-FSMKX), and Pfizer (PFE-FSMKX) recorded modest losses.

Lihir leaps. Shares of Papua New Guinea-based Lihir Gold (LIHR-FSAGX) gained nearly 42% to take honors as the best performer in the Core model portfolio. Lihir's shares had a few factors going for them in addition to the 11% increase in the price of gold that uplifted most gold mining shares. Following the company's listing on the Toronto Stock Exchange, interest from North American investors in Lihir's shares increased. Rumors that Lihir will attract takeover interest also added to bullish enthusiasm.

Monsanto continues to grow. Shares of Monsanto (MON-FSDPX) continued their impressive run in September from where they left in August. The shares tacked on 23% in September and finished as the top performer among the Focus model portfolio holdings. Citing 'extraordinary' global demand for its corn seeds and improved prices for its herbicides, the company lifted its 2007 earnings per share forecast by nearly 10% to $2 a share. Monsanto is targeting BRIC nations for its growth and sees acreage planted with its genetically engineered seeds tripling within the next decade.

Harley skids. Blaming the credit crisis and economic uncertainty for slack demand, Harley-Davidson (HOG-FSAVX) lowered its 2007 earnings forecast. The motorcycle manufacturer is cutting back on third quarter and full year bike shipments and expects earnings per share in 2007 to drop between 4% and 6% from the year-ago level. The company's decision to hike its quarterly dividend by 20% did not excite investors. Harley shares dropped nearly 14% to be the worst performer in both model portfolios.

Fund Returns



Outlook

(Company and fund ticker symbols in parentheses.)

The manufacturing segment of the U. S. economy is holding up relatively well. Consumers are however feeling less optimistic about the future.

Indicators of manufacturing activity point to growth in the period ahead. The Institute for Supply Management's gauge of manufacturing activity declined a tad to 52.9 in August from 53.8 but remained above the 50.0 level suggesting continued expansion. The September reading of the National Association of Purchasing Management-Chicago's index rose to 54.2 from 53.8 in August and remained above the expansion threshold.

Weakness in the housing and job markets are taking a bite out of consumer sentiment. Consumer confidence measures tracked by the Conference Board and Reuters/ University of Michigan are at their lowest levels in at least a year.

Fidelity Select Automotive

The U. S. auto companies are working on new labor contracts to operate with a cost structure closer to that of their Japanese rivals. U. S. and foreign automakers as well as auto part companies are taking steps to prosper from the growing demand for cars in emerging economies. We continue to rate the automotive group 'Favored Buy'.

Union negotiations. Detroit automakers are making progress in their negotiations with the United Auto Workers after the union selected General Motors (GM-FSAVX) as the lead company for negotiations.

The UAW and GM have tentatively agreed on a contract after the UAW called off a two-day strike. GM appears to have made progress in lowering its health care and pension costs.

To get $51 billion in retiree health care liabilities off its books, GM seeks to form a UAW administered retiree health care trust fund known as Voluntary Employees Beneficiary Association, or VEBA. The trust fund is expected to cost GM $35 billion of which GM will contribute $24 billion in January 2008. GM will also offer new hires in non-core functions, a 401(k)-style retirement plan instead of a fixed pension.

The UAW in turn has secured commitment that GM will build current, or in most cases, next generation products at 16 of its 18 U. S. assembly plants. Assembly line workers will also receive a $3,000 bonus in each year of the four-year contract.

The deal is expected to save GM about $3 billion per year. UAW officials would like to see GM's 74,000 UAW members ratify the agreement by October 10. The union expects the GM contract to serve as a template for talks with Ford (F-FSAVX) and Chrysler LLC. Ford appears eager to secure a VEBA deal. Ford may also seek deeper cost cuts than those granted to GM. With Goodyear Tire (GT-FSAVX) already having formed a VEBA for its United Steelworkers, GM's contract with the UAW could spur other auto part suppliers to negotiate similar deals.

U. S. market. U. S. auto sales showed some signs of stabilization after declining 12% in July. At an annualized rate of 16.3 million vehi-

Top 10 Fund Holdings

Fidelity Investments has reported the top 10 holdings for all of their funds, as of June 30, 2007. Microsoft is represented in two out of the five funds in the Core model portfolio. There is no overlap of equities among the top 10 lists of the two funds in the Focus model portfolio.

Automotive (FSAVX)	Gold (FSAGX)	Materials (FSDPX)	Software (FSCSX)	Spartan 500 (FSMKX)
Johnson Controls	Barrick Gold	Monsanto	Microsoft	ExxonMobil
General Motors	Newcrest Mining	DuPont	Google	General Electric
Ford Motor	Meridian Gold	Alcoa	Cogn. Tech. Soln.	AT&T
Harley-Davidson	IAMGOLD	FreePort McMoran	Oracle	Citigroup
BorgWarner	Newmont Mining	Dow Chemical	Nintendo	Microsoft
Goodyear Tire	Lihir Gold	Praxair	Yahoo!	Bank of America
Autoliv	Goldcorp	Air Prod. & Chem.	Apple	Procter & Gamble
Toyota Motor	Gold Fields	3 M	MasterCard	Amer. Intl. Group
Renault SA	Kinross Gold	Nucor	Quest Software	Chevron
DaimlerChrysler	Ariz. Star Res.	Weyerhaeuser	eBay	Pfizer
71.3% of portfolio	*66.5% of portfolio*	*42.0% of portfolio*	*66.5% of portfolio*	*19.0% of portfoloio*
14.9% foreign	*83.0% foreign*	*6.5% foreign*	*19.1% foreign*	*NA*

cles, August sales were comparable to those in the year ago period. GM's sales increased 6%, led by a 17% increase in truck sales. Meanwhile, sales at Ford and Toyota (TM-FSAVX) declined 14% and 3%, respectively.

Crossovers are gaining in popularity. Unlike SUVs built on a truck platform, crossovers built on a car platform offer a smoother ride and higher fuel economy. GM has stated that demand for its crossovers is strong and the carmaker is spending less on incentives. Sales of Ford's Lincoln and Mercury crossover models are up 48% this year.

Foreign markets. The demand for cars is rising rapidly in Asia and East Europe. The Chinese auto market has grown at rates exceeding 20% for the past two years. Car sales in India increased 18% in August from a year-ago. As such, automakers and auto part companies are trying to position themselves to benefit from this growth.

GM along with its joint venture partners plans to sell more than a million units in China this year. Renault (FR: 013190, FSAVX) is engaged in discussions with Indian automaker Bajaj on forming an alliance to manufacture ultra-inexpensive cars in India. GM expects to sell about 250,000 vehicles in Russia this year and is looking to add capacity to meet growing demand. Meanwhile, Ford is acquiring a 72.4% stake in a Romanian car plant to boost growth in Europe.

Following the automaker's lead, auto part companies are expanding operations in China. Johnson Controls (JCI-FSAVX) already has a major presence in the Asian nation while BorgWarner (BWA-FSAVX) is working to increase its scale of operations.

New labor contracts have the potential to transform the competitive landscape of the U. S. auto industry. Investors sensed this and bid auto shares higher in September. Shares of 'Favored Buy'-rated GM and 'Favored Buy'-rated Fidelity Select Automotive gained 19% and 5.9%, respectively.

Even after this advance, valuation metrics for auto and auto part company shares remain quite attractive vis-à-vis their prospects. We continue to rate the automotive group 'Favored Buy' and include Fidelity Select Automotive in both model portfolios. ETF investors may buy shares of GM and Toyota in equal proportion to play this 'Favored Buy' recommendation.

Fidelity Select Gold

September was a month for the gold bugs. With global monetary trends favoring a lower U. S. dollar and consolidation opportunities remaining ample in the gold mining space, we remain favorably inclined towards gold-related assets.

Bullion. Gold gained $74 an ounce or 11% to close the month at $750 an ounce. While instabilities in the credit markets prompted 'safe-haven' buying early in the month, the gold rally gained momentum when the Federal Reserve cut the overnight bank lending rate and the U. S. dollar swooned to multi-year lows against major currencies. The traded-weighted U. S. dollar index ended the month at 77.63, below the 1992 low of 78.19. The gold rally was also supported by an $8 a barrel increase in the price of oil.

Gold miners. Executives from gold mining companies convened at the 18th Denver Gold Forum and outlined key challenges confronting their companies. Gold miners are grappling with ways to control rising production costs. Cost of labor as well as materials like steel and copper used to build mines has risen sharply in recent years. Newmont Mining (NEM-FSAGX) has warned that costs applicable to sales of gold may exceed $400 an ounce in 2007, the high end of its previous forecast.

AlphaProfit ETF and Mutual Fund Selections

Mutual fund and exchange-traded fund recommendations for playing the investment thesis discussed in the Newsletter

Sector, Industry Group, or Index	Mutual Funds					ETFs	
	Name (Ticker)	Availability, Trans. Fees, and Min. Holding Period				Name (Ticker)	Liquidity
		E*Trade	Fidelity	Schwab	Ameritrade		
Auto	**Fidelity Sel Automotive (FSAVX)**	A, F	A, NTF, 30	R, F	A, F	No ETF currently available	
Gold	**Fidelity Sel Gold (FSAGX)**	A, F	A, NTF, 30	R, F	A, F	iShares COMEX Gold Trust (IAU)	Limited
	Midas (MIDSX)	A, NTF, 90	A, NTF, 180	A, NTF, 90	A, NTF, 90	Market Vectors Gold Min (GDX)	Good
	Prec Met Ultra ProFund (PMPIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	PowerShares DB Gold (DGL)	Limited
	Rydex Precious Metals (RYPMX)	A, NTF, 90	A, NTF, 180	A, NTF, 90	A, F	streetTRACKS Gold (GLD)	Good
	US Glob World Prec Min (UNWPX)	A, F	A, NTF, 180	A, NTF, 90	A, NTF, 90		
Materials	Basic Mat UltraProFund (BMPIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	iShares DJ Basic Materials (IYM)	Limited
	Fidelity Sel Materials (FSDPX)	A, F	A, NTF, 30	R, F	A, F	Materials Select SPDR (XLB)	Good
	ICON Materials (ICBMX)	A, NTF, 90	A, NTF, 180	A, NTF, 90	A, NTF, 90	PowerShares Dyn Bas Mat (PYZ)	Limited
	Rydex Basic Materials (RYBIX)	A, NTF, 90	A, NTF, 180	A, NTF, 90	A, F	Vanguard Materials (VAW)	Limited
Software	**Fidelity Sel Soft & Com (FSCSX)**	A, F	A, NTF, 30	R, F	A, F	iShares GS Software (IGV)	Limited
						PowerShares Dyn Software (PSJ)	Limited
						Software HOLDRs (SWH)	Limited
S&P 500	Dreyfus S&P 500 Index (PEOPX)	A, NTF, 90	A, NTF, 180	A, NTF, 90	A, NTF, 180	iShares S&P 500 Index (IVV)	Good
	Fidelity Spartan 500 Idx (FSMKX)	N	A, NTF, 90	A, F	A, F	SPDR Trust (SPY)	Good
	Schwab S&P 500 Index (SWPIX)	N	C, F	A, NTF, 30	A, F		
	E*TRADE S&P 500 Index (ETSPX)	A, NTF, 4m	N	N	I, F		

Funds included in AlphaProfit model portfolios in **bold.** **Availability:** A-Available, C-Limited to current shareholders, I-Limited to Institutional investors, N-Not available, R-Limited to retail investors. **Trans. Fees:** F-Transaction fee applies, NTF-No transaction fee subject to holding period. **Min. Holding Period:** For no transaction fee (NTF) funds, minimum number of days or months a fund needs to be held to avoid both fund's short-term redemption fee and broker's transaction fee. Minimum holding period not provided for transaction fee (F) funds. **Liquidity:** Investors should consider limit orders when trading ETFs with limited liquidity. **Note:** The above table is for information purposes only. Before buying any mutual fund or exchange-traded fund, read its prospectus carefully. For securities held in brokerage accounts, read the broker's specific terms and conditions which apply to trading of the securities.

To more fully benefit from the rise in the price of gold, many gold mining companies including Newmont, Newcrest Mining (AU:NCM-FSAGX), and Barrick Gold (ABX-FSAGX) have unwound fixed price gold sale contracts.

Gold miners are facing substantial challenges in replacing reserves. The companies are looking to increase reserves through exploration and acquisition. IAMGOLD (IAG-FSAGX) is accelerating exploration efforts at its Westwood project in Quebec while Kinross Gold (KGC-FSAGX) has entered into a partnership with Linear Gold to jointly explore Linear's Ixhuatan Project in Mexico.

Yamana Gold has prevailed in its pursuit of Meridian Gold (MDG-FSAGX). Meridian's board has accepted Yamana's takeover proposal after the latter increased the offer three times and Meridian's search for a 'white knight' failed. Yamana and Northern Orion Resources plan to bring Meridian under their fold in a three-way merger to form a mining company producing 1 million ounces of gold. Meanwhile, major mover Lihir Gold (LIHR-FSAGX) is seen as a takeover target for Newmont.

Gold and gold mining shares increased substantially in price in September in an essentially unidirectional manner. Global interest rate trends generally favor a lower U. S. dollar although there is some risk that a strong euro may weaken growth in Europe and prompt central banks in the continent to back-off from tight monetary policy. The combination of a falling dollar and rising price of oil will likely keep inflation fears alive and support the price of gold. Additionally, consolidation opportunities among gold miners add to investment appeal.

Given favorable monetary and seasonal factors, we believe gold-related assets will likely add to their gains in the period ahead even though downside price volatility will increase from the level seen in September. We continue to include Fidelity Select Gold in the Core model portfolio.

Fidelity Select Materials

The Federal Reserve's decision to lower short-term interest rates boosted prices of metals and metal company shares. The recovery in financial markets has uplifted M&A sentiment. Rising food consumption and infrastructure build-out in overseas nations is driving demand for agricultural products and gases.

Rate cut welcomed. Concerns that a faltering housing market could drag the U. S. into recession impacted prices of materials like aluminum, copper, and lumber early in September. The reduction in short-term U. S. interest rates alleviated these concerns. Forest products company Weyerhaeuser (WY-FSDPX) welcomed the rate cut given the challenges it is facing from a weak housing market.

The price of aluminum recovered its loss and ended the month essentially flat. Strikes at Southern Copper's copper mines led to supply related fears and the price of copper climbed 6% in September.

Aluminum. Deal speculation is re-entering the aluminum space after the credit crisis dampened it in August. Even as London-based Rio Tinto is making progress towards completing the purchase of Canadian aluminum producer Alcan, there are rumors that Rio Tinto will be acquired by Australia's BHP Billiton or Brazil's Companhia Vale do Rio Doce.

Alcoa (AA-FSDPX) has sold its 7% stake in Chinese aluminum producer Aluminum Corp. of China or Chalco netting nearly $2 billion. It remains to be seen if Alcoa will use this cash to partly fund the purchase of Alumina, Alcoa's partner in the world's largest alumina producer.

Copper and steel. Freeport-McMoRan Copper & Gold (FCX-FSDPX) has rapidly pared down its debt to just $7.7 billion nearly half of the $14.2 billion it had in debt when it acquired Phelps Dodge in March. Freeport is selling Phelps' wire and cable business and plans to use nearly $620 million from sale proceeds to further reduce debt.

Meanwhile, Nucor (NUE-FSDPX) is returning cash earned from the 2006 boom to shareholders. The company has approved a supplemental dividend of 50 cents a share and increased its share buyback amount by 30 million shares. Nucor's immediate future however looks less promising. Citing competition from Chinese imports and weak demand from the automotive and housing sectors, the steelmaker has lowered its third-quarter earnings forecast. Nucor expects to earn between $1.10 and $1.15 a share, lower than analysts' $1.26 a share forecast.

Chemicals. As the standard of living improves in Brazil, Russia, India, and China, food consumption is increasing. Chemical companies are increasingly looking to cash in on the agricultural boom. Dow Chemical (DOW-FSDPX) and major mover Monsanto (MON-FSDPX) have teamed up to expand their seed brands and traits business. The cross-licensing agreement between the two companies seeks to create corn called *SmartStax* that can tolerate weed killers and resist insects.

Separately, Monsanto has gained approval for its genetically modified corn product in Argentina. The product brings together an insect protection trait and an herbicide resistant trait. The company plans to develop a new genetically modified soy variety in Brazil that will be resistant to the Velvetbean caterpillar, a major soybean pest. Meanwhile, DuPont (DD-FSDPX) is commercializing a soybean technology that increases yields by 12%.

As part of portfolio rationalization activity, Monsanto is selling certain agricultural businesses in India, Pakistan, and the Philippines to Belgium-based agricultural company Devgen. Monsanto in turn will take s 5.9% stake in Devgen.

Gases. Benefiting from strong overseas demand, gas manufacturers are optimistic on their future. Air Products & Chemicals (APD-FSDPX) has increased its stock buyback commitment by $1 billion. The gas manufacturer has agreed to supply nitrogen to Hynix Semi-

continued on page 10

conductor, a Korean memory chip manufacturer. Air Products also plans to double its oxygen and nitrogen production capacity at a facility in Poland. Meanwhile, Praxair (PX-FSDPX) has garnered new business from energy companies and sees 2007 sales increasing by 8% to 12%.

Given the Federal Reserve's determination to prevent weakness in housing from adversely affecting the broad economy, we remain relatively sanguine on the prospects for the materials sector. We believe well-heeled buyers will pursue accretive acquisitions in this sector enabling investors to add value to their portfolios. We continue to include Fidelity Select Materials in both model portfolios.

Fidelity Select Software

Software companies are executing well with Oracle posting strong quarterly results, Quest is putting its legal issues behind and Google is continuing to gain market share. Consumer companies are revving up for the holiday season. Consolidation continues as companies look to tuck in new technologies.

Backed by strong sales of new application licenses, Oracle (ORCL-FSCSX) reported robust fiscal first quarter results. The enterprise software giant reported $4.5 billion in revenue, 26% higher than in the year-ago period. Oracle earned 22 cents a share, a penny ahead of analysts' forecasts.

Oracle's revenue from new application licenses grew 65% while revenue from new software licenses increased 35%. Oracle is acquiring Bridgestream, a provider of 'enterprise role management' software. Oracle expects sales momentum to continue into the second quarter with revenue increasing 15% to 25%.

Quest Software (QSFT-FSCSX) is putting its stock option grant-related troubles behind. The software maker will record $143 million of pretax adjustments to account for stock options-related expenses. Quest has preliminarily reported fiscal second quarter revenue of $143 million, higher than analysts' forecasts.

Google (GOOG-FSCSX) continues to expand its leadership in Internet search. Google garnered an estimated 53.6% share of the U. S. market in August, up from 53.3% in July. Yahoo! (YHOO-FSCSX) came in second with 19.9% share and Microsoft's (MSFT-FSCSX) MSN service third with 12.9% share.

To better monetize its dominance in search, Google is looking beyond text-based ad links to new marketing vehicles. Google will distribute ads within interactive capsules called 'widgets' that blend data, text, and images. Google's commercial widgets called 'gadgets' will be displayed on publisher Web sites only when they appeal to individual visitors.

Yahoo! is looking to acquisitions to bridge the gap vis-à-vis competition. Yahoo! is buying online advertising network BlueLithium for $300 million and e-mail software maker Zimbra for $350 million. Meanwhile, Yahoo!'s shares trade at modest valuation metrics. The company's relatively weak competitive position makes Yahoo! an acquisition candidate for media and technology companies.

In the consumer space, Apple (AAPL-FSCSX) is taking steps to keep sales of its *iPhone* and *iPod* music player humming. The company has reduced the price of its 8GB *iPhone* by $200 and discontinued the 4GB model. Apple has also introduced a new lineup of *iPod* media players ahead of the holiday season.

Expecting sales of its popular video game console *Wii* to be particularly strong during the upcoming holiday season, Nintendo (JP: 7974-FSCSX) has pledged to keep American stores 'unprecedentally' stacked with these units. Microsoft released the latest version of its popular alien shooter game *Halo 3* for the *Xbox* video-game system.

After three years of legal wrangling, Microsoft lost its appeal of a European Union antitrust decision. The EU Court of First Instance is requiring Microsoft to help rivals connect their products to the *Windows* operating system and to pay a $613 million fine. Microsoft has not disclosed if it will appeal the ruling.

Software companies are executing well and consolidation plays provide value creation opportunities for investors. We remain optimistic on the prospects for this group and continue to include Fidelity Select Software & Computer Services in the Core model portfolio.

Fidelity Spartan 500 Index Fund

Seven of the top 10 holdings in the Spartan 500 Index fund gained in September. Materials, utilities, and energy stocks within the Standard & Poor's 500 Index were stronger performers. Share prices in consumer discretionary, financial, and health care sectors lagged. In this Report, we look at developments in the financial and consumer discretionary sectors that account for about 30% of the S&P 500's mar-

Stock Searchlight

Stocks with appealing earnings trends and relatively attractive valuation characteristics are highlighted. Subscribers seeking stocks for the intermediate term may find the list worthy of further study.

Company	Ticker	Price	Est. P/E	Div. Yield	Page
Oracle	ORCL	$21.65	17.9	0.0%	7

Source: Reuters

ket capitalization.

Financial Services. The recent troubles in the credit markets will adversely impact third-quarter profits of most financial institutions with pure mortgage companies getting hit the hardest.

Losses incurred by lending institutions on mortgages are increasing. Washington Mutual, the largest U. S. thrift, has warned that it may have to increase reserves to cover bad loans. Citigroup (C-FSMKX) may write down $13 billion of its sub-prime mortgages by as much as $1 billion. Bank of America (BAC-FSMKX) has stated that the credit crunch is materially affecting its business.

Several banking institutions and mortgage lenders have curtailed lending. Countrywide has gotten out of the sub-prime mortgage business. Sub-prime mortgage lender Accredited Home Lenders has closed more than half of its operations. Citigroup's First Collateral Services unit has curtailed lending to mortgage companies.

Securities firms too have not been spared of credit-market related woes. Bear Stearns reported its biggest profit decline in more than a decade. Losses on loans made to fund leveraged buyouts and a decline in fixed-income trading revenue have affected results at Morgan Stanley and Lehman Brothers.

In transaction activity, Bank of America appears set to complete the purchase of LaSalle Bank from ABN AMRO for $21 billion. The Dutch Supreme Court and the Federal Reserve have both approved the purchase. American Express has agreed to sell its international banking unit to U. K.'s Standard Chartered for nearly $1.1 billion.

Consumer Discretionary. A weak housing market is taking a toll on homebuilders and building materials retailers. The weak housing market however has not affected consumer spending.

Lower demand for homes is forcing homebuilders to write down the value of some real estate assets. Business at the nation's largest building materials retailers is sluggish. Home Depot expects 2007 per-share earnings to decline 7% to 9% from 2006 levels while Lowe's expects earnings to fall short of the lower end of the forecasted range.

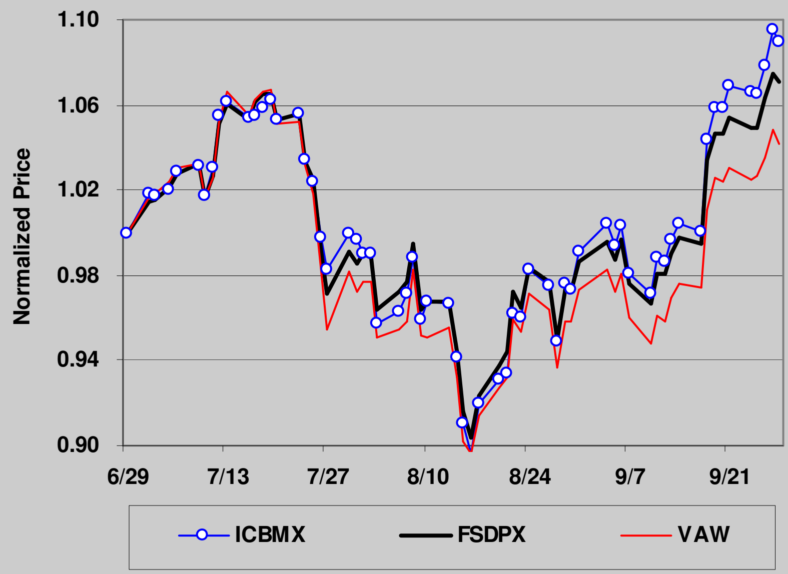
Undaunted by the state of the housing market and a rise in gasoline prices, consumers went on a back-

Materials Sector Investments: 3Q Comparison

Materials-related sector funds and ETFs recovered to end the third quarter with gains after swooning mid-way on concerns that the credit crunch will dampen growth in emerging markets and sap M&A enthusiasm. Actively managed ICON Materials Fund (ICBMX) was the best performer among the materials-related investments recommended in the Newsletter. ICBMX gained 9.0%.

Vanguard Materials ETF (VAW), which seeks to track the MSCI US-IM/Materials Index, lagged with a 4.2% return as relatively large weightings provided to U. S. chemical heavyweights Dow Chemical and DuPont adversely affected performance. Benefiting from the share price performance of Monsanto and Freeport-McMoRan Copper & Gold, actively managed Fidelity Select Materials (FSDPX) included in the model portfolios gained 7.1%.

As for other materials-related investments, iShares S&P Global Materials ETF (MXI) put in a strong showing with a 12.3% gain. This ETF benefited from robust gains in share prices of foreign mining companies Rio Tinto and BHP Billiton. Demand for metals from emerging markets did not weaken and a softer U. S. dollar helped share prices of foreign companies.



From a volatility perspective, FSDPX was the least volatile of the three investments compared on the chart. ICBMX and VAW were both about 5% more volatile than FSDPX. MXI was nearly 27% more volatile than FSDPX.

Prices shown on chart are normalized using June 29, 2007 closing prices. Returns are calculated based on market prices assuming reinvestment of distributions on the day the distributions are made. Volatility is the standard deviation in daily returns. Performance data reported above represent past performance, which is no guarantee of future results.

to-school buying spree. According to the UBS-International Council of Shopping Centers, August same-store-sales increased 2.9%, exceeding the 2.3% average increase recorded in the fiscal year starting in February.

While most retailers fared well, some like Saks and Pacific Sunwear of California reported blockbuster numbers. Kohl's was among the relatively few disappointments. In consumer electronics retailing, Best Buy increased its earnings forecast citing strong laptop computer sales during the back-to-school shopping season. Circuit City however reported its fourth straight quarterly loss blaming falling flat-panel television prices.

The outlook for businesses in the financial and consumer discretionary sectors is improving. The recent interest rate cuts put in place by the Federal Reserve and increase in the limit on home-loan portfolios owned by Fannie Mae and Freddie Mac should help businesses in these sectors. Meanwhile, international growth is driving earnings of multinational companies. We continue to include the Fidelity Spartan 500 Index fund in the Core model portfolio to bring a measure of diversity and stability.

Market Outlook & Sector Portfolio Indicator Reading: Buy

The recent rally in equity prices has been fueled by the expectation that further cuts in interest rates are in the offing. We believe upcoming housing data will likely support the argument for additional interest rate reductions while trends in employment and inflation data offer a less compelling case. The timetable for further rate cuts is likely to be data-driven.

The S&P 500 index has gained over 8% since the Federal Reserve cut the discount rate by 0.5% on August 17. The advance was interrupted by a sell-off in early September after a weak jobs report unnerved investors and raised fears of a recession. The 0.5% reduction in the federal funds rate in September brought the bulls back.

Weakness in the housing and job markets has raised expectations for additional interest rate cuts. Such expectations have in turn supported the rally in equity prices. While the Federal Reserve has stated that it will 'act as needed', we believe the timetable for further rate cuts is far from assured.

The housing market after years of excesses remains in the doldrums. Home prices in 20 U. S. metropolitan areas declined 3.9% for the 12-month period ending in July, the most on record. Sales of previously owned U. S. homes slipped 4.3% in August to an annual rate of 5.5 million, a five-year low.

We believe the abnormally slack August jobs report is an aberration. A contraction in nonfarm payrolls does not jive with the trend in other economic indicators including number of unemployment benefit filings.

Inflation remains relatively contained. Core consumer prices excluding food and energy prices rose 0.1% in August. The 1.8% increase in core consumer prices over the past year is the lowest since early 2004 and is within the Federal Reserve's comfort zone of 1% to 2%.

Featured Quote

'It is always wise to look ahead, but difficult to look further than you can see.'

Winston Churchill

We believe upcoming housing data will likely support the argument for additional interest rate cuts. Employment and inflation data are likely to be less compelling in this regard. As such, the timetable for further rate reductions is likely to be data-driven.

The S&P 500 member companies on average trade at a P/E multiple of about 17. Expectation for third-quarter earnings growth at 3.7% appears relatively conservative. We believe the market will gradually work its way higher during the coming months. Negative news from the housing market will likely contribute to volatility and send equity prices lower from time-to-time. We maintain the AlphaProfit Sector Portfolio Indicator reading at 'Buy'. We continue to rate the automotive group 'Favored Buy'.

AlphaProfit Investments, LLC
Date: September 30, 2007 ■

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 Automotive	FSAVX	Mid Cap Value	Average	L. Miles
Select Gold	FSAGX	Mid Cap Growth	Above Average	D. Dupont
Select Materials	FSDPX	Large Cap Blend	Average	D. Fischer
Select Software & Comp. Services	FSCSX	Large Cap Growth	Above Average	M. Tandon
Spartan 500 Index Fund - Investor Cl.	FSMKX	Large Cap Blend	Below Average	Geode Capital

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 as well as all retirement accounts in the Fidelity Spartan 500 Index Fund is $10,000. Check fund prospectus for details.

Disclosure continued from page 6

We calculate total returns based on price changes, assuming reinvestment of all distributions in the funds in which they were paid. The 3% Fidelity Select Portfolio® front-end load, taxes, and costs such as brokerage transaction fees are not factored in the results. On Sept. 23, 2003 Fidelity Investments eliminated the 3% front-end sales load on Fidelity Select Portfolio fund deposits.

Fidelity Investments typically provides updates on top 10 holdings excluding money market instruments and/or futures contracts held by Fidelity mutual funds at the end of each quarter around the middle of the month following the end of the quarter. All of the fund's holdings are not reported and the holdings may change at any time. Several of the companies discussed herein were held by the mutual funds in our model portfolios, per reporting date mentioned in this report. The mutual funds may or may not currently be invested in the companies mentioned in this report.

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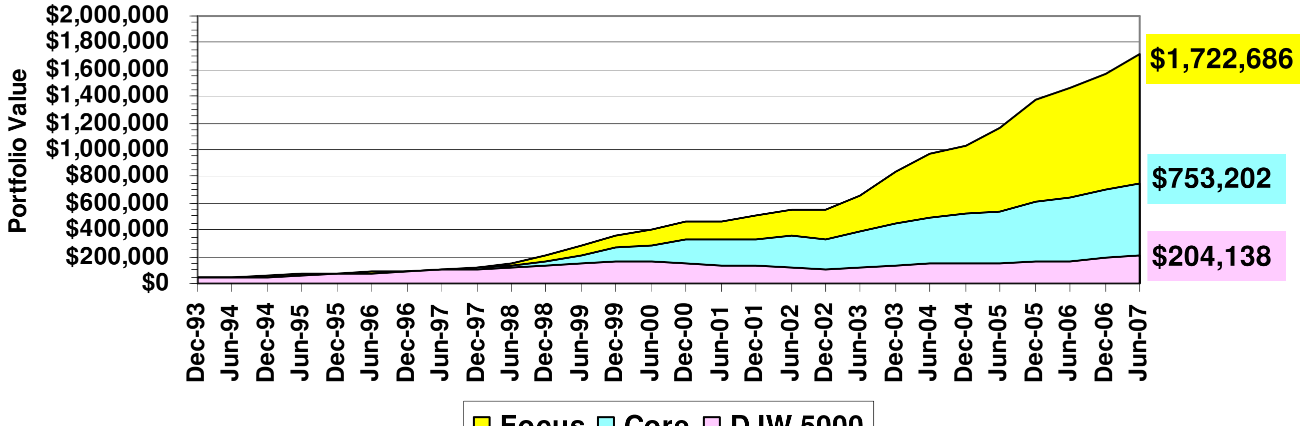
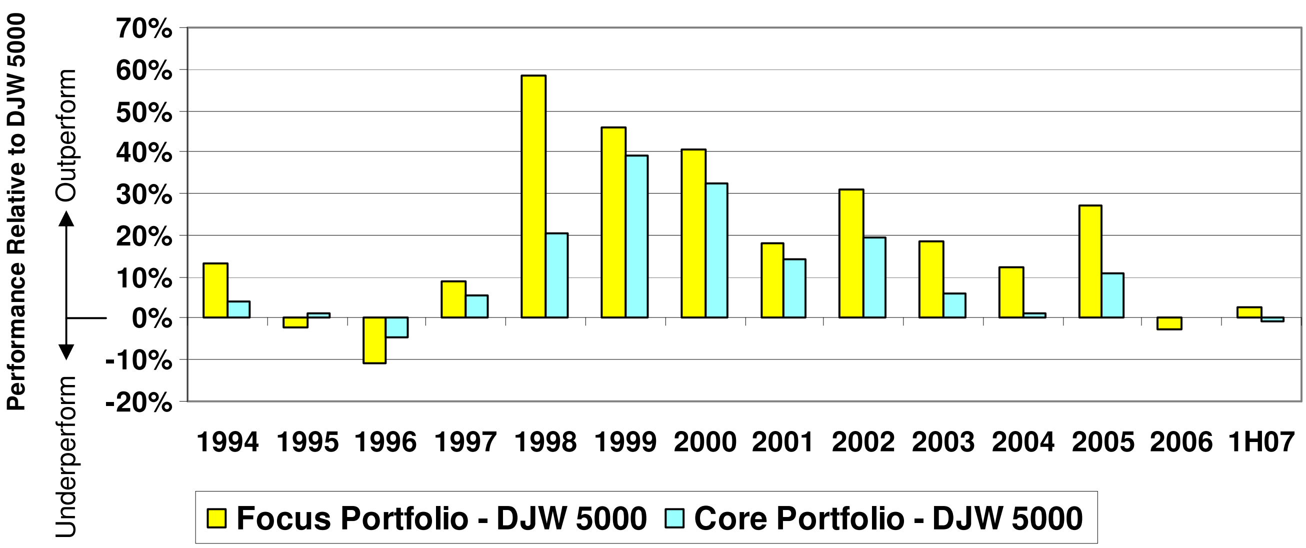
AlphaProfit Model Portfolio Long-Term Performance

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 June 30, 2007; 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	76.4%	211.4%	3345.4%	20.8%	25.5%	30.0%	1.30	1.11
Core	50.7%	110.8%	1406.4%	14.6%	16.1%	22.3%	0.87	1.05
DJW 5000	43.6%	76.2%	308.3%	12.8%	12.0%	11.0%	0.63	0.42

	Total Return													
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1H07
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%	13.2%	10.2%
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%	16.0%	7.0%
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%	15.9%	7.6%



Glossary of Terms Used

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

AlphaProfit Core™ Model Portfolio: Generally comprises of 7 to 8 Fidelity Select Funds. When fewer number of Select Funds appear attractive, the portfolio includes Index funds. Model portfolio is usually fully invested in equity funds. Turnover of funds in the Core Portfolio is lower than in the Focus Portfolio. Subscribers seeking long-term capital appreciation in retirement or regular accounts may find this portfolio suitable.

AlphaProfit Focus™ Model Portfolio: Typically includes 2 Fidelity Select Funds deemed most attractive. Model portfolio is usually fully invested in equity funds. Typical holding period for Select Funds included in this portfolio is 6 months. Turnover of funds in the Focus Portfolio is higher than in the Core Portfolio. Subscribers seeking aggressive growth of capital in retirement or regular accounts may find this portfolio suitable.

AlphaProfit Sector Portfolio Indicator™: AlphaProfit's proprietary short-term indicator used to assess attractiveness and risks in investing additional capital. Indicator is assigned one of the three readings: (a) Buy - Current prices are good to trade at. (b) Buy on Dips - Weakness may likely develop and may be used as buying opportunity. (c) Wait - Defer investing cash.

Basis Point: Equal to 1/100th of a percent.

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

Compound Annual Return: A calculated number that describes the rate at which an investment has grown, if it grew at a steady rate.

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.

Dow Jones Wilshire 5000® (Full Cap): Measures the performance of all U.S. headquartered equity securities with readily available price data. Over 5,000 capitalization weighted (stock price times number of shares outstanding) security returns are used to adjust the index. The index is an excellent approximation of dollar changes in the U.S. equity market.

Exchange-trade funds (ETFs): Baskets of securities that trade like individual stocks on an exchange. ETFs are traded throughout the trading day and can be bought on margin.

Favored Buy: Fund rating assigned when a particular fund's risk-reward ratio is deemed superior to those of other funds in the model portfolios. Rating is removed when the fund becomes as attractive as the other funds in the model portfolios. Rating is provided for Subscribers investing in model portfolio funds on *ad hoc* basis.

Fidelity Select Portfolio® Funds: A group of 41 equity mutual funds that focus their investments on a particular sector or industry group.

Fidelity Spartan 500 Index® Fund: Seeks to provide investment results corresponding to the total return of common stocks publicly traded in the U.S., as represented by the Standard & Poor's 500 Index (S&P 500®).

Fidelity Spartan® Total Market Index Fund: Seeks to provide investment results corresponding to the total return of a broad range of U.S. stocks. The fund normally invests at least 80% of the fund's assets in common stocks included in the Dow Jones Wilshire 5000.

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

Liquidity: Degree to which an ETF can be traded without affecting the ETF's price. ETFs with limited liquidity tend to have higher bid-ask spreads.

Minimum holding period: For no transaction fee (NTF) funds, minimum number of days or months a fund needs to be held to avoid both fund's short-term redemption fee and broker's transaction fee.

Risk Rating: AlphaProfit's classification of 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: A commonly used 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®: A market-capitalization weighted index of 500 stocks chosen by Standard and Poor's, Inc. It is used as a benchmark of U.S. equity performance.

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