



# AlphaProfit<sup>TM</sup>

## Sector Investors' Newsletter

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Service for \$ophisticated \$ector Investors

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### Repositioning Alert

The first two sections present preview of repositioning changes to the AlphaProfit model portfolios, while the third section features ETF and non-Fidelity mutual fund selections to play AlphaProfit's investment thesis.

## AlphaProfit Focus<sup>TM</sup> Model Portfolio

**The following changes will be made to the Focus model portfolio at today's closing prices:**

### Sales/Reductions

- A) **100.000%** of the position in Fidelity Select IT Services (FBSOX) will be **removed**.
- B) **100.000%** of the position in Fidelity Select Medical Equipment & Systems (FSMEX) will be **removed**.
- C) **100.000%** of the position in Fidelity Select Natural Gas (FSNGX) will be **removed**.

### Purchases/Additions

- A) **47.534%** of the total sales proceeds will be **invested** in Fidelity Select Air Transportation (FSAIX).
- B) **4.931%** of the total sales proceeds will be **invested** in Fidelity Select Biotechnology (FBIOX).
- C) **47.534%** of the total sales proceeds will be **invested** in Fidelity Select Transportation (FSRFX).

After repositioning, the Focus model portfolio will include FSAIX, FBIOX, and FSRFX.

### **Notes**

New subscribers starting with the **Focus** model portfolio can invest the targeted monies in the following proportion: FSAIX 33.33%, FBIOX 33.33%, and FSRFX 33.33%. The exact composition of the Focus model portfolio will be determined based on today's closing prices and provided in the Model Portfolio Composition and Investment Selections document on January 2.

## AlphaProfit Core™ Model Portfolio

**The following changes will be made to the Core model portfolio at today's closing prices:**

### Sales/Reductions

- A) **All** (100.000%) of the positions in Fidelity Select Chemicals (FSCHX), Fidelity Select Communications Equipment (FSDCX), Fidelity Select Computers (FDCPX), Fidelity Select Natural Gas (FSNGX), Fidelity Select Software & Computer Services (FSCSX), and Fidelity Spartan 500 Index Fund (FSMKX) **each** will be **removed**.
- B) **8.728%** of the position in Fidelity Select IT Services (FBSOX) will be **removed**.
- C) **4.978%** of the position in Fidelity Select Medical Equipment & Systems (FSMEX) will be **removed**.

### Purchases/Additions

- A) **13.002%** of the total sales proceeds will be **invested** in Fidelity Select Air Transportation (FSAIX).
- B) **10.286%** of the total sales proceeds will be **invested** in Fidelity Select Biotechnology (FBIOX).
- C) **9.101%** of the total sales proceeds will be invested in **each** of Fidelity Select Construction & Housing (FSHOX), Fidelity Select Consumer Discretionary (FSCPX), Fidelity Select Environmental (FSLEX), Fidelity Select Health Care (FSPHX), Fidelity Select Pharmaceuticals (FPHAX), and Fidelity Select Retailing (FSRPX).
- D) **22.103%** of the total sales proceeds will be **invested** in Fidelity Select Transportation (FSRFX).

After repositioning, the Core model portfolio will include FSAIX, FBIOX, FSHOX, FSCPX, FSLEX, FSPHX, FBSOX, FSMEX, FPHAX, FSRPX, and FSRFX.

### **Notes**

New subscribers starting with the **Core** model portfolio can invest the targeted monies in the following proportion: FSAIX 10.00%, FBIOX 17.00%, FSHOX 7.00%, FSCPX 7.00%, FSLEX 7.00%, FSPHX 7.00%, FBSOX 7.00%, FSMEX 7.00%, FPHAX 7.00%, FSRPX 7.00%, and FSRFX 17.00%. The exact composition of the Core model portfolio will be determined based on today's closing prices and provided in the Model Portfolio Composition and Investment document on January 2.

## AlphaProfit ETF and Mutual Fund Selections

The following table features mutual funds and exchange-traded fund recommendations for playing the investment thesis for the sectors and industry groups discussed in the AlphaProfit Sector Investors' Newsletter. Preferred mutual funds and ETFs are in **bold**.

Sector or Industry Group	Mutual Funds					ETFs
	Recommendation (Ticker)	Availability, Trans. Fees, and Min. Holding Period				Recommendation (Ticker, Liquidity)
		E*Trade	Fidelity	Schwab	Ameritrade	
Air Transport	<b>Fidelity Sel Air Trans (FSAIX)</b>	A, F	A, NTF, 30	R, F	A, F	<b>Equal weight mix of BA, LUV, PCP, &amp; UPS</b> <small>(no pure-play ETF available)</small>
Biotechnology	Biotech Ultra ProFund (BIPIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	iShares Nasdaq Biotechnology (IBB, Good)
	<b>Fidelity Sel Biotech (FBIOX)</b>	A, F	A, NTF, 30	R, F	A, F	<b>SPDR S&amp;P Biotech (XBI, Good)</b>
	Rydex Biotechnology (RYOIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	
Construction & Housing	<b>Fidelity Sel Construct (FSHOX)</b>	A, F	A, NTF, 30	R, F	A, F	<b>50% SPDR S&amp;P Homebuild (XHB, Good) +50% PowerShares Build (PKB, Limited)</b>
Consumer Disc.	Cons Serv Ultra ProFund (CYPPIX)	A, NTF, 90	N	A, NTF, No	A, F	<b>Cons Discretionary SPDR (XLY, Good)</b>
	<b>Fidelity Sel Cons Disc (FSCPX)</b>	A, F	A, NTF, 30	R, F	A, F	
Environ Services	<b>Fidelity Sel Environ (FSLEX)</b>	A, F	A, NTF, 30	R, F	A, F	<b>MarketVectors Env Serv (EVX, Limited )</b>
Health Care	<b>Fidelity Sel Health Care (FSPHX)</b>	A, F	A, NTF, 30	R, F	A, F	<b>Health Care SPDR (XLV, Good)</b>
	Health Ultra ProFund (HCPIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	
	Rydex Health Care (RYHIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	
	Schwab Health Care (SWHFX)	A, NTF, 90	A, NTF, 180	A, NTF, 30	A, NTF, 30	
IT Consulting & Services	<b>Fidelity Sel IT Serv (FBSOX)</b>	A, F	A, NTF, 30	R, F	A, F	<b>Equal weight mix of ACN, ADP, ADS, &amp; MA</b> <small>(no pure-play ETF available)</small>
Medical Equip	<b>Fidelity Sel Med Equip (FSMEX)</b>	A, F	A, NTF, 30	R, F	A, F	<b>iShares DJ US Med Devices (IHI, Limited)</b>
Pharmaceuticals	<b>Fidelity Sel Pharma (FPHAX)</b>	A, F	A, NTF, 30	R, F	A, F	Pharmaceutical HOLDRs (PPH, Good)
	Pharma Ultra ProFund (PHPIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	<b>PowerShares Pharma (PJP, Limited)</b>
Retailing	<b>Fidelity Sel Retailing (FSRPX)</b>	A, F	A, NTF, 30	R, F	A, F	<b>SPDR S&amp;P Retail (XRT, Good)</b>
	Rydex Retailing (RYRIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	
Transportation	<b>Fidelity Sel Transport (FSRFX)</b>	A, F	A, NTF, 30	R, F	A, F	<b>iShares DJ US Transportation (IYT, Good)</b>
	Rydex Transportation (RYPIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	
<b>Minimum Purchase Requirements</b>					<b>Availability:</b> A-Available, C-Limited to current shareholders, I-Limited to Institutional investors, N-Not available, R-Limited to retail investors. <b>Trans. Fees:</b> F-Transaction fee applies, NTF-No transaction fee subject to holding period. <b>Min. Holding Period:</b> 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. <b>Liquidity:</b> Investors should consider limit orders when trading ETFs with limited liquidity. <b>Note:</b> 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.	
<b>ETF/Fidelity Fund</b>	<b>Regular Accounts</b>	<b>Retirement Accounts</b>				
Fidelity Select	\$2,500	\$500*				
Fidelity Spartan 500 Index Inv	\$10,000	\$10,000				
ETFs	1 share	1 share				
HOLDRS	100 shares	100 shares				
* \$500 for SEP-IRA, Keogh, and prototype retirement accounts. \$2,500 for traditional, Roth, and rollover IRA accounts.						

## AlphaProfit Newsletter: Repositioning Alert

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