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AlphaProfit™

Sector Investors' Newsletter

Service for \$ophisticated \$ector Investors

Monthly Report

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For definitions of terms used in this report, please see Glossary available at www.alphaprofit.com.

At A Glance

Portfolios

Focus: Air Transportation, Biotechnology, Transportation

Core: Air Transportation, Biotechnology, Construction & Housing, Consumer Discretionary, Environmental Services, Health Care, IT Consulting & Services, Medical Equipment, Pharmaceuticals, Retailing, Transportation

Sector Portfolio Indicator: Buy

Favored Buy: None

Stocks: ECL, HSP, LUV, PLCE, UNP

Economy & Markets

Global recession. The Commerce Department estimates that U. S. gross domestic product declined at a 0.5% annual rate during 2008's third quarter. Housing, manufacturing, and retailing sectors are in a slump. The unemployment rate has perked up rapidly to 6.7% and will likely head higher. Major economies around the globe are contracting. As a result, U. S. GDP is likely to decline at a higher rate in the fourth quarter.

Rescue act. The Federal Government has adopted several measures to pull the economy out of the rut. The Federal Reserve has lowered short-term interest rates to an unprecedented 0% to 0.25% range. The government has taken equity stakes in several financial institutions to stem bank failures. The automakers too have received a lifeline in a bid to save jobs.

President-elect Obama is expected to layout a stimulus package approaching \$1 trillion. The package will likely target several sectors including infrastructure with the goal of creating or saving 3 million jobs.

Recommendations

A rapidly deteriorating economy caused stock prices to crater during the fourth quarter. The S&P 500 ended the year with a 37% decline, its worst annual loss since 1937. As investors sold stocks in droves, money parked in cash and cash equivalents swelled to over 70% of the market value of U. S. companies, the highest ratio since 1974.

The widespread decline in stock prices has pushed equity valuation metrics to levels not seen in several decades. The S&P 500's dividend yield of 3.1% now exceeds the 10-year Treasury bond's 2.2% yield.

Against this backdrop, we take a two-pronged approach to shield investment portfolios from the vagaries of the economy and profit from potential upside. Our recommendations include investment selections from the consumer discretionary, health care, industrial, and information technology sectors.

Following the repositioning of the model portfolios, we rate the AlphaProfit Sector Portfolio Indicator 'Buy'. This implies current prices

AlphaProfit ETF & Mutual Fund Selections

Mutual fund and exchange-traded fund recommendations for playing the investment thesis discussed in the Newsletter. Preferred mutual funds and ETFs 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	Fidelity Sel Air Trans (FSAIX)	A, F	A, NTF, 30	R, F	A, F	Equal weight mix of BA, LUV, PCP, & UPS (no pure-play ETF available)
Biotechnology	Biotech Ultra ProFund (BIPIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	iShares Nasdaq Biotechnology (IBB, Good)
	Fidelity Sel Biotech (FBIOX)	A, F	A, NTF, 30	R, F	A, F	SPDR S&P Biotech (XBI, Good)
	Rydex Biotechnology (RYOIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	
Construction & Housing	Fidelity Sel Construct (FSHOX)	A, F	A, NTF, 30	R, F	A, F	50% SPDR S&P Homebuild (XHB, Good) +50% PowerShares Build (PKB, Limited)
Consumer Disc	Cons Serv Ultra ProFund (CYPX)	A, NTF, 90	N	A, NTF, No	A, F	Cons Discretionary SPDR (XLY, Good)
	Fidelity Sel Cons Disc (FSCPX)	A, F	A, NTF, 30	R, F	A, F	
Environ Services	Fidelity Sel Environ (FSLEX)	A, F	A, NTF, 30	R, F	A, F	MarketVectors Env Serv (EVX, Limited)
Health Care	Fidelity Sel Health Care (FSPHX)	A, F	A, NTF, 30	R, F	A, F	Health Care SPDR (XLV, Good)
	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	Fidelity Sel IT Serv (FBSOX)	A, F	A, NTF, 30	R, F	A, F	Equal weight mix of ACN, ADP, ADS, & MA (no pure-play ETF available)
Medical Equip	Fidelity Sel Med Equip (FSMEX)	A, F	A, NTF, 30	R, F	A, F	iShares DJ US Med Devices (IHI, Limited)
Pharmaceuticals	Fidelity Sel Pharma (FPHAX)	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	PowerShares Pharma (PJP, Limited)
Retailing	Fidelity Sel Retailing (FSRPX)	A, F	A, NTF, 30	R, F	A, F	SPDR S&P Retail (XRT, Good)
	Rydex Retailing (RYRIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	
Transportation	Fidelity Sel Transport (FSRFX)	A, F	A, NTF, 30	R, F	A, F	iShares DJ US Transportation (IYT, Good)
	Rydex Transportation (RYPIX)	A, NTF, 90	A, NTF, 180	A, NTF, No	A, F	
Minimum Purchase Requirements						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.
ETF/Fidelity Fund	Regular Accounts	Retirement Accounts				
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.						

are generally good to trade at.

In recent weeks, the market has shown a tendency to take bad news in stride and rally. The volatility or fear index declined from a record 89.5 in October to a still-above-average 40.0 at year-end.

The intensity of panic selling seen in the fourth quarter coupled with attractive valuation and high cash levels suggest that long-term equity investors will likely be rewarded well in the years ahead. That said, this is not a time to throw caution to the wind. Considerable uncertainty remains on the depth of the recession and timing of the recovery.

Fourth quarter earnings reports will soon begin to hit the wires. Investors are also looking forward to Obama's stimulus plan. Corporate comments on 2009 outlook and specifics of the stimulus plan are likely to be key drivers influencing

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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.

Stock Searchlight

Stocks with appealing earnings trends and relatively attractive valuation characteristics are highlighted.

Company	Ticker	Price	Est. P/E	Div. Yield	Buy Below	Sell Above	Stop-Loss	Risk Rating
Ecolab	ECL	\$33.51	17.5	1.7%	\$35.10	\$41.30	\$28.80	Below Average
Hospira	HSP	\$27.47	10.2	-	\$28.80	\$34.00	\$23.50	Below Average
Southwest Airlines	LUV	\$8.56	16.9	0.2%	\$9.10	\$11.30	\$6.90	Average
Children's Place	PLCE	\$21.16	9.1	-	\$23.10	\$31.20	\$15.20	Above Average
Union Pacific	UNP	\$48.12	9.9	2.2%	\$51.40	\$64.50	\$38.30	Average

Earnings estimates from Capital IQ

ECL. A steady performer with a long track record of rising earnings and dividends, shares of Ecolab are appealing in this economically challenging environment. Continuing its 16-year trend of raising dividends, the sanitary products maker recently increased its quarterly dividend by over 7%. The company intends to offset the impact of rising raw material costs and unfavorable exchange rates in 2009 with new products and increase EPS from \$1.86 a share in 2008 to \$2.00 a share in 2009. Ecolab shares trade at compelling valuation from a historical perspective.

HSP. Health care company Hospira is executing well. Backed by a 10% increase in revenue, Hospira earned 63 cents a share during the third quarter, in line with analysts' forecast and 29% higher than the year-ago tally. The company has forecasted that it will earn over \$2.50 a share in 2008. Expecting strong sales of specialty injectibles, rising market share

for medication management systems, and additional synergies from the Mayne Pharma acquisition, analysts forecast Hospira to increase EPS by nearly 10% in 2009.

LUV. While the near-term outlook for year-over-year earnings comparisons is unfavorable, Southwest Airlines is positioning itself to provide healthy comparisons farther out. The discount carrier has reduced its fuel-hedging program to derive larger benefits from falling fuel prices. In December, Southwest lowered its 2009 fuel cost estimate by \$1.4 billion from the one offered in July. Southwest plans to eliminate 32 less profitable routes in summer. During the third quarter, Southwest earned 9 cents a share, beating analysts' forecast by 2 cents a share. Southwest shares offer attractive recovery potential for investors willing to stomach a bumpy ride.

PLCE. Children's Place Retail Stores is operating reasonably well in a challenging environment. In early December, the company

reported a 7% decline in November same-store sales. Higher gross margins and same-store sales enabled the company to earn 84 cents a share during the third quarter ending on November 1. This represented a 27% increase in EPS from the year-ago tally. Children's Place has sizeable margin expansion opportunities and adequate liquidity; its shares trade at an attractive forward P/E with speculative buy-out appeal.

UNP. While shares of Union Pacific are trading nearly 40% off their 2008 highs, the outlook for the nation's largest railroad may not be as dour as investors fear. For one, UP recently increased its dividend by 23% and expressed confidence in its future. Analysts expect UP's EPS to increase 8% in 2009. Revenue will likely be supported by pricing gains since nearly 70% of pricing is already locked. On the volume front UP's coal segment should fare well while automotive and inter-modal segments are likely to be pressured.

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Investments in mutual funds and exchange-traded funds mentioned herein carry an inherent element of risk, including the potential for loss of principal. Past performance is no guarantee of future results.

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Portfolio Composition

The AlphaProfit model portfolios were last repositioned at the close of trading on December 31, 2008.

AlphaProfit Focus™ Model Portfolio

Fidelity Fund Holding (Ticker Symbol)	Before Repositioning		After Repositioning	
	Amount Invested	Percent Portfolio	Value	Percent Portfolio
Air Transport. (FSAIX)	\$0	0.00%	\$327,539	33.40%
Biotechnology (FBIOX)	\$291,654	29.74%	\$325,634	33.20%
IT Services (FBSOX)	\$247,152	25.20%	\$0	0.00%
Medical Equip.(FSMEX)	\$238,367	24.31%	\$0	0.00%
Natural Gas (FSNGX)	\$203,539	20.75%	\$0	0.00%
Transportation (FSRFX)	\$0	0.00%	\$327,539	33.40%
Total (rounded to)	\$980,712	100.00%	\$980,712	100.00%

FSAIX and FSRFX were added. FBIOX was increased. FBSOX, FSMEX, and FSNGX were eliminated.

AlphaProfit Core™ Model Portfolio

Fidelity Fund Holding (Ticker Symbol)	Before Repositioning		After Repositioning	
	Amount Invested	Percent Portfolio	Value	Percent Portfolio
Air Transport. (FSAIX)	\$0	0.00%	\$44,946	10.00%
Biotechnology (FBIOX)	\$40,717	9.06%	\$76,274	16.97%
Chemicals (FSCHX)	\$43,585	9.70%	\$0	0.00%
Comm. Equip. (FSDCX)	\$39,623	8.81%	\$0	0.00%
Computers (FDCPX)	\$39,599	8.81%	\$0	0.00%
Cons. & Hous. (FSHOX)	\$0	0.00%	\$31,461	7.00%
Cons. Disc. (FSCPX)	\$0	0.00%	\$31,461	7.00%
Environmental (FSLEX)	\$0	0.00%	\$31,461	7.00%
Health Care (FSPHX)	\$0	0.00%	\$31,461	7.00%
IT Services (FBSOX)	\$34,504	7.68%	\$31,493	7.01%
Medical Equip.(FSMEX)	\$33,278	7.40%	\$31,621	7.03%
Natural Gas (FSNGX)	\$28,415	6.32%	\$0	0.00%
Pharmaceuticals (FPHAX)	\$0	0.00%	\$31,461	7.00%
Retailing (FSRPX)	\$0	0.00%	\$31,461	7.00%
Software (FSCSX)	\$44,508	9.90%	\$0	0.00%
Spartan 500 Idx. (FSMKX)	\$145,278	32.32%	\$0	0.00%
Transportation (FSRFX)	\$0	0.00%	\$76,406	17.00%
Total (rounded to)	\$449,509	100.00%	\$449,509	100.00%

FSAIX, FSHOX, FSCPX, FSLEX, FSPHX, FPHAX, FSRPX, and FSRFX were added. FBIOX was increased. FBSOX and FSMEX were reduced. FSCHX, FSDCX, FDCPX, FSNGX, FSCSX, and FSMKX were eliminated.

At newsletter inception on September 30, 2003, the Focus and Core model portfolios had values of \$735,204 and \$406,160, respectively.

confidence has prompted consumers to rein discretionary spending. Reflecting this negative, consumer discretionary shares trade at compelling valuation metrics in relation to their cycle-average earnings. Meanwhile, the U. S. government is doing all it can to stimulate the housing market. The Federal Reserve has pledged to buy \$500 billion in agency debt to lower mortgage rates. Additional incentives for home purchases may be introduced after Obama is inaugurated. We believe businesses in the consumer discretionary sector will benefit if such efforts succeed in restoring confidence in the housing market. In addition to broad consumer discretionary investments, we recommend construction & housing and retailing-focused investments.

Construction & Housing: Valuations of homebuilder shares reflect the absence of homebuyers. Construction companies like Fluor and Jacobs Engineering stand to benefit from Obama's infrastructure improvement plan. Offsetting this positive, the slump in commodities can force other nations to prune infrastructure spending and pressure construction company earnings.

Consumer Discretionary: Recession-resistant cable companies and fast-food heavyweight McDonald's tend to dominate the consumer discretionary sector from a market capitalization perspective. Businesses that depend on advertising dollars are having a tough time as large advertisers like automakers and retailers have cut back.

Retailing: Falling energy prices should help retailer revenue and expenses move in the right direction. Given the diversity of the industry, the performance of retailers however is company-specific. Retailers like Amazon, AutoZone, and Advance Auto Parts are faring well. Staples is offsetting weakness in its U. S. stores with strength in its delivery and international divisions. Retailers of high value discretionary items as well as clothing retailers are a troubled lot.

stock prices. Looking farther out, stock prices can plod higher if the economy stays on track towards recovering in the second half of 2009. A delay in this timeline can cause equity prices to probe their 2008 lows.

We urge subscribers to review the amount allocated to equities in the

total investment portfolio considering factors such as near-term cash needs, time horizon for longer-term goals, and risk tolerance.

Investment Thesis

Consumer Discretionary

Shrinking net worth and falling con-

ETF & Mutual Fund Facts

Industry	Air Transportation		Biotechnology	
MF/ETF	Fidelity Sel. Air Transport	Equal Weight Mix	Fidelity Sel. Biotech	SPDR S&P Biotech
Ticker	FSAIX	None	FBIOX	XBI
Manager/Index	M. FitzMaurice	AlphaProfit	R. Kaul	S&P Biotech Sel. Industry
Category	Mid Cap Blend	Large Cap Blend	Large Cap Growth	Mid Cap Growth
Risk Rating	Average	Below Average	Above Average	Above Average
Top 10 Holdings	Delta Air Lines FedEx Precision Castparts United Parcel Service Boeing Continental Airlines AMR UAL Ryanair Holdings Alaska Air	Boeing Precision Castparts Southwest Airlines United Parcel Service	Amgen Genentech Gilead Sciences Biogen Idec Cephalon Alexion Pharmaceuticals Genzyme Celgene Acorda Therapeutics Vertex Pharmaceuticals	BioMarin Pharmaceutical Myriad Genetics OSI Pharmaceuticals Biogen Idec Gilead Sciences Onyx Pharmaceuticals Martek Biosciences Cephalon Cubist Pharmaceuticals Amgen
% Portfolio	65.0%	100.0%	73.6%	48.6%
% Foreign	9.2%	0.0%	<5.0%	0.0%
Date	As of Nov. 28, 2008	As of Dec. 31, 2008	As of Nov. 28, 2008	As of Dec. 26, 2008
Industry/Index	Consumer Discretionary		Environmental Services	
MF/ETF	Fidelity Sel. Cons. Disc.	Cons. Disc. Sel. SPDR	Fidelity Sel. Environment	Mkt. Vect. Envir. Svcs.
Ticker	FSCPX	XLY	FSLEX	EVX
Manager/Index	J. Harris	Cons. Disc. Sel. Sector	S. Koutsantonis	NYSE Arca Envir. Svcs.
Category	Large Cap Growth	Large Cap Blend	Mid Cap Growth	Mid Cap Growth
Risk Rating	Below Average	Below Average	Below Average	Average
Top 10 Holdings	McDonald's Lowe's Target Comcast Time Warner Walt Disney Staples Apollo Group DIRECTV Costco Wholesale	McDonald's Comcast Walt Disney Home Depot Time Warner Lowe's Target News Corp Nike Amazon.com	Ecolab Waste Management Allied Waste Industries Veolia Environnement Stericycle Donaldson Clean Harbors Republic Services Covanta Holding CLARCOR	Republic Services Waste Management Stericycle Veolia Environnement Covanta Holding CLH Intl. Waste Connections Tetra Tech Calgon Carbon American Ecology
% Portfolio	49.7%	53.5%	68.1%	76.9%
% Foreign	<5.0%	0.0%	8.2%	9.6%
Date	As of Nov. 28, 2008	As of Dec. 26, 2008	As of Nov. 28, 2008	As of Dec. 26, 2008
Industry/Index	Health Care		IT Services	
MF/ETF	Fidelity Sel. Health Care	Health Care Sel. SPDR	Fidelity Sel. IT Services	Equal Weight Mix
Ticker	FSPHX	XLV	FBSOX	None
Manager/Index	M. Sabel & E. Yoon	Health Care Sel. Sector	J. Liou	AlphaProfit
Category	Large Cap Growth	Large Cap Blend	Mid Cap Growth	Large Cap Growth
Risk Rating	Below Average	Below Average	Below Average	Average
Top 10 Holdings	Wyeth Genentech Johnson & Johnson Medco Health Solutions Amgen Baxter Intl. Pfizer Covidien Merck Abbott Laboratories	Johnson & Johnson Pfizer Abbott Laboratories Merck Amgen Wyeth Bristol-Myers Squibb Gilead Sciences Eli Lilly Medtronic	Accenture Visa Automatic Data Process Western Union Cognizant Tech Solutions MasterCard Fiserv Affiliated Computer Svcs Paychex Alliance Data Systems	Accenture Automatic Data Process Alliance Data Systems MasterCard
% Portfolio	44.7%	60.3%	76.0%	100.0%
% Foreign	10.3%	0.0%	14.8%	0.0%
Date	As of Nov. 28, 2008	As of Dec. 26, 2008	As of Nov. 28, 2008	As of Dec. 31, 2008

ETF & Mutual Fund Facts (continued from pg. 5)

Industry	Medical Equipment		Pharmaceuticals	
MF/ETF	Fidelity Sel. Med. Eqpt.	iShares DJ US Med. Dev.	Fidelity Sel. Pharma	PowerShares Pharma
Ticker	FSMEX	IHI	FPHAX	PJP
Manager/Index	E. Yoon	DJ US Medical Devices	A. Oh	Dyn. Pharma. Intellidex
Category	Large Cap Growth	Mid Cap Growth	Large Cap Blend	Large Cap Growth
Risk Rating	Below Average	Below Average	Below Average	Below Average
Top 10 Holdings	Baxter Intl. Covidien Medtronic Boston Scientific Hospira C.R. Bard Medco Health Solutions St. Jude Medical Alcon Allergan	Medtronic Covidien Thermo Fisher Scientific Stryker St. Jude Medical Boston Scientific Zimmer Holdings Intuitive Surgical Varian Medical Systems Waters	Johnson & Johnson Pfizer Abbott Laboratories Wyeth Schering-Plough Merck Eli Lilly Bristol-Myers Squibb Barr Pharmaceuticals Allergan	Gilead Sciences Bristol-Myers Squibb Merck Pfizer Amgen Wyeth Abbott Laboratories Johnson & Johnson Prestige Brands Valeant Pharma Intl.
% Portfolio	65.6%	55.6%	73.8%	46.3%
% Foreign	19.1%	0.0%	7.1%	0.0%
Date	As of Nov. 28, 2008	As of Dec. 26, 2008	As of Nov. 28, 2008	As of Dec. 26, 2008
Industry/Index	Retailing		Transportation	
MF/ETF	Fidelity Sel. Retailing	SPDR S&P Retail	Fidelity Sel. Transport	iShares DJ US Transport
Ticker	FSRPX	XRT	FSRFX	IYT
Manager/Index	E. Hornbuckle	S&P Retail Sel. Industry	A. An	DJ US Transport. Avg.
Category	Large Cap Growth	Mid Cap Blend	Large Cap Growth	Large Cap Blend
Risk Rating	Below Average	Below Average	Below Average	Below Average
Top 10 Holdings	Staples Lowe's Home Depot Target Amazon.com TJX Advance Auto Parts Best Buy AutoZone Lumber Liquidators	Guess? CarMax Office Depot Netflix Children's Place Limited Brands AutoZone Amazon.com Gymboree RadioShack	United Parcel Service Union Pacific Norfolk Southern CSX FedEx Burlington North Santa Fe C.H. Robinson W'wide Expeditors Intl. Southwest Airlines Delta Air Lines	Burlington North Santa Fe FedEx United Parcel Service Union Pacific Norfolk Southern Overseas Shipholding C.H. Robinson W'wide Expeditors Intl. Landstar System JB Hunt Transport Svcs
% Portfolio	69.5%	20.8%	70.7%	72.3%
% Foreign	0.0%	0.0%	5.1%	0.0%
Date	As of Nov. 28, 2008	As of Dec. 26, 2008	As of Nov. 28, 2008	As of Dec. 26, 2008

Disclosure continued from page 3

The model portfolios presented in this newsletter are the products of AlphaProfit Investments, LLC. The proprietary ValuM™ Investment Process is used to select sectors for investment in the AlphaProfit Sector Investors' Newsletter model portfolios. This process evaluates sectors based on their valuation, momentum, and news flow quality.

We calculate total pre-tax returns based on price changes, assuming reinvestment of all distributions in the funds in which they were paid.

Several of the companies discussed herein were held by the mutual funds or the exchange-traded entities, per the reporting date mentioned and may not be currently held by them. The information contained in this newsletter is obtained from various sources believed to be accurate and is provided without warranties of any kind. Opinions expressed herein reflect the thought of AlphaProfit Investments, LLC and are subject to change without notice.

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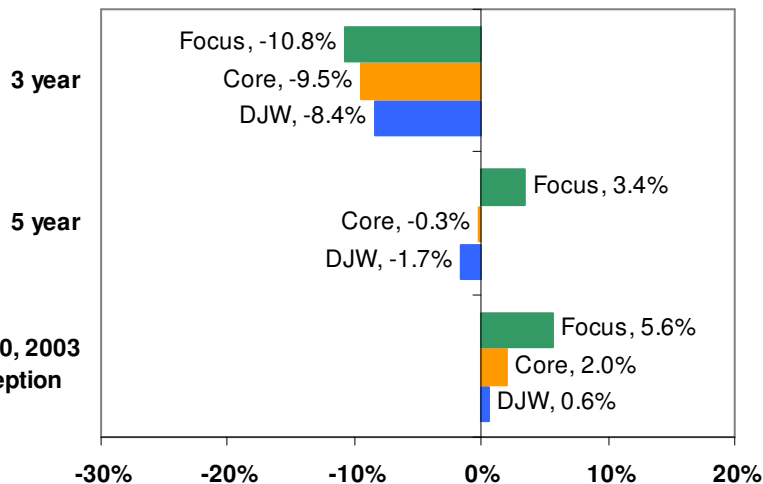
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ETF & Mutual Fund Facts (continued from pg. 6)

Industry	Construction & Housing		
MF/ETF	Fidelity Sel. Const.	SPDR S&P Homebuil.	PowerShares Build.
Ticker	FSHOX	XHB	PKB
Manager/Index	D. Kelley	S&P Homebuilders	Dyn. Buil. Intellidex
Category	Mid Cap Value	Mid Cap Value	Mid Cap Blend
Risk Rating	Below Average	Average	Below Average
Top 10 Holdings	Lowe's	Sherwin Williams	Mohawk Industries
	Home Depot	NVR	Martin Marietta Mat
	Pulte Homes	Leggett & Platt	Caterpillar
	Toll Brothers	Home Depot	NVR
	Fluor	Mohawk Industries	Lowe's
	Equity Residential	Rent A Center	Home Depot
	Vulcan Materials	Lennox	Jacobs Engineering
	Foster Wheeler	Bed Bath & Beyond	Fluor
	URS	Owens Corning	MasTec
	Jacobs Engineering	Pulte Homes	EMCOR
% Portfolio	64.4%	49.9%	47.8%
% Foreign	<5.0%	0.0%	0.0%
Date	As of Nov. 28, 2008	As of Dec. 26, 2008	As of Dec. 26, 2008

Scorecard

Model portfolio returns are compared with that of the Dow Jones Wilshire 5000 benchmark. Returns for periods longer than 1 year are annualized.



	Dec 2008	Qtr-To-Date	Year-To-Date	1 Year
Focus	3.5%	-25.0%	-40.7%	-40.7%
Core	1.4%	-25.3%	-41.6%	-41.6%
DJW 5000	1.9%	-22.9%	-37.3%	-37.3%

The Focus and Core model portfolio look-alikes constructed with preferred ETFs lost 24.5% and 24.7%, respectively during 4Q2008.

Health Care

Demand for health care products generally tends to be recession-resistant. We are adding investments in the health care sector and pharmaceutical group to our current recommendations in the biotechnology and medical equipment groups.

Biotechnology:

Biotech companies offer the prospect of year-over-year earnings growth in an environment where such prospects are rare. With major pharmaceutical companies vying to buy biotech companies to boost earnings growth, takeover possibilities add to investment appeal. Further, biotech

shares correlate poorly with general market movements offering diversification benefits. As for risks, the credit crisis has made funding more difficult for weaker biotech firms raising bankruptcy risk. Biotech shares can also swoon on drug development failures.

Medical Equipment:

The state of the economy has limited bearing on demand for medical devices. The economic resilience however varies by sub-segment. Demand for syringes, surgical tools, and specialty pharmaceuticals tend to be stable. Demand for elective procedures and cosmetic treatments are at higher risk. Product safety and efficacy concerns and a stronger dollar can hurt company earnings.

Pharmaceuticals:

We value relatively secure dividends paid by Bristol-Myers Squibb, Eli Lilly, Merck, and Pfizer shares, each yielding over 5%. With patent expirations slated to pick up in the 2010-2013 timeframe, there is possibility of merger activity in the form of pharma-pharma and pharma-biotech combinations ramping up in 2009. Growing use of generics and changes in Medicare drug pricing can erode profit margins. Companies also face hurdles in getting new drugs approved by the U. S. Food and Drug Administration.

Industrials

Our recommendations from the industrials sector include air transportation, environmental services, and transportation investments.

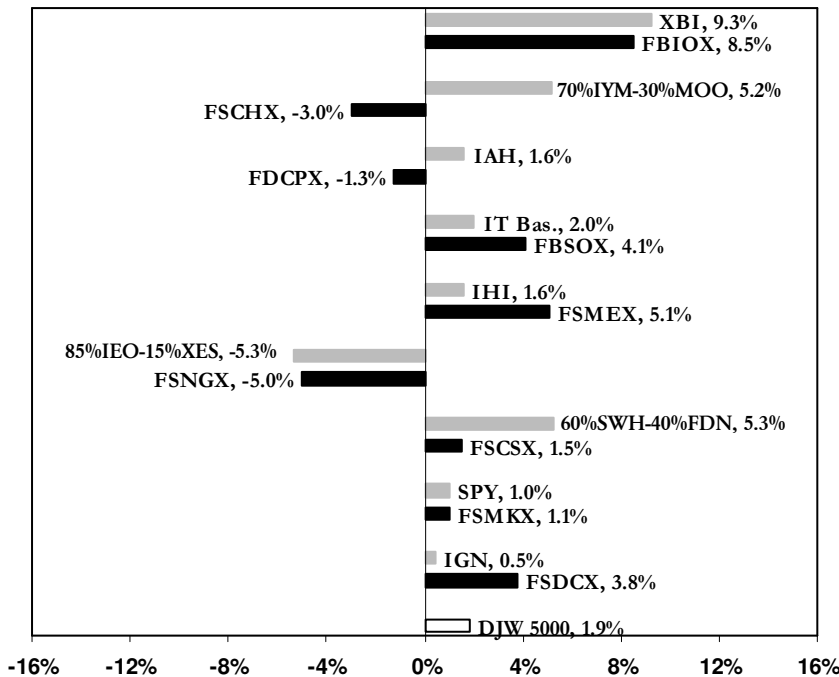
Air Transportation & Transportation:

Transportation volumes typically pick up before a broader economic recovery begins. As such, transportation companies are likely to be among the first to see the benefit of an economic upswing. Also, the 72% decline in the price of oil from its 2008 high should provide a tailwind for companies in these groups.

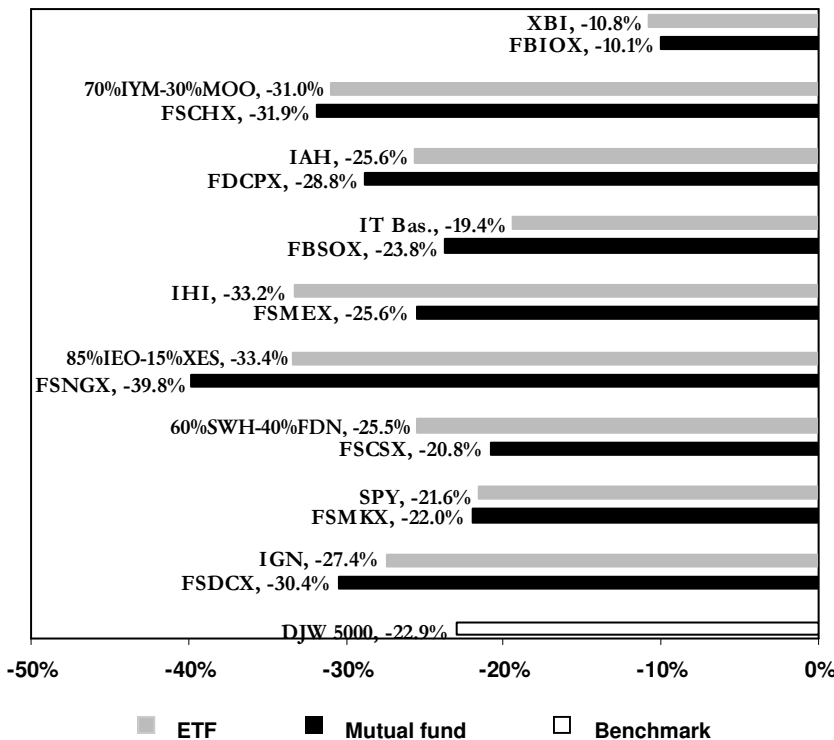
With the economy however still mired in a deep recession, air transportation and transportation compa-

Preferred ETF & Mutual Fund Returns

December 2008



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panies face the risk of shrinking demand. Offsetting this negative, airlines have been aggressive in reducing capacity. Delta and Northwest have also used the bankruptcy process to emerge stronger. The airline group has the possibility of offering favorable year-over-year earnings comparisons in 2009.

FedEx and United Parcel Service stand to benefit from DHL's exit from U. S. domestic service.

Elsewhere, Boeing is expected to conduct the initial flight of its much-delayed 787 *Dreamliner* aircraft during the second quarter. Boeing as well as aircraft part makers like

Featured Quote

'You make most of your money in a bear market, you just don't realize it at the time.'

Shelby Davis

Precision Castparts stand to benefit once 787 deliveries commence.

Environmental Services: The environmental services group includes companies engaged in waste management and recycling, water distribution, and sanitary chemicals manufacture.

Environmental service businesses are often reasonably resilient to economic vagaries. Waste Management and Republic Services control nearly 60% of U. S. landfill capacity and enjoy pricing power. In the water business, France-based Veolia Environnement enjoys stable recurring revenue from long-term contracts. Selected companies like Covanta generating energy from waste can benefit from Obama's emphasis on renewable energy.

Information Technology

We are continuing the IT Consulting & Services recommendation from the information technology sector. With revenues coming from long-term contracts, IT Consulting & Services tends to be a less cyclical group in the volatile technology sector. During lean times, outsourcing service providers can benefit from clients' drive to reduce costs through increased outsourcing.

Rising home foreclosures and unemployment along with falling short-term interest rates can affect credit card usage and payroll processing demand. Credit card companies are embroiled in legal battles and Visa's legal costs are on the rise. On December 31, we replaced Visa with smaller rival MasterCard in AlphaProfit's IT service basket for ETF investors.

AlphaProfit Investments, LLC
Date: December 31, 2008