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AlphaProfit™

Sector Investors' Newsletter

Service for \$ophisticated \$ector Investors

Monthly Report

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At A Glance

Portfolios	
Focus: Auto, DJW 5000 Index, Real Estate	Sector Portfolio Indicator: Buy
Core: Auto, Capital Markets, Consumer Discretionary, DJW 5000 Index, Media, Real Estate, Retailing	Favored Buy: None
	Stocks: CTRN, CVX, M, ORLY, RJF

Economy & Markets

U. S. economy expanding. After contracting for four straight quarters, the U. S. economy expanded in 2009's third quarter with gross domestic product growing 2.2%. The Conference Board's index of leading economic indicators for example has now risen for eight straight months. This suggests that the economy will likely expand further in the upcoming quarters.

Job market poised to turnaround. After lagging the rest of the economy, the job market is finally showing signs of turning around. The unemployment rate encouragingly dipped in November to 10.0% after scaling to a 26-year high of 10.2%. With unemployment insurance claims, a leading indicator of the job market, now down nearly 30% from the June 2009 high, further relief in the employment market is likely.

Inflation needs watching. The deep recession pressured prices through mid-2009 and kept inflation at bay. This is changing as the economy starts to recover. The consumer price index has ticked up in recent months. The latest CPI reading implies a 1.8% year-over-year increase in inflation.

Equities recover. The S&P 500 finished 2009 with a 26.5% gain. Even though stock prices are now up 65% from the March 2008 bottom, we believe they can make further progress with help from an expanding economy. Analysts now expect profits at S&P 500 companies to increase at least 19% in each of the first three quarters of 2010.

There are however a few factors that can cause hiccups. In the near-term, the fourth quarter earnings-reporting season can cause a pullback in share prices if forecasts disappoint. Negative news from financially strained nations like Dubai or Greece is an area of concern. On a longer-term basis, an improvement in the job market is probably the final signal the Federal Reserve needs to end extraordinary liquidity provisions.

Recommendations

Against the backdrop of a recovering economy and likely improvement in the job market, we believe groups that were hard-hit during the recession will likely fare better than the broad market. Accordingly, we overweight investments in the consumer discretionary and finan-

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	
Auto	Fidelity Sel Automotive (FSAVX)	A, F	A, NTF, 30	R, F	A, F	Mix of AN 25%, JCI 30%, MGA 20% & PAG 25% (no pure-play ETF available)
Capital Markets	Fidelity Sel Brokerage (FSLBX)	A, F	A, NTF, 30	R, F	A, F	iShares DJ US Broker-Dealers (IAI, Good)
	Kinetics Market Opp (KMKNX)	A, NTF, 90	A, NTF, 180	I, NTF, 90	A, F	SPDR KBW Capital Markets (KCE, 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	Rydex S&P Cons Discretion (RCD, Limited) Vanguard Cons Discretion (VCR, Limited)
DJW Total Market	Fidelity Fund (FFIDX)	A, F	A, NTF, 90	A, F	A, F	SPDR DJ Total Market (TMW, Limited)
	Fidelity Sptn Total Mkt (FSTMX)	N	A, NTF, 90	A, F	A, F	Vanguard Total Stock Market (VTI, Good)
	Schwab Total Stock Mkt (SWTSX)	A, F	A, F	A, NTF, 30	A, F	
	Wilshire Target 5000 (WFIVX)	A, NTF, 90	A, NTF, 180	A, NTF, 90	A, NTF, 180	
Media	Fidelity Sel Multimedia (FBMPX)	A, F	A, NTF, 30	R, F	A, F	PowerShares Media (PBS, Limited)
Real Estate	Fidelity Real Estate (FRESX)	A, F	A, NTF, 30	A, F	A, F	iShares DJ US Real Estate (IYR, Good)
	Neuberger Real Estate (NBRFX)	A, NTF, 90	A, NTF, 180	A, NTF, 90	A, NTF, 180	SPDR DJ REIT (RWR, Good)
	Real Estate Ultra ProFund (REPIX)	A, NTF, 90	A, NTF, 180	A, NTF, 90	A, F	Vanguard REIT (VNQ, Good)
	Rydex Real Estate (RYHRX)	A, NTF, 90	A, NTF, 180	A, NTF, 90	A, NTF, No	
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	
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 Total Mkt.	\$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.						

cial sectors. To make room for the new selections and to broaden exposure to a wider range of sectors we eliminate exposure to health-care, industrials, and technology and add indexed investments to the model portfolios.

Following the repositioning of the model portfolios, we rate the AlphaProfit Sector Portfolio Indicator **'Buy'**. Subscribers can roll over currently invested monies into recommended sectors and industries. We encourage subscribers to keep a portion of funds in cash reserves. Cash allocation can be up to 30% of the total portfolio depending on investment objective and risk tolerance. The cash cushion can help

to ride market volatility and take advantage of a pullback.

Investment Thesis

Media

Deal activity has perked up as media companies are looking to deploy surplus cash. Comcast and General Electric have formed a joint venture that will be 51% owned by Comcast. The joint venture will include NBC Universal's assets including Bravo, CNBC, and USA Networks valued at \$30 billion. The deal gives Comcast wide access to content while retaining distribution control.

Disney has acquired Marvel Entertainment to enhance its digicomics business. Disney intends to sell comics to Apple iPhone users. Time Warner completed the spin-off of AOL as an independent Internet company.

After slashing advertising spending through 2008 and 2009, automakers, financial service providers, and retailers are upping this activity. This should help improve the fortunes of broadcast stations, newspapers, and magazines. We expect advertising spending to receive a boost from the Winter Olympics as well as mid-term congressional elections.

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
Chevron	CVX	\$80.88	10.6	3.4%	\$79.70	\$88.50	\$58.50	Below Average
Citi Trends	CTRN	\$30.12	19.8	-	\$30.15	\$35.00	\$13.50	Above Average
Macy's	M	\$16.62	11.8	1.2%	\$14.80	\$18.35	\$10.50	Above Average
O'Reilly Auto	ORLY	\$38.13	15.2	-	\$37.30	\$42.15	\$26.25	Average
Raymond James	RJF	\$24.53	15.4	1.8%	\$24.50	\$28.50	\$14.20	Above Average

Earnings estimates from Capital IQ

CVX. Yielding close to 3.5%, Chevron shares are an appealing selection for income-seeking investors. The nation's second largest oil and gas producer increased petroleum production by 11% in the third quarter. This enabled the company to earn \$1.72 a share beating analysts' forecast by 17%. Chevron's leadership position in Australia's \$39 billion Gorgon liquefied natural gas project positions the company to profit from growing Asian energy demand. The company expects to spend nearly \$22 billion on capital projects in 2010 with over 75% of the tally committed towards fossil fuel production.

CTRN. Shares of Citi Trends are an appealing selection for growth investors. The value-priced retailer of urban fashion apparel and accessories is executing well and continuing to expand. During the third quarter, a stronger-than-expected back-to-school season enabled Citi Trends to increase sales by over 21% to \$127 mil-

lion. Same-store sales increased 6.3%. In 2010, the company expects to open 55 new stores and increase retail square footage by 15%. Citi Trends estimates full-year earnings of \$1.30 to \$1.35 per share.

M. Macy's efforts to tightly control costs and inventory as well as localize merchandise by region are helping the company weather a tough retailing environment. The department store lost 3 cents a share in the third quarter, less than analysts' 7 cents a share estimate. A growing economy is likely to improve business at Macy's higher end lines like Bloomingdale's. Macy's has upped its fourth-quarter EPS forecast to the \$1.00 to \$1.05 range. These volatile shares are suitable for risk-tolerant investors.

ORLY. Shares of O'Reilly Automotive are an appealing selection for investors seeking growth at a reasonable price. The CSK Auto acquisition is providing the O'Reilly

greater purchasing power and widening gross margins. O'Reilly earned 63 cents a share in the third quarter, more than double the year-ago tally. The auto parts retailer is well-positioned to acquire smaller competitors and gain market share in this industry. Auguring well for the future, O'Reilly upped its fourth and full-year EPS forecasts above analysts' forecast.

RJF. After weathering challenging financial markets quite well, Raymond James Financial is benefiting from the recovery in stock prices. The regional brokerage firm earned 36 cents a share during the fiscal fourth quarter, beating analysts' forecast by 27%. Client assets under administration increased 13% and commissions & fees were up 9%. Auguring well for the future, customer assets under administration have continued to increase in fiscal 2010's first quarter and commissions & fees in November are up 13% from the year-ago period.

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The model portfolios presented in this newsletter are the products of AlphaProfit Investments, LLC. AlphaProfit applies the proprietary ValuM™ Investment Process to evaluate sectors and industries based on their valuation, momentum and news quality for inclusion in the model portfolios. We calculate total pre-tax returns based on price changes, assuming reinvestment of all distributions in the funds in which they were paid.

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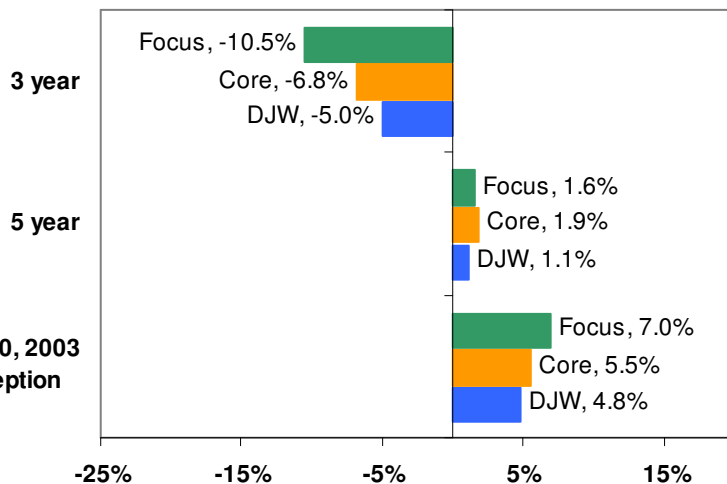
Portfolio Composition

AlphaProfit model portfolios were last repositioned at December 31, 2009 market close. In the Core model portfolio, FBMPX and FRESX were added. FBIOX, FSDCX, FSHOX, FSLEX, FSPHX, FBSOX, FSMEX, FPHAX, FSRFX were removed. In the Focus model portfolio, FRESX was added. FSLBX and FSDCX were removed. At newsletter inception on September 30, 2003, the Focus and Core model portfolios had values of \$735,204 and \$406,160, respectively.

Fund Ticker	AlphaProfit Core™ Model Portfolio				AlphaProfit Focus™ Model Portfolio			
	Before Repositioning		After Repositioning		Before Repositioning		After Repositioning	
	Amount Invested	Percent Portfolio	Value	Percent Portfolio	Amount Invested	Percent Portfolio	Value	Percent Portfolio
FSAVX	\$26,744	4.70%	\$59,572	10.47%	\$194,693	17.39%	\$390,809	34.90%
FBIOX	\$34,862	6.13%	-	-	-	-	-	-
FSLBX	\$49,867	8.76%	\$50,264	8.83%	\$363,022	32.42%	-	-
FSDCX	\$51,709	9.09%	-	-	\$376,426	33.62%	-	-
FSHOX	\$38,673	6.79%	-	-	-	-	-	-
FSCPX	\$43,454	7.63%	\$49,968	8.78%	-	-	-	-
FSLEX	\$36,859	6.48%	-	-	-	-	-	-
FSPHX	\$41,564	7.30%	-	-	-	-	-	-
FBSOX	\$50,090	8.80%	-	-	-	-	-	-
FSMEX	\$41,939	7.37%	-	-	-	-	-	-
FBMPX	-	-	\$49,977	8.78%	-	-	-	-
FPHAX	\$39,457	6.93%	-	-	-	-	-	-
FRESX	-	-	\$126,826	22.28%	-	-	\$505,124	45.11%
FSRPX	\$49,653	8.72%	\$49,840	8.76%	-	-	-	-
FSTMX	\$25,490	4.48%	\$182,702	32.10%	\$185,564	16.57%	\$223,771	19.98%
FSRFX	\$38,789	6.82%	-	-	-	-	-	-
Total (rounded to)	\$569,149	100.00%	\$569,149	100.00%	\$1,119,704	100.00%	\$1,119,704	100.00%

Scorecard

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



weaken existing business lines while creating new opportunities. Such threat extends well beyond newspapers and magazines.

Real Estate

We like the prospects for real estate investment trusts (REITs). Increasing stringency of lending standards and slumping real estate prices have curtailed speculative construction and reduced supply. The improving balance between real property supply and demand bodes well for leasing rates. REITs like AvalonBay Communities that operate properties in high-barrier markets such as Boston, New York City, and San Francisco should likely be early beneficiaries.

The recovery in financial markets in the latter part of 2009 has improved the real estate industry's access to capital. The Federal Reserve's efforts in maintaining mortgage rates low have helped to reduce the cost of debt. This milieu offers well-

	Dec 2009	Qtr-To-Date	Year-To-Date	1 Year
Focus	4.2%	2.4%	14.2%	14.2%
Core	4.7%	5.4%	26.6%	26.6%
DJW 5000	2.9%	6.0%	29.4%	29.4%

We expect consolidation and improving advertising rates to support gains in media shares. As for risks, regulatory hurdles and integration

risks associated with transactions like Comcast-GE should not be downplayed. The impact of new technologies like Internet video can

ETF & Mutual Fund Facts				
Industry	Automotive		Capital Markets	
MF/ETF	Fidelity Sel. Automotive	Auto Basket	Fidelity Sel. Brokerage	iShares DJ U.S. Broker
Ticker	FSAVX	None	FSLBX	IAI
Manager/Index	M. Weaver	AlphaProfit	B. Hesse	DJ U.S. Sel. Invest. Svcs.
Category	Mid Cap Value	Mid Cap Blend	Mid Cap Blend	Mid Cap Blend
Risk Rating	Above Average	Above Average	Average	Average
Top 10 Holdings	Johnson Controls Autoliv BorgWarner TRW Automotive Asbury Automotive Goodyear Tire & Rubber Gentex Sonic Automotive Group 1 Automotive Tenneco	AutoNation, 25% Johnson Controls, 30% Magna Intl, 20% Penske Auto, 25%	CME Group Charles Schwab Goldman Sachs Morgan Stanley BNY Mellon EFG International Broadpoint Gleacher UBS AG Genworth Financial Deutsche Boerse	Goldman Sachs Morgan Stanley CME Group Charles Schwab Intercontinental Exch Ameriprise Financial NYSE Euronext Legg Mason TD Ameritrade E*Trade Financial
% Portfolio	68.4%	100.0%	46.5%	50.5%
% Foreign	< 5.0%	0.0%	25.0%	0.0%
Date	As of Sep. 30, 2009	As of Dec. 31, 2009	As of Sep. 30, 2009	As of Dec. 31, 2009
Industry/Index	Consumer Discretionary		Media	
MF/ETF	Fidelity Sel. Cons. Disc.	Vanguard Cons. Disc.	Fidelity Sel. Multimedia	PowerShares Dyn. Media
Ticker	FSCPX	VCR	FBMPX	PBS
Manager/Index	J. Harris	MSCI U.S. Cons. Disc.	K. Salen	Dynamic Media Intellidex
Category	Large Cap Growth	Large Cap Blend	Large Cap Blend	Mid Cap Blend
Risk Rating	Below Average	Below Average	Average	Average
Top 10 Holdings	Lowe's Target Walt Disney McDonald's Comcast Staples Amazon.com Advance Auto Parts Carnival Corp Pair CTF Time Warner Cable	McDonald's Walt Disney Amazon.com Home Depot Comcast Class A Time Warner Target Lowe's DIRECTV News Corp Class A	Walt Disney Time Warner Comcast Class A Time Warner Cable Liberty Media Entertain Viacom Omnicom News Corp Class A DIRECTV Comcast Class A Special	News Corp Class A Comcast Class A CBS Class B Walt Disney DIRECTV Time Warner Viacom Gannett DreamWorks Animation Valassis Comm
% Portfolio	38.2%	34.6%	56.5%	44.3%
% Foreign	0.0%	0.0%	7.8%	0.0%
Date	As of Sep. 30, 2009	As of Nov. 30, 2009	As of Sep. 30, 2009	As of Dec. 31, 2009
Industry/Index	Real Estate		Retailing	
MF/ETF	Fidelity Real Estate Inv.	Vanguard REIT	Fidelity Select Retailing	SPDR S&P Retail
Ticker	FRESX	VNQ	FSRPX	XRT
Manager/Index	S. Buller	MSCI U.S. REIT	E. Hornbuckle	S&P Retail Sel. Industry
Category	Mid Cap Value	Mid Cap Value	Mid Cap Growth	Mid Cap Blend
Risk Rating	Above Average	Above Average	Below Average	Below Average
Top 10 Holdings	Simon Property ProLogis Ventas Vornado Realty Host Hotels & Resorts Boston Properties SL Green Realty Equity Residential Apartment Inv & Mgmt Highwood Properties	Simon Property Vornado Realty Public Storage Boston Properties HCP Equity Residential Ventas Host Hotels & Resorts ProLogis AvalonBay Communities	Staples Lowe's Target Home Depot Amazon.com TJX Best Buy Advance Auto Parts Gymboree Kohl's	CarMax Foot Locker Children's Place HSN Sears Holdings Jo-Ann Stores Dress Barn Dicks Sporting Goods Aeropostale Tractor Supply
% Portfolio	51.1%	44.1%	60.1%	17.6%
% Foreign	0.0%	0.0%	0.0%	0.0%
Date	As of Sep. 30, 2009	As of Nov. 30, 2009	As of Sep. 30, 2009	As of Dec. 31, 2009

ETF & Mutual Fund Facts (cont'd from p.5)		
Industry	DJ Wilshire Total Market	
MF/ETF	Fidelity Spar. Tot. Mkt.	Vanguard Tot Stk Mkt
Ticker	FSTMX	VTI
Manager/Index	Geode Capital Mgmt	MSCI US Broad Market
Category	Large Cap Blend	Large Cap Blend
Risk Rating	Below Average	Below Average
Top 10 Holdings	ExxonMobil	ExxonMobil
	Microsoft	Microsoft
	General Electric	Procter & Gamble
	JPMorgan Chase	Apple
	Procter & Gamble	Johnson & Johnson
	Johnson & Johnson	General Electric
	Apple	JPMorgan Chase
	AT&T	Intl. Business Machines
	Intl Business Machines	AT & T
	Bank of America	Chevron
% Portfolio	16.0%	16.3%
% Foreign	0.0%	0.0%
Date	As of Sep. 30, 2009	As of Nov. 30, 2009

'cash-for-clunkers'.

Auto and auto-part makers have taken advantage of improving capital markets to strengthen balance sheets and reduce bankruptcy risk. TRW Automotive for example raised nearly \$765 million in debt and equity capital to improve liquidity. Delphi Corp. has recently emerged from bankruptcy. Meanwhile, Ford is working to sell its Volvo unit to China's Geely Group.

Auto-retailers have slashed inventories and operating costs. The more resourceful ones are altering their product brands to include luxury lines and increasing their sales of ancillary products and used cars.

capitalized REITs opportunities to create value though acquisitions.

Simon Property Group, the largest U. S. shopping mall owner, has recently engaged in its largest acquisition in five years purchasing Prime Outlets. Simon and Canada's Brookfield Asset Management are also reportedly looking at General Growth Properties.

REIT share prices often fare poorly when long-term interest rates rise and the cost of debt financing increases pressuring REIT profitability. Likewise, rising unemployment can raise vacancies in office properties and crack a fragile recovery in the commercial real estate market recovery.

Performance & Prospects

Both AlphaProfit model portfolios

outperformed the Dow Jones Wilshire 5000 in December. The model portfolio benefited from exposure to a variety of industries in the consumer discretionary, industrial, health care, and technology sectors that outperformed the benchmark.

Auto

Return as of Dec. 31, 2009	
Industry	Auto
Recommended On	Sep. 30, 2009
Fidelity Fund	11.0%
Auto Basket	9.1%

Preferred investments in the auto group outperformed the DJW 5000 in December. Auto sales are turning around as confidence in the economy improves. They increased in November to a seasonally adjusted rate of 10.9 million units, the highest monthly figure since September 2008, excluding boost from

We believe auto industry profits will ramp up as auto demand increases both in the U. S. and abroad. That said, there is some risk that demand can falter if economic recovery stalls. The benefit of lower raw materials costs can quickly dissipate if material prices increase.

Capital Markets

Return as of Dec. 31, 2009	
Industry	Capital Markets
Recommended On	Jun. 30, 2009
Fidelity Fund	18.4%
ETF	10.6%

Preferred investments in the capital markets group lagged the DJW 5000 in December. We believe this is a temporary pause and shares here will likely lead the broad market in the period ahead. The S&P has rallied 65% from its March bottom. The recovery in financial mar-

Disclosure continued from page 3

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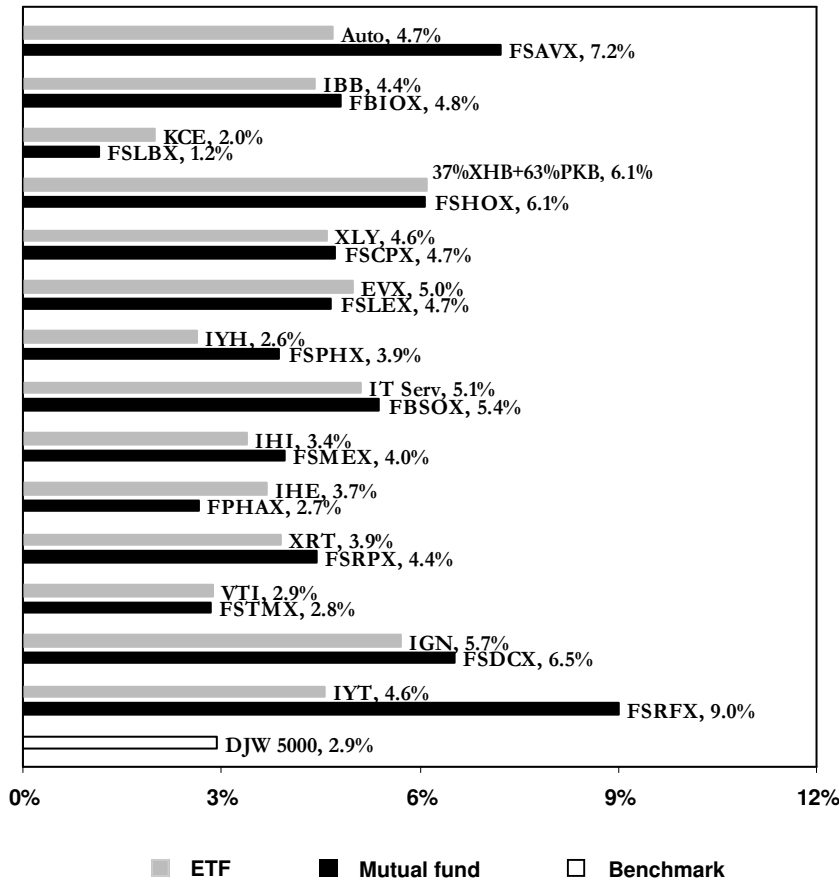
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Preferred ETF & Mutual Funds Held in Dec. 2009

December 2009 Returns



Featured Quote

“Admitting small mistakes before they become bigger ones is central to investment success over the long run.”

Chris Konstantinos

Sentiment Index has rebounded from the March 2009 low when mounting job losses and shrinking retirement savings pushed pessimism to its peak.

The housing market is stabilizing. Home prices as measured by the S&P Case-Shiller index have now risen for five straight months. This

Return as of Dec. 31, 2009

Industry	Cons Discr
Recommended On	Dec. 31, 2008
Fidelity Fund	38.1%
ETF	40.6%

combined with rising stock prices over the past two quarters has enabled households to recover 28% of the record \$17.5 trillion of wealth lost since mid 2007.

Meanwhile, the job market is showing signs of improvement with employers becoming more receptive to hiring temporary workers. Employment in temporary help services has risen in recent months after bottoming in July.

We believe rising net-worth coupled with an improving job market can spur consumers to spend more on discretionary items like home improvement projects, travel, and leisure products. Companies like Nike are executing reasonably well and looking to grow sales by mid-single digits for the next two quarters. That said, the possibility of rising energy prices crimping consumer

kets augurs well for investment banks, asset managers, and online brokers.

Investment banks stand to benefit from an increase in equity and debt issuance as well as mergers & acquisitions. Goldman Sachs grabbed the largest share of the \$923 million in fees from U. S. initial public offerings in 2009.

A rising market increases the value of portfolios held in asset management firms. This in turn increases the asset manager’s revenue from fees collected as percent of assets. Larger sized accounts and higher

trading volume that typically accompany bull-markets should help online broker profits.

The possibility of stringent financial regulations and scrutiny crimping profits is a risk for players most exposed to commodities and derivatives trading. Integration issues resulting from recent consolidation in exchanges pose risks as well.

Consumer Discretionary

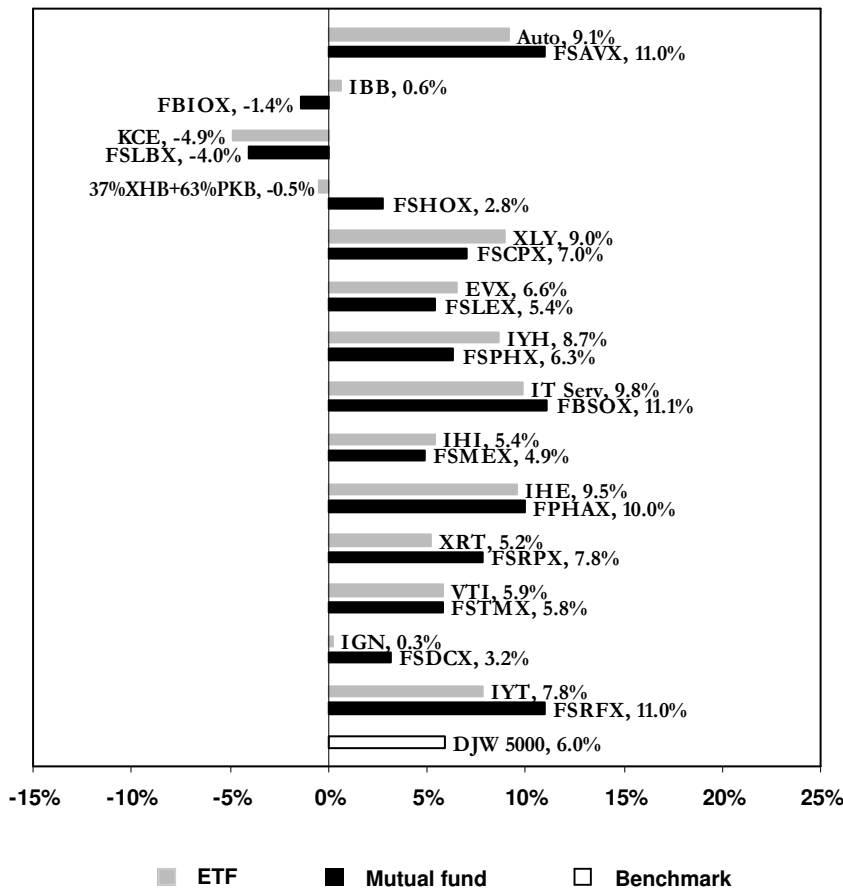
Preferred consumer discretionary investments outperformed the DJW 5000 in December. The Reuters/University of Michigan Consumer



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.

Preferred ETF & Mutual Funds Held in 4Q2009

4Q2009 Returns



spending is a key risk for consumer discretionary investments. Margin pressures resulting from rising supply as well as energy costs poses risks to corporate profitability.

Retailing

Return as of Dec. 31, 2009	
Industry	Retailing
Recommended On	Dec. 31, 2008
Fidelity Fund	57.8%
ETF	77.4%

Preferred retailing investments outperformed the DJW 5000 benchmark in December. In earnings-related news, specialty retailer Best Buy exceeded analysts' EPS forecast by over 20% as both store traffic and per-ticket spending increased.

In discount retailing, Costco Wholesale reported EPS inline with

analysts' forecast while Dollar General's EPS trailed forecast just a tad. Grocery retailer Kroger disappointed as weak dairy product prices and intense price competition took a bite out of margins.

Retailing shares have enjoyed strong gains since we recommended them at the end of 2008. The 2009 holiday season promises to be at least an 'adequate' one. We continue to like the prospects for retailing shares.

Discounters and club stores have fared well through the recession. Earnings comparisons for companies like Costco should become easier over the next 12 months as the macroeconomic environment stabilizes.

Online retailing is a growth segment with sales expected to grow

at a 10% annual clip over the next several years. Amazon for example has added many new titles as electronic books for its best selling e-reader Kindle.

Prospects for higher-end retailers are likely to improve as hiring increases. Retailers with differentiated value propositions like Gym-boree and Urban Outfitters are likely to witness stronger growth.

As for risks, consumers' drive to cut debt and increase savings can reduce retailers' secular growth. Worsening trends in employment, consumer sentiment, or discretionary consumer spending can dampen investor enthusiasm towards retailing shares. Many retail businesses are vulnerable to competitive threats.

DJW 5000 Index

Return as of Dec. 31, 2009	
Industry	DJW 5000
Recommended On	Sep. 30, 2009
Fidelity Fund	5.8%
ETF	5.9%

We include investments that track the broad DJW 5000 index in both model portfolios. This provides exposure to sectors like consumer staples, energy, health care, industrials, materials, technology, and utilities otherwise not included in the model portfolios.

The resulting balance helps to not only cut short-term volatility and but also mitigate risks from factors such as declining U. S. dollar, rising energy prices, or rising interest rates.

AlphaProfit Investments, LLC
Date: December 31, 2009