

# Chapter 6. Sector Funds

This strategy uses a six month relative strength report and rotates every other week. Current holdings must be in the top half of the report. Fidelity sector funds are traded. This strategy is featured in the *ETF Trading Strategies Revealed* book.

## Percentage Returns

<u>Year</u>	<u>Sector Trading</u>	<u>S&amp;P 500 Index</u>
1998	30.25	26.67
1999	93.77	19.53
2000	39.88	-10.14
2001	-7.65	-13.04
2002	-14.10	-23.37
2003	35.20	26.38
2004	26.35	8.99
2005	25.47	3.00
2006	14.05	13.62
2007	16.11	3.53
2008	-36.80	-38.49
2009	55.47	23.45
2010	<u>4.07</u>	<u>-5.90</u>
Avg. =	17.97	0.62

Through 08/31/10

4 round trip trades with an average holding of 184 days.

## Assumptions

There are many assumptions to our tests. The percentage returns represent a hypothetical back test, instead of actual performance. The back test's returns and other figures have not been audited but are based upon information obtained from public sources believed to be reliable. Since no funds were managed using the strategies during this period, the impact that economic and market factors might have had on the trading cannot be represented.

The strategies are managed with a view toward capital appreciation with risk levels greater than the S&P 500. As with any strategy, **past performance does not guarantee future results or that losses will not occur.**

<u>Ticker</u>	<u>Sector</u>	<u>Buy Date</u>	<u>Sell Date</u>	<u>% Change</u>	<u>Days Held</u>
FSLBX	Brokerage & Inv. Mgmt.	01/02/98	08/28/98	-3.31	238
FSTCX	Telecommunications	01/02/98	10/09/98	-6.19	280
FDCPX	Computers	08/28/98	05/19/00	170.77	630
FSAGX	Gold	10/09/98	11/06/98	-0.38	28
FSELX	Electronics	11/06/98	07/28/00	216.62	630
FSESX	Energy Services	05/19/00	10/20/00	2.16	154
FSPCX	Insurance	07/28/00	01/12/01	11.71	168
FSHCX	Medical Delivery	10/20/00	04/20/01	0.60	182

<u>Ticker</u>	<u>Sector</u>	<u>Buy Date</u>	<u>Sell Date</u>	<u>% Change</u>	<u>Days Held</u>
FSEX	Energy Services	01/12/01	05/04/01	4.86	112
FSAGX	Gold	04/20/01	11/16/01	12.88	210
FSDPX	Industrial Materials	05/04/01	10/19/01	-13.20	168
FSMEX	Medical Equipment	10/19/01	03/08/02	1.73	140
FSELX	Electronics	11/16/01	01/25/02	1.78	70
FSAGX	Gold	01/25/02	07/26/02	2.94	182
FSEX	Energy Services	03/08/02	09/20/02	-22.07	196
FSHCX	Medical Delivery	07/26/02	11/01/02	-3.07	98
FSAGX	Gold	09/20/02	11/01/02	-11.76	42
FBMPX	Multimedia	11/01/02	05/02/03	8.39	182
FSTCX	Telecommunications	11/01/02	04/17/03	-0.45	167
FSDCX	Developing Communications	04/17/03	03/19/04	66.45	337
FSRFX	Transportation	05/02/03	11/28/03	20.52	210
FSAGX	Gold	11/28/03	01/23/04	-8.44	56
FWRLX	Wireless	01/23/04	08/06/04	-0.86	196
FSNGX	Natural Gas	03/19/04	01/07/05	13.92	294
FSENX	Energy	08/06/04	12/10/04	12.76	126
FSHCX	Medical Delivery	12/10/04	08/19/05	22.03	252
FSHOX	Construction & Housing	01/07/05	09/02/05	14.55	238
FBIOX	Biotechnology	08/19/05	10/28/05	-2.09	70
FSENX	Energy	09/02/05	02/17/06	6.98	168
FSAGX	Gold	10/28/05	06/23/06	39.08	238
FSLBX	Brokerage & Inv. Mgmt.	02/17/06	05/26/06	-2.17	98
FSDPX	Industrial Materials	05/26/06	08/18/06	-5.17	84
FSUTX	Utilities	06/23/06	01/19/07	18.85	210
FSCSX	Software & Computers	08/18/06	02/16/07	17.81	182
FBMPX	Multimedia	01/19/07	03/02/07	-6.39	42
FSDPX	Industrial Materials	02/16/07	08/17/07	0.60	182
FSPFX	Paper & Forest Prod	03/02/07	07/20/07	8.74	140
FSEX	Energy Services	07/20/07	02/01/08	-6.25	196
FSENX	Energy	08/17/07	08/01/08	16.16	350
FSAGX	Gold	02/01/08	04/25/08	-7.75	84
FSNGX	Natural Gas	04/25/08	08/01/08	-17.69	98
FBIOX	Biotechnology	08/01/08	04/09/09	-22.01	251
FSMEX	Medical Equipment	08/01/08	12/19/08	-27.60	140
FSAGX	Gold	12/19/08	07/17/09	27.30	210
FSVX	Automotive	04/09/09	02/12/10	85.98	309
FSELX	Electronics	07/17/09	10/23/09	9.58	98
FSLBX	Brokerage & Inv. Mgmt.	10/23/09	11/20/09	-6.19	28
FDCPX	Computers	11/20/09	02/12/10	1.08	84
FSAIX	Air Transportation	02/12/10			
FSRFX	Transportation	02/12/10			

# Sector ETFs with Style Index Strategy

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## Percentage Returns

<u>Year</u>	<u>Sector Trading</u>	<u>S&amp;P 500 Index</u>
2002	-25.43	-23.37
2003	82.73	26.38
2004	6.26	8.99
2005	35.74	3.00
2006	21.52	13.62
2007	40.48	3.53
2008	-36.97	-38.49
2009	20.72	23.45
2010	<u>-7.41</u>	<u>-5.90</u>
Avg. =	10.42	-1.04

Through 08/31/10

4.4 round trip trades with an average holding period of 165 days.

## Assumptions

Here are the ETFs used in the test:

2002: ICF;IYM;IYC;IYK;IYE;IYF;IYG;IYH;IYJ;IYR;IYW;IYZ;IDU;IGE;IGN;IGW;IGV;IGM;IBB

2003: ICF;IYM;IYC;IYK;IYE;IYF;IYG;IYH;IYJ;IYR;IYW;IYZ;IDU;IGE;IGN;IGW;IGV;IGM;IBB; EZU;IEV;EPP;ITF;ILF

2007: ICF;IYM;IYC;IYK;IYE;IYF;IYG;IYH;IYJ;IYR;IYW;IYZ;IDU;IGE;IGN;IGW;IGV;IGM;IBB; EZU;IEV;EPP;ITF;ILF;IEZ;IHF;IHE;IEO;ITA;IHI;IAK;IAI;IYT;IAT

There are many assumptions to our tests. The percentage returns represent a hypothetical back test, instead of actual performance. The back test's returns and other figures have not been audited but are based upon information obtained from public sources believed to be reliable. Since no funds were managed using the strategies during this period, the impact that economic and market factors might have had on the trading cannot be represented.

The strategies are managed with a view toward capital appreciation with risk levels greater than the S&P 500. As with any strategy, **past performance does not guarantee future results or that losses will not occur.**

<u>Ticker</u>	<u>Sector</u>	<u>Buy Date</u>	<u>Sell Date</u>	<u>% Change</u>	<u>Days Held</u>
IBB	Biotechnology	12/31/01	01/25/02	-10.76	25
IYH	Healthcare	12/31/01	02/08/02	-4.03	39
IYK	Noncyclical	01/25/02	03/08/02	4.66	42
IGW	Semiconductor	02/08/02	02/22/02	-5.79	14
IYM	Basic Materials	02/22/02	08/23/02	-9.62	182
IGW	Semiconductor	03/08/02	04/19/02	-8.01	42

<u>Ticker</u>	<u>Sector</u>	<u>Buy Date</u>	<u>Sell Date</u>	<u>% Change</u>	<u>Days Held</u>
IYK	Noncyclical	04/19/02	11/15/02	-13.42	210
IYH	Healthcare	08/23/02	11/15/02	-0.70	84
IGN	Networking	11/15/02	12/26/03	98.24	406
IGV	Software	11/15/02	07/25/03	16.88	252
IGW	Semiconductor	07/25/03	12/26/03	27.78	154
ILF	Latin America	12/26/03	04/30/04	-3.42	126
IYM	Basic Materials	12/26/03	01/23/04	-3.90	28
IGN	Networking	01/23/04	03/19/04	-10.25	56
IYE	Energy	03/19/04	01/07/05	18.79	294
IYK	Noncyclical	04/30/04	07/23/04	-5.82	84
IGE	Natural Resources	07/23/04	12/10/04	11.37	140
ILF	Latin America	12/10/04	05/26/06	94.01	532
EZU	EMU	01/07/05	05/27/05	1.36	140
IYE	Energy	05/27/05	11/11/05	10.55	168
ITF	Topix 150	11/11/05	06/09/06	14.25	210
EZU	EMU	05/26/06	10/13/06	7.94	140
ICF	Realty Majors	06/09/06	03/30/07	23.97	294
IGV	Software	10/13/06	12/08/06	-1.73	56
ILF	Latin America	12/08/06	08/01/08	40.91	602
IEZ	Oil Equip & Services	03/30/07	12/07/07	31.06	252
IHI	Medical Devices	12/07/07	04/25/08	-7.95	140
IEZ	Oil Equip & Services	04/25/08	08/15/08	-10.00	112
IBB	Biotechnology	08/01/08	04/09/09	-25.29	251
IGV	Software	08/15/08	12/05/08	-40.26	112
IAT	Regional Banks	12/05/08	01/16/09	-27.24	42
IHE	Pharmaceuticals	01/16/09	04/09/09	-5.20	83
IGN	Networking	04/09/09	10/23/09	34.19	197
ILF	Latin America	04/09/09	01/29/10	42.88	295
EPP	Pacific Ex-Japan	10/23/09	01/29/10	-10.75	98
IAT	Regional Banks	01/29/10	07/16/10	-1.72	168
IHE	Pharmaceuticals	01/29/10	03/12/10	3.25	42
ITA	Aerospace & Defense	03/12/10	07/02/10	-13.53	112
ICF	Realty Majors	07/02/10			
IYR	Real Estate	07/16/10			