

MUTUAL FUND Investor Guide

THE Investor Guide TO FIDELITY FUNDS

mutualfundinvestorguide.com

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Matthew Sauer is the Founder and Chief Investment Officer of the Mutual Fund Investor Guide family of newsletters.

Each month he analyzes and provides buy, sell and hold recommendations for hundreds of mutual funds and ETFs in three newsletters: The Investor Guide to Fidelity Funds, The ETF Investor Guide and The Investor Guide to Vanguard Funds.

Matthew is also the Founder and Chief Investment Officer of MDS Wealth Advisors, a Registered Investment Advisor that provides personalized investment solutions.

**Market Perspective:
GDP Outlook Continues to Improve**

The stock market extended its bull run, with the S&P 500 Index gaining 3.40 percent. Healthcare drove the market higher, while technology was also strong. A rebound in software and semiconductor shares helped lift the tech sector. Economic data strengthened in the United States over the past month, while overseas struggles continued. Rising interest rates helped boost the value segments of the market, which weighed on utilities and real estate.

Third-quarter GDP growth was revised higher to 2.1 percent, up from the initial 1.9 percent reading. Consumer spending was stronger than initially reported, up 2.9 percent versus the initial 2.8 percent. Inventory growth swung from slightly negative to positive as well. Rising inventories increase GDP since new production goes into inventory, a positive sign for our economy.

The Atlanta Federal Reserve's GDPNow model for the fourth quarter jumped from 0.3 percent to 1.3 percent as early data rolled in. This model is highly dependent on incoming data, but as with last quarter, it started low and began climbing almost immediately. The blue-chip economist forecast is currently at 1.5 percent.

Housing data was strong in November. The National Association of Home Builders' confidence index slipped one point to 70, but remains near its two-year high. Existing and pending home sales were solid in October, and building permits ticked higher, indicating rising activity. New home sales hit an annualized pace of 733,000, well above forecasts of 705,000. Additionally, September's sales pace was revised up to 738,000. Aside from the housing bubble of the late 1990s and early 2000s, this is on par with the strongest housing markets going back to the 1960s.

Consumer confidence remained steady in November. The Conference Board's consumer confidence index moved down less than one point to 125.5. Retail sales increased 0.3 percent in October, boosted by car sales. Auto sales are running at a 17 million unit pace, in line with the

past few years. Employment remains supportive of consumption. Weekly initial claims for unemployment remain near the 200,000 level, a historically low level even before adjusting for population growth.

Opioid lawsuit risk decreased in November with a \$48 billion national settlement. Four states' attorneys general proposed the deal in October, which was finalized last month. The result lifted shares of drug distributors such as Amerisource-Bergen (ABC), Cardinal Health (CA), McKesson (MCK) and Johnson & Johnson (JNJ). Fidelity Select Healthcare (FSPHX) gained 9.00 percent for the month. Fidelity Select Health Services (FSHCX) advanced 10.64 percent.

Technology shares have rallied strongly from their October lows. Fidelity Select Software (FSCSX) gained 6.25 percent in November, Fidelity Select Semiconductors (FSELX) 4.69 percent and Fidelity Select Technology (FSPTX) 5.94 percent.

Value and dividend-paying shares outpaced the broader market in November. Fidelity Equity Income (FEQTX), Fidelity Value Factor (FVAL) and Fidelity Value Discovery (FVDFX) rose 4.02 percent, 4.36 percent and 3.88 percent, respectively.

Financials powered the strength in value funds, boosted by rising interest rates and merger activity. The 10-year Treasury yield increased from a low of 1.45 percent in late August to a high of 1.95 percent in November, closing the month at 1.77 percent. Fidelity Select Banking (FSRBX) returned 5.18 percent for the month. Brokerage stocks extended a rally that stretches back to early October, when a number of firms announced the elimination of trading fees. The move has already spurred merger activity. In November, Schwab (SCHW) announced it would acquire TD Ameritrade (AMTD). Fidelity Select Brokerage & Investment (FSLBX) rose 7.95 percent in November. Fidelity Select Financial Services (FIDSX) climbed 5.17 percent.

As we've warned for months, China's economy remains in a protracted slowdown. Industrial profits sank in October. Two small banks experienced runs in November as China's banking

*(continued on page 2)***IN THIS ISSUE**

- 1 Market Perspective: GDP Outlook Continues to Improve
- 2 Portfolio Updates
- 3 Model Portfolios
- 5 Data & Rankings
- 11 Fund Spotlight: Fidelity Select Pharmaceuticals (FPHAX)

Market Perspective: GDP Outlook Continues to Improve *(continued)*

sector remains under pressure. Home prices are projected to decline in early 2020. The government sped up approval of local government infrastructure bonds for next year.

A weak Chinese economy has weighed on commodities. Crude oil slumped at the end of November ahead of the upcoming OPEC meeting. Members have been cheating on their quotas, but Saudi Arabia made up for it with deeper cuts. If the Saudis signal this arrangement will end, it will put further downward pressure on oil prices. Energy production and services indexes are trading at lows, in some cases 52-week lows and in other cases two-decade lows. Fidelity Select Energy (FSENX) fell 2.50 percent in November. If crude oil holds above \$50 per barrel, the sector should stabilize. The other China-related commodity to watch is copper. If it cannot stay above \$2.50 per

pound, the economic outlook for China will darken.

Latin American economies are suffering from China's slowdown. Chile is the best-managed economy in Latin America, but it is experiencing major protests in part because the low copper price is weighing on economic growth. Chile's currency fell more than 15 percent over the past two months. Regional currencies also came under pressure. The U.S. dollar achieved a new multiyear high versus the Brazilian real. If these moves herald a breakout by the U.S. dollar, Latin American shares could drag emerging market indexes lower in 2020.

Investors should take care of year-end business sooner rather than later. If you haven't yet taken this year's required minimum distribution, make sure you take care of it as soon as possible.

Many Fidelity funds will pay capital gains in December. Investors in taxable accounts should avoid buying funds with upcoming gains because they will be responsible for taxes on those gains even if they own the fund for only one day.

Fidelity Freedom funds from Fidelity Freedom Index 2015 (FKIFX) through Fidelity Freedom Index 2055 (FFLDX) will pay estimated capital gains worth more than 10 percent of net asset value. The 2060 fund will also distribute more than 5 percent of NAV. Fidelity Magellan (FMAGX) will also pay a double-digit distribution, as will Capital Appreciation (FDCAX). Other funds with sizable distributions planned include Equity Dividend Income (FEQTX), Equity-Income (FEQIX) and several select funds such as Select Biotechnology (FBIOX), Select Pharmaceuticals (FPHAX) and Select Air Transportation (FSAIX).

Portfolio Updates

The Nasdaq increased 4.50 percent in November, the Russell 2000 Index 3.97 percent, the Dow Jones Industrial Average 3.72 percent, the S&P 500 Index 3.40 percent and the MSCI EAFE 0.97 percent.

The Nasdaq has risen 30.60 percent in 2019, the S&P 500 Index 25.30 percent, the Russell 2000 Index 20.46 percent, the Dow Jones Industrial Average 20.25 percent and the MSCI EAFE 14.80 percent.

We made no changes to the Model Portfolios this month.

The **Fidelity Select Sector Portfolio** increased 5.96 percent in November. Healthcare (FSPHX) rallied 9.00 percent. Technology (FSPTX) advanced 5.94 percent. The portfolio has returned 29.84 percent this year.

The **Fidelity Straight Growth Portfolio** rose 4.12 percent last month. The portfolio has gained 23.42 percent this year. Low-Priced Stock (FLPSX) climbed 4.81 percent. Mega Cap Stock (FGRTX) returned 4.24 percent.

The **Fidelity Balanced Growth Portfolio**

gained 2.72 percent in November. It has returned 21.74 percent in 2019. Growth and Income (FGRIX) advanced 4.66 percent. Contrafund (FCNTX) gained 4.31 percent.

The **Fidelity Global Portfolio** increased 2.76 percent last month. It has returned 21.91 percent in 2019. International Small Cap Opportunity (FSCOX) advanced 4.00 percent. Global Equity Income (FGILX) rose 3.07 percent.

The **Fidelity Conservative Income Portfolio** grew 1.52 percent in November. The portfolio has advanced 12.53 percent this year. Equity Dividend Income (FEQTX) increased 4.02 percent. Floating Rate High Income (FFRHX) returned 0.49 percent.

The **Diversified Sector Portfolio** gained 5.42 percent last month. Rydex Biotechnology (RYOIX) climbed 12.27 percent. Fidelity Select Healthcare (FSPHX) rose 9.00 percent. The portfolio has increased 28.52 percent this year.

The **NTF Straight Growth Portfolio** increased 3.79 percent last month. It has risen 27.46 percent this year. Fidelity Mega Cap Stock (FGRTX) gained 4.24 percent. Fidelity Equity Dividend Income (FEQTX) rallied 4.02 percent.

The **NTF Balanced Growth Portfolio** rallied 2.11 percent last month. The portfolio has grown 16.81 percent in 2019. PIMCO Small Cap (PCKAX) rose 4.11 percent. Fidelity New Millennium (FMILX) increased 3.45 percent.

The **Tax Advantage Portfolio** increased 3.31 percent in November. It has gained 19.37 percent this year. Fidelity Low-Priced Stock (FLPSX) rallied 4.81 percent. Fidelity Convertible Securities (FCV SX) added 3.84 percent.

The **Aggressive Value Portfolio** grew 6.54 percent last month. The portfolio has risen 29.77 percent in 2019. Fidelity Select Biotechnology (FBIOX) bounced 13.71 percent. Fidelity Select Brokerage (FSLBX) climbed 7.95 percent.

The **Bear Market Portfolio** declined 0.16 percent last month. It has risen 3.88 percent this year. Fidelity Floating Rate High Income (FFRHX) rose 0.49 percent. Calamos Market Neutral (CVSIX) advanced 0.15 percent.

Model Portfolios

(Data provided as of 11/30/19)

FIDELITY SELECT SECTOR FUND PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
FSPTX	Technology	19.44	1681.09	11.85%	5.94%	44.86%	\$32,680.39
FIDSX	Financial Services	11.19	5850.42	23.75%	5.17%	31.03%	\$65,466.24
FSPHX	Healthcare	27.60	3397.71	34.02%	9.00%	25.17%	\$93,776.81
FIDU	Fidelity MSCI Industrials	42.14	973.69	14.88%	4.44%	17.03%	\$41,031.29
FDFAF	Consumer Staples	88.52	482.61	15.50%	2.31%	28.61%	\$42,720.55
TOTAL				100.00%	5.96%	29.84%	\$275,675.28

FIDELITY STRAIGHT GROWTH PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
FEQTX	Equity Dividend Income	26.64	2984.35	30.73%	4.02%	23.55%	\$79,503.13
FCNTX	Contrafund	13.79	4074.69	21.72%	4.31%	26.36%	\$56,189.97
FLPSX	Low-Priced Stock	48.55	819.11	15.37%	4.81%	20.91%	\$39,767.79
FVDFX	Value Discovery	29.98	1297.26	15.03%	3.88%	20.81%	\$38,891.94
FCPEX	Small Cap Enhanced	12.95	1619.43	8.11%	3.02%	21.37%	\$20,971.58
FGRTX	Mega Cap Stock	15.73	1487.18	9.04%	4.24%	26.88%	\$23,393.30
TOTAL				100.00%	4.12%	23.42%	\$258,717.71

FIDELITY BALANCED GROWTH PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
FGRTX	Mega Cap Stock	15.73	2888.87	20.70%	4.24%	26.88%	\$45,441.88
FFIDX	Fidelity Fund	50.26	927.97	21.24%	3.54%	29.53%	\$46,639.79
FADMX	Strategic Income	12.51	3146.94	17.93%	0.20%	9.61%	\$39,368.22
FCBFX	Corporate Bond	12.16	2907.60	16.10%	0.17%	14.38%	\$35,356.40
FCNTX	Contrafund	13.79	2902.71	18.23%	4.31%	26.36%	\$40,028.35
FGRIX	Growth and Income	41.56	306.27	5.80%	4.66%	26.94%	\$12,728.58
TOTAL				100.00%	2.72%	21.74%	\$219,563.22

FIDELITY GLOBAL PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
FSCOX	International Small Cap Opp	20.01	2933.10	29.40%	4.00%	23.98%	\$58,691.40
FIGRX	International Discovery	44.50	399.11	8.90%	1.97%	22.02%	\$17,760.37
FWWFX	Worldwide	28.58	931.83	13.34%	3.03%	23.67%	\$26,631.83
FGILX	Global Equity Income	15.09	4285.55	32.39%	3.07%	25.57%	\$64,668.89
FGHNX	Global High Income	9.45	3376.37	15.98%	0.16%	10.60%	\$31,906.67
TOTAL				100.00%	2.76%	21.91%	\$199,659.16

FIDELITY CONSERVATIVE INCOME PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
FFRHX	Floating Rate High Income	9.39	3648.83	23.10%	0.49%	6.90%	\$34,262.51
FSTFX	Limited Term Muni	10.71	1630.18	11.77%	0.14%	3.93%	\$17,459.20
FADMX	Strategic Income	12.51	3702.94	31.24%	0.20%	9.61%	\$46,323.78
FEQTX	Equity Dividend Income	26.64	1886.19	33.88%	4.02%	23.55%	\$50,248.10
TOTAL				100.00%	1.52%	12.53%	\$148,293.58

User Guide

RANK: Our proprietary ranking system uses both technical and fundamental analysis to identify those funds expected to outperform over the following 6 months, on a risk adjusted basis.

ADVICE: Based on technical and fundamental indicators, we issue buy, hold and sell recommendations based upon expected future performance. We often avoid recommending funds that are extraordinarily volatile or are exposed to significant market risk.

PERFORMANCE RETURNS: YTD, 1-month, 3-month and 1-year returns are calculated each month based on the trailing returns. For 3-year and 5-year periods, returns are annualized.

YIELD%: We use the 30-day SEC Yield to provide the expected income generated by each fund, as reported by the fund in its most recent filing.

BETA: The 3-year Beta is the measure of the volatility, or systematic risk of the fund as compared to the market. A Beta of 1.3 will typically be 30% more volatile than the market.

STANDARD DEVIATION (SD): Also used to measure volatility, is determined from the monthly returns of the fund over the previous 3 years. Those funds with higher standard deviations are more volatile as compared to those with a lower standard deviation.

EXPENSE RATIO: The expense ratio is the fee charged by the mutual fund. This charge is deducted from the return of the fund, impacting performance. Please note, funds may have different share classes with varying expenses associated with each class.

DIVERSIFIED SECTOR PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
FSPHX	Fidelity Select Healthcare	27.60	1850.49	18.65%	9.00%	25.17%	\$51,073.46
FSPTX	Fidelity Select Technology	19.44	2886.33	20.48%	5.94%	44.86%	\$56,110.22
FIDU	Fidelity MSCI Industrials	42.14	1279.75	19.69%	4.44%	30.38%	\$53,928.61
HSFNX	Hennessy Sm Cap Financial	22.06	1160.59	9.35%	2.08%	16.29%	\$25,602.52
RYOIX	Rydex Biotechnology	87.76	329.47	10.56%	12.27%	25.23%	\$28,914.00
FSTA	Fidelity MSCI Cons Staples	37.00	1575.52	21.28%	1.31%	23.68%	\$58,294.34
TOTAL				100.00%	5.42%	28.52%	\$273,923.17

NTF STRAIGHT GROWTH PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
JAENX	Janus Enterprise	144.10	291.38	17.60%	3.96%	32.34%	\$41,988.22
FGRTX	Mega Cap Stock	15.73	3440.47	22.69%	4.24%	26.88%	\$54,118.65
FEQTX	Equity Dividend Income	26.64	1888.66	21.10%	4.02%	23.55%	\$50,313.82
FAMVX	FAM Value	84.56	536.35	19.02%	2.82%	27.66%	\$45,353.63
PRBLX	Parnassus Core Equity	46.18	1012.03	19.59%	3.81%	28.07%	\$46,735.55
TOTAL				100.00%	3.79%	27.46%	\$238,509.86

NTF BALANCED GROWTH PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
FMILX	Fidelity New Millennium	38.43	555.70	12.12%	3.45%	23.56%	\$21,355.63
FEQTX	Equity Dividend Income	26.64	1327.47	20.07%	4.02%	23.55%	\$35,363.92
FCBFX	Fidelity Corporate Bond	12.16	2519.78	17.39%	0.17%	14.38%	\$30,640.49
FSTKX	Federated MDT Stock	27.85	1309.03	20.69%	1.87%	17.88%	\$36,456.39
PCKAX	PIMCO Small Cap	9.62	2074.34	11.32%	4.11%	22.15%	\$19,955.10
THOPX	Thompson Bond	11.52	2818.83	18.42%	0.17%	5.02%	\$32,472.91
TOTAL				100.00%	2.11%	16.81%	\$176,244.44

TAX ADVANTAGE PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
PRBLX	Parnassus Core Equity	46.18	699.73	16.77%	3.81%	28.07%	\$32,313.64
FPURX	Puritan	22.50	2269.88	26.51%	2.46%	18.54%	\$51,072.40
PSHAX	PIMCO Short-Term	9.78	2361.93	11.99%	0.17%	2.35%	\$23,099.64
FLPSX	Fidelity Low-Priced Stock	48.55	1208.99	30.47%	4.81%	20.91%	\$58,696.41
FCVSX	Convertible Securities	31.08	883.83	14.26%	3.84%	25.08%	\$27,469.53
TOTAL				100.00%	3.31%	19.37%	\$192,651.63

AGGRESSIVE VALUE PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
FDFAQ	Fidelity Consumer Staples	88.52	417.05	16.74%	2.31%	28.61%	\$36,917.61
FCPGX	Fidelity Sm Cap Growth	27.02	1194.04	14.63%	7.05%	33.35%	\$32,262.94
FBIOX	Fidelity Select Biotech	22.47	1656.58	16.88%	13.71%	31.25%	\$37,223.45
FSRBX	Fidelity Select Banking	28.42	1467.60	18.91%	5.18%	30.88%	\$41,709.33
FSLBX	Fidelity Select Brokerage	82.16	445.19	16.59%	7.95%	30.30%	\$36,576.89
FPHAX	Fidelity Select Pharma	23.06	1554.64	16.26%	3.87%	22.90%	\$35,850.09
TOTAL				100.00%	6.54%	29.77%	\$220,540.31

BEAR MARKET PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Total Return
CVSIX	Calamos Market Neutral	13.49	2664.97	32.85%	0.15%	5.96%	\$35,950.44
PSSAX	PIMCO Short Strategy	6.81	1414.66	8.80%	-3.13%	-18.82%	\$9,633.83
MWLDX	MetWest Low Duration	8.76	1467.44	11.75%	-0.05%	4.05%	\$12,854.76
FFRHX	Floating Rate High Income	9.39	2916.66	25.03%	0.49%	6.90%	\$27,387.39
DLFNX	DoubleLine Core Fixed Inc	11.07	2132.90	21.58%	-0.21%	7.50%	\$23,611.21
TOTAL				100.00%	-0.16%	3.88%	\$109,437.62

Symbol	Name	NAV	Rank	Advice	% Return (3 and 5 Years Annualized)					Yield %	Beta 3 Year	SD 3 Year	Expense Ratio	
					YTD	1 Month	3 Month	1 Year	3 Year					5 Year
ASSET ALLOCATION														
AABPX	American Beacon Balanced Inv	14.65	85	Hold	20.05	1.81	5.71	12.34	8.03	5.75	1.66	1.32	9.28	0.95
AOMIX	American Century One Choice Mod Inv	16.18	86	Hold	17.83	1.95	4.34	12.54	8.55	5.77		1.15	7.79	0.90
EXBAX	Manning & Napier Pro-Blend Mod Term S	14.12	75	Hold	14.49	1.73	1.58	12.28	7.02	3.81		0.62	4.91	1.10
EXDAX	Manning & Napier Pro-Blend Cnsv Term S	14.32	80	Hold	11.88	1.06	1.49	10.36	5.99	3.60		0.47	3.60	0.88
EXHAX	Manning & Napier Pro-Blend Max Term S	21.90	83	Buy	24.12	3.11	4.39	15.77	12.78	7.18		1.44	10.21	1.10
GLRBX	James Balanced: Golden Rainbow R	21.26	72	Sell	10.73	1.24	2.88	5.84	2.01	1.69	3.04	0.86	6.17	1.06
GRSPX	Greenspring	23.37	75	Sell	19.37	1.96	4.80	9.58	5.62	5.48	1.63	1.34	10.17	1.01
IOEZX	ICON Equity Income S	19.17	92	Strong Buy	24.67	2.90	11.62	14.71	9.22	7.72	2.26	1.66	12.50	0.99
JABAX	Janus Balanced T	36.72	96	Strong Buy	20.20	2.86	4.30	15.19	12.96	8.38	1.41	0.99	7.15	0.82
LCORX	Leuthold Core Investment Retail	18.83	77	Sell	9.92	0.49	1.13	5.73	6.26	4.44		0.81	6.25	1.38
MNBAX	Manning & Napier Pro-Blend Extnd Term S	18.30	79	Hold	17.16	2.18	2.12	13.77	8.57	4.69		0.80	6.20	1.10
NDMSX	Nationwide Inv Dest Mod Agrsv Svc	9.98	84	Hold	20.33	2.25	6.48	12.54	9.60	6.47		1.45	9.89	0.58
PAUAX	PIMCO All Asset All Authority	8.17	74	Sell	4.24	-0.49	2.17	4.01	3.60	0.80	3.12	0.50	5.16	2.00
PAXWX	Pax World Balanced Individual Inv	24.78	88	Hold	18.68	2.14	4.96	13.91	9.11	6.11		1.05	7.23	0.30
PRPFX	Permanent Portfolio	40.90	76	Hold	13.99	1.16	1.61	11.63	5.69	4.00		0.86	6.75	0.84
TWBIX	American Century Balanced Inv	19.63	85	Hold	18.09	2.35	3.55	13.48	9.19	6.12	1.02	1.07	7.43	0.90
TWSAX	American Century Strat Allc: Agrsv Inv	8.25	83	Hold	21.50	2.36	5.77	14.29	10.36	6.82		1.41	9.64	1.11
TWSCX	American Century Strat Allc: Cnsv Inv	5.82	83	Hold	14.71	1.57	3.09	11.29	6.74	4.62	0.83	0.83	5.63	1.00
TWSMX	American Century Strat Allc: Mod Inv	6.78	82	Hold	18.37	1.95	4.52	13.11	8.74	5.82		1.15	7.79	1.06
BEAR MARKET														
BRPIX	ProFunds Bear Inv	26.73			-20.94	-3.47	-7.12	-14.11	-12.86	-11.10		-0.99	11.96	1.77
COMVX	Comstock Capital Value AAA	3.95			-25.33	-3.19	-10.84	-17.54	-14.37	-13.40		-1.24	15.54	3.38
DXRSX	Direxion Mthly Small Cap Bear 2X	11.45			-36.23	-6.00	-15.53	-21.66	-18.68	-20.65		-2.34	31.90	1.39
DXSSX	Direxion Mthly S&P 500 Bear 2X Inv	9.27			-39.39	-6.97	-13.66	-29.37	-24.88	-21.01		-2.00	24.17	1.37
GRZZX	Grizzly Short	14.61			-27.34	-5.19	-12.92	-21.79	-16.57	-12.23		-1.10	14.78	2.64
PSSAX	PIMCO StocksPLUS Short Strat	6.81			-18.82	-2.99	-6.07	-12.26	-10.28	-8.80	2.14	-0.93	11.36	1.17
RYAIX	Rydex Inverse NASDAQ-100 Strategy Inv	48.04			-24.87	-4.25	-8.34	-18.99	-17.93	-14.73		-1.10	14.51	1.54
RYCWX	Rydex Inverse Dow 2x Strategy H	8.07			-33.74	-7.35	-12.47	-23.36	-27.47	-23.83		-1.87	23.55	1.89
RYIRX	Rydex Inverse Russell 2000 2x Strategy H	37.46			-35.26	-6.12	-16.29	-19.09	-18.73	-20.67		-2.39	32.28	1.89
RYJUX	Rydex Inverse Government Lg Bd Strat Inv	29.08			-15.98	-2.90	4.91	-20.89	-6.89	-5.77	3.57	-3.60	11.16	4.12
RYSHX	Rydex Inverse Russell 2000 Strategy H	19.23			-17.96	-3.07	-8.21	-7.86	-8.38	-9.61		-1.19	16.20	1.81
RYTPX	Rydex Inverse S&P 500 2x Strategy H	29.09			-38.41	-6.76	-13.86	-28.00	-25.20	-21.76		-1.95	23.64	1.84
RYURX	Rydex Inverse S&P 500 Strategy Inv	51.15			-20.43	-3.33	-6.93	-13.57	-12.32	-10.45		-0.99	11.97	1.51
RYVNX	Rydex Dyn Inverse NASDAQ-100 2X Strat H	20.15			-46.08	-8.41	-16.67	-37.85	-35.27	-29.91		-2.20	28.88	1.88
SHPIX	ProFunds Short Small Cap Inv	12.58			-18.58	-3.01	-8.18	-8.58	-9.32	-10.46		-1.18	16.07	1.78
SOPIX	ProFunds Short NASDAQ-100 Inv	31.06			-25.48	-4.37	-8.43	-19.53	-18.64	-15.77		-1.11	14.52	1.78
UFPIX	ProFunds UltraShort Latin America Inv	29.95			-10.38	11.84	-11.21	-5.76	-22.78	-16.83		-0.83	42.24	1.78
UHPIX	ProFunds UltraShort China Inv	40.23			-35.27	-7.07	-15.41	-25.60	-25.31	-21.34		-2.83	43.37	1.78
UIPIX	ProFunds UltraShort Mid-Cap Inv	18.48			-34.93	-3.85	-13.81	-19.58	-18.15	-19.66		-2.32	29.81	1.78
UKPIX	ProFunds UltraShort Japan Inv	26.18			-34.24	-3.68	-23.23	-19.15	-23.25	-22.51		-2.05	30.28	1.78
URPIX	ProFunds UltraBear Inv	16.91			-38.58	-6.83	-13.94	-28.13	-25.32	-21.85		-1.95	23.61	1.84
UVPIX	ProFunds UltraShort Emerg Mkt Inv	16.39			-30.23	-4.49	-19.02	-23.23	-23.25	-16.13		-2.00	31.63	1.78
UWPIX	ProFunds UltraShort Dow 30 Inv	13.44			-33.89	-7.44	-12.61	-23.51	-27.45	-23.71		-1.87	23.48	1.78
UXPIX	ProFunds UltraShort Intl Inv	12.12			-28.79	-2.26	-14.53	-20.42	-18.27	-13.42		-1.51	21.99	1.78

Fund Spotlight: Fidelity Select Pharmaceuticals (FPHAX)

FPHAX achieved a new all-time high in October, which is a notable achievement as the broader pharmaceutical sector is still well below its 2015 high. Since the sector's peak in the summer of 2015, iShares U.S. Pharmaceuticals (IHE) is still down 15 percent and SPDR S&P Pharma (XPH) has declined 34 percent. FPHAX has gained 5 percent since its 2015 peak and looks ready to extend those gains.

Management

FPHAX has been under the leadership of Karim Suwwan de Felipe since July

2017. He worked as a microbiology researcher at a biotechnology firm before becoming an analyst in the biomedical sector. He works as a pharmaceutical research analyst for Fidelity in addition to managing FPHAX.

The fund seeks mispriced stocks, such as firms growing faster than the market believes or with more sustainable growth. Analysts use a bottom-up strategy that looks at individual companies and their drug pipelines.

Manager de Felipe is adept at finding small- and mid-cap companies leading innovation with novel treatments that lower costs for the entire healthcare system. He can and does hold stocks that are not components in the underlying index.

Investors deciding to overweight their pharmaceutical exposure with a fund such as FPHAX are betting heavily on de Felipe. As we'll see below, that has been a winning decision.

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Although the manager likes small- and mid-cap firms and has found success with them, the bulk of the fund's assets are in blue-chip pharma stocks. The healthcare category has an average market capitalization of \$40 billion, but FPHAX weighs in at \$69 billion thanks to mega caps in the portfolio.

The top 10 holdings in FPHAX are Astra-Zeneca (AZN) at 12.3 percent of assets, Johnson & Johnson (JNJ) 10.1 percent,

(continued on page 12)

Fund Spotlight: Fidelity Select Pharmaceuticals (FPHAX) *(continued)*

Bristol-Myers Squibb (BMY) 9.2 percent, Sanofi SA (SNY) 9.0 percent, Roche Holding (RHHBY) 7.7 percent, Eli Lilly (LLY) 5.1 percent, Novartis (NVS) 4.6 percent, Merck (MRK) 4.4 percent, Zoetis (ZTS) 4.0 percent and Allergan (AGN) 2.9 percent.

The top 10 combines for 69.2 percent of assets, making FPHAX a concentrated fund within a concentrated subsector. Along with concentration in large-cap holdings, de Felipe also makes unique picks with smaller companies that are outside the index. One such firm is Ascendis Pharma (ASND). It is currently 0.72 percent of assets and has risen nearly 90 percent over the past year.

FPHAX, like the broader pharma sector, has been slowed by its large foreign exposure. This fund has 59 percent in domestic equities, 40 percent in foreign shares and 1 percent in cash. The holdings are mostly global giants that see their earnings growth slowed by the strong U.S. dollar.

The fund has a beta of 0.78 versus the S&P 1500 Health Care Index. The overall healthcare category has a beta of 1.08. FPHAX has a standard deviation of 12.75 versus 17.30 for the overall healthcare category. Investors shouldn't overlook the risk inherent in a concentrated sector portfolio, but it has exhibited lower volatility than the overall category over the past three years.

PERFORMANCE

Since de Felipe became manager in July 2017, FPHAX has crushed the competition. The large-cap-oriented iShares U.S. Pharmaceuticals (IHE) and mid-cap-oriented SPDR S&P Pharma (XPH) have declined 2.49 percent and 6.96 percent, respectively. FPHAX has gained 25.38 percent. Moreover, FPHAX's return is impressive versus the S&P 500 Index, which is up 34.17 percent over the same period. Pharma has been a laggard, but you wouldn't know that by looking at FPHAX's performance over the past 2.5 years.

The fund has returned an annualized 14.94 percent over the past year. Over the past 3-, 5- and 10-year periods it delivered an annualized gain of 11.40 percent, 5.08 percent and 13.33 percent, respectively.

FPHAX trails the healthcare category by an annualized 0.75 percent, 2.86 percent and 1.43 percent over the prior 3-, 5- and 10-year periods, respectively. It is not surprising given that pharma has been a lagging subsector within healthcare. In de Felipe's first full year as manager, the fund beat the category by 6.21 percent. It is ahead of the healthcare category by 2.09 percent this year despite pharma still being a laggard. Not only is he outperforming the pharma subsector, but he's also beating the entire healthcare sector.

INCOME AND EXPENSES

FPHAX has a trailing 12-month yield of 1.31 percent. Dividends are paid in April and December.

Capital gains are paid in April and December. Since the fund only recently eclipsed its 2015 high, there wasn't much in the way of capital gains. However, back in 2014 and 2015, it paid out capital gains worth more than 10 percent of net asset value. In April 2019, it paid out more than 2 percent of NAV, the largest capital gain since 2015. With the fund moving into record territory and having a relatively high turnover of 55 percent, capital gains could increase moving forward.

CONCLUSION

FPHAX has been a steady outperformer since de Felipe became manager. The broader sector has been a laggard since 2015, but he has delivered impressive results, nonetheless. Even when the sector struggled, FPHAX performed much closer to the broader market.

Since the pharma subsector (along with biotechnology) has lagged for several years, many investors holding broad healthcare funds have become underweight these subsectors in market capitalization-weighted index funds. Repositioning a small portion of healthcare exposure into FPHAX will boost a portfolio's pharma weighting without shifting its overall healthcare weighting.

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