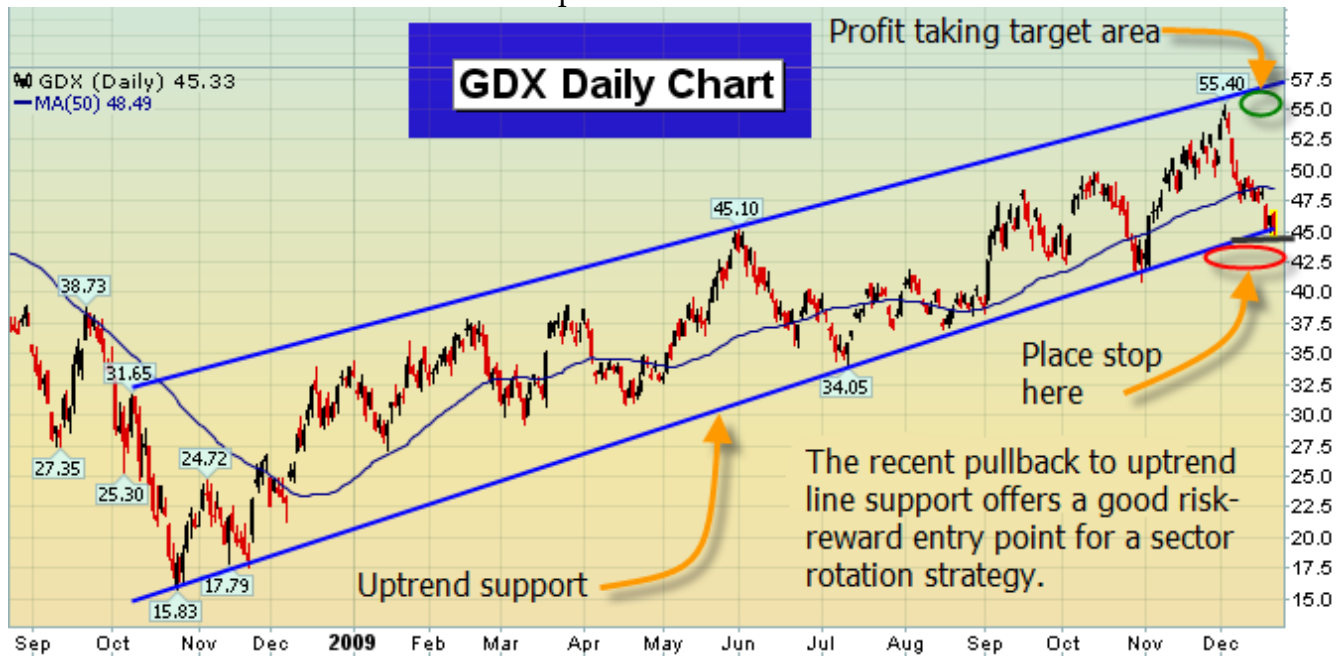


December 22, 2009 – Sector Rotation Strategy

Sector Rotation is one of the four money management strategies used by Fulkerson Capital Management in the pursuit of solid risk-adjusted returns for our clients. Sector Rotation is a trading system where we sort the various sectors of the stock market in an effort to find the strongest performing areas of the market on a consistent basis. There are many different sectors to invest in such as, oil and gas, financials, consumer staples, foreign countries, and bonds. Sector rotation is used by many professional investors around the world.

Sector rotation systems exist in an effort to generate returns above passive investment strategies like buy and hold. The premise of the strategy is to identify the sectors of the stock market that are outperforming the overall market and hence produce higher returns during stock market advances. After all, if we are going to be investing in the market, we might as well be in the areas that are performing the best relative to the overall market. And “best” can be measured by highest returns or by risk-adjusted returns.

In our system, we sort 75 areas of the market each week and select up to four positions based on the areas we perceive to have the best risk-adjusted return profile. Positions are reviewed daily and can be replaced with another position or cash. The model may also go long or short the stock market. Let’s look at an example.



GDx is an investment that provides exposure to companies who mine for gold. GDx is an example of what we believe to be a good looking chart and is a candidate for our Sector Rotation strategy. GDx has pulled back to the uptrend support line at \$45. Pullback to the uptrend line in the past has provided a good entry point. If one were to buy GDx with a stop below \$45 it would appear to be a good risk/reward setup. Target would be the early December peak of \$55 and/or the upper trend line resistance near \$57. Happy holidays!!

All information, data and contents are obtained from sources believed to be correct but reliability cannot be guaranteed. Past performance is not indicative of or a guarantee of future performance. Readers of these comments should not take action based on information contained. Comments could pertain to time periods or to trends which are not expected to persist, or could refer to actions not commensurate with other individual's level of acceptable risk.

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Money Management and Advisory Services offered through Fulkerson Capital Management, a Registered Investment Advisor.