**U**PDATED **D**ECEMBER 2ND**

**THE WILLIAMS’ SECTOR STRENGTH STRATEGY 2020**

**Fidelity Select Technology (FSPTX)**

Over the last 24 months FSPTX has been the best performing Fidelity Select Fund, and members investing in this fund since its recommendation at the beginning of the year have gained over 50%. Following the Williams’ Sector Strength strategy, this fund will transfer to a different sector on January 2nd.

History has shown that FSPTX will struggle next year and it’s always concerning that a decline may start before the end of the year. In addition, the market appears to finally going through a rotation where cyclical and value stocks are outperforming growth stocks.

With that said, December is historically the best month for technology stocks. Especially during the latter half of December.

FSPTX gained 9.2% during November and remains the top performing Fidelity Select Fund up 53.3% YTD. FSPTX is still recommended for the remainder of December and will be transferred into a new select fund that meets the criteria of the Williams Sector Strength Strategy on January 2nd.
THE WILLIAMS' DIVERSIFIED SECTOR STRENGTH STRATEGY 2020

- **40%** Fidelity Select Technology (FSPTX)
- **40%** Fidelity Select Gold (FSAGX)
- **10%** Fidelity Select Construction & Housing (FSHOX)
- **10%** Fidelity Select Automotive (FSAVX)

As positive Covid-19 vaccines are showing very favorable results, the risk-on trade returned and is leaving Gold in the Dust, even though one would think that a falling dollar, Covid infections returning to record highs, and a contested election would drive Gold sharply higher.

So what is likely to happen in the near future for the precious metal? When the market is trading at record highs a pause is in order. The last two times the market hit “decamillenium” levels -- 10,000 and 20,000 -- the market pulled back on average 6%. The DJIA had to hit this key level and pull back before retesting them again. Couple this with the fact that the first half of December is noticeably weaker than the back half of December, Gold may be your best performing asset class.

When the weary travelers return from Thanksgiving, we will undoubtedly see an increase in Covid-19 cases and possibility record-breaking numbers. Governments will scramble with yet new rules and regulations as they wait for vaccines to become readily available. Gold usually rallies in times of uncertainty.

Last, but not least, is the PEE (Panic Email Effect) Index. The index states when PEE index peaks, i.e, the number of communications EIS receives asking if the investor should sell, this marks a short-term bottom for the sector. The PEE index for Gold peaked on November 24th. From that date to the last three trading days of November, FSAGX has rallied 3.5%; two of those days when the market indices were negative.

Although FSAGX did finish November down 12.7% it is still up 20.0% from where it was recommended.
Considering these tailwinds for Gold, EIS continues to recommend to hold until the end of December. This fund will also be rotated into a different sector on January 2nd.

FSHOX gained 4.9% during November and is up 23.1% YTD. The homebuilders and consumer retail stocks remain among the top-performing sectors YTD. Record low interest rates have sent the home building stocks soaring. FSHOX’s two largest holdings are Home Depot (HD) and Lowes (LOW). Both of these stocks benefitted from stay-at-home and work-from-home situations. In addition, HD and LOW are also retail stocks and historically perform well through the holiday season.

FSHOX remains recommend through December and will be rotated into another sector on January 2nd.

FSAVX was the best performing Fidelity Select fund during the November rally, gaining 18.8%. Tesla (TSLA), FSAVX’s largest holding making up 12% of the fund’s total holdings, was added to the S&P 500 last month and is now the sixth largest company on the S&P 500. TSLA stock gained 38.1% during November. All top ten holdings of FSAVX, including GM up 25.5% and Carvana (CVNA) up 30.8%, were positive for the month.

FSAVX has numerous tailwinds, which include consumers continuing to look for alternative modes of non-public transportation, favorable interest rates, (0% for 84 months), and huge excitement being created by EV vehicles and related technology. FSAVX remains recommended for the remainder of the year and, because it was added late in year, it is a candidate as a sector fund choice 2021.

All of the recommended Fidelity Select Funds are significantly outperforming the market. Over the long run, which is not three months, the Sector Strategy will serve you well.