

No-Load Mutual Fund Selections & Timing Newsletter

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6/22/12 about 1:05pm cst

Dear Subscriber,

Time to make a lateral move, in which we sell one laggard fund and replace it with a leading fund. The cash levels will be minimally impacted.

PORTFOLIOS

To sell:

In the Aggressive Growth, Growth, and Balanced Portfolios, sell all AMVIX. There are no redemption charges for the sales.

To buy (at close):

Aggressive Growth, buy 350 shares of DLN (about \$18,000, which is about 4% of the total portfolio).

Growth, buy 600 shares of DLN (about \$31,000, which is about 4% of the total).

Balanced, buy 550 shares of DLN (about \$28,500, which is about 4% of the total).

TIMING

The stock market remains volatile, reacting more to day to day worldwide Central Bank machinations, than to projected economic trends. Clearly, Europe is in recession, China has slowed, and the US has slowed. The hope, however, is that the Federal Reserve will successfully push on that monetary string again with its Operation Twist 6-month extension. The hope is the stock market will remain buoyant, regardless of the economy.

I'll be the first to agree that paying less for a loan is a positive. But, it still does not address the demand (sales) side of the equation. Media has a knack for naming things, like Operation Twist (where the Fed sells short dated notes and buys long dated bonds), so too have they named the upcoming at year's end tax expirations and government spending cuts the "Fiscal Cliff".

I will, however, suggest reading the recent agriculture (farm) bill. Hard to see how politicians couldn't support things like cutting food stamps to lottery winners or subsidies

to certain farmers making more than \$750,000/year. If Congress can make additional sensible ways to cut spending, waste, and fraud, we may yet be on track to hit the secular bear market bottom in the next two years. Meanwhile, I am-

Stocks Intermediate-term neutral. Long-term bearish.

Bonds Bullish

Gold Neutral

Link to farm bill (see the first summary): <http://www.ag.senate.gov/issues/farm-bill>

Lastly, the last time I asked for feedback on frequency of Hotlines, the concensus was "as necessary". Any feedback on the frequency (more often?) is appreciated (smckee@investmentst.com).

Thank you,

Steve McKee

Editor