

Stock Selections & Timing

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February 7, 2011 (data through previous Friday's close)
Volume 2
Issue 3

Moving Higher

The stock market continues to rally with nary a correction in sight. It is very overextended and is simply a question of when, not if.

As you can see on the chart below, the VIX index, a measure of risk/complacency is still at levels associated with tops, not bottoms.

In addition, the percentage

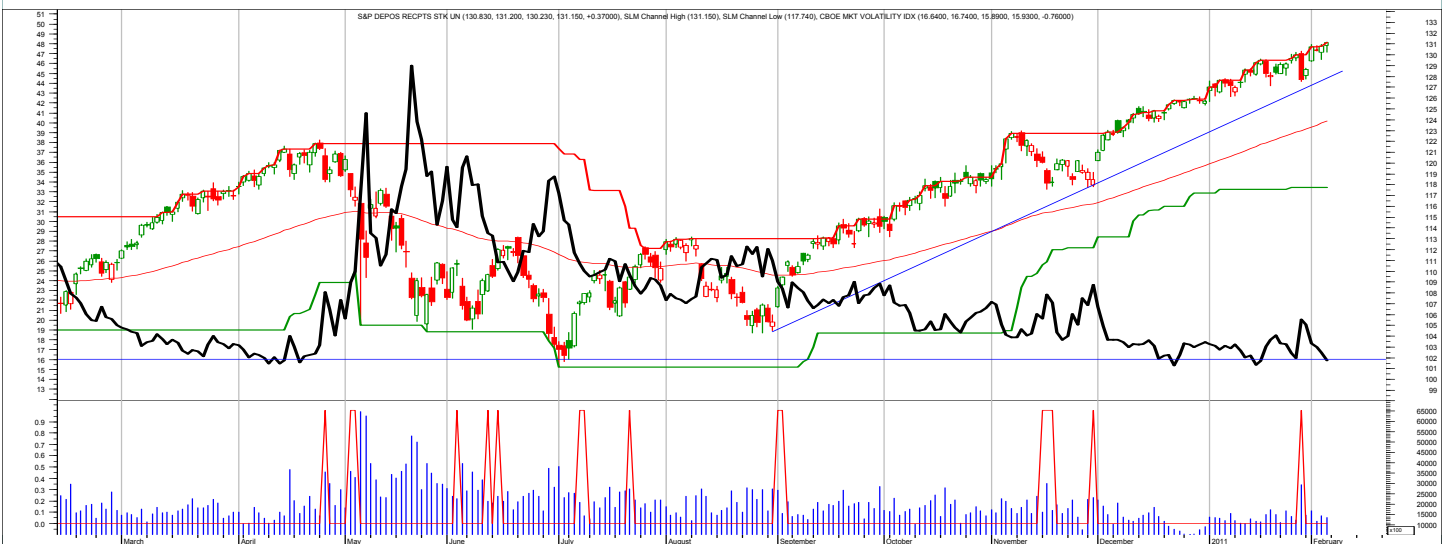
of bulls is at levels also associated with tops, not bottoms.

Lastly, the rise in interest rates over the past few months should eventually impact the stock market as competition for investor dollars heats up. This will be even more evident when the correction hits.

Until the market does come down from these lofty levels,

the new buys are slim pickings. There is no sense in chasing things. As a matter of fact I will take profits in one position. See page 2. So, no new recommendations this issue.

Having said that, however, I see Merck is still getting sold, so as a contrarian play, I will buy more. See page 3.



The chart is the daily S&P 500 with an 80-day moving average and other objects.

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	9.7%	23.3%	19.0%	20.0%	6.0%	4.5%
Dow30 Portfolio	2.7%	13.3%	8.3%	3.8%	1.9%	1.3%
Wilshire 5000	4.0%	25.5%	18.3%	7.4%	2.9%	2.7%
Dow Industrials	4.2%	20.5%	13.2%	5.4%	3.3%	2.0%

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Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 2/4/2011							
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop	Yield	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
29-Nov	buy	OXPS	17.20	300	5,170									
7-Dec	sell	OXPS	\$20.82	300	6,256	DRAD			1.95	2.37	6,128	14,523.36	11.8%	
13-Dec	buy	CLCT	\$14.30	800	11,450	ECGI			0.97	1.51	12,204	18,428.04	14.9%	
27-Dec	buy	ECGI	\$0.89	2,000	1,790	GENC			7.73	7.84	1,478	11,587.52	9.4%	
10-Jan	buy	ADC	23.40 <23.50	200	4,690	SILU			1.41	1.87	7,092	13,262.04	10.8%	
7-Feb	sell	TAXI	> 7.90	1,406		TAXI		8.6%	7.11	7.96	1,406	11,191.76	9.1%	
						CLCT		9.1%	14.20	14.27	800	11,416.00	9.3%	
						ADC		8.7%	23.40	23.03	200	4,606.00	3.7%	
						Money Market					1.00	38,250	38,250.00	31.0%
									Total Valuation=			123,264.72	100.0%	

REVIEW since last issue

2/7/11 ECGI reported good 4th quarter earnings and jumped on the news. Fair value is still projected north of \$2.00/share. It is still trading below net cash and investments.

I will take profits in TAXI. Taxi medallions have had one of the best returns over time, but two issues are arising. One NY city may allow certain livery cabs to pick up passengers. This will hurt TAXI revenue and value. As well, medallion values hit record highs, but like other bubble types, the underlying cash flows do not support the prices paid. Instead, people are buying on expected capital gains, on expectations that the past rises will continue forever; some call this the greater fool theory of investing.

1/21/11 The portfolio is moving higher. I've noted last year's results below.

1/10/11 Wow; sold THII too soon; it's up another 50% since the sell price. The other positions continue to do well. I'll buy ADC per page 4.

12/27/10 ECGI reported good news. The stock is dirt cheap still, trading below 50% of its net cash. It should at least be trading at \$1.50. Increase the holdings back to roughly 10% of the total portfolio.

12/13/10 I traded OXPS, gaining about 20% on the trade.

The other positions may be subject to tax-loss selling. I expect them all to climb in 2011.

11/29/10 THII jumped further and is up about 75% from purchase price on good earnings. But it looks way ahead of itself. I will sell the full position.

As well, buy the feature company as noted above and on page 4.

	2010
Stock Portfolio	12.5
W5000	15.5

Dow 30 Portfolio

ACTION FOR				PORTFOLIO DETAILS				Value as of date: 2/4/2011				
Action Date	Action	Symbol	Price	# of Shares	Action Value	Symbol	Closing Stop Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
3-May	sell	CVX	82.83	43	3,562	DIA		103.83	120.69	385.52	46,528.41	42.2%
3-May	buy	VZ	29.29	50	1,475							
3-May	buy	PFE	16.91	60	1,025							
3-May	buy	AA	13.15	231	3,048							
						PFE		17.86	19.30	227	4,381.10	4.0%
2-Aug	sell	T	26.69	120	3,213							
2-Aug	sell	VZ	29.56	155	4,592	XOM		65.11	83.28	46	3,830.88	3.5%
2-Aug	buy	BAC	14.44	200	2,898	MRK		33.80	32.89	100	3,289.00	3.0%
2-Aug	buy	JNJ	58.72	50	2,946	VZ		35.24	36.31	100	3,631.00	3.3%
4-Oct	sell	DIA	107.57	385.52	41,480							
29-Nov	sell	AA	13.29	231	3,080							
29-Nov	sell	JNJ	61.91	50	3,106							
24-Jan	buy	MRK	33.80	100	3,390							
24-Jan	buy	VZ	35.24	100	3,534							
24-Jan	sell	BAC	13.92	200	2,794							
7-Feb	buy	MRK		100								
Money Market								1.00	48,521		48,521.00	44.0%
Total Valuation=											110,181.39	100.0%

Company	Symbol
Alcoa	AA
American Express	AXP
Boeing	BA
Bank of America	BAC
Catepillar	CAT
Cisco	CSCO
Chevron	CVX
DuPont	DD
Disney	DIS
GE	GE
Home Depot	HD
Hewlett Packard	HPQ
IBM	IBM
Intel	INTC
Johnson & Johnson	JNJ

Company	Symbol
JP Morgan	JPM
Kraft	KFT
Coca-Cola	KO
McDonalds	MCD
3M Company	MMM
Merck	MRK
Microsoft	MSFT
Pfizer	PFE
Proctor & Gamble	PG
ATT	T
Travelers	TRV
United Technologies	UTX
Verizon	VZ
Wal-Mart	WMT
Exxon Mobil	XOM

For this portfolio, we seek to outperform the Dow Industrials using proprietary timing and weighting formulas of the underlying thirty stocks of the Dow Industrials. We also will use the ETF that tracks the same. The symbol is DIA.

We monitor the underlying individual stocks for buys and sells in order to overweight the portfolio to what is expected to outperform and underweight the portfolio with what is expected to underperform.

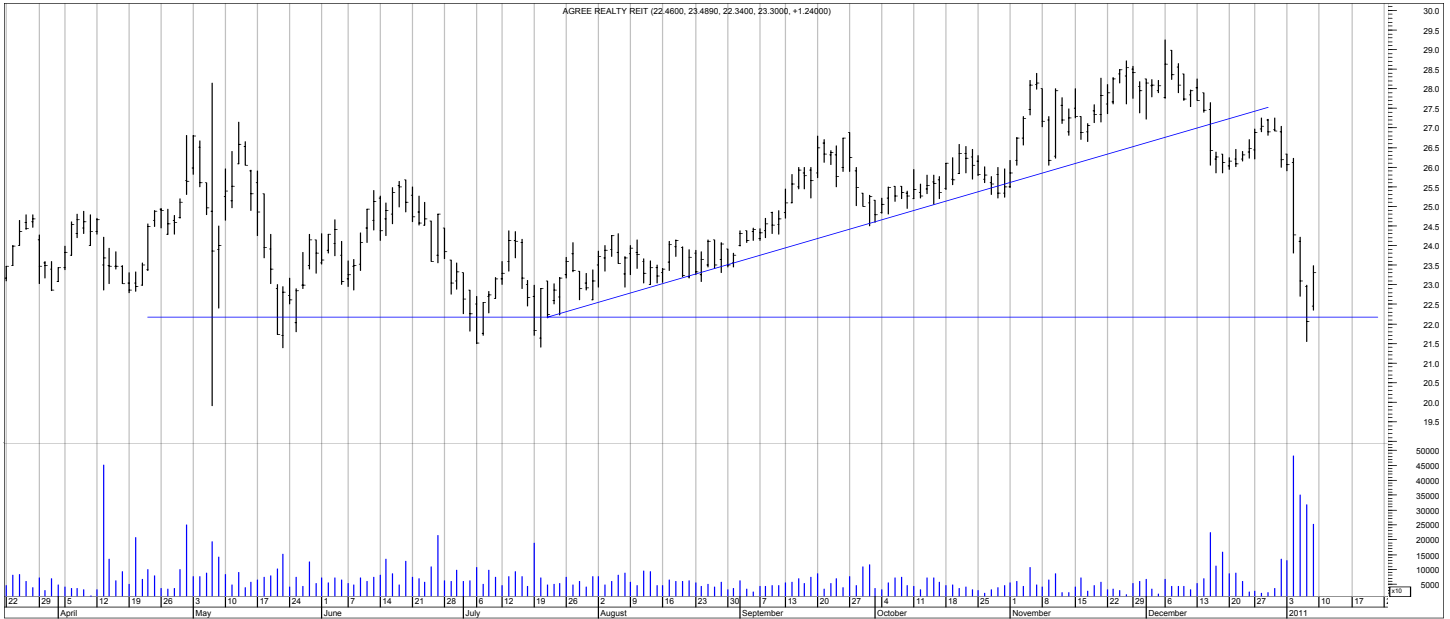
REVIEW since last issue

2/7/11 Accumulate more MRK on this weakness.

MRK was knocked lower on some bad news, but it looks like a good buying opportunity. The stock yields about 4.5%. Buy as noted above.

Sell BAC and buy VZ.

Feature Company



REITERATION FROM FOUR WEEKS AGO:

Even though the stock market as a whole hasn't corrected, some stocks have. Agree Realty Corp. (ADC) is an example. It is near a long-term support line after a couple of broker downgrades. The fundamentals, however, look very intact.

“Agree Realty Corporation is a self-administered and self-managed real estate investment trust (REIT). The Company's operations are conducted through, directly or indirectly, Agree Limited Partnership (Operating Partnership), of

which the Company is the sole general partner, and in which it held a 95.93% interest as of December 31, 2009. The Company is focused primarily on the ownership, development, acquisition and management of retail properties net leased to national tenants. It specializes in developing retail properties for national tenants who have executed long-term net leases prior to the commencement of construction. At December 31, 2009, the Company's portfolio consisted of 73 properties, located in 16 states containing an aggregate of approximately 3.5 million square feet of gross leasable area

(GLA). As of December 31, 2009, its portfolio included 61 freestanding net leased properties and 12 community shopping centers that were 98.1% leased.”

At today's prices, the stock yields 8.6%. On a valuation basis compared to its peers, it trades about 1/2 the values. Its PE ratio is 9x versus 20x the sector average. Return on equity is a healthy 15%. It uses little debt to fund its purchases.

Time to slowly accumulate this stock. It's in a lower risk zone and pays a nice dividend.

Descriptions & Disclosures

PORTFOLIO DESCRIPTIONS (pages 2 and 3)

Our guiding goal is to provide the most return with the least risk.

The portfolios were started on 1/1/10 with \$100,000.

Portfolio changes will usually be made at the close on Monday (the day this eNewsletter is posted), or if a position is stopped out, the close that day, unless otherwise noted.

Portfolios are updated through the preceding Friday's close.

Dividends are paid in cash. Interest is assumed to be zero for the money market (cash) position.

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