

Stock Selections & Timing

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Higher Taxes and Reduced Spending

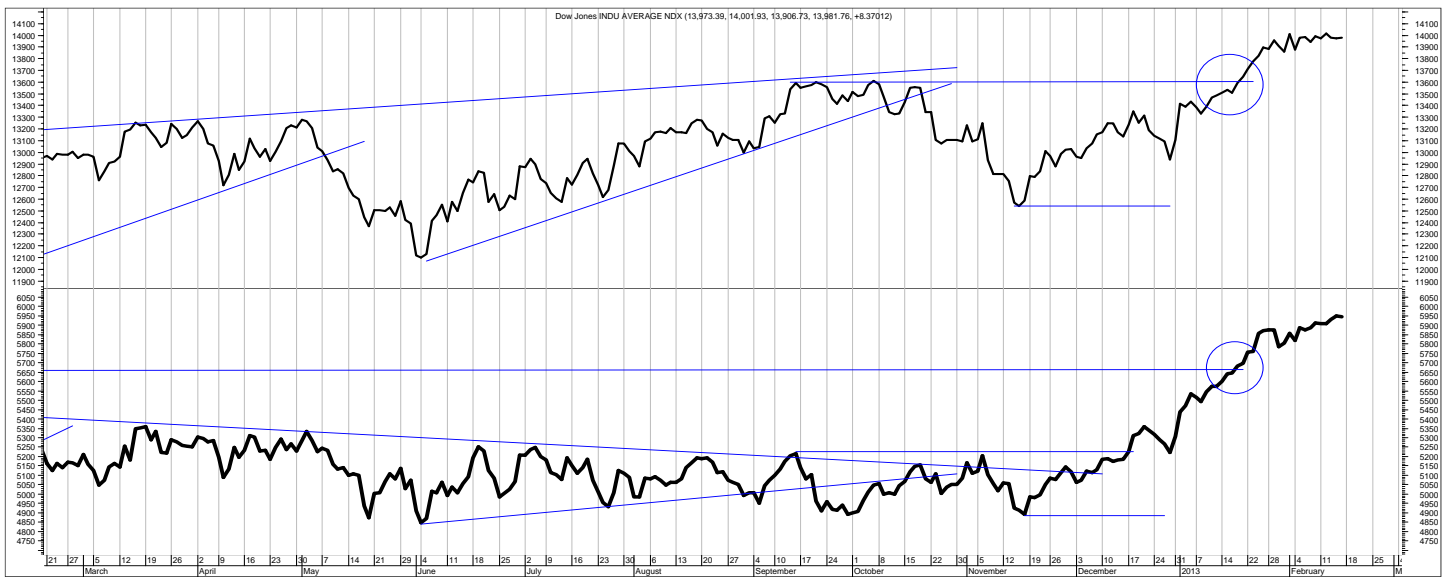
Like the prospect of higher taxes that failed to fold the market in late 2012, it is the same with the prospect of reduced government spending at March 1; the stock market continues to churn higher, trending upwards.

Last I looked, though, higher taxes and reduced spending were considered negatives. After all there is less in the consumer's pockets because of higher taxes. This reduces our spending. Add this into the prospect of reduced spending by

the government, and is a recession in the cards for quarter 3?

To be sure, we only have one of those two prongs in effect, higher taxes, but the second, reduced spending, is presumably just around the corner.

(Continued on bottom left on page 4)



This is the daily chart of the Dow Industrials (top) and Transports (bottom).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	3.1%	1.9%	1.7%	3.9%	1.3%	1.2%
Dow30 Portfolio	3.0%	-2.9%	1.7%	1.7%	1.0%	-0.5%
S&P 500 TR	8.6%	14.0%	8.3%	12.3%	2.5%	0.2%
Dow Industrials	8.1%	8.0%	5.3%	11.1%	2.4%	-0.1%

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Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS						Value as of date: 2/15/2013		
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 9/7	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total
4-Dec	buy	SILU	1.40	500	710	GENC			8.00	7.56	7.35	2,278	16,743.30	11.3%
						WTT			1.00	0.87	1.29	9,000	11,610.00	7.9%
	sell	SILU	>1.58			OPLK			13.00	12.84	15.62	600	9,372.00	6.3%
10-Dec	buy	TAXI	11.36	600	6,826	ANIK			11.50	10.63	10.93	700	7,651.00	5.2%
14-Dec	sell	SILU	1.59	500	785									
28-Jan	watch the potential buy on SILU					MCGC		12.9%	4.40	4.38	4.58	1,500	6,870.00	4.7%
						NGPC		8.7%	7.15	7.04	7.50	2,000	15,000.00	10.2%
						MVC		3.8%	13.00	12.80	12.71	600	7,626.00	5.2%
4-Feb	buy	ANIK	10.63	700	7,451	GAIN		8.0%	7.55	7.48	7.62	1,000	7,620.00	5.2%
			about 5%			SILU		4.2%	1.46	1.46	1.47	5,000	7,350.00	5.0%
8-Feb	buy	SILU	1.46	5,000	7,310	TAXI		7.0%	11.40	11.36	12.99	600	7,794.00	5.3%
WATCH LIST FOR POTENTIAL PURCHASE AT OR BELOW BUY LIMIT from 1/25/13														
												Dividends	4,411.50	3.0%
												Money Market	1.00 45,580	45,580.00 30.9%
												Total Valuation=	147,627.80	100.0%

REVIEW since last issue

2/19 WTT appears to be breaking higher.

2/11 GENC reported a poor Q1 today due to late signings, but factories now are operating at full capacity. I'm holding. No change to OPLK.

2/4 OPLK was hit by a less than expected earnings report. I'll let the dust settle and then decide to buy more or sell.

Please note the new buy ANIK.

1/28 Watch for the potential buy on SILU. OPLK may be breaking out to the upside.

1/21 Surprising that the dividend payers haven't rallied more.

1/14 No changes.

1/7 Big rallies in a couple of holdings, like TAXI and OPLK, for the week, along with the market. Keep collecting the dividends.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	3.1	47.6
S&P 500 TR	na	na	14.1	8.6	45.2

This shows the returns of previous years, year to date (ytd), and from inception (incptn). It also shows standard deviation (SD).

Dow 30 Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 2/15/2013						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 12/10	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
10-Dec	buy	DD	43.22	241	10,435								
10-Dec	buy	INTC	20.08	519	10,435	INTC	18.27		20.08	21.06	519	10,930.14	10.3%
10-Dec	buy	MRK	44.48	234	10,435								
10-Dec	buy	MSFT	26.94	387	10,435	MSFT	24.95		26.94	27.98	387	10,828.26	10.2%
10-Dec	buy	T	33.73	309	10,435	T	31.07		33.73	35.29	309	10,904.61	10.3%
						WMT	65.74		69.20	69.30	150	10,395.00	9.8%
17-Dec	buy	WMT	69.20	150	10,390	KO	35.63		37.50	37.35	278	10,383.30	9.8%
17-Dec	buy	KO	37.50	278	10,435								
26-Dec	sell	MRK	41.34	234	9,664								
28-Jan	sell	DD	48.15	241	11,594								
19-Feb	sell	WMT		150									
						Money Market			1.00		52,606	52,606.00	49.6%
								Total Valuation=				106,047.31	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

2/19 Sell WMT as noted above.

2/11 No changes.

2/4 Watch the stop levels as noted on page 1. If both indexes (Industrials and Transportations) close below their respective levels (13860 and 5783), sell all back to cash on that day. Watch the levels at quarter to the close and if the indexes are below their levels, assume it will close there and sell.

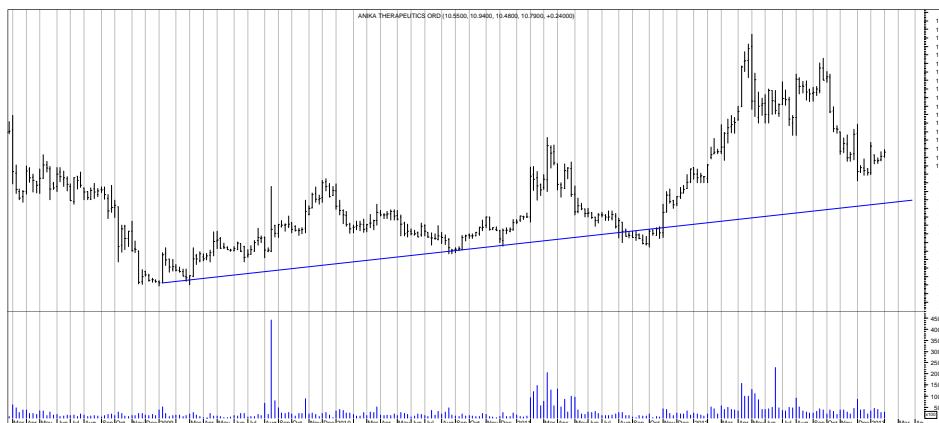
Feature Company (reiteration)

ANIKA THERAPEUTICS (ANIK)

I've been in and out of ANIK a number of times over the past eight years. Right now the price has pulled back, while the fundamentals are improving.

ANIK manufactures therapeutic products for tissue health. From their website (anikatherapeutics.com):

Headquartered in Bedford, Mass., [Anika Therapeutics, Inc.](http://AnikaTherapeutics.Inc) develops, manufactures and commercializes therapeutic products for tissue protection, healing, and repair. These products are based on [hyaluronic acid \(HA\)](#), a naturally occurring, biocompatible polymer found throughout the body. Anika's products range from orthopedic/joint health solutions led by [Orthovisc®](#), a treatment for osteoarthritis of the knee; to surgical aids in the [ophthalmic](#) and [anti-adhesion](#) fields. The company also offers [aesthetic dermal fillers](#) for the correction of facial wrinkles. Anika's Italian subsidiary, Anika Therapeutics, S.r.l, provides complementary HA products in orthopedic/joint health and anti-adhesion, as well as therapeutics in new areas such as advanced wound treatment and ear, nose and throat care. Its regenerative tissue technology advances Anika's vision to offer therapeutic products that go beyond pain relief to protect and restore damaged tissue.



(Continued from page 1)

Unless, of course, politicians kick the can down the road again.

In addition to the possibility the government won't act governmental, there are the offsets to those negatives with the prospect of better housing and Fed monetary policy of near zero interest rates.

Investor sentiment continues to ratchet higher and higher, moving into the contrary indicator zone. In other words, there's too much bullishness, which is bear-

ish. Coupled with the possibility of a recession, this is worrisome.

Still, however, the trend in stocks is up right now. So, there are no changes to the portfolios. Please see the individual portfolio pages for any changes.

Descriptions & Disclosures

PORTFOLIO DESCRIPTIONS (pages 2 and 3)

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

The two portfolios were started on 1/1/10 with \$100,000. Beginning in 2012 (12/31/11), the official portfolio for measuring the newsletter performance is the Stock Portfolio only.

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.

Stock dividends are paid in cash. Interest is assumed to be zero for the money market (cash) position. Commission costs to buy and sell are assumed to be \$10.00 per trade.

The S&P 500 TR (total return) includes dividend reinvestment.

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