

Stock Selections & Timing

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Volume 1

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Rally Off Support

After its early year correction, the stock market has surged higher and nears in on its previous bull market peaks.

By definition this is textbook. In a bull market, corrections should end at higher prices than before. See the chart below where February's correction ended above October's. As well, market peaks should go

above previous peaks. Again, the chart shows this with December's peaks above previous peaks.

Obviously there are no guarantees in the stock market, but so far, it is unfolding as it should.

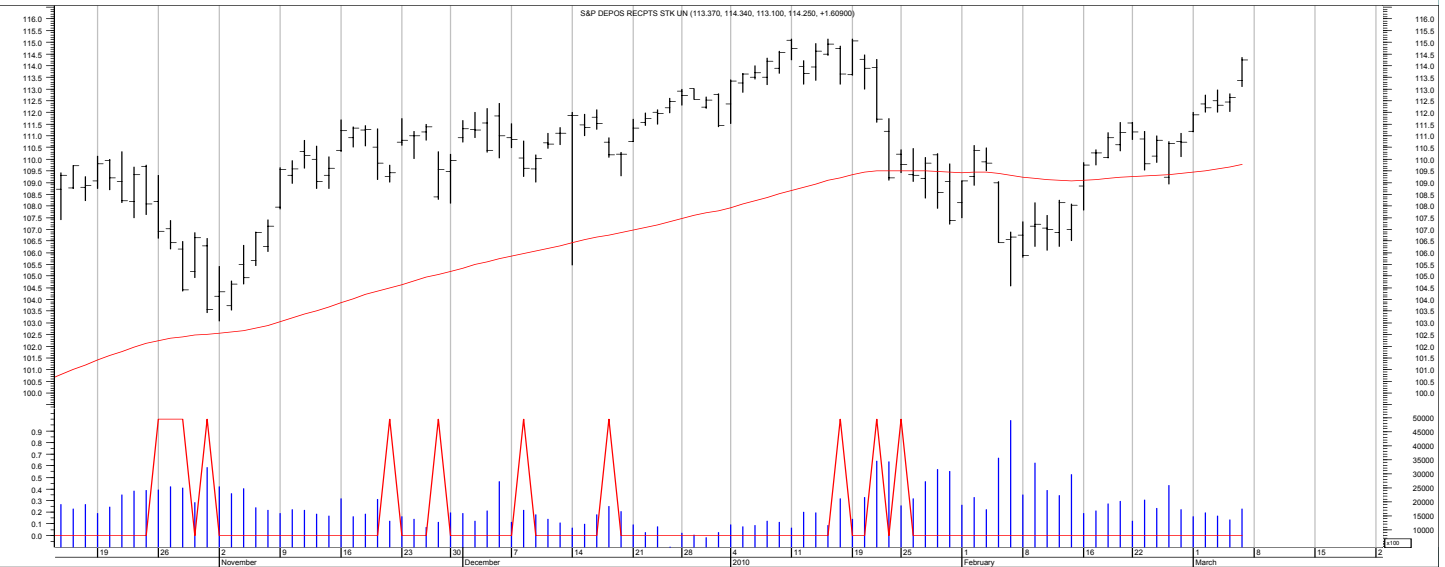
So, I still anticipate recover highs for this cycle.

The underlying fundamen-

tals also support this scenario.

The Federal Reserve is easing, keeping rates at near zero. The Government is providing programs in many ways, including housing and construction. The leading economic indicators are still up for nine straight months.

The bull market should continue.



The chart is the daily S&P 500 with green line a 200-day moving average.

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	1.0%				1.0%	0.5%
Dow30 Portfolio	1.8%				4.7%	1.9%
Wilshire 5000	3.6%				8.2%	3.4%
Dow Industrials	1.4%				5.6%	2.4%

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Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS				Value as of date:		3/5/2010	
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
2/8-2/12	buy	TIII	1.28	7,813	10,000	TIII			1.28	1.38	7,813	10,781.94	10.7%
2/22--	buy	DRAD	1.95	5,128	10,000	DRAD			1.95	2.00	5,128	10,256.00	10.2%
						Money Market			1.00		80,000	80,000.00	79.2%
								Total Valuation=				101,037.94	100.0%

REVIEW since last issue

TIII is all bought.

DRAD is all bought.

Dow 30 Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 3/5/2010					
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
20-Jan	buy	DIA	106.02	471.61	50,000	DIA		103.83	105.76	771.04	81,545.19	80.1%
	at close					T		25.18	24.99	120	2,998.80	2.9%
						VZ		28.70	29.23	105	3,069.15	3.0%
8-Feb	buy	DIA	100.19	299.43	30,000	PFE		17.86	17.48	167	2,919.16	2.9%
8-Feb	buy	T	25.18	120	3,026	CVX		70.89	74.30	43	3,194.90	3.1%
8-Feb	buy	VZ	28.70	105	3,032							
8-Feb	buy	PFE	17.86	167	2,997	XOM		65.11	66.47	46	3,057.62	3.0%
8-Feb	buy	CVX	70.89	43	3,023							
8-Feb	buy	KO	53.69	57	3,051							
8-Feb	buy	XOM	65.11	46	3,028							
22-Feb	sell	KO	55.38	57	3,167							
						Money Market		1.00		5,010	5,010.00	4.9%
								Total Valuation=		101,794.82	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

No changes.

Feature Company



DRAD (Nasdaq, \$1.90).

Digirad Corporation provides diagnostic imaging products, personnel, and equipment leasing services. In a nutshell, this is primarily gamma cameras for nuclear cardiology.

2009 revenues were \$69.5 million, which was about where they were five years ago. Operating income, however, is much improved from a loss of \$9.6 million to a gain \$0.6 million.

The balance sheet is still remarkably strong with no debt and cash of \$31.8 million.

The market cap (shares outstanding times market price) is \$35.5 million.

This means we are paying less than \$4 million net for a profitable company with revenues near \$70 million.

Cheap!

So, in the Stock Portfolio on page 2, I will buy roughly 10% into this company this week.

COMING UP

I've identified two more deeply discounted stocks to company's intrinsic values.

Watch for updates.

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 either at the close on Monday (the day this eNewsletter is posted), unless otherwise noted.

Portfolios are updated through the preceding Friday's close.

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

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