

Stock Selections & Timing

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March 4, 2013 (data through previous Friday's close)
Volume 4
Issue 9

So Far

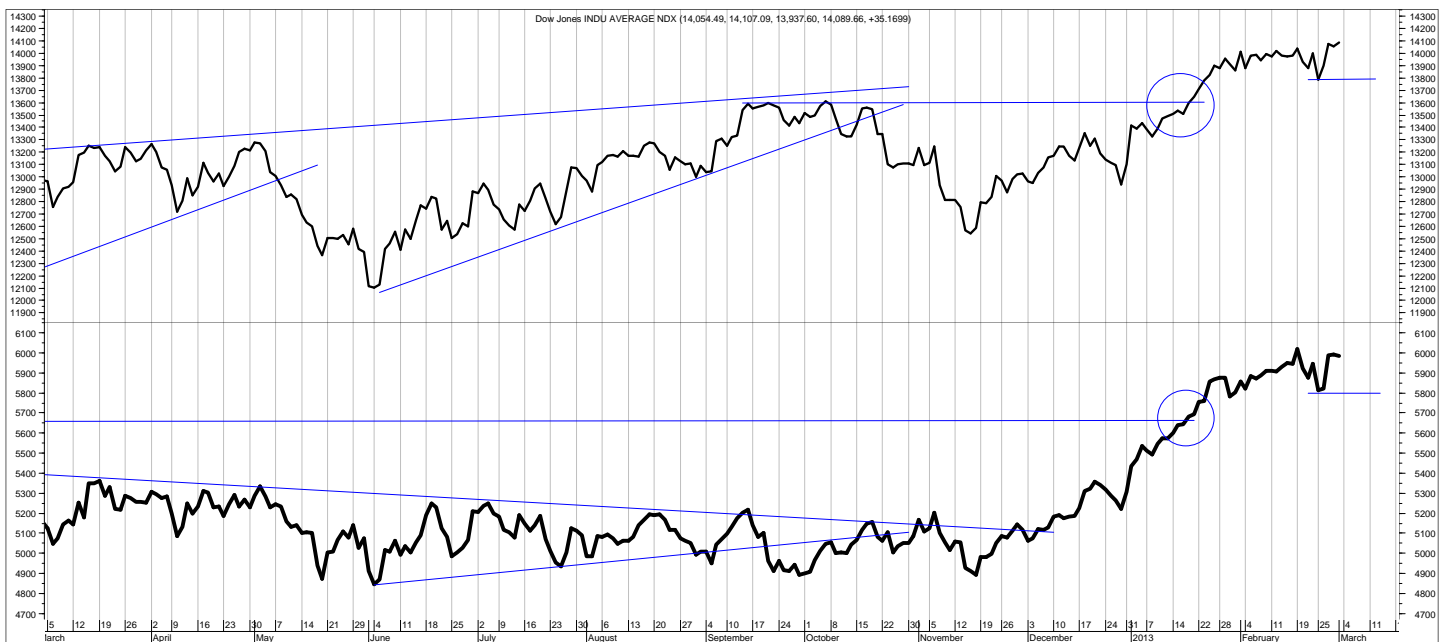
So far so good into the New Year. The stock market has not reacted in a negative way to either higher taxes or curtailed government spending. The Fiscal Cliff was a stepping stone and the Debt Mountain a mole hill. So far.

With that shrugging and ignoring and rising stock prices has come an increasing bullishness amongst advisors and investors. This has become the new worry. Investor sentiment is a contrary indicator. Too much bullishness is actually

bearish. Once "everyone" is in then who is left to buy the dips? And the dips become full fledged corrections that go lower than expected. This is where this sentiment indicator is at.

Offsetting what might oth-

(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	3.6%	4.2%	1.3%	2.6%	1.2%	1.2%
Dow30 Portfolio	3.5%	-1.8%	2.2%	2.2%	0.1%	0.6%
S&P 500 TR	8.6%	13.2%	9.1%	7.8%	0.6%	0.1%
Dow Industrials	8.9%	8.6%	7.6%	8.2%	0.6%	0.6%

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Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS						Value as of date:		3/1/2013	
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	7.19	2,278	16,378.82	11.0%	
						WTT			1.00	0.87	1.37	9,000	12,330.00	8.3%	
	sell	SILU	>1.58			OPLK			13.00	12.84	15.35	600	9,210.00	6.2%	
10-Dec	buy	TAXI	11.36	600	6,826	ANIK			11.50	10.63	13.03	700	9,121.00	6.2%	
14-Dec	sell	SILU	1.59	500	785	AOSL	TO BE BOUGHT		8.50			1,100			
28-Jan	watch the potential buy on SILU					MCGC		12.9%	4.40	4.38	4.47	1,500	6,705.00	4.5%	
						NGPC		8.7%	7.15	7.04	7.30	2,000	14,600.00	9.8%	
4-Feb	buy	ANIK	10.63	700	7,451	MVC		3.8%	13.00	12.80	12.77	600	7,662.00	5.2%	
			about 5%			GAIN		8.0%	7.55	7.48	7.49	1,000	7,490.00	5.1%	
						SILU		4.2%	1.46	1.46	1.40	5,000	7,000.00	4.7%	
8-Feb	buy	SILU	1.46	5,000	7,310	TAXI		7.0%	11.40	11.36	12.98	600	7,788.00	5.3%	
4-Mar	buy	AOSL		1,100	about 5%	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	30.7%
Total Valuation=												148,276.32	100.0%		

REVIEW since last issue

3/4 ANIK jumped on good news. There is a new position AOSL to be bought.

2/25 No changes.

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.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	3.6	48.3
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: 3/1/2013	
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	21.10	519	10,950.90	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	27.92	387	10,805.04	10.1%
10-Dec	buy	T	33.73	309	10,435	T	31.07		33.73	36.01	309	11,127.09	10.4%
17-Dec	buy	WMT	69.20	150	10,390								
17-Dec	buy	KO	37.50	278	10,435	KO	35.63		37.50	38.70	278	10,758.60	10.1%
26-Dec	sell	MRK	41.34	234	9,664								
28-Jan	sell	DD	48.15	241	11,594								
19-Feb	sell	WMT	68.76	150	10,304								
						Money Market			1.00		62,910	62,910.00	59.0%
									Total Valuation=			106,551.63	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

- 3/4 No changes for now.
- 2/25 No changes for now.
- 2/19 Sell WMT as noted above.

Feature Company

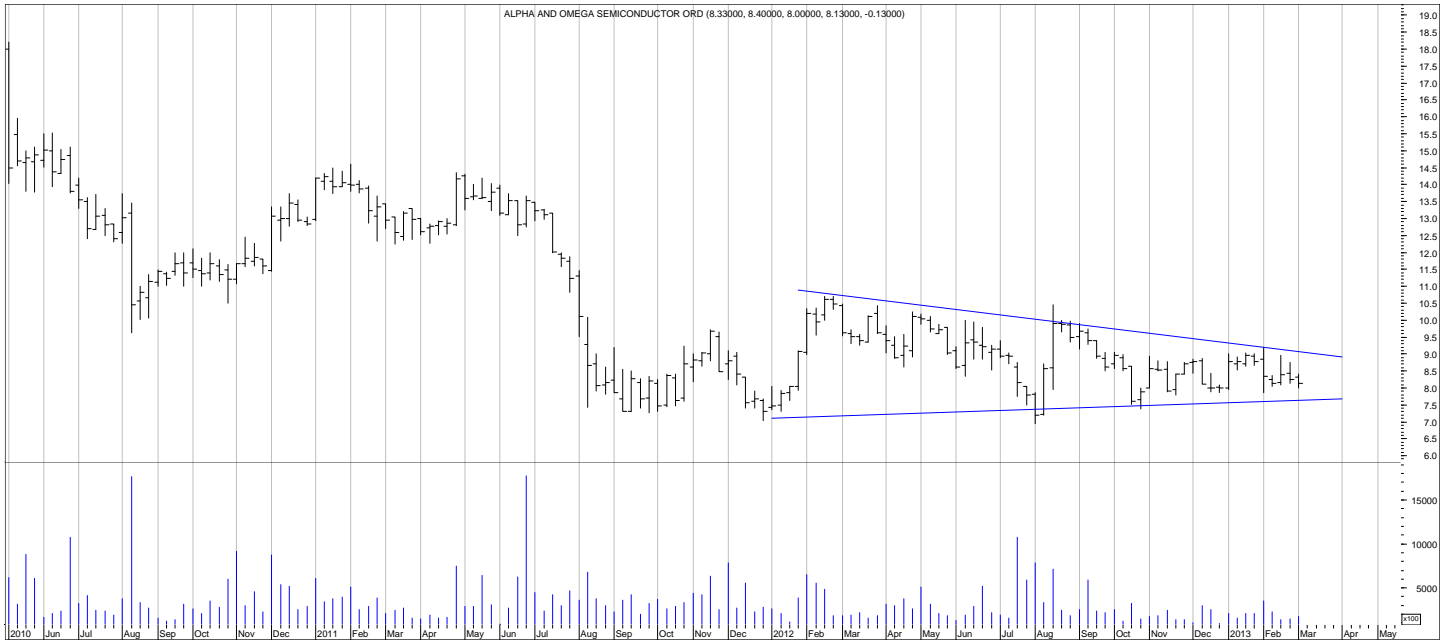
ALPHA & OMEGA SEMICONDUCTOR (AOSL)

I've been watching this stock for a number of months. It designs, develops, and supplies power semiconductors. 6-month revenue comes in at \$185 million with net income of \$11.7 million or \$0.46/share.

The risk on this company, like with other small companies, is their concentration of customers. A is 24%, B is 44%, C is 11% of revenues. Total between the three is 79%.

Offsetting the risk somewhat is the single digit PE ratio.

Their website is www.aosmd.com. The chart below is their weekly price from mid 2010 to the present.



(Continued from page 1)

erwise be bearish news (higher taxes and curtailed spending), the world's Central Banks continue to flood their countries with easy money. They are trying to stimulate growth by raising asset prices.

What is a surprise is not seeing the ultimate asset so-called, gold, go up in price, but down. It is as if deflation, not inflation, is the predominate worry. Deflation of currency.

For example, falling steadily over the last few months, GLD, gold ETF, is finally at major sup-

port dating back to its breakout in the summer of 2011. It has now retraced that move. It should hold here, or if it falls through, I would expect it to be a trap. A trap is when the broad expectation gets set up, and is confirmed, but then reverses direction. In GLD's case, what this means is for it to drop through support at 150 (current price is 152), appear to confirm to the downside (by dropping through support), and then reverse course to close back above 150 within a week or so. We'll see.

In the meantime, as shown

on the chart on page 1, new support levels have been drawn at previous lows. What is happening is that the Industrials have ratcheted to new highs, but the Transports are lagging ever so slightly. A confirmation of this short-term negative divergence would be for both indexes to close below their previous respective lows. Industrials at 13,784 and Transports at 5,815.

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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