

Stock Selections & Timing

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Pins and Pricks

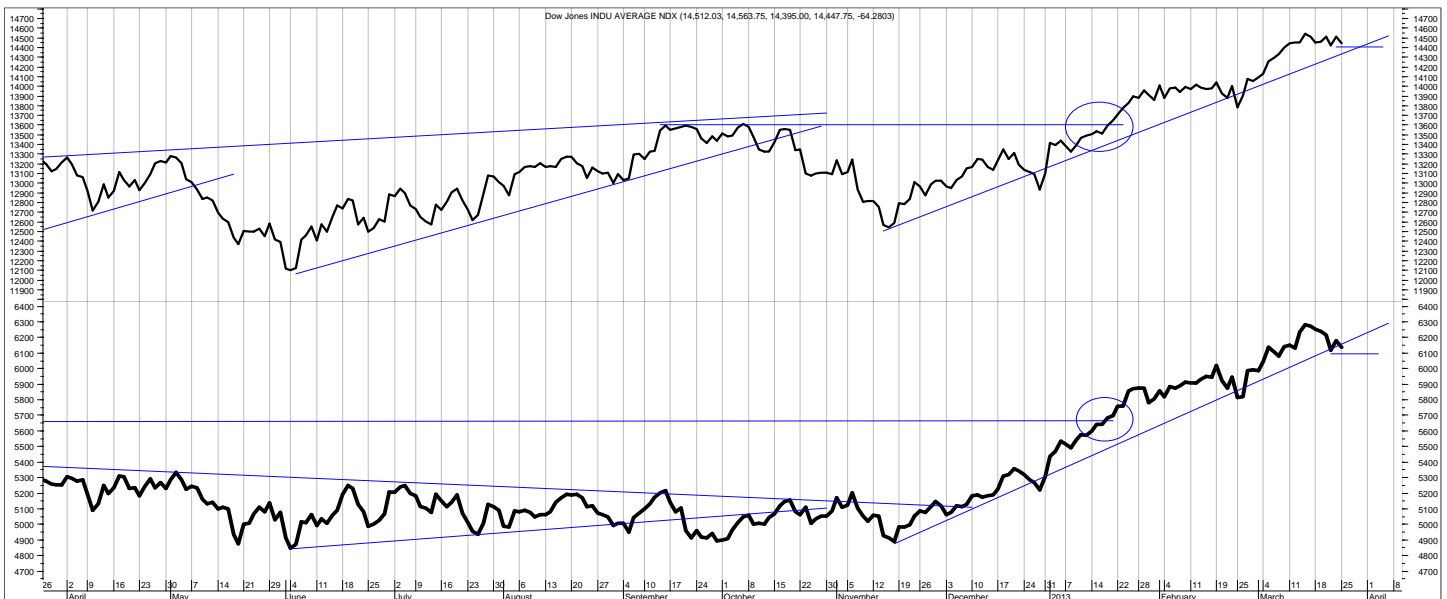
Often times, we believe that what happens “over there” across one ocean or the other has no bearing on what happens here in the US of A. Perhaps prior to the turn of the millennium in the year 2000 it was true enough. Each coun-

try was less globalized, less a part of the whole. Since then, however, we have witnessed situation after situation where the domino effect of bad news is a world wide phenomenon.

Last week we heard about Cyprus announcing the possibil-

ity of a “tax” haircut on bank deposits as a way to raise capital to offset their deficits. Is that the tip of the iceberg as other countries watch the reaction and perhaps plan the same to address solvency questions? It is

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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	6.4%	4.7%	3.9%	5.3%	4.0%	1.1%
Dow30 Portfolio	4.2%	-0.2%	2.9%	3.0%	1.3%	0.4%
S&P 500 TR	11.1%	13.4%	7.4%	9.0%	2.4%	-0.1%
Dow Industrials	12.2%	10.9%	6.9%	10.0%	3.7%	0.0%

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Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS						Value as of date: 3/22/2013			
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	7.14	2,278	16,264.92	10.7%	
						WTT			1.00	0.87	1.54	9,000	13,860.00	9.1%	
	sell	SILU	>1.58			OPLK			13.00	12.84	16.06	600	9,636.00	6.3%	
10-Dec	buy	TAXI	11.36	600	6,826	ANIK			11.50	10.63	14.23	700	9,961.00	6.5%	
14-Dec	sell	SILU	1.59	500	785	AOSL			8.50	8.16	9.00	1,100	9,900.00	6.5%	
28-Jan	watch the potential buy on SILU					MCGC		12.9%	4.40	4.38	4.88	1,500	7,320.00	4.8%	
						NGPC		8.7%	7.15	7.04	7.24	2,000	14,480.00	9.5%	
4-Feb	buy	ANIK	10.63	700	7,451	MVC		3.8%	13.00	12.80	12.68	600	7,608.00	5.0%	
			about 5%			GAIN		8.0%	7.55	7.48	7.45	1,000	7,450.00	4.9%	
						SILU		4.2%	1.46	1.41	1.37	10,000	13,700.00	9.0%	
8-Feb	buy	SILU	1.46	5,000	7,310	TAXI		7.0%	11.40	11.36	13.01	600	7,806.00	5.1%	
4-Mar	buy	AOSL	8.16	1,100	8,986	Above in green shows end price below buy limit.									
						Below is watch list for potential purchase at or below buy limit.									
21-Mar	buy	SILU	1.35	5,000	6,760	MVC			12.69			600			
Dividends												4,511.50	3.0%		
Money Market												1.00	29,834	29,834.00	19.6%
Total Valuation=												152,331.42	100.0%		

REVIEW since last issue

3/25 MVC has pulled back under the buy limit, so I'll buy more at or below \$12.69 as noted above.

3/18 AOSL may be breaking to the upside, but no public supporting news.

3/11 No changes.

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.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	6.4	52.3
S&P 500 TR	na	na	14.1	11.1	48.6

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: 3/22/2013						
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	21.33	519	11,070.27	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	28.25	387	10,932.75	10.2%
10-Dec	buy	T	33.73	309	10,435	T	31.07		33.73	36.43	309	11,256.87	10.5%
17-Dec	buy	WMT	69.20	150	10,390								
17-Dec	buy	KO	37.50	278	10,435	KO	35.63		37.50	40.03	278	11,128.34	10.4%
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	58.6%
									Total Valuation=			107,298.23	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

- 3/25 No changes.
- 3/18 No changes.
- 3/11 No changes.
- 3/4 No changes for now.
- 2/25 No changes for now.
- 2/19 Sell WMT as noted above.

Feature Company (REITERATION, chart updated)

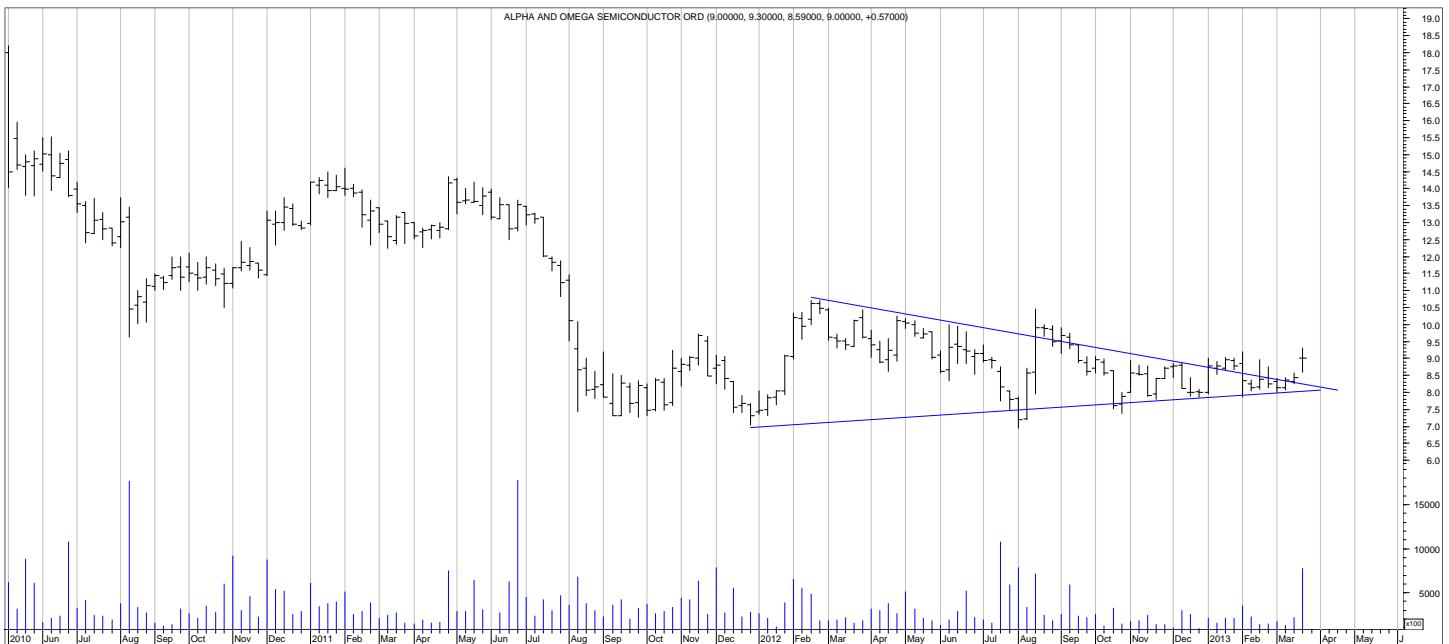
ALPHA & OMEGA SEMICONDUCTOR (AOSL)

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)

one way to spread the pain. Would it happen elsewhere?

The reason this is important is not because of Cyprus' GDP relative to others, which is tiny, but it is similar to Iceland's impact back in September 2008. Who would have thought that a country the size of Iceland would help to trigger and make worse the financial implosion back then?

Most of us recognize the domestic real estate bubble and burst, but it was Iceland's change that helped trigger the moment

when the bubble would finally burst.

In other words, every bubble bursts, but the timing of such is always elusive. Was Iceland the pin then? At the time, the Dow Industrials had been dropping from 14,000 to 11,000, but then Iceland's banks failed. Prior to that, however, the value of the krona had been declining as a forewarning. In turn, at home, the Dow then plunged to its final lows at 7,000. A drop of 50% from peak to trough in a year and a half.

The 401(k) became a 201(k).

So, the question to put in the back of the mind is whether Cyprus is the pin today?

In the meantime, we'll be vigilant to monitor this and other situations and their possible impact on our 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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