

Stock Selections & Timing

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April 4, 2011 (data through previous Friday's close)
Volume 2
Issue 7

V Shape

I'd have to give myself an B for seeing what's going on and a C for execution. I bought some, but late. I've been posting this chart for weeks now, while watching for a correction. It turned out to be a V shape, rather than a W shape. In other words, the market came straight down and then straight back up.

The chart shows the market

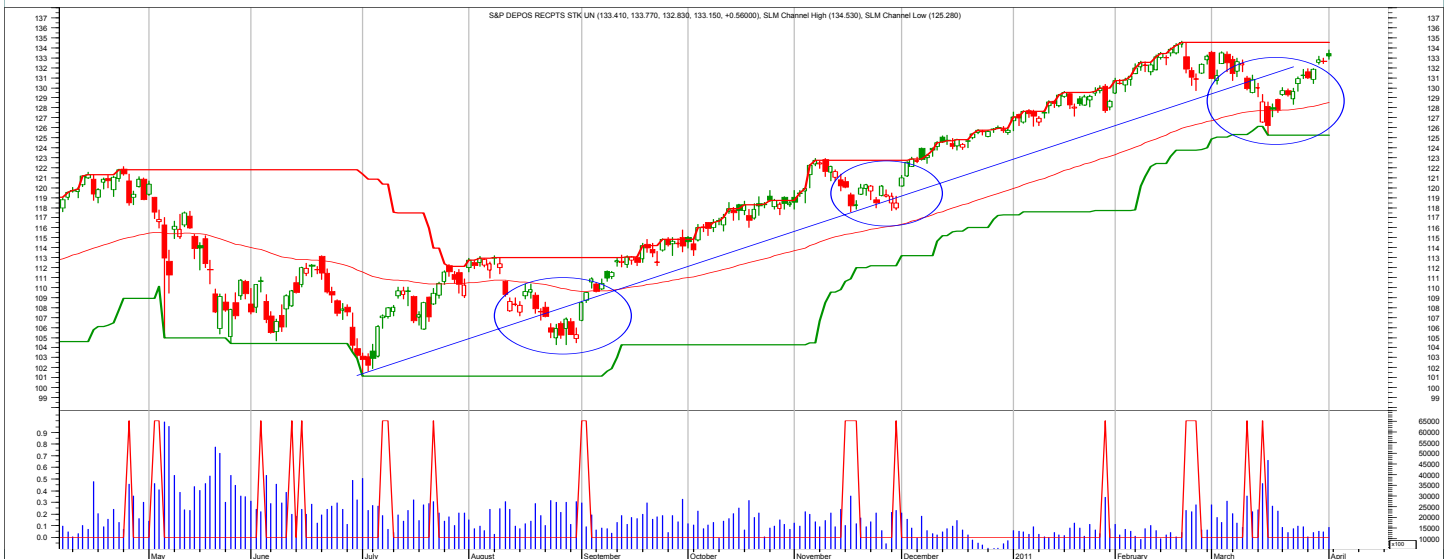
dropping three times below its uptrend line for this current move of the last nine months. The drop serves to shake out investors and then it immediately turns around and shoot higher.

It's not like the news was not serious and recovery threatening. First we had the Mideast uprisings that triggered higher

oil. It's now around \$108 per barrel. Then we had the disaster in Japan. The fallout there is still not known. As they say, bull markets climb a wall of worry. They also say, bear markets descend a slope of hope. Something to keep in mind.

A positive factor continues to be job recovery. It appears to

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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	12.0%	24.2%	23.3%	12.0%	-1.2%	0.0%
Dow30 Portfolio	4.9%	7.1%	8.3%	4.9%	1.7%	1.5%
Wilshire 5000	6.2%	16.0%	17.6%	6.2%	1.1%	1.6%
Dow Industrials	6.9%	13.3%	14.3%	6.9%	1.7%	1.3%

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Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date:			4/1/2011					
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	
27-Dec	buy	ECGI	\$0.89	2,000	1,790									
10-Jan	buy	ADC	23.40 <23.50	200	4,690	DRAD			1.95	2.47	6,128	15,136.16	12.0%	
7-Feb	sell	TAXI	7.99	1,406	11,224	ECGI			0.97	1.62	9,704	15,720.48	12.5%	
22-Feb	sell	ADC	25.70	200	5,130	GENC			7.73	7.85	1,478	11,602.30	9.2%	
22-Feb	sell	ECGI	> 1.8	2,500		SILU			1.41	1.81	7,092	12,836.52	10.2%	
24-Feb	sold	ECGI	1.82	200	354	CLCT		9.1%	14.20	14.11	800	11,288.00	9.0%	
7-Mar	sold	ECGI	\$1.82	2,300	4,176	GAIN		6.4%	7.49	7.60	1,500	11,400.00	9.1%	
21-Mar	buy	GAIN	\$7.49	1,500	11,245									
4-Apr	buy	SNDK		100										
4-Apr	buy	CSCO		300										
4-Apr	buy	MRVL		300										
						Money Market					1.00	47,889	47,889.00	38.0%
												Total Valuation=	125,872.46	100.0%

REVIEW since last issue

4/4/11 GAIN was bought. Buy SNDK, CSCO, and MRVL.

3/11/11 Buy GAIN at less than \$7.50 per share as noted above.

3/9/11 Took profits on the open sell position on ECGI as it moved above my sell limit of \$1.80.

2/22/11 Will take profits by selling immediately one portfolio company ADC and ECGI, if it rallies past the minimum sell price.

ADC receives 20% of its revenues from bankrupt Borders. Sell it.

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.

	2010
Stock Portfolio	12.5
W5000	15.5

Dow 30 Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date:				4/1/2011		
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
4-Oct	sell	DIA	107.57	385.52	41,480	DIA			120.07	123.46	300.00	37,038.00	32.9%
29-Nov	sell	AA	13.29	231	3,080								
29-Nov	sell	JNJ	61.91	50	3,106	CSCO			17.39	17.04	300	5,112.00	4.5%
						HPQ			41.76	40.98	130	5,327.40	4.7%
24-Jan	buy	MRK	33.80	100	3,390	JNJ			58.83	59.49	90	5,354.10	4.8%
24-Jan	buy	VZ	35.24	100	3,534	MCD			73.76	75.99	70	5,319.30	4.7%
24-Jan	sell	BAC	13.92	200	2,794	MRK			33.40	33.07	200	6,614.00	5.9%
						MSFT			25.33	25.48	200	5,096.00	4.5%
7-Feb	buy	MRK	33.00	100	3,310	T			28.26	30.57	200	6,114.00	5.4%
						VZ			35.24	38.47	100	3,847.00	3.4%
22-Feb	sell	DIA	121.89	386	46,981	WMT			51.92	52.13	100	5,213.00	4.6%
22-Feb	sell	PFE	18.89	227	4,278	XOM			65.11	84.68	46	3,895.28	3.5%
21-Mar	buy	CSCO	17.39	300	5,207								
21-Mar	buy	HPQ	41.76	130	5,419								
21-Mar	buy	JNJ	58.83	90	5,285								
21-Mar	buy	MCD	73.76	70	5,153								
21-Mar	buy	MSFT	25.33	200	5,056								
21-Mar	buy	T	28.26	200	5,642								
21-Mar	buy	WMT	51.92	100	5,182								
21-Mar	buy	DIA	120.07	300	36,011	Money Market					1.00	23,515	20.9%
											Total Valuation=	112,445.08	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

4/4/11 No changes.

3/21/11 Buy as noted above.

3/9/11 No changes.

2/22/11 Sell the positions as noted above. If the turmoil spreads in the Middle East, where's the bottom?

Feature Company

4/4/11 I intend to send out an emailed hotline with more details on three tech companies to buy as a group. They are trading at very low multiples of earnings power. As a preview, they are

SNDK
CSCO
MRVL

They are attractive from a contrarian's point of view. They are trading "cheap".

So, in the Growth Portfolio I am buying them today.

(Continued from page 1)

finally be picking up. We know it is a lagging indicator, but it is good to see it turn more sharply upward, indicating companies are hiring. In turn this suggests that the recovery itself is on track. Demand for goods and services is there. In turn spending should continue to recover.

The leading economic indicators continue to move higher, suggesting economic strength out

at least another six to nine months.

At the same time, the Fed maintains a practically zero interest rate policy. This is expected to last into 2012, and some think it will continue that way out to 2013.

So, the stock market remains "in gear" to the upside. Pullbacks should still be bought.

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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