

Stock Selections & Timing

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Timing Cycles

So far only the Dow Transports have closed below its watch level as mentioned to watch from last week. The Industrials for its part is still solidly above its level by some 200 points. As long as this positive divergence

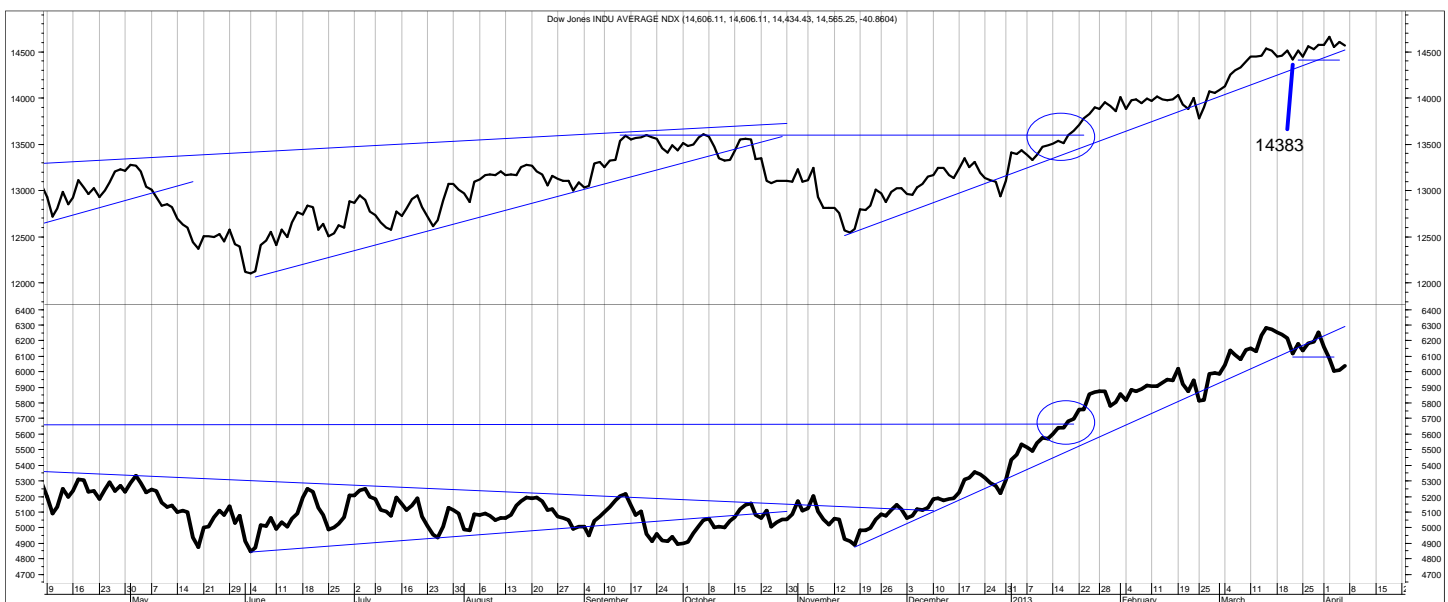
holds, the trend must still be considered to be up. At the same time, it will be nice to see the Transports again confirm the recent highs. All of this is shown on the chart below.

Last week I also mentioned all of the recent weak economic

news that's been reported, so perhaps it's not too surprising to see the Transports' recent weakness., which is typically more sensitive to the economic news.

One thing to keep in mind as we move ahead is to realize

(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	7.7%	6.8%	6.5%	5.8%	1.8%	0.6%
Dow30 Portfolio	4.6%	0.8%	3.3%	2.5%	0.5%	-0.2%
S&P 500 TR	11.3%	13.5%	7.4%	6.5%	0.3%	-1.0%
Dow Industrials	12.6%	11.5%	7.0%	8.4%	1.2%	-0.1%

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Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date: 4/5/2013								
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	7.02	2,278	15,991.56	10.4%	
						WTT			1.00	0.87	1.79	9,000	16,110.00	10.5%	
	sell	SILU	>1.58			OPLK			13.00	12.84	16.02	600	9,612.00	6.2%	
10-Dec	buy	TAXI	11.36	600	6,826	ANIK			11.50	10.63	13.79	700	9,653.00	6.3%	
14-Dec	sell	SILU	1.59	500	785	AOSL			8.50	8.16	8.95	1,100	9,845.00	6.4%	
28-Jan	watch the potential buy on SILU					MCGC		12.9%	4.40	4.38	4.71	1,500	7,065.00	4.6%	
						NGPC		8.7%	7.15	7.04	6.96	2,000	13,920.00	9.0%	
4-Feb	buy	ANIK	10.63	700	7,451	MVC		3.8%	13.00	12.71	12.81	1,200	15,372.00	10.0%	
			about 5%			GAIN		8.0%	7.55	7.48	7.33	1,000	7,330.00	4.8%	
						SILU		4.2%	1.46	1.41	1.37	10,000	13,700.00	8.9%	
8-Feb	buy	SILU	1.46	5,000	7,310	TAXI		7.0%	11.40	11.36	13.70	600	8,220.00	5.3%	
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										
22-Mar	buy	MVC	12.62	600	7,582										
Dividends												5,031.00	3.3%		
Money Market												1.00	22,252	22,252.00	14.4%
Total Valuation=												154,101.56	100.0%		

REVIEW since last issue

4/8 MVC announced a stock buy back last week to close the gap between its price (\$12.87) and its NAV (\$16.29). Hard to believe GENC still trades below its net cash in the bank. WTT has been on fire.
 4/1 MVC was bought last week. ANIK is getting recognized. GENC may be tracing out a bottom again.
 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.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	7.7	54.1
S&P 500 TR	15.0%	1.9	14.1	11.3	48.8

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: 4/5/2013						
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	20.94	519	10,867.86	10.1%
10-Dec	buy	MRK	44.48	234	10,435								
10-Dec	buy	MSFT	26.94	387	10,435	MSFT	24.95		26.94	28.70	387	11,106.90	10.3%
10-Dec	buy	T	33.73	309	10,435	T	31.07		33.73	37.57	309	11,609.13	10.8%
17-Dec	buy	WMT	69.20	150	10,390								
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	68.76	150	10,304								
1-Apr	sell	KO	40.45	278	11,235								
						Money Market			1.00		74,145	74,145.00	68.8%
								Total Valuation=				107,728.89	100.0%

Company	Symbol
Alcoa	AA
American Express	AXP
Boeing	BA
Bank of America	BAC
Caterpillar	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

- 4/8 No changes.
- 4/1 Take profits as noted above.
- 3/25 No changes.
- 3/18 No changes.
- 3/11 No changes.
- 3/4 No changes for now.

Feature Company (REITERATION)

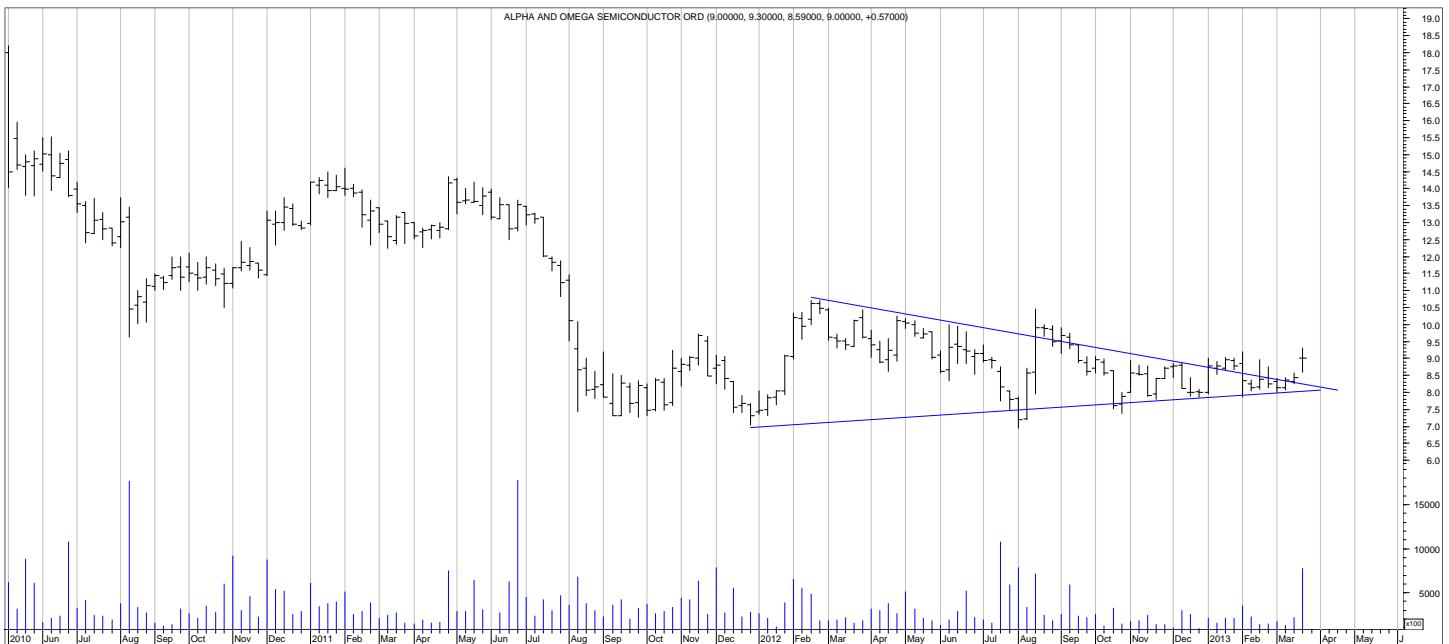
ALPHA & OMEGA SEMICONDUCTOR (AOSL)

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)

the different time frames in which these models operate.

The timing model is based on daily inputs, rather than longer-term monthly or quarterly inputs. So for example, if the daily economic news comes in weak, then it may (or may not) contribute to a sell signal, even though, longer-term economic projections may be stronger. It is the same in reverse. At a bear market bottom for example, the economic news

will typically be horrible, but the longer term expectations may be bullish. The inputs will change.

At this point, the market as a whole is still expecting the Federal Reserve to maintain its easy money policy for the remainder of the year. This is the source of the market's strength, rather than its value. In fact, the S&P 500 is now trading at about 18x current earnings. Stocks have advanced, but earnings appear to have already peaked and rolled over.

And again to mention, there's lots of bullishness out there, which is a contrary indicator.

All of that is simply to say, the background may be weakening, but the current situation continues to be positive.

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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