

Stock Selections & Timing

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April 8, 2013 (data through previous Friday's close)
Volume 4
Issue 14

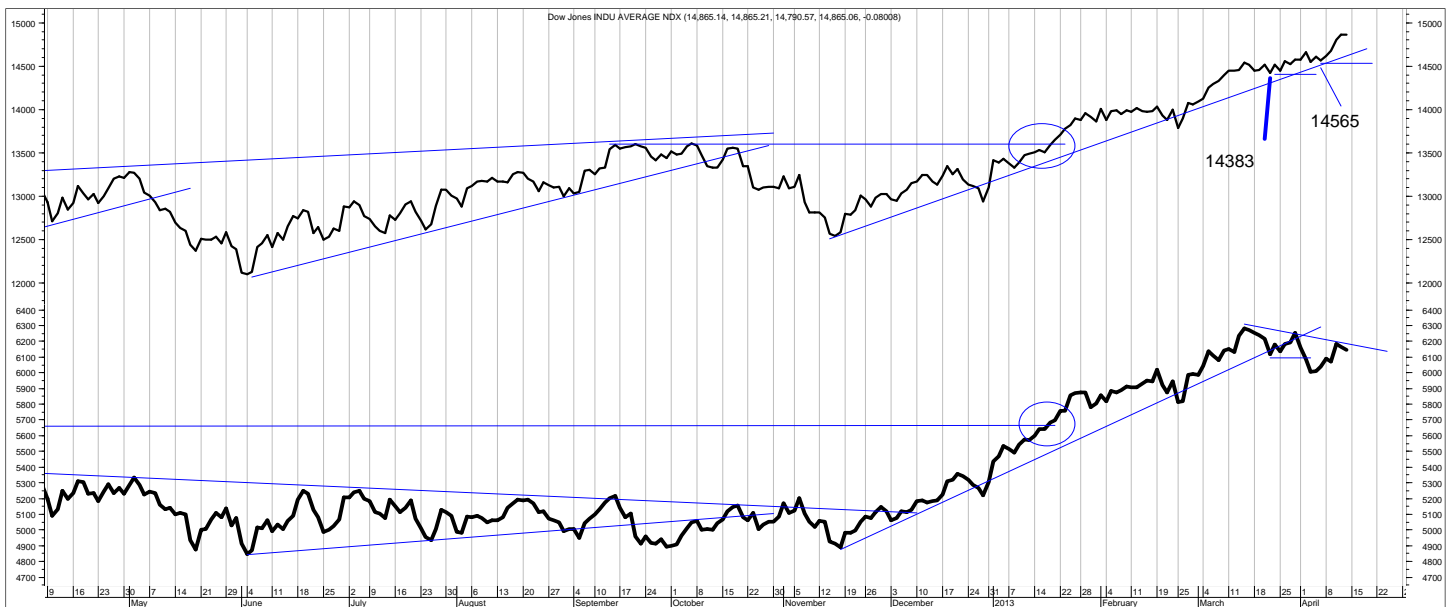
The Tipping Point?

The Dow Transports continue to negatively diverge from the Dow Industrials, as shown on the chart below. This is potentially bearish. The confirmation of this bearishness will be if both indexes drop below their previous

lows. The updated level to watch on the Dow Industrials is marked on the chart below at 14565. A close below that would confirm an upcoming steeper decline of anywhere from 3% to 12% (based on historical results).

I have been mentioning these divergence points from time to time over the past few months. Each time, however, one or the other index failed to confirm the sell off and they moved back up. So, the same

(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	9.0%	9.6%	8.5%	6.6%	3.5%	1.2%
Dow30 Portfolio	5.3%	1.6%	4.0%	3.2%	1.5%	0.7%
S&P 500 TR	13.9%	18.4%	12.4%	8.5%	1.9%	2.3%
Dow Industrials	13.3%	14.1%	10.0%	8.7%	1.0%	0.7%

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Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS				Value as of date:		4/12/2013							
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 4/15	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total	
4-Feb	buy	ANIK	10.63	700	7,451	GENC			8.00	7.56	6.91	2,278	15,740.98	10.1%	
		about 5%				WTT			1.00	0.87	2.01	9,000	18,090.00	11.6%	
						OPLK			13.00	12.84	16.33	600	9,798.00	6.3%	
8-Feb	buy	SILU	1.46	5,000	7,310	ANIK			11.50	10.63	13.51	700	9,457.00	6.1%	
						AOSL			8.50	8.16	8.86	1,100	9,746.00	6.2%	
4-Mar	buy	AOSL	8.16	1,100	8,986	MCGC		12.9%	4.40	4.38	4.81	1,500	7,215.00	4.6%	
21-Mar	buy	SILU	1.35	5,000	6,760	NGPC		8.7%	7.15	7.04	6.83	2,000	13,660.00	8.8%	
						MVC		3.8%	13.00	12.71	12.76	1,200	15,312.00	9.8%	
22-Mar	buy	MVC	12.62	600	7,582	GAIN		8.0%	7.55	7.48	7.40	1,000	7,400.00	4.7%	
						SILU		4.2%	1.46	1.41	1.36	10,000	13,600.00	8.7%	
15-Apr	sell	ANIK	>12.75	700		TAXI		7.0%	11.40	11.36	13.94	600	8,364.00	5.4%	
Above in green shows end price below buy limit. Below is watch list for potential purchase at or below buy limit.															
Dividends												5,351.00	3.4%		
Money Market												1.00	22,252	22,252.00	14.3%
Total Valuation=												155,985.98	100.0%		

REVIEW since last issue

4/15 Take profits in ANIK.

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	9.0	56.0
S&P 500 TR	15.0%	1.9	14.1	13.9	52.3

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: 4/12/2013	
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	21.67	519	11,246.73	10.4%
10-Dec	buy	MRK	44.48	234	10,435								
10-Dec	buy	MSFT	26.94	387	10,435	MSFT	24.95		26.94	28.79	387	11,141.73	10.3%
10-Dec	buy	T	33.73	309	10,435	T	31.07		33.73	38.59	309	11,924.31	11.0%
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	68.4%
								Total Valuation=				108,457.77	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

- 4/15 No changes.
- 4/8 No changes.
- 4/1 Take profits as noted above.
- 3/25 No changes.

Feature Company (none)

(Continued from page 1)

thing may happen again this time, but, unlike the boy crying wolf, this may be the time it doesn't hold.

As for the World Growth Model, a sell off, a close below those aforementioned levels, may or may not trigger a sell signal. We will have to watch and see. The point of mentioning this, however, is simply to alert readers to monitor your email boxes each day because a sell signal could arise between issues. If it does, I'll send an email notice to everyone for action that day.

To get back to the 'this time may be different', the difference between this time and the previ-

ous times is the background information. Sentiment is much more bullish than it has been before, which is a contrary indicator. Nearly all recent economic news is coming in weaker than expectations; this too is bearish. Interest rates have moved higher than they were before; this provides competition for the investor dollar (see various examples of this on page 4); this too is bearish. So, while the stock market has continued to move higher, the underlying supporting fundamentals appear to have weakened.

To be sure, any pullback may be short, followed by rallies to recovery highs again. The reason for this is there does not appear to

be any reason to think a recession will develop in the months ahead. A recession would be a valid reason for the stock market to continue to move lower. Basically, the stock market simply appears to have come a long way in a short amount of time and a normal pullback is due.

Lastly, one timing strategy that has some historic support is the adage to sell in May and go away. This too may be a factor in any potential weakness.

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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