

Stock Selections & Timing

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April 30, 2012 (data through previous Friday's close)
Volume 3
Issue 13

Same Old Stuff

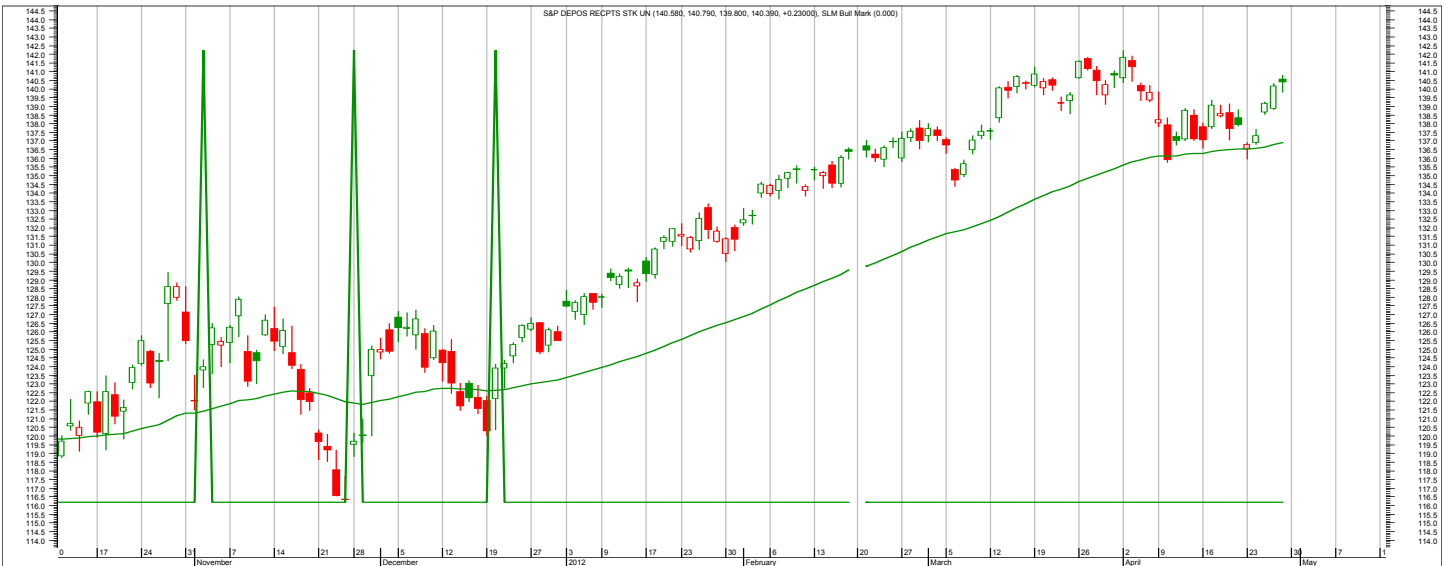
The news from Europe generally continues negative. Specifically, Spain's stock market is down about 13% for the month and 17% for the year. Their banks are downgraded by the rating agencies. The country is in a recession. From a contrarian point of view, this might sug-

gest it is time to buy, but the question is whether a solution to these problems is forthcoming. If not, to buy in is premature. There has to be a good reason to buy, and not just the fact the market is down. And right now, there are no solutions, only questions, analysis, and suggestions. While Greece was easier

to deal with because it was smaller, Spain has a much larger GDP. Talk is they need another \$100 billion to shore up bank balance sheets to compensate for bad real estate losses.

It is a wonder the domestic stock market has not reacted negatively, but is, instead,

(Continued on bottom left on page 4)



This is the daily chart of SPY (S&P 500 index). The green spikes show potential buying areas.

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	3.9%	8.0%	12.5%	0.3%	-2.4%	-0.3%
Dow30 Portfolio	0.7%	-7.7%	2.9%	-1.9%	-0.8%	0.1%
Wilshire 5000 TR	12.8%	3.9%	10.4%	6.9%	-0.2%	1.9%
Dow Industrials	8.3%	3.3%	8.2%	4.5%	0.1%	1.5%

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Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		4/27/2012					
Action Dates	Action Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 4/18	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total	
12-Mar	buy	MRVL	15.04	900	13,546									
12-Mar	buy	USMO	13.51	500	6,765	DRAD		2.00	1.90	2.21	1,500	3,315.00	2.3%	
12-Mar	buy	PKY	9.96	700	6,982	GENC		8.00	7.53	7.00	2,078	14,546.00	10.3%	
intraday PKY; two others at close						WTT		1.00	0.87	1.20	11,000	13,200.00	9.3%	
19-Mar	buy	AOSL	9.72	1,000	9,730									
		<\$10			about 7%									
19-Mar	watch	SIMG	tight stop			PKY	9.40	3.0%	10.00	9.96	10.01	700	7,007.00	4.9%
20-Mar	sell	SIMG	5.890	1,500	8,825	FULL	7.00	11.9%	8.00	7.69	7.50	900	6,750.00	4.8%
						USMO	12.65	7.5%	14.00	13.32	12.81	1,000	12,810.00	9.0%
2-Apr	buy	TAXI	11.30	650	7,355	TAXI	10.00	7.1%	11.50	11.30	11.02	650	7,163.00	5.1%
					about 5%									
10-Apr	sell	ACAS	8.16	900	7,334	MRVL	14.00		15.40	15.04	14.89	900	13,401.00	9.5%
13-Apr	sell	AOSL	8.89	1,000	8,880									
16-Apr	buy	USMO	13.13	500	6,575									
					about 5%									
Dividends											2,763.22	1.9%		
Money Market											1.00	60,776	60,776.00	42.9%
Total Valuation=											141,731.22	100.0%		

REVIEW since last issue

4/30 USMO came close to its new stop, but we're still long. I've also been watching a previous buy ANIK continue to soar on improving fundamentals; I sold way too soon. I'm also watching ACAS for a reentry point. It is still below NAV and they're buying back stock, which is accretive. Most other business development companies are issuing stock. DRAD has announced a few management changes, which should help bolster the stock.

4/23 USMO is at 3.3x earnings. This should be enough to discount nearly anything bad, but the company is transitioning and the market doesn't like uncertainty. Certainty over cheap I suppose wins out, at least for awhile. Please note the stop, but I'll maintain this company, like ACAS, on the watch list. Eventually fundamentals will win out over uncertainty.

4/16 ACAS was stopped out. I'm buying more of USMO; it yields 7.6% and recent earnings suggest it is undervalued.

4/8 The Stock Portfolio has pulled back with the market. Watch the stops.

	2010	2011	ytd 2012	Incptn	SD
Stock Portfolio	12.3%	21.4	3.9	41.7	14.8
W5000 TR	17.7%	0.5	12.8	33.5	10.6

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:		4/27/2012						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 3/19	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
						DIA							0.0%	
5-Mar	sell	AA	9.87	1,300	12,821									
12-Mar	buy	HPQ	24.04	500	12,030									
19-Mar	buy	UTX	85.00	150	12,760	HPQ	23.00		24.04	24.75	500	12,375.00	11.6%	
						JNJ	64.00						0.0%	
5-Apr	sell	VZ	37.66	300	11,288	VZ	38.00						0.0%	
						UTX	81.00						0.0%	
10-Apr	sell	UTX	78.48	150	11,762									
13-Apr	sell	JNJ	63.54	200	12,698									
						Money Market					1.00	94,427	94,427.00	88.4%
												Total Valuation=	106,802.00	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.

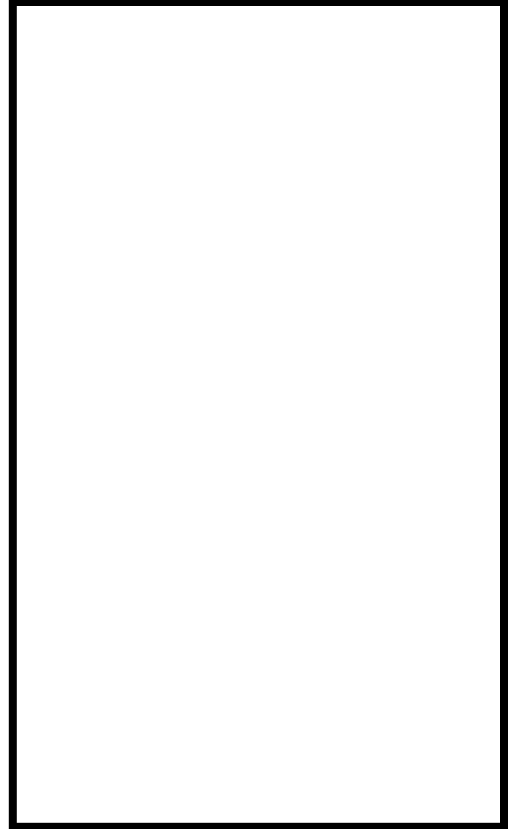
We monitor the underlying individual stocks for buys and sells in order to overweight the portfolio to what is expected to outperform and underweight the portfolio with what is expected to underperform.

REVIEW since last issue

- 4/30 PG (Procter & Gamble) is nearing major support below \$60.
- 4/23 No changes as the market takes a short-term dip. But I will be watching to buy.
- 4/16 No changes.
- 4/8 VZ was stopped out on the market's weakness.
- 4/2 No changes.

Feature Company

No new buys at this time. There are a couple of buys on the watch list, but waiting for a pullback before buying.



(Continued from page 1)

climbing again to recovery highs. However, the domestic economy has had billions pumped into it in the form of 0% loans from the Fed. But, is that accurate that are markets are immune? Are we not reacting?

Underneath our rally, the Dow Transports continue to lag the Dow Industrials. The Transports peaked last June, nearly a year ago. This typically signals a top. But there has to be confirmation. This comes when both drop below what were previous support levels. Different people mark it differently, and I tend to a

very close stop level. So I am watching the 5,029 level on the Transports and 12,735 on the Industrials. If they break below those levels, then it suggests the top is in place and the lows of last August will be revisited.

In addition to our seeming nonchalance about Europe's problems is market sentiment. AAI (American Association of Individual Investors) came out with a near bullish reading from individual investors. In other words, investors are bearish, which, as a contrarian indicator, is bullish. It is remarkable there is not more enthusiasm at this

stage of the rally.

So, eventually all of these cross currents will be resolved. Best estimate is our market continues to meander sideways to higher through May and then begin to decline into the summer to the elections. I still suspect 2013 will be the year of reckoning as our politicians finally "do something" about our deficits and entitlement programs.

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, 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 Wilshire 5000 TR (total return) includes dividend reinvestment.

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