

Stock Selections & Timing

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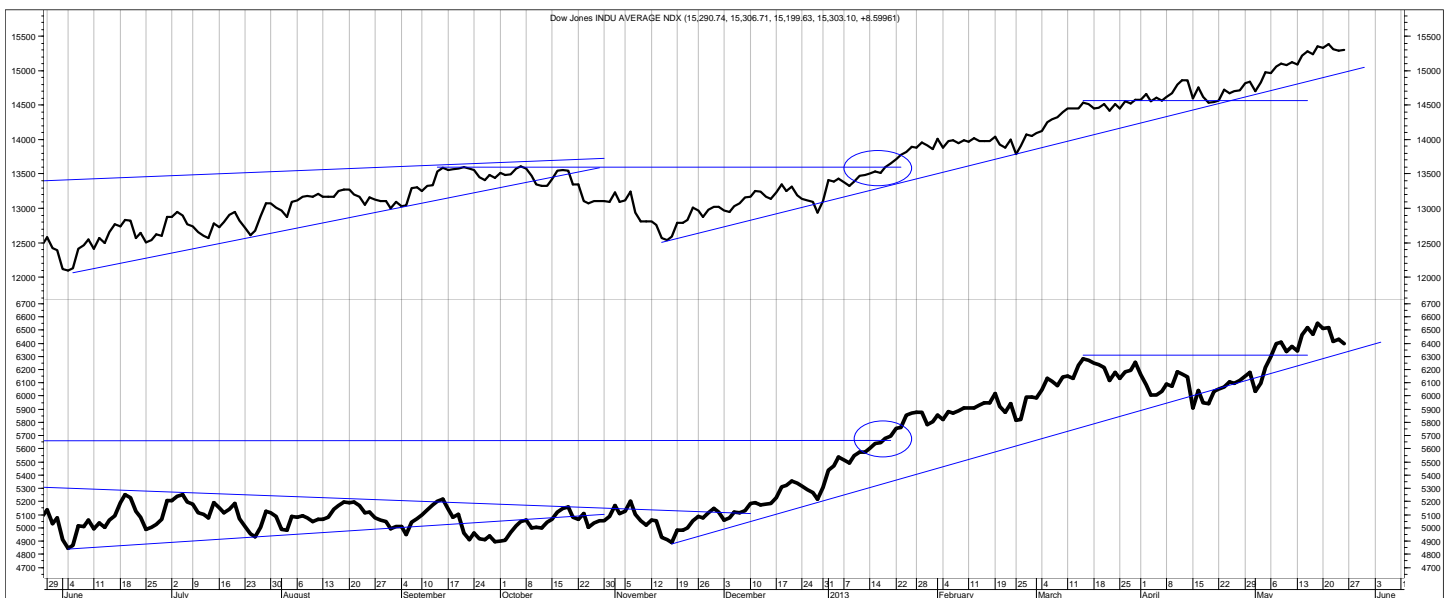
Mild or Spicy

Pullbacks in the stock market are still very shallow, as witnessed by last week's mild sell off. Today (Tuesday) the market has jumped back up. In so doing, however, it is again beginning to set up another one of those

minor divergences where one index, in this case the Industrials, may make a new high shortly that is unaccompanied by the Transports, which still has further to climb to negate the divergence. Add in the bullish investor sentiment and the bull-

ish consumer sentiment (these are contrary indicators where bullish is bearish and bearish is bullish), add in the bullishness, then the possibility of a large, sharp reversal still looms. See last week's letter for more de-

(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	7.8%	10.2%	7.4%	5.3%	1.2%	0.3%
Dow30 Portfolio	9.2%	6.7%	7.9%	6.2%	2.2%	-0.1%
S&P 500 TR	18.6%	27.9%	18.3%	9.3%	4.5%	-1.0%
Dow Industrials	18.3%	22.1%	17.6%	9.3%	4.0%	-0.3%

CONTENTS

Page 2...Stock
Page 3...Dow 30
Page 4...Featured
Page 5...Disclaimers

Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS						Value as of date: 5/24/2013		
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
15-Apr	sell	ANIK	12.82	700	8,964	GENC			8.00	7.56	7.02	2,278	15,991.56	10.4%
						WTT			1.00	0.87	1.65	7,500	12,375.00	8.0%
29-Apr	sell	WTT	1.81	500	895	OPLK			13.00	12.84	16.67	600	10,002.00	6.5%
6-May	sell	AOSL	7.71	1,100	8,471									
6-May	sell	WTT	1.82	1,000	1,810									
20-May	sell	SILU	1.49	10,000	14,890	MCGC		12.9%	4.40	4.38	5.13	1,500	7,695.00	5.0%
						NGPC		8.7%	7.15	7.04	6.57	2,000	13,140.00	8.5%
						MVC		3.8%	13.00	12.71	12.91	1,200	15,492.00	10.0%
						GAIN		8.0%	7.55	7.48	7.37	1,000	7,370.00	4.8%
						TAXI		7.0%	11.40	11.36	15.60	600	9,360.00	6.1%
Above in green show s end price below buy limit.														
Below is watch list for potential purchase at or below buy limit.														
Dividends												5,563.00	3.6%	
Money Market												1.00 57,282	57,282.00 37.1%	
Total Valuation=												154,270.56	100.0%	

REVIEW since last issue

5/28 Took profits on SILU and will look to reenter at lower prices.

5/20 ALSK came within a penny of my buying zone. It dropped to \$1.66 and has since shot back up by 12%. Won't chase it. SILU shot up also and will look to take some profits with the idea of reentering on pullbacks. GENC reported good earnings and growing cash stash; it's still valued at less than their net cash in the bank; can someone take them private please?

5/13 No changes.

5/6 Stop the loss on AOSL by selling. Take more profits in WTT. ALSK is added to the watch list.

4/29 No changes.

4/22 Positions pulled back with the market last week.

4/15 Take profits in ANIK.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	7.8	54.3
S&P 500 TR	15.0%	1.9	14.1	18.6	58.5

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: 5/24/2013	
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 4/29	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
26-Dec	sell	MRK	41.34	234	9,664	AA	8.00		8.42	8.48	1,422	12,058.56	10.7%
28-Jan	sell	DD	48.15	241	11,594	INTC	23.00		20.08	23.92	519	12,414.48	11.0%
19-Feb	sell	WMT	68.76	150	10,304	MSFT	29.00		32.71	34.27	370	12,679.90	11.3%
1-Apr	sell	KO	40.45	278	11,235	MRK	44.00		45.95	47.16	265	12,497.40	11.1%
29-Apr	buy	AA	8.42	1,422	11,982								
29-Apr	buy	XOM	88.21	136	11,971								
two new purchases are for roughly 11% of total portfolio													
6-May	sell	MSFT	33.72	387	13,040								
6-May	sell	T	37.09	309	11,451								
13-May	sell	XOM	90.10	136	12,244								
13-May	buy	MSFT	32.71	370	12,113								
13-May	buy	MRK	45.95	265	12,187								
Money Market									1.00	62,852		62,852.00	55.9%
									Total Valuation=		112,502.34	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

5/28 No changes.

5/20 No changes.

5/13 Sell one position and buy the two others. One is to reenter a sold stock at a higher price; MSFT corrected back down. As usual, the two positions will each be roughly 10% of the total portfolio.

5/6 Take profits as noted above.

Feature Company (none)

(Continued from page 1)

tails.

The big question that is starting to get raised is when and how the Fed will back off from its quantitative easing program.

While economic numbers remain mixed, the fear is beginning to surface about upcoming unemployment or jobs reports. The fear is they may come in much stronger than expected. It is not clear why this might happen, but only that it could. If it does, it would narrow the time in

which the Fed would act. This would most likely knock bonds lower and probably the stock market too, which has risen more on Fed easing than its own fundamentals. If a strong jobs report unfolds, then it would suggest a curtailment of Fed easing. Bonds sell off, and with higher yields then become competition for stocks. It is something to monitor closely.

All in all stocks are not cheap. There is too much bullishness. Bond yields are slightly

rising and may jump more. But the trend is up, so we're hanging on for the ride for now.

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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