

Stock Selections & Timing

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Volume 1
Issue 10

Review

As we near the six-month mark, I thought we'd review how things are going.

The stock market started off the year strongly enough. The domestic economy was getting its act together. Housing has bottomed, yields are still low, consumer spending has recovered, and the jobs rate has stabilized, though at a horrible 10%.

But it was the international scene that hit US stocks. Fears of sovereign debt defaults in Greece, Spain, and elsewhere has dominated the news.

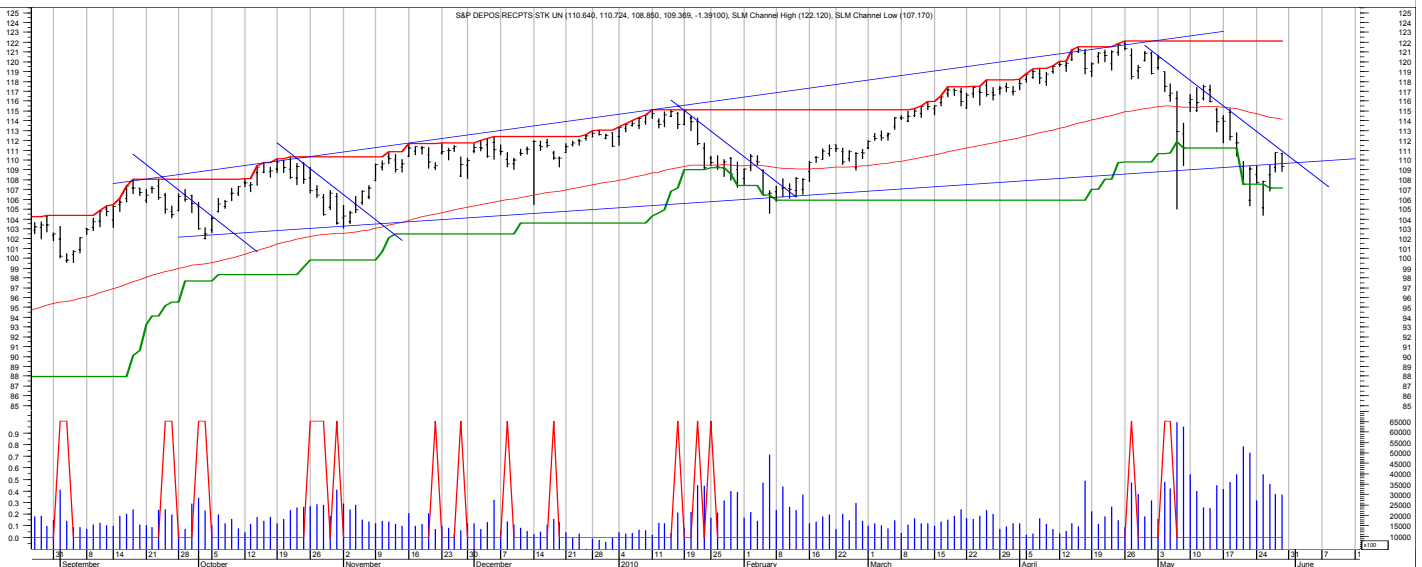
So how have the two portfolios performed in these cross-currents?

The Stock Portfolio is shining brightly, up 3.1% year to date versus the Wilshire 5000's

decline of 0.8%. That is a positive net difference of nearly 4%.

The Dow 30 Portfolio, however, is simply holding its own. It is off 2.6% year to date, while its comparison index of the actual Dow Industrials is down 2.8%. Slightly better, but no champagne is flowing just yet.

So, not bad for five months.



The chart is the daily S&P 500 with an 80-day moving average.

SCOREBOARD

| Model | YTD | 52-week | 26-week | 13-week | 4-week | 1-week |
|-----------------|-------|---------|---------|---------|--------|--------|
| Stock Portfolio | 3.1% | | | 2.5% | 0.0% | -1.5% |
| Dow30 Portfolio | -2.6% | | | -2.6% | -7.7% | -1.1% |
| Wilshire 5000 | -0.8% | | | -0.3% | -8.1% | 0.6% |
| Dow Industrials | -2.8% | | | -1.8% | -7.9% | -0.5% |

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Stock Portfolio

| ACTION FOR | | | | | | PORTFOLIO DETAILS | | | | | | Value as of date: 5/28/2010 | |
|--------------|--------|--------|----------------|-------------|--------------|-------------------|--------------|------------------|-------------|--------------|-------------|-----------------------------|------------------|
| Action Dates | Action | Symbol | Action Price | # of Shares | Action Value | Symbol | Closing Stop | Description | Start Price | Ending Price | # of Shares | Current Value | Percent of Total |
| 2/8-2/12 | buy | TIII | 1.28 | 7,813 | 10,000 | TIII | | | 1.28 | 1.52 | 7,813 | 11,875.76 | 11.5% |
| 2/22-- | buy | DRAD | 1.95 | 5,128 | 10,000 | DRAD | | | 1.95 | 2.10 | 5,128 | 10,768.80 | 10.4% |
| 4/5 - | buy | ECGI | 0.98 | 10,204 | 10,010 | ECGI | | | 0.98 | 1.02 | 10,204 | 10,408.08 | 10.1% |
| 6/1 - | buy | GENC | less than 8.10 | | 10,000 | GENC | | | | | | | |
| | | | | | | Money Market | | | 1.00 | | 70,000 | 70,000.00 | 67.9% |
| | | | | | | | | Total Valuation= | | | | 103,052.64 | 100.0% |

REVIEW since last issue

With this issue, I've made a new recommendation of Gencor (GENC).

The current positions have gone through a roller-coaster ride. All soared in the past few months, but have come back down with the market. They once again appear cheap and are in good accumulation areas, if you missed the original buy areas.

Dow 30 Portfolio

| ACTION FOR | | | PORTFOLIO DETAILS | | | | Value as of date: 5/28/2010 | | | | | | | |
|-------------|--------|--------|-------------------|-------------|--------------|--------------|-----------------------------|-------------|-------------|--------------|-------------|-------------------------|------------------|---------------|
| 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 | |
| 3-May | sell | CVX | 82.83 | 43 | 3,562 | DIA | | | 103.83 | 101.47 | 771.04 | 78,237.43 | 80.4% | |
| 3-May | buy | VZ | 29.29 | 50 | 1,475 | T | | | 25.18 | 24.30 | 120 | 2,916.00 | 3.0% | |
| 3-May | buy | PFE | 16.91 | 60 | 1,025 | VZ | | | 28.70 | 27.52 | 155 | 4,265.60 | 4.4% | |
| 3-May | buy | AA | 13.15 | 231 | 3,048 | PFE | | | 17.86 | 15.23 | 227 | 3,457.21 | 3.6% | |
| | | | | | | AA | | | 13.15 | 11.64 | 231 | 2,688.84 | 2.8% | |
| | | | | | | XOM | | | 65.11 | 60.46 | 46 | 2,781.16 | 2.9% | |
| | | | | | | Money Market | | | 1.00 | | 3,024 | 3,024.00 | 3.1% | |
| | | | | | | | | | | | | Total Valuation= | 97,370.24 | 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

No changes for now.

Feature Company



Gencor Industries (GENC)

Gencor is another company whose market valuation is below its net cash in the bank. This essentially values its profitable business with annual sales of about \$70 million at zero.

From their 10q-Gencor Industries, Inc., (the "Company") is a leading manufacturer of heavy machinery used in the production of highway construction materials, synthetic fuels, and environmental control equipment. The Company's core products include asphalt plants, combustion systems and fluid heat transfer systems. The Company's products are manufactured in two facilities in the United States. ... The Company's operations are concentrated in the asphalt-

related business and are subject to a seasonal slow-down during the third and fourth quarters of the calendar year. This slow-down often results in lower reported sales and earnings and/or losses during the first and fourth quarters of each fiscal year ended September 30.

Infrastructure. If the rebuild America project ever takes off, this company should benefit.

In the meantime, it has about \$70 million in cash in the bank. Zero debt. Its market cap (shares outstanding times market price) is \$63 million. They earned \$0.28 per share on revenues of \$24 million in the quarter ending 3/31/10.

If you could buy the whole thing at prevailing prices, you'd pocket \$7 million and own a company worth another \$63 million (assuming a 10x EBITDA multiple).

Insiders own about 12% of the company, but control a majority of the voting shares.

The chart pattern shows accumulation over the last year. A breakout would be above \$8.50 on huge volume.

Accumulate below \$8.00. First target \$11.50. Second target \$15.50.

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 either at the close on Monday (the day this eNewsletter is posted), unless otherwise noted.

Portfolios are updated through the preceding Friday's close.

Dividends are paid in cash. Interest is zero for the money market (cash) position.

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