

Stock Selections & Timing

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New Territory

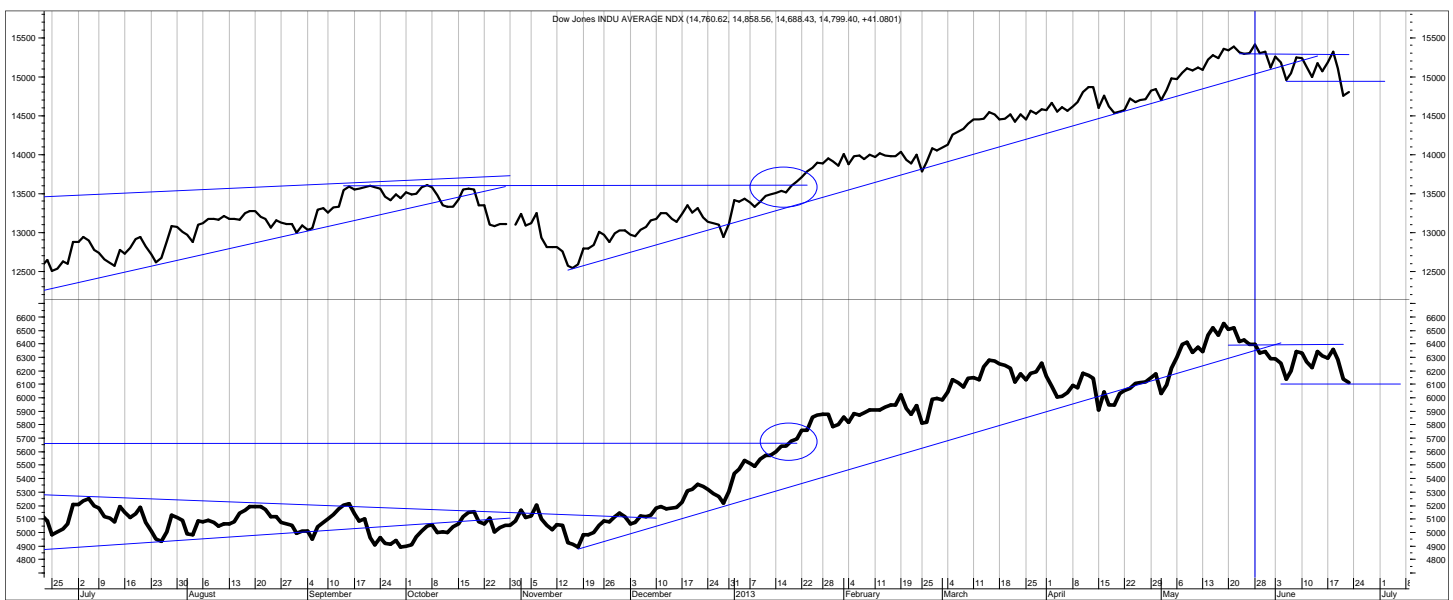
Having been an investor for some 30 years, and experiencing all sorts of markets, I still get amazed at the turn on a dime sentiment changes that happen every once in awhile. What happened to all the buyers from

just a couple of weeks ago whose appetites for stocks seemed insatiable? Where have they gone on this sell off where prices are obviously much more attractive than they were? Or is it simply that the investing landscape has changed so complete-

ly because of BC, Bernanke and China?

Before talking about those two items, I first want to mention that the market, on a short-term basis, has just begun to trace out a pattern of lower lows

(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	6.4%	8.3%	5.3%	0.0%	-1.3%	-0.4%
Dow30 Portfolio	7.0%	5.7%	5.8%	2.7%	-2.1%	-2.6%
S&P 500 TR	14.1%	21.2%	11.9%	2.2%	-3.8%	-2.5%
Dow Industrials	14.4%	17.1%	12.2%	2.0%	-3.3%	-1.8%

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Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS						Value as of date: 6/21/2013		
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 6/9	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	7.07	2,278	16,105.46	10.6%
29-Apr	sell	WTT	1.81	500	895	WTT			1.00	0.87	1.50	7,500	11,250.00	7.4%
6-May	sell	AOSL	7.71	1,100	8,471	OPLK			13.00	12.84	18.35	600	11,010.00	7.2%
6-May	sell	WTT	1.82	1,000	1,810	MCC		10.9%	13.80	13.25	12.56	1,000	12,560.00	8.2%
20-May	sell	SILU	1.49	10,000	14,890	MCGC		12.9%	4.40	4.38	5.00	1,500	7,500.00	4.9%
10-Jun	sell	TAXI	> 14.40	600		NGPC		8.7%	7.15	7.04	6.51	2,000	13,020.00	8.5%
17-Jun	buy	MCC	13.25	1,000	13,260	MVC		3.8%	13.00	12.71	12.64	1,200	15,168.00	10.0%
18-Jun	sell	TAXI	14.41	600	8,636	GAIN		8.0%	7.55	7.48	7.27	1,000	7,270.00	4.8%
20-Jun	buy	SILU	1.35	10,000	13,510	SILU		4.3%	1.37	1.35	1.32	10,000	13,200.00	8.7%
						Above in green shows end price still below buy limit.								
						Below is watch list for potential purchase at or below buy limit.								
						Dividends								
						Money Market								
						Total Valuation=								
						6,082.50 4.0%								
						1.00 39,148 39,148.00 25.7%								
						152,313.96 100.0%								

REVIEW since last issue

6/24 TAXI moved above our sell price and we sold it. We also bought back into SILU.

6/17 TAXI hasn't traded above our sell price, so we still own it.

As noted above, buy a new position in MCC, which is roughly 9% of the portfolio.

6/10 Take profits in TAXI above \$14.40. No other changes.

6/3 No changes. The dividend payers got hit somewhat last week because of the Fed QE questions.

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.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	6.4	52.3
S&P 500 TR	15.0%	1.9	14.1	14.1	52.6

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: 6/21/2013						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 6/9	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
3-Jun	sell	AA	8.52	1,422	12,105	BAC	12.55		13.30	12.67	900	11,403.00	10.4%
10-Jun	buy	T	35.99	345	12,427	INTC	24.00		20.08	24.18	519	12,549.42	11.4%
10-Jun	buy	BAC	13.30	900	11,980	MRK	46.25		45.95	46.85	265	12,415.25	11.3%
12-Jun	buy	AA	8.18	1,500	12,280	AA	7.90		8.18	8.00	1,500	12,000.00	10.9%
17-Jun	buy	TRV	83.23	145	12,078								
17-Jun	buy	IBM	203.04	60	12,192								
TO BE ADDED, IF ABOVE SELL STOP													
20-Jun	sell	TRV	79.78	145	11,558								
20-Jun	sell	IBM	197.35	60	11,831								
20-Jun	sell	MSFT	33.49	370	12,381								
20-Jun	sell	T	34.35	345	11,841								
TO BE ADDED, IF BELOW BUY LIMIT													
Money Market										1.00	61,795	61,794.88	56.1%
Total Valuation=												110,162.55	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

6/24 Watch the stops closely. Sell if they are violated at quarter to the close.

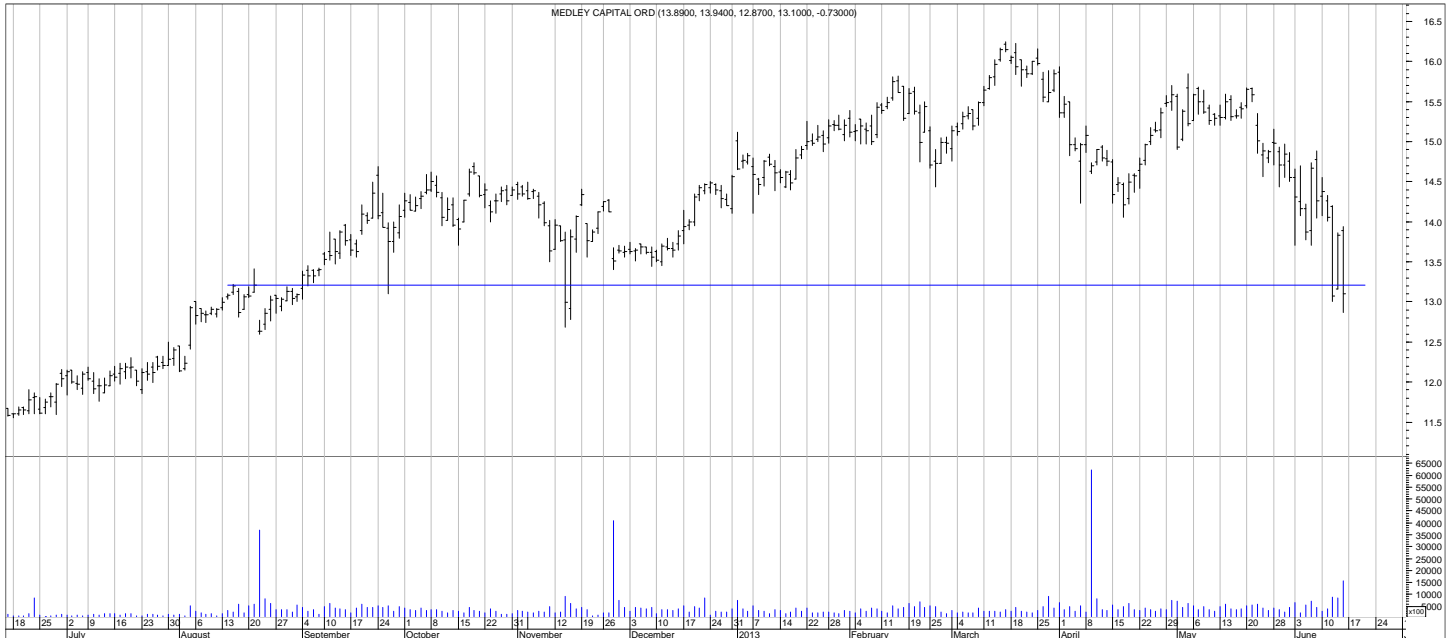
6/17 Buy two new positions as noted above. The number of shares to buy is on the right side of the box. Monitor the stops.

6/10 Will look for a trade from the two new buys.

6/3 If rates rise, the economic recovery may stall. Time to sell AA.

5/28 No changes.

Feature Company (Reiteration)



Medley Capital Corp (MCC) is another business development company, lending to middle America. As you can see on the chart, it has come back down to where the price has major support. It yields 10.9%. Its Net Asset Value (NAV) is \$12.73. Annual revenue is projected at \$80 million. For the 6 months ending 3/31/13, net income was \$20 million or \$0.75 per share.

On 4/12/13 the company completed a public offering at \$14.70 per share. That was substantially above NAV and is the reason the stock has dropped substantially the past month to where a better value exists.

See page 2 for specifics on the actual purchase.

(Continued from page 1)

and lower highs. This is the definition of a bear market. So, until things change, we need to be very cognizant of safety (watching the stop and timing levels). Daily emails may be forth coming this week. Still, even as the market declines, however, it will eventually become oversold and thus, due for a bounce. We may end up selling and then rebuying within a short period of time, depending on what the market and sentiment does.

As to Bernanke, as most know, he came out and signaled that QE could taper off sooner rather than later. But he reiterated his trigger targets of 6.5% un-

employment (current 7.6%, but trending lower) and 2.5% inflation (current 2% and trending still lower). This is not really new information, though the timing element is.

No, it seems to be China, the banks of China specifically, that really appear to be the cause behind the current sell off. They are apparently going through a liquidity crunch. As most know, liquidity drives business. Take away cash for loans and business activity dries up. More than that, however, the fear is that this will trigger a potential replay of 2008's bear market where global liquidity dried up.

The Fed had ample room to

ease back then, but it is already in ease mode. What is left? Central banks in general have eased. No cash means imports to China slowdown, which means exports dry up. It is the domino effect; that's the fear behind the selloff.

As an aside to the liquidity problem, higher interest rates cost businesses (and consumers and governments) more. This hurts China as well as domestically. These are the things behind the sell off.

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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