

Stock Selections & Timing

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July 30, 2012 (data through previous Friday's close)
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Ongoing Fear and Hope

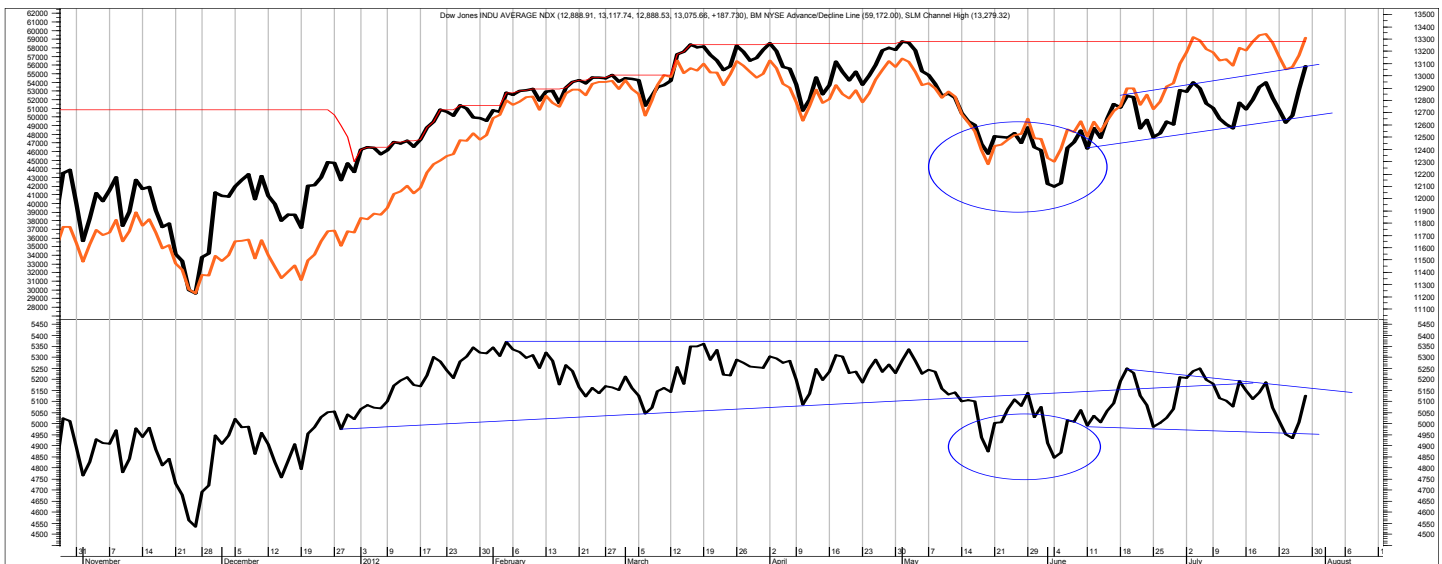
Two weeks ago there were troubles and last week there was a solution, which is basically the same pattern as the past six months. There is no agreed upon solution, but only persistent hope that the European crisis will somehow get resolved. It is reality versus hope.

Europe is in a recession. China has slowed, but still has GDP around 8%. The US has slowed, but GDP is still about 1.5%. (In addition, the Conference Board of leading economic indicators dipped last month.) The hope from all this negativity is there will be another round of quantitative easing, but its

impact continues to moderate. If it is expected, it tends to get priced into the market.

These hopes and fears are reflected in the movement of the markets, as shown on the chart on page 1. The market's rally last Friday simply put it back to the top of its short-term trading

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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	4.4%	12.2%	0.8%	0.4%	0.6%	-0.2%
Dow30 Portfolio	-1.7%	-6.9%	-4.3%	-2.4%	0.0%	0.0%
Wilshire 5000 TR	11.1%	7.7%	5.3%	-1.6%	1.5%	1.5%
Dow Industrials	7.0%	7.7%	3.3%	-1.2%	1.5%	2.0%

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Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS				Value as of date: 7/27/2012								
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 7/13	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total
2-Jul	to buy	MSO		1,000										
2-Jul	buy	GENC	7.93	200	1,596	GENC			8.00	7.56	7.48	2,278	17,039.44	12.0%
6-Jul	sell	MRVL	10.800	500	5,390	WTT			1.00	0.87	1.25	10,000	12,500.00	8.8%
13-Jul	buy	MSO	3.24	1,000	3,250	OPLK			12.80	12.67	13.48	300	4,044.00	2.8%
16-Jul	sell	MSO	3.500	1,000	3,490									
16-Jul	buy	OPLK	12.67 about 2.5%	300	3,811	TAXI	10.80	8.4%	10.00	9.98	11.19	650	7,273.50	5.1%
WATCH LIST FOR POTENTIAL PURCHASE AT OR BELOW BUY LIMIT														
23-Jul	sell	FULL	7.94 above \$7.85	900	7,136	MCGC			4.40			1,000		
30-Jul	sell	WTT	sell 1,000 at or above 1.20			NGPC			7.15			500		
						FULL			7.60			900		
						OPLK	buy another 300 shares on any dips at or below \$13.00							
												Dividends	3,098.32	2.2%
										Money Market	1.00	98,388	98,388.00	69.1%
												Total Valuation=	142,343.26	100.0%

REVIEW since last issue

7/30 Monitor the buy and sell levels.

7/23 FULL has reached what looks to be a top area. I'll take profits and look to reenter, if it pulls back into the \$7.60 range.

MCGC pulled back to \$4.40, but not below, so no shares bought.

NGPC buy limit was lowered.

TAXI stop raised.

7/16 Snagged the 1000 shares of MSO on their sell off Friday, but their full deal with JC Penney will not take place, so take profits.

NGPC is added to the watch list. It is another business development company with a yield above 8%.

Buy a small position in OPLK. It is undervalued.

7/9 Stopped out of MRVL (again). I added the Watch List. I also updated the stop levels.

	2010	2011	ytd 2012	Incptn	SD
Stock Portfolio	12.3%	21.4	4.4	42.3	15.5
W5000 TtlRtrn	17.7%	0.5	11.1	31.4	10.9

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: 7/27/2012							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 5/21	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
23-May	sell	AXP	55.99	200	11,188								
1-Jun	sell	AA	8.29	1,300	10,767								
1-Jun	sell	KFT	37.57	300	11,261								
1-Jun	sell	IBM	188.78	60	11,317								
1-Jun	sell	MCD	86.88	125	10,850								
11-Jun	sell	DIS	45.74	250	11,425								
11-Jun	sell	KO	74.55	150	11,173								
11-Jun	sell	MRK	38.51	300	11,543								
						Money Market			1.00	104,247	104,247.00	100.0%	
								Total Valuation=	104,247.00	104,247.00	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

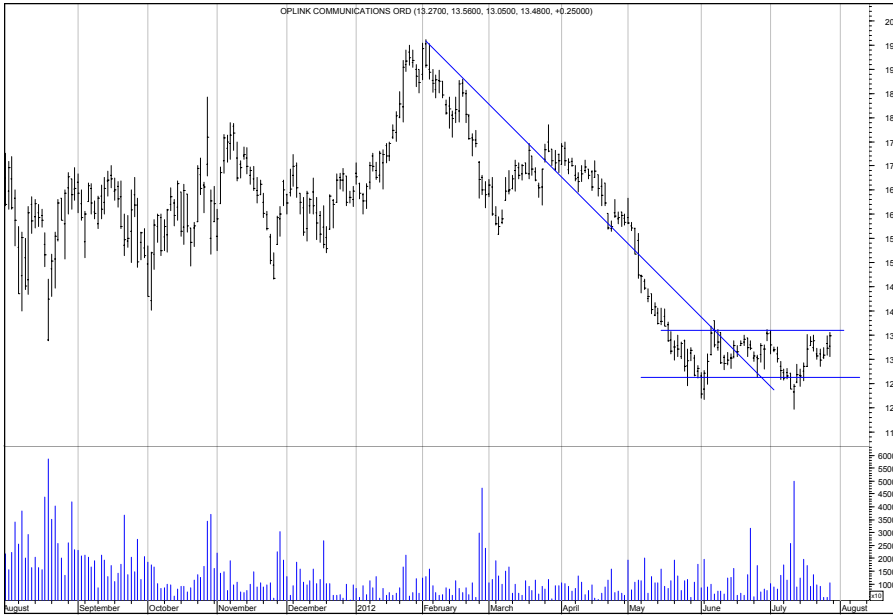
For this portfolio, we seek to outperform the Dow Industrials using proprietary timing and weighting formulas of the underlying thirty stocks of the Dow Industrials . We also will use the ETF that tracks the same. The symbol is DIA.

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

- 7/30 No changes.
- 7/23 No changes.
- 7/16 No changes.
- 7/9 No changes.
- 7/2 No changes.
- 6/25 No changes. Will avoid buying until some positive divergences set up.

Feature Company (REITERATION, chart updated)



Oplink Communications (OPLK) is in the optical networking business worldwide.

Annual revenues are projected to top \$170 million.

Market cap is \$242 million at \$12.75 per share.

Net income is down substantially from a year ago, but so is the stock price. Insiders are buying and the company is purchasing stock on the open market. Evidently they view it as a bargain also.

The risk is the worldwide economic slowdown persisting. Thus we are only nibbling at the stock. See page 2.

(Continued from page 1)
range.

The negative divergence continues to persist in all these machinations. Odds are this is reflecting reality. Persistent economic weakness is showing up through ongoing Transportation Index weakness.

So, the reality is external economic weakness and internal

market weakness. It is only a hope for strength that continues to buoy it.

See the individual pages for specific recommendations.

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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