

Stock Selections & Timing

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August 5, 2013 (data through previous Friday's close)
Volume 4
Issue 31

In Gear

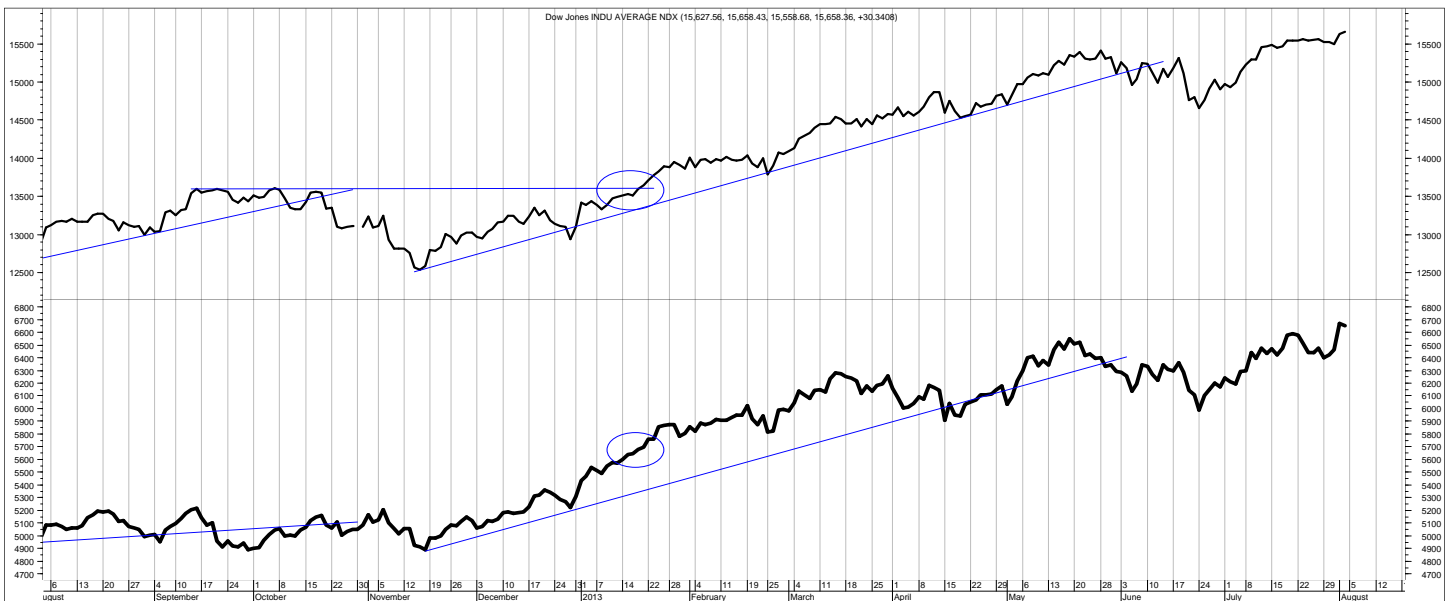
The major averages have made it back to new highs. The Dow Industrials and Dow Transports specifically have both confirmed the uptrend as shown on the chart below. As mentioned last week, they are in gear.

Unfortunately I was stopped out of the DJ-30 Portfolio back in the decline a few weeks ago and have remained in cash ever since. I won't compound the error by buying at what may be the highs. We are more than due for a correction.

Investors generally remain too bullish, too complacent, which is bearish.

Government spending is being reduced and taxes have increased. Typically this is bearish, but has been offset by

(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	11.0%	11.0%	8.4%	2.8%	3.9%	0.1%
Dow30 Portfolio	5.8%	4.6%	2.4%	-2.5%	0.0%	0.0%
Index						
S&P 500 TR	22.6%	24.8%	13.5%	5.9%	4.9%	1.1%
Dow Industrials	21.0%	19.6%	11.8%	4.6%	3.5%	0.6%

CONTENTS

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

Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS						Value as of date: 8/2/2013			
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	7.60	2,278	17,312.80	10.9%	
29-Apr	sell	WTT	1.81	500	895	WTT			1.00	0.87	1.56	7,500	11,700.00	7.4%	
20-May	sell	SILU	1.49	10,000	14,890	OPLK			13.00	12.84	20.62	600	12,372.00	7.8%	
6-May	sell	AOSL	7.71	1,100	8,471	MCC		10.9%	13.80	13.25	14.59	1,000	14,590.00	9.2%	
6-May	sell	WTT	1.82	1,000	1,810	MCGC		12.9%	4.40	4.38	5.40	1,500	8,100.00	5.1%	
20-May	sell	SILU	1.49	10,000	14,890	NGPC		8.7%	7.15	7.04	6.65	2,000	13,300.00	8.4%	
10-Jun	sell	TAXI	> 14.40	600		MVC		3.8%	13.00	12.71	12.75	1,200	15,300.00	9.6%	
17-Jun	buy	MCC	13.25	1,000	13,260	GAIN		8.0%	7.55	7.48	7.25	1,000	7,250.00	4.6%	
18-Jun	sell	TAXI	14.41	600	8,636	SILU		4.3%	1.37	1.35	1.18	10,000	13,266.00	8.4%	
20-Jun	buy	SILU	1.35	10,000	13,510	Above in green shows end price still below buy limit.									
29-Jul	sell	SILU	2.36	5,000	11,776	Below is watch list for potential purchase at or below buy limit.									
	exchange		0.15	10,000	1,490										
	not yet finalized														
Dividends												6,502.50	4.1%		
Money Market												1.00	39,148	39,148.00	24.6%
Total Valuation=												158,841.30	100.0%		

REVIEW since last issue

8/5 No changes.

7/29 SILU merged with SII (Canadian listing only). Shareholders received 1/2 share in SII for each share of SILU plus 0.15 cash. Based on today's rates, I have sold all of SILU/SII for a small loss.

7/22 No changes. It is nice to see GENC perhaps getting a little market recognition as the shares rally. Back of the envelope analysis shows that its market cap of \$72 million (price of \$7.60 times number of shares outstanding 9.5 million) is still below its net cash in the bank (\$87 million). Add in the business value and it is still the cheapest stock out there.

7/15 No changes.

7/8 No changes.

7/1 No changes.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	11.0	58.8
S&P 500 TR	15.0%	1.9	14.1	22.6	64.0

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:				8/2/2013		
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								0.0%
10-Jun	buy	T	35.99	345	12,427								0.0%
10-Jun	buy	BAC	13.30	900	11,980								0.0%
12-Jun	buy	AA	8.18	1,500	12,280								0.0%
17-Jun	buy	TRV	83.23	145	12,078								0.0%
17-Jun	buy	IBM	203.04	60	12,192								0.0%
TO BE ADDED, IF ABOVE SELL STOP													
20-Jun	sell	TRV	79.78	145	11,558								0.0%
20-Jun	sell	IBM	197.35	60	11,831								0.0%
20-Jun	sell	MSFT	33.49	370	12,381								0.0%
20-Jun	sell	T	34.35	345	11,841								0.0%
TO BE ADDED, IF BELOW BUY LIMIT													
24-Jun	sell	AA	7.79	1,500	11,675								0.0%
24-Jun	sell	BAC	12.30	900	11,060								0.0%
24-Jun	sell	INTC	23.58	519	12,228								0.0%
25-Jun	sell	MRK	46.23	265	12,241								0.0%
Money Market									1.00	108,999	108,998.88	100.0%	
									Total Valuation=		108,998.88	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

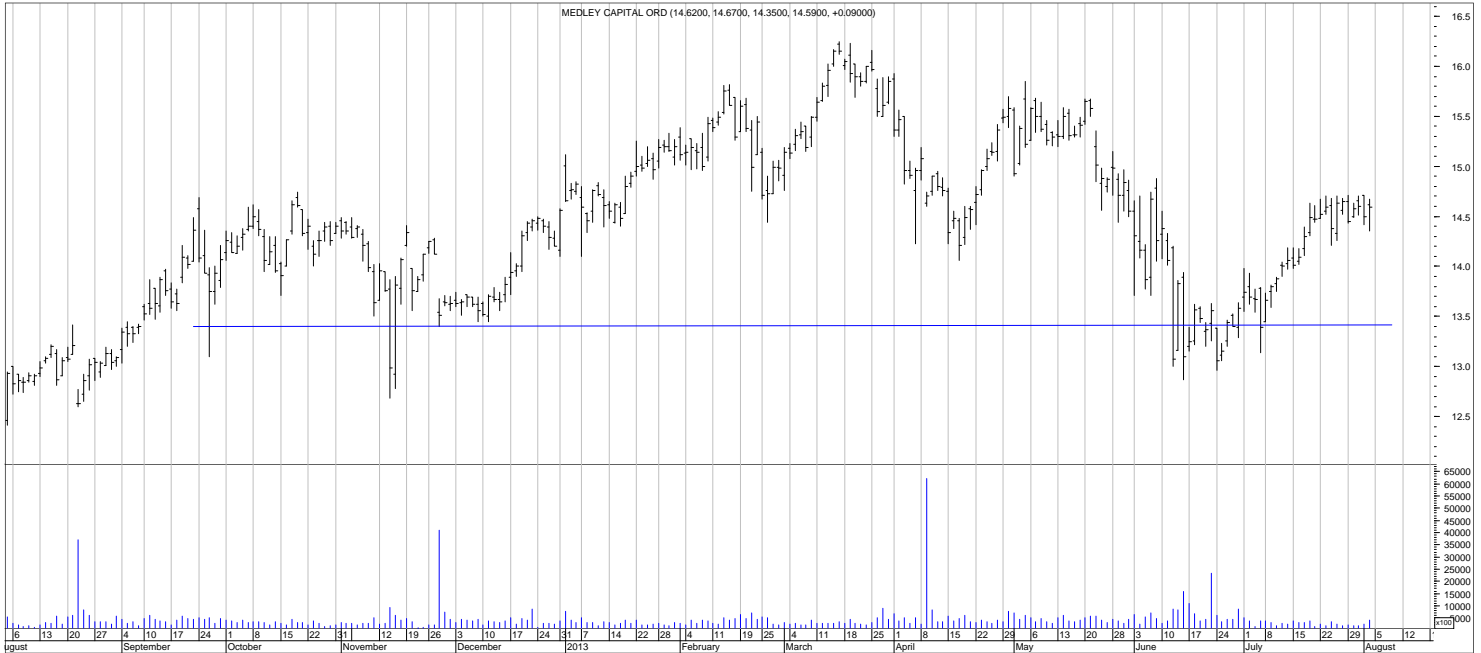
For this portfolio, we seek to outperform the Dow Industrials using proprietary timing and weighting formulas of the underlying thirty stocks of the Dow Industrials . We also will use the ETF that tracks the same. The symbol is DIA.

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

- 8/5 No changes.
- 7/29 No changes.
- 7/22 No changes.
- 7/15 No changes.
- 7/8 No changes. Will watch AA's earnings report for hints of economic direction.

Feature Company (updated)



Medley Capital Corp (MCC) is another business development company, lending to middle America. As you can see on the chart, it had come back down to where the price has major support. This is where we bought. 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. Since our purchase, it has rallied back up.

(Continued from page 1)

the Fed's programs. With interest rates at zero, spending the money instead of saving it has been the norm. Taper talk may bring some realignment of the markets into historical norms; that is, the market is overbought and is due for a correction.

The economy continues to barely expand, so we will closely

monitor these things and watch for any signs they are rolling over.

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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