

Stock Selections & Timing

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Volume 4
Issue 3

The Growth Portfolio has come on fairly strong in the past few months and is closing the gap in performance between it and the S&P 500. See the performance table below. On a longer term basis, it is slightly ahead of the S&P

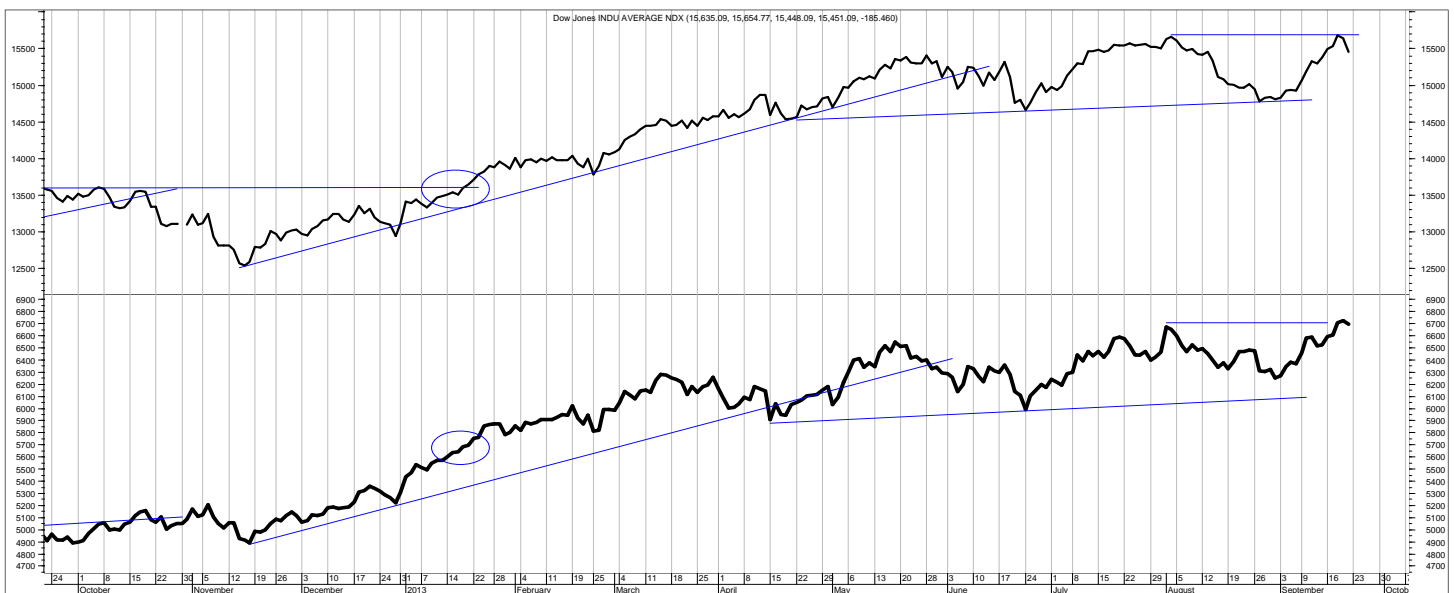
500. See page 2.

The stock market, as measured by the Dow Industrials and Transports, has rallied back to new highs as shown on the chart below. The news behind this move was the Fed deciding not to taper their bond buying pro-

grams.

Oddly, however, the reason the Fed won't taper is precisely what might otherwise be bearish for stocks; that is, the economy is coming in weaker than expected.

(Continued on bottom left on page 4)



This is the daily chart of the Dow Industrials (upper) and Dow Transports (lower).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	14.9%	12.1%	8.0%	8.0%	3.0%	1.4%
Dow30 Portfolio	5.8%	4.6%	1.6%	-1.1%	0.0%	0.0%
Index						
S&P 500 TR	22.4%	18.3%	9.7%	7.3%	2.7%	0.7%
Dow Industrials	19.4%	13.8%	6.5%	4.4%	2.9%	0.5%

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Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS						Value as of date: 9/20/2013					
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
17-Jun	buy	MCC	13.25	1,000	13,260	GENC			8.00	7.56	8.45	2,278	19,249.10	11.7%
18-Jun	sell	TAXI	14.41	600	8,636	WTT			1.00	0.87	1.90	7,500	14,250.00	8.7%
20-Jun	buy	SILU	1.35	10,000	13,510	OPLK			13.00	12.84	19.32	600	11,592.00	7.0%
16-Aug	sell	SILU	2.47	5,000	12,358	MCC		10.9%	13.80	13.25	13.52	1,000	13,520.00	8.2%
	exchange finalized		0.15	10,000	1,500	MCGC		12.9%	4.40	4.38	5.00	1,500	7,500.00	4.6%
						NGPC		8.7%	7.15	7.04	7.45	2,000	14,900.00	9.1%
9-Sep	buy	IRET	8.35	950	7,943	MVC		3.8%	13.00	12.71	13.15	1,200	15,780.00	9.6%
9-Sep	buy	O	39.96	200	8,002	GAIN		8.0%	7.55	7.48	7.31	1,000	7,310.00	4.4%
						IRET	7.85	6.3%	8.50	8.35	8.32	950	7,904.00	4.8%
23-Sep	sell	WTT	>1.88	2,000		O	38.00	5.5%	41.00	39.96	39.92	200	7,984.00	4.9%
23-Sep	sell	MCC	>13.47	1,000										
Above in green shows end price still below buy limit. Shown below is watch list for potential purchase at or below buy limit.														
Dividends												7,395.50	4.5%	
Money Market												1.00 37,061	37,061.00	22.5%
Total Valuation=												164,445.60	100.0%	

REVIEW since last issue

9/23 MCC is trading above its NAV (net asset value). It pays an excellent dividend, but time to look for an exit. WTT rallied back up and time to take more profits there.

9/16 After its nice rally, GENC is consolidating its gains. It is still undervalued. NGPC is looking for ways to narrow its stock price from its value and so its price jumped to the upside out of its previous trading range also.

9/9 GENC jumping. Still has 30% or more to go to reflect fair value. A beaten down area of the market is real estate. Buy the two new positions noted above.

9/3 No changes.

8/26 No changes.

8/19 Completed the sell of SILU. GENC may have begun its own breakout with my long-term target still north of \$12/share. No new recommendations at this time.

8/12 No changes. The downside risk is increasing. We will be monitoring areas to take profits.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	14.9	64.4
S&P 500 TR	15.0%	1.9	14.1	22.4	63.6

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: 9/20/2013							
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

9/23 Time to review this portfolio for strategy changes.

9/9 No changes.

9/3 No changes.

8/26 No changes.

Feature Company (reiteration)

A beaten down area of the stock market is real estate.

I will buy two new positions in this area IRET and O as noted on page 2. Each position will be roughly 5% of the total portfolio. Combined, they yield an average of nearly 6%.

(Continued from page 1)

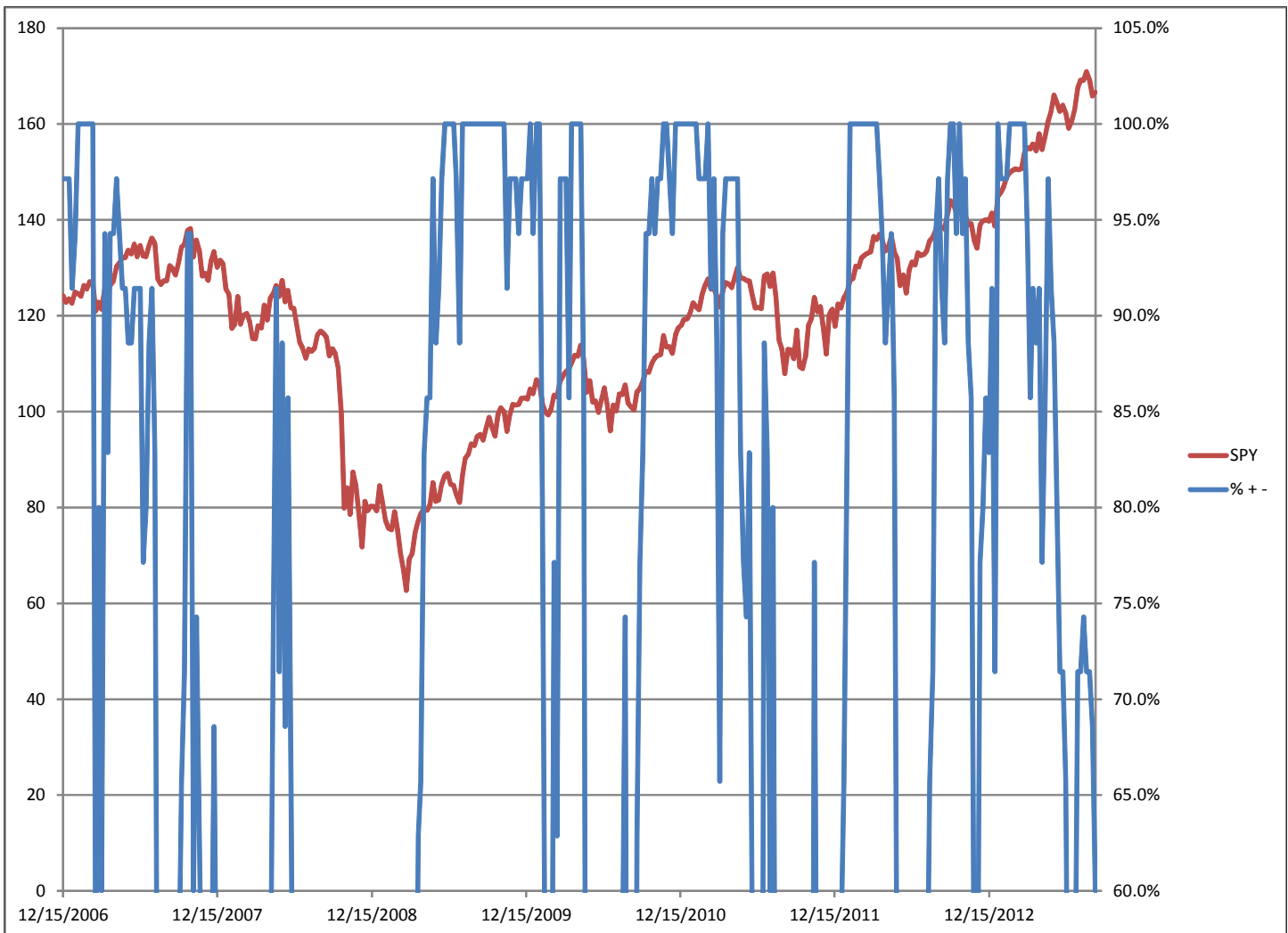
A weak economy, however, is not to say it is in a recession, but is just still slower growth. As well, the leading economic indicators continue to trend higher. There is no recession in sight, but simply muted growth.

At the same time, inflation remains well within the Fed's target below 2.5% annually. And the unemployment rate remains above its target of 6.5%. So the taper program is still in place and the near zero interest rate policy remains in place.

Mentioned last week was the real estate market. It corrected over the last few months, but should rebound with the Fed's in-place tapering program.

Please see the individual portfolio pages for any updates and changes.

Analysis (reiteration)



The chart above shows that the percentage of ETFs (a basket of 35 equity ETFs) above their 35-week moving average is shrinking, even as the SPY (S&P 500 index) continues to climb. This is potentially a worrisome negative divergence.

Consider the rallies in 2006 where the SPY hit recovery highs, while the % continued to decrease. The same scenario unfolded in the summer of 2010. In both instances, the subsequent action led to a severe bear market and a sharp pullback.

So, while the “general” the SPY leads, the troops are falling behind. This bears close watching.

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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