

Stock Selections & Timing

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East and West Met

Unlike the more muted recovery in the US, China seems to be doing well. Their purchasing managers index came in better than expected in October. 20 straight months of expansion. Their inflation is also increasing. So they raised interest rates. In turn this supports the yuan.

For the US, it's not like we

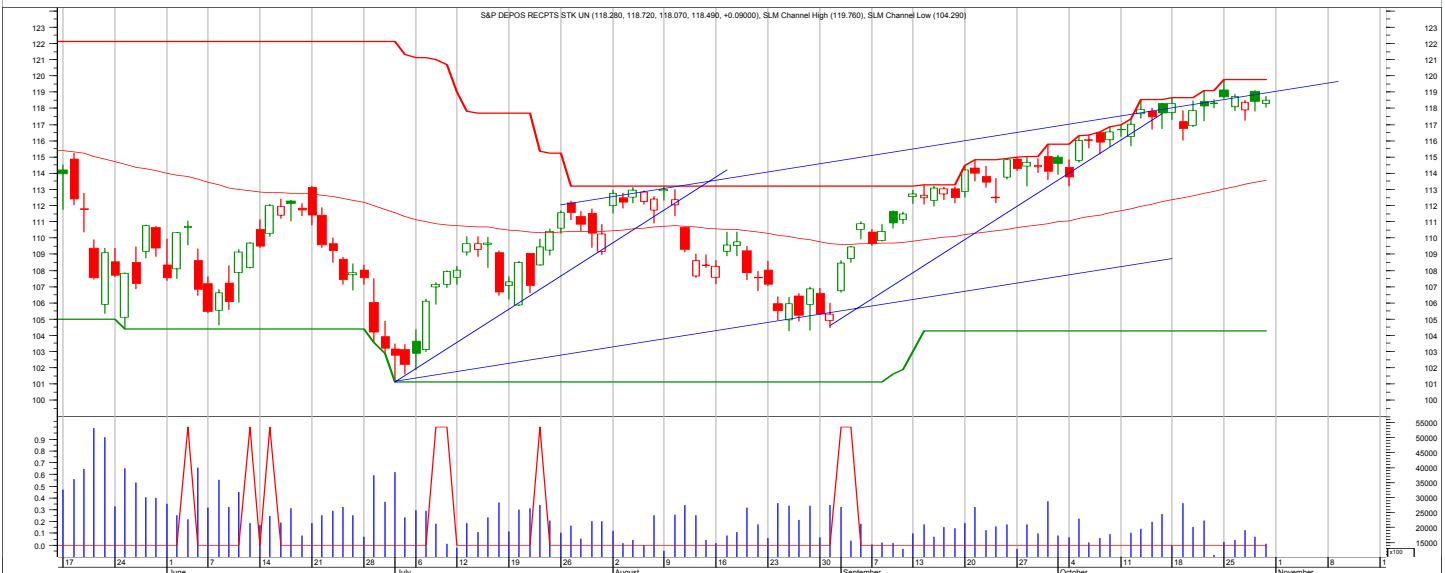
are still in recession. Our economy has recovered. Our GDP is growing. Corporate earnings have recovered to near where they were prior to the financial implosion of two years ago. So, what's the problem? Why hasn't the stock market yet recovered as well?

10% unemployment is one reason. This has been the long-

est post recession recovery without a corresponding increase in hiring.

The housing collapse is another reason. There are still too many underwater loans out there. The asset value doesn't cover the loan. If the bank had to mark the asset to its value, its solvency comes into question.

(Continued on bottom left on page 4)



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	1.9%		-1.2%	-2.1%	-0.1%	-0.1%
Dow30 Portfolio	4.9%		-0.5%	4.8%	1.1%	-0.1%
Wilshire 5000	8.0%		0.0%	8.0%	3.3%	0.2%
Dow Industrials	6.6%		1.0%	6.2%	2.8%	-0.1%

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Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS				Value as of date: 10/29/2010				
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop	Yield	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	1.33	7,813	10,391.29	10.2%	
2/22--	buy	DRAD	1.95	5,128	10,000	DRAD			1.95	1.92	5,128	9,845.76	9.7%	
4/5 -	buy	ECGI	0.98	10,204	10,010	ECGI			0.98	0.85	10,204	8,673.40	8.5%	
6/1 -	buy	GENC	7.82	1,278	10,004	GENC			7.82	7.15	1,278	9,137.70	9.0%	
6/14 -	buy	QCC	1.41	7,092	10,010	SILU			1.41	1.80	7,092	12,765.60	12.5%	
5-Aug	buy	TAXI	7.11	1,406	10,000	TAXI		8.6%	7.11	8.03	1,406	11,290.18	11.1%	
23-Aug	buy	ANH	6.86	1,449	9,952									
		buy up to \$6.95												
25-Aug	stop	ANH	6.72	1,449	9,747									
1-Nov	buy	DRAD		1,000										
		buy up to \$2.00												
						Money Market					1.00	39,795	39,795.00	39.1%
												Total Valuation=	101,898.93	100.0%

REVIEW since last issue

DRAD reported earnings on 10/28/10. The past news was pretty well expected, but the company seems fairly optimistic 2011. Time to buy more. Buy another 1000 shares up to a limit price of \$2.00/share.

The company has \$1.51 in net cash. The market is valuing a company with net sales of \$55 million for only \$9 million or so. Granted they lost money, but the company is fully capable of making money. Based on their report that may happen soon.

Dow 30 Portfolio

ACTION FOR						PORTFOLIO DETAILS				Value as of date: 10/29/2010			
Action Date	Action	Symbol	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	111.31	385.52	42,912.23	40.9%
3-May	buy	VZ	29.29	50	1,475								
3-May	buy	PFE	16.91	60	1,025								
3-May	buy	AA	13.15	231	3,048								
						PFE			17.86	17.42	227	3,954.34	3.8%
2-Aug	sell	T	26.69	120	3,213	AA			13.15	13.14	231	3,035.34	2.9%
2-Aug	sell	VZ	29.56	155	4,592	XOM			65.11	66.49	46	3,058.54	2.9%
2-Aug	buy	BAC	14.44	200	2,898	BAC			14.44	11.45	200	2,290.00	2.2%
2-Aug	buy	JNJ	58.72	50	2,946	JNJ			58.72	63.74	50	3,187.00	3.0%
4-Oct	sell	DIA	107.57	385.52	41,480								
						Money Market			1.00		46,465	46,465.00	44.3%
									Total Valuation=			104,902.45	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.

Feature Company

NONE THIS ISSUE

(Continued from page 1)

This has been the 20 year problem in Japan. Deflation. Likewise, the US keeps its interest rates very low, which hurts the dollar. It becomes a vicious cycle.

So, the US has ended up as

the biggest debtor nation and China the biggest creditor nation.

As to the stock market, I still expect some pullback. It continues to trade near what should be a top area. This week should be interesting with the elections and with the quantitative easing

schedules.

I'll let things ride as they are for now.

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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