

Stock Selections & Timing

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Volume 1
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Complacency Continues

Since the Federal Reserve announced its quantitative easing program II (QE II) back on 11/4/10, the stock market has peaked, but the percentage of bullish advisors and investors has nonetheless climbed. This is a worrisome development. The proverbial "wall of worry" that a bull market climbs does not appear to exist anymore.

What happens next is typically the bull market wall is then replaced by a bear market in which stocks fall on a "slope of hope". Obviously the slope of hope is tied to the QE II. The hope is QE II will lead to a more robust economy with job growth, but the slope is that stocks fall nonetheless.

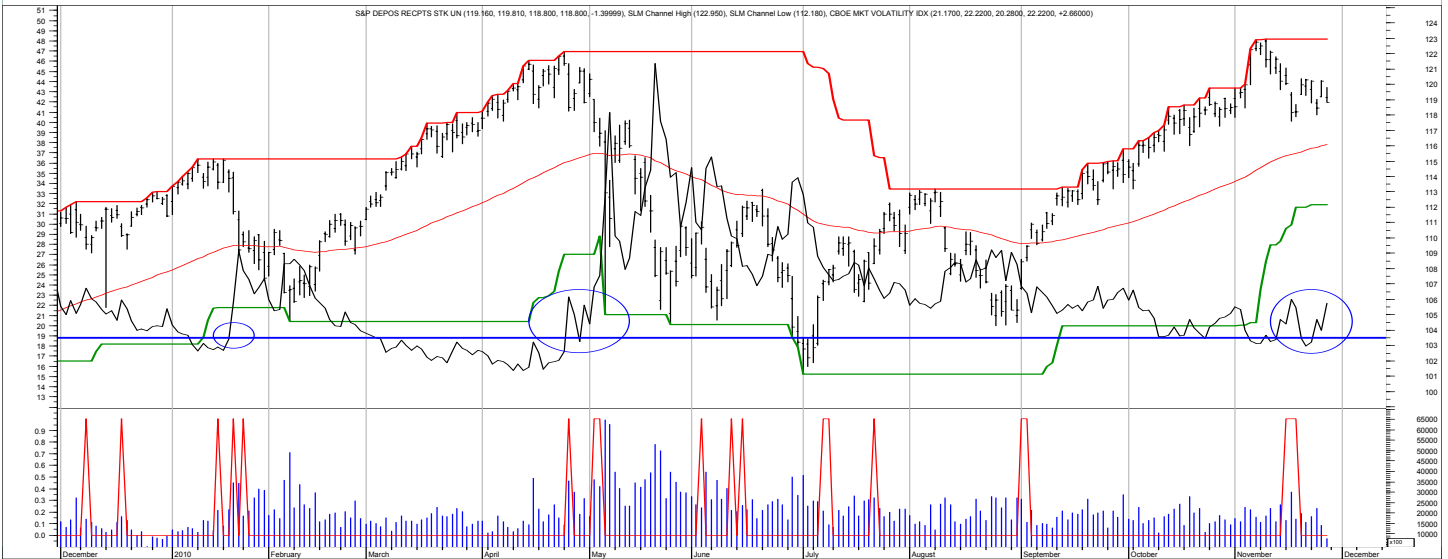
Consider these indicators.

Investor's Intelligence reports the percentage of bulls is still above 50%, which is a bearish contrarian indicator.

AII has settled back a bit, but is still suggesting complacency.

The VIX index was recently below 19, but has now turned up. See the chart on

(Continued on bottom left on page 4)



The chart is the daily S&P 500 with an 80-day moving average and other objects.

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	12.8%		9.4%	13.9%	10.7%	4.5%
Dow30 Portfolio	4.4%		7.2%	7.0%	-0.5%	-1.0%
Wilshire 5000	9.2%		10.1%	13.2%	1.2%	-0.5%
Dow Industrials	6.4%		9.4%	9.3%	-0.2%	-1.0%

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Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS				Value as of date: 11/26/2010			
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	2.30	7,813	17,969.90	15.9%
2/22--	buy	DRAD	1.95	5,128	10,000	DRAD			1.95	2.10	6,128	12,868.80	11.4%
4/5 -	buy	ECGI	0.98	10,204	10,010	ECGI			0.98	0.85	10,204	8,673.40	7.7%
6/1 -	buy	GENC	7.82	1,278	10,004	GENC			7.73	7.25	1,478	10,715.50	9.5%
6/14 -	buy	QCC	1.41	7,092	10,010	SILU			1.41	1.77	7,092	12,552.84	11.1%
		name change to SILU											
5-Aug	buy	TAXI	7.11	1,406	10,000	TAXI		8.6%	7.11	8.61	1,406	12,105.66	10.7%
23-Aug	buy	ANH	6.86	1,449	9,952								
25-Aug	stop	ANH	6.72	1,449	9,747								
1-Nov	buy	DRAD	1.95	1,000	1,960								
15-Nov	buy	GENC	7.18	200	1,446								
		buy up to \$7.25											
29-Nov	sell	TIII	\$2.10 or better	all									
29-Nov	buy	OXPS	up to \$17.50	300									
		Money Market											
									1.00		37,895	37,895.00	33.6%
									Total Valuation=			112,781.10	100.0%

REVIEW since last issue

11/29/10 TIII jumped further and is up about 75% from purchase price on good earnings. But it looks way ahead of itself. I will sell the full position.

As well, buy the feature company as noted above and on page 4.

11/15/10 DRAD is up about 20% since 11/1.

11/1/10 DRAD reported earnings on 10/28/10. The past news was pretty well expected, but the company seems fairly optimistic for 2011. Time to buy more. Buy another 1000 shares up to a limit price of \$2.00/ share.

11/15/10 GENC is still undervalued. I will buy more as noted above.

11/15/10 TIII reported great earnings today and jumped 26%.

Dow 30 Portfolio

ACTION FOR						PORTFOLIO DETAILS				Value as of date: 11/26/2010			
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	110.64	385.52	42,653.93	40.8%
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	16.49	227	3,743.23	3.6%
2-Aug	sell	T	26.69	120	3,213	AA			13.15	13.17	231	3,042.27	2.9%
2-Aug	sell	VZ	29.56	155	4,592	XOM			65.11	69.23	46	3,184.58	3.0%
2-Aug	buy	BAC	14.44	200	2,898	BAC			14.44	11.12	200	2,224.00	2.1%
2-Aug	buy	JNJ	58.72	50	2,946	JNJ			58.72	62.30	50	3,115.00	3.0%
4-Oct	sell	DIA	107.57	385.52	41,480								
29-Nov	sell	AA		all									
29-Nov	sell	JNJ		all									
						Money Market			1.00		46,465	46,465.00	44.5%
									Total Valuation=			104,428.01	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

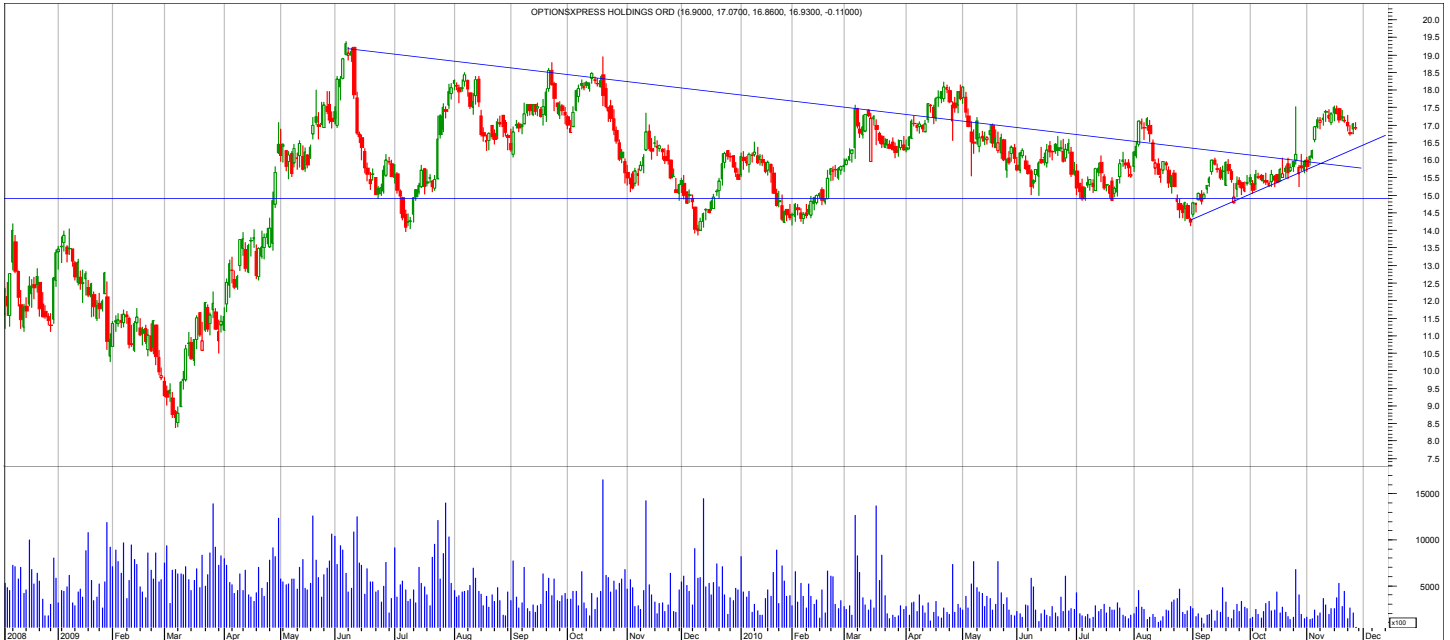
For this portfolio, we seek to outperform the Dow Industrials using proprietary timing and weighting formulas of the underlying thirty stocks of the Dow Industrials. We also will use the ETF that tracks the same. The symbol is DIA.

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

Sell the two positions as noted above. I will look to rebuy on further corrections.

Feature Company



OptionsXpress Holdings Inc (OXPS)

This company appears to be trying to sell itself. They announced on Monday 11/29 that they will pay a \$4.50 one-time dividend payable on 12/27 to shareholders of record on 12/13.

As well, the company intends to increase its share buyback

“much larger” than the \$20M that remains under a current program.

Market cap for the company is about \$1 billion.

Upside is projected back to its previous high above \$20 or about a 15% gain from here.

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page 1.

As well, company insiders are selling.

So, the market is still in correction mode. I'm projecting a down move of up to 15%, which puts the Industrials back to below

10,000.

I will look to reenter eventually, but will try to let the correction run its course first.

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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