

Stock Selections & Timing

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Yield

It's beginning to look a lot like Christmas and we still don't appear any closer to a Fiscal Cliff deal. The talk has been all about raising taxes and precious little about cutting spending.

We know the payroll tax of

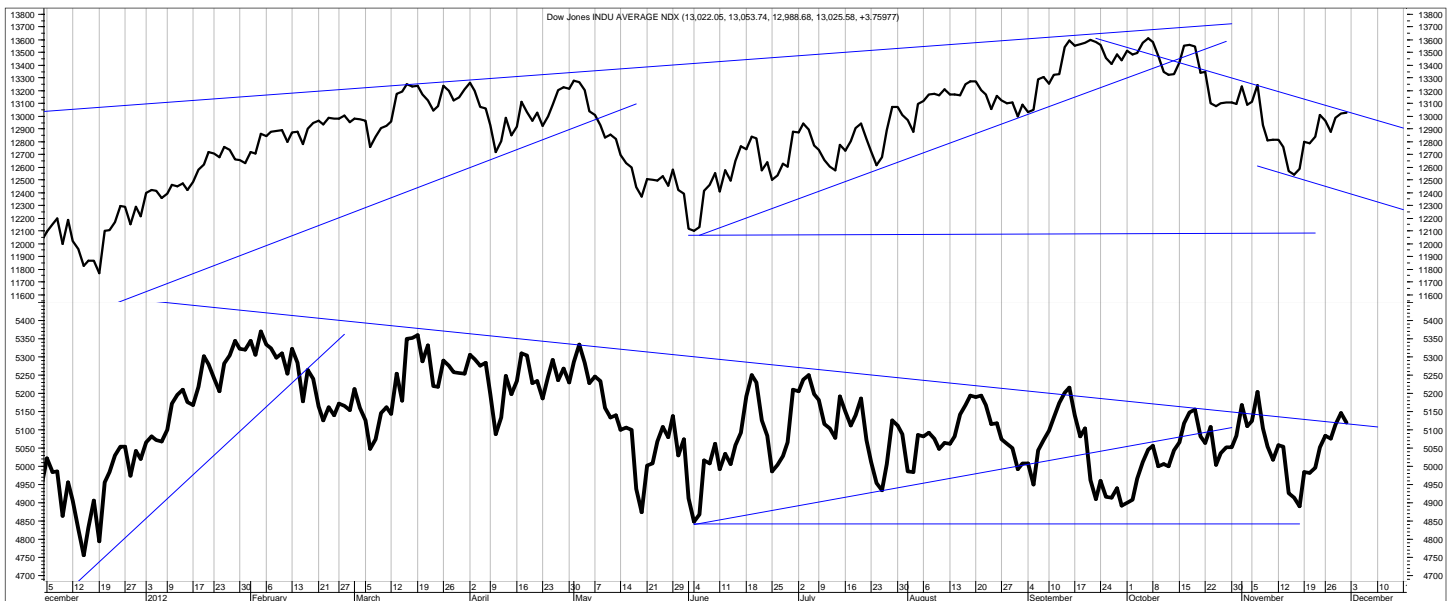
2% will be reinstated for everyone. We know the Obamacare tax will also kick in, though primarily it hits higher earners. Beyond that, we guess. Will tax brackets be raised? Will deductions be eliminated or loopholes closed? Will dividend and capi-

tal gains taxes be changed? What about corporate taxes, how will they be increased?

And they think they can settle these things in how many working days are left?

Spending we haven't even

(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 | 6.0% | 4.7% | 5.2% | -0.4% | 0.6% | 0.6% |
| Dow30 Portfolio | -1.7% | -2.0% | 0.9% | 0.0% | 0.0% | 0.0% |
| Wilshire 5000 TR | 13.2% | 14.2% | 10.4% | -0.1% | -0.9% | 0.0% |
| Dow Industrials | 6.6% | 8.4% | 7.5% | -1.0% | -0.5% | 0.1% |

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Stock Portfolio

| ACTION FOR | | | PORTFOLIO DETAILS | | | | Value as of date: 11/30/2012 | | | | | | | |
|--|--------|--------|-------------------|-------------|--------------|---|------------------------------|--------------|-----------|-------------|-----------|-------------|---------------|------------------|
| Action Dates | Action | Symbol | Action Price | # of Shares | Action Value | Symbol | Closing stop as of 9/7 | Yield at buy | Buy Limit | Start Price | End Price | # of Shares | Current Value | Percent of Total |
| 31-Jul | sold | WTT | 1.230 | 1,000 | 1,220 | | | | | | | | | |
| 31-Jul | bought | MCGC | 4.380 | 1,000 | 4,390 | | | | | | | | | |
| 1-Aug | bought | NGPC | 7.030 | 500 | 3,525 | GENC | | | 8.00 | 7.56 | 7.75 | 2,278 | 17,654.50 | 12.2% |
| 1-Aug | bought | OPLK | 13.00 | 300 | 3,910 | WTT | | | 1.00 | 0.87 | 1.26 | 9,000 | 11,340.00 | 7.8% |
| | | | | | | OPLK | | | 13.00 | 12.84 | 15.49 | 600 | 9,294.00 | 6.4% |
| 20-Aug | buy | NGPC | 7.030 | 500 | 3,525 | | | | | | | | | |
| 23-Aug | buy | MCGC | 4.37 | 500 | 2,195 | MCGC | | 12.9% | 4.40 | 4.38 | 4.46 | 1,500 | 6,690.00 | 4.6% |
| | | | | | | NGPC | | 8.7% | 7.15 | 7.04 | 7.20 | 2,000 | 14,400.00 | 10.0% |
| 11-Sep | sold | TAXI | 11.370 | 650 | 7,381 | O | | 4.4% | 41.50 | 40.76 | 40.27 | 180 | 7,248.60 | 5.0% |
| | | | | | | MVC | | 3.8% | 13.00 | 12.80 | 11.92 | 600 | 7,152.00 | 4.9% |
| 1-Oct | buy | O | 40.76 | 180 | 7,347 | GAIN | | 8.0% | 7.55 | 7.48 | 7.02 | 1,000 | 7,020.00 | 4.9% |
| 1-Oct | buy | MVC | 12.80 | 600 | 7,690 | | | | | | | | | |
| both positions will be roughly 5% of total portfolio | | | | | | WATCH LIST FOR POTENTIAL PURCHASE AT OR BELOW BUY LIMIT NEW FROM 11/30/12 | | | | | | | | |
| 15-Oct | buy | GAIN | 7.48 | 1,000 | 7,490 | TAXI | | | 11.00 | | | | | |
| this will be about 5% of total portfolio | | | | | | SILU | | | 1.40 | | | | | |
| 12-Nov | buy | NGPC | 7.05 | 1,000 | 7,060 | | | | | | | | | |
| 3-Dec | sell | O | >40 | all | | Dividends | | | | | | | 3,930.50 | 2.7% |
| | | | | | | Money Market | | | | 1.00 | | 59,857 | 59,857.00 | 41.4% |
| Total Valuation= | | | | | | | | | | | | 144,586.60 | 100.0% | |

REVIEW since last issue

12/3 New watch SILU a Canadian company lending to the natural resource sector.

11/26 No changes.

11/19 The dividend payers were hit hard the last few weeks because of the fears of upcoming tax changes.

While taxes may be a factor, I suspect the sell off is overdone.

11/12 Buy more NGPC as noted above.

11/5 GENC remains the cheapest stock out there I know of. OPLK reported \$0.26 q1 earnings, beating estimates of \$0.20. WTT is locked in a trading range, but, given good upcoming earnings, should move up.

10/30 MCGC reduced its dividend. Still trades below NAV.

10/22 MVC raised its dividend this payout by 13%.

No other changes of note.

10/15 Buy the new position as noted above.

| | 2010 | 2011 | ytd 2012 | Incptn | SD |
|-----------------|-------|------|----------|--------|------|
| Stock Portfolio | 12.3% | 21.4 | 6.0 | 44.6 | 16.6 |
| W5000 TtlRtrn | 17.7% | 0.5 | 13.2 | 33.9 | 12.2 |

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: 11/30/2012 | | | | | | | | |
|-------------|--------|-------------------|--------------|-------------|--------------|------------------------------|-------------------------|-------------|-------------|--------------|-------------|------------------|------------------|--------|
| 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 | 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

- 9/4 No changes. The selecting and timing model is undergoing changes.
- 8/20 No changes.
- 7/30 No changes.
- 7/23 No changes.
- 7/16 No changes.

Feature Company

New on the Watch List is SILU. It is a Canadian company loaning to the natural resource sector. It's NAV is about \$1.63 with a yield of about 4.4%. Current price is \$1.43. We'll try to buy at or below \$1.40.

(Continued from page 1)

talked about.

If the Office of Management and Budget (OMB) is right, early 2013 will be the start of a recession. Assuming no solution is forthcoming before 12/31, what should we begin to see to confirm this? A couple of things.

The leading economic indicators from the Conference Board should begin to roll downward. Right now they have been moving sideways since May.

We should see the stock market begin to reflect this new reality of an earnings slowdown. It should take out previous lows set up in mid November.

Unemployment and consumers are at best coincident if not lagging indicators, so while they may remain strong, they shouldn't be used to forecast.

At the same time, the Fed is fully committed to keeping interest rates down. This, generally speaking, still remains the stock

market's most bullish of indicators.

So, I remain fairly cautious. Please see the specific portfolio pages for changes and updates.

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 Wilshire 5000 TR (total return) includes dividend reinvestment.

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