

# Stock Selections & Timing

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January 10, 2011 (data through previous Friday's close)  
Volume 2  
Issue 1

## The New Year Begins

All in all it was a very good 2010 for Stock Selections & Timing.

The Stock Portfolio gained 12.5% with only about an average 50% invested position, while the Wilshire 5000 gained 15.5% with a 100% invested position.

The Dow 30 Portfolio suffered from its lower exposure to

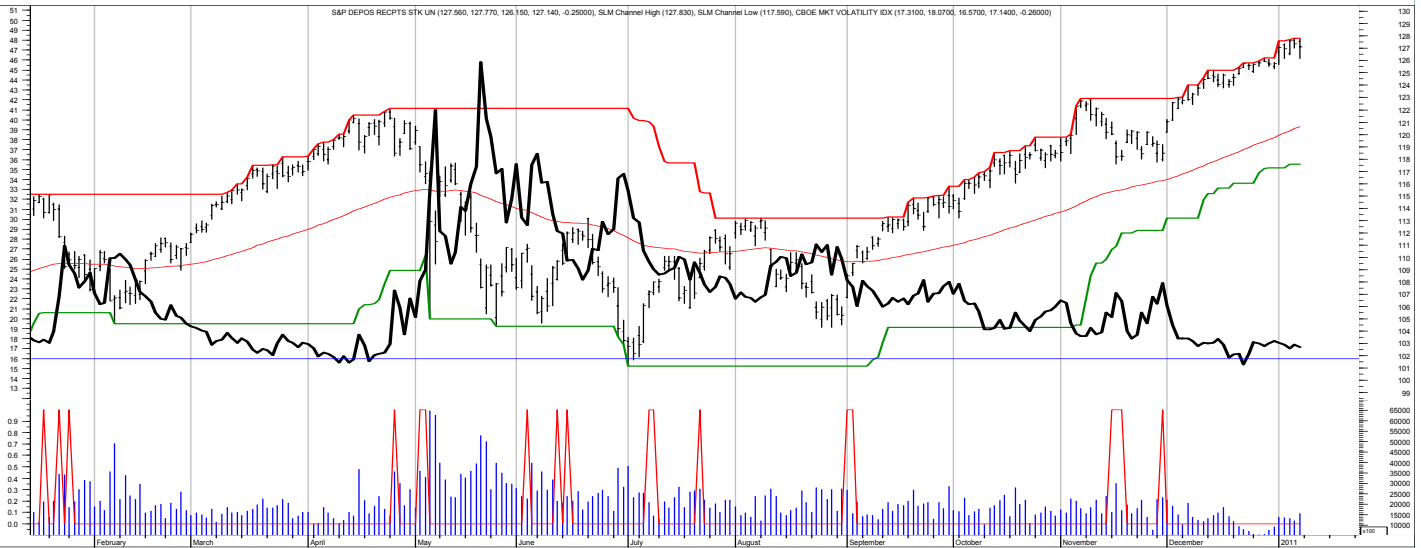
the market, but the individual Dow 30 stocks picked out did well. It gained 7.2% and the Average itself gained 11%.

The basic strategy with the Dow 30 Portfolio is to pick from and buy the weak Dow 30 stocks and then take profits as they near what looks to be their peaks.

The Stock Portfolio is more

eclectic. I use a value strategy generally and try to accumulate those stocks with the widest gap between their market valuation and intrinsic value to a strategic buyer. The best example so far has been TIII. I was buying it around \$1.30 and sold at \$2.20. But it has gone on up to over \$3.00. See issue 2/8/10 for de-

*(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	3.6%	16.3%	13.4%	13.3%	0.4%	3.6%
Dow30 Portfolio	0.8%	8.1%	10.5%	2.9%	0.5%	0.8%
Wilshire 5000	1.0%	14.0%	19.6%	10.1%	1.4%	1.0%
Dow Industrials	0.8%	10.0%	14.5%	6.1%	1.5%	0.8%

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# Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS				Value as of date:			1/7/2011	
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	
6/14 -	buy	QCC	1.41	7,092	10,010									
		name change to SILU												
5-Aug	buy	TAXI	7.11	1,406	10,000	DRAD			1.95	2.13	6,128	13,052.64	11.2%	
23-Aug	buy	ANH	6.86	1,449	9,952	ECGI			0.97	1.12	12,204	13,668.48	11.7%	
25-Aug	stop	ANH	6.72	1,449	9,747	GENC			7.73	7.30	1,478	10,789.40	9.3%	
1-Nov	buy	DRAD	1.95	1,000	1,960	SILU			1.41	1.83	7,092	12,978.36	11.2%	
						TAXI		8.6%	7.11	8.38	1,406	11,782.28	10.1%	
15-Nov	buy	GENC	7.18	200	1,446	CLCT		9.1%	14.20	13.91	800	11,128.00	9.6%	
		buy up to \$7.25												
29-Nov	sell	TIII	2.20	7,813	17,199	ADC		8.7%						
			\$2.10 or better											
29-Nov	buy	OXPS	17.20	300	5,170									
			up to											
7-Dec	sell	OXPS	\$20.82	300	6,256									
13-Dec	buy	CLCT	\$14.30	800	11,450									
27-Dec	buy	ECGI	\$0.89	2,000	1,790									
10-Jan	buy	ADC	<23.50	200		Money Market					1.00	42,940	42,940.00	36.9%
											Total Valuation=	116,339.16	100.0%	

## REVIEW since last issue

1/10/11 Wow; sold TIII too soon; it's up another 50% since the sell price. The other positions continue to do well. I'll buy ADC per page 4.

12/27/10 ECGI reported good news. The stock is dirt cheap still, trading below 50% of its net cash. It should at least be trading at \$1.50. Increase the holdings back to roughly 10% of the total portfolio.

12/13/10 I traded OXPS, gaining about 20% on the trade.

The other positions may be subject to tax-loss selling. I expect them all to climb in 2011.

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: 1/7/2011					
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	116.57	385.52	44,940.07	41.6%
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	18.34	227	4,163.18	3.9%
2-Aug	sell	T	26.69	120	3,213							
2-Aug	sell	VZ	29.56	155	4,592	XOM		65.11	75.59	46	3,477.14	3.2%
2-Aug	buy	BAC	14.44	200	2,898	BAC		14.44	14.25	200	2,850.00	2.6%
2-Aug	buy	JNJ	58.72	50	2,946							
4-Oct	sell	DIA	107.57	385.52	41,480							
29-Nov	sell	AA	13.29	231	3,080							
29-Nov	sell	JNJ	61.91	50	3,106							
						Money Market		1.00		52,651	52,651.00	48.7%
											Total Valuation=	108,081.39 100.0%

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

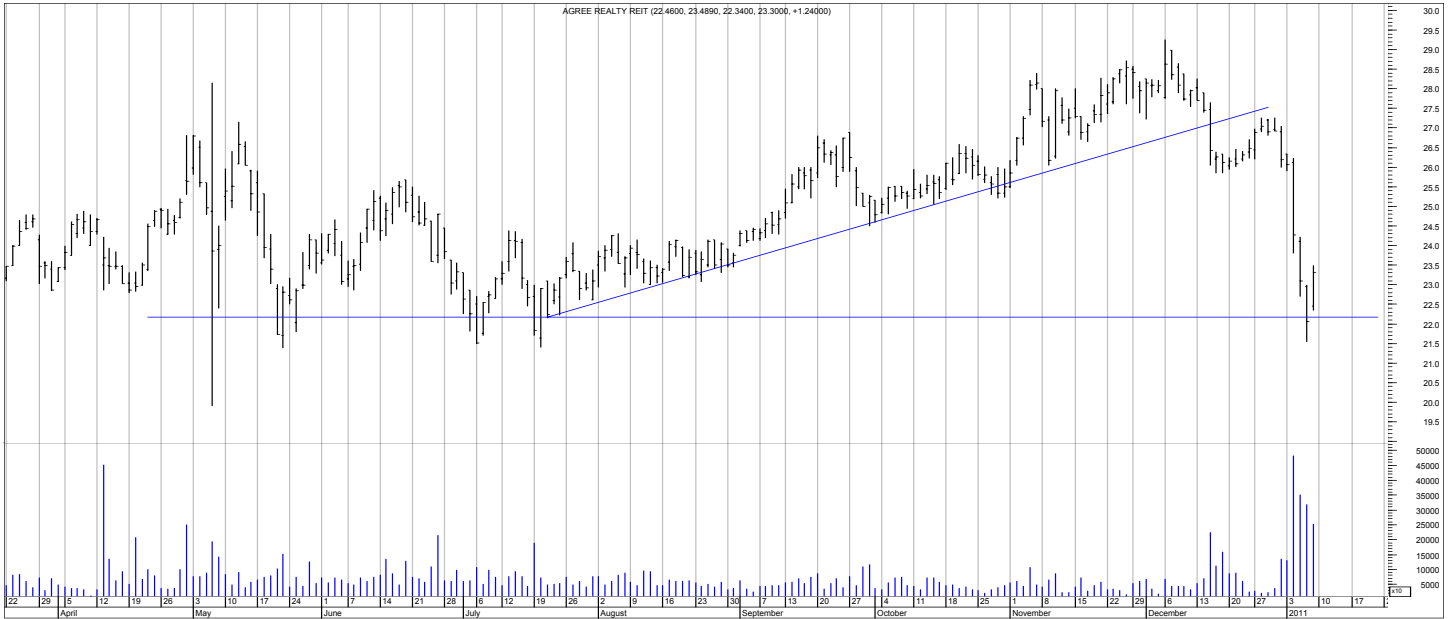
For this portfolio, we seek to outperform the Dow Industrials using proprietary timing and weighting formulas of the underlying thirty stocks of the Dow Industrials. We also will use the ETF that tracks the same. The symbol is DIA.

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

To reiterate from two weeks ago. No changes. The expected pullback has yet to occur. There was a mild pullback in November, but end of year window dressing pushed the market higher. I still expect a correction of up to 15%.

# Feature Company



Even though the stock market as a whole hasn't corrected, some stocks have. Agree Realty Corp. (AD) is an example. It is near a long-term support line after a couple of broker downgrades. The fundamentals, however, look very intact.

“Agree Realty Corporation is a self-administered and self-managed real estate investment trust (REIT). The Company's operations are conducted through, directly or indirectly, Agree Limited Partnership (Operating Partnership), of which the Company is the sole general partner, and in which it

held a 95.93% interest as of December 31, 2009. The Company is focused primarily on the ownership, development, acquisition and management of retail properties net leased to national tenants. It specializes in developing retail properties for national tenants who have executed long-term net leases prior to the commencement of construction. At December 31, 2009, the Company's portfolio consisted of 73 properties, located in 16 states containing an aggregate of approximately 3.5 million square feet of gross leasable area (GLA). As of December 31, 2009, its portfolio included 61

freestanding net leased properties and 12 community shopping centers that were 98.1% leased.”

At today's prices, the stock yields 8.6%. On a valuation basis compared to its peers, it trades about 1/2 the values. Its PE ratio is 9x versus 20x the sector average. Return on equity is a healthy 15%. It uses little debt to fund its purchases.

Time to slowly accumulate this stock. It's in a lower risk zone and pays a nice dividend.

*(Continued from page 1)*

tails of the company, the rational, and projections.

These opportunities are typically found in the small cap arena, but I have also begun to accumulate some large cap dividend paying stocks because I

think they are cheap given low interest rates.

The potential issue with these, and really with the stock market as a whole, is the sell off in bonds. When bond prices fall, yields rise. When yields rise, it makes other things less valuable,

all other things being equal.

So as usual, we'll need to monitor these things and take them into account as the weeks go by in the new year.

# 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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