

Strategic Investing

Fred Richards

AAII – San Francisco

March 17, 2012

Disclaimer

The content of this presentation is for the edification of the audience and has not been endorsed, nor approved of, by any of the persons, companies, nor websites mentioned herein, or during the course of this presentation.

The author and/or speaker has attempted to verify all information but does not take any responsibility for any action which a member of any audience (both in person or in a subsequent venue) makes of the information which is presented herein.

Results obtained in prior years are no guarantee of results either this year or in the future.

You and you alone are responsible for any decisions you make based upon the information obtained during the course of this presentation.

Fred Richards.

Acknowledgements

- We gratefully acknowledge the data provided by various sources in this presentation and have identified on each chart the source from which the charts were obtained.
- Special thanks to Market News International and Haver Analytics.
- Current Agriculture data courtesy of ProFarmer.com.

What's your investment goal?



15-09805R8 [R8] © www.visualphotos.com

**Your goal
should be to
capture
the major portion
of a move!**

60 years of Change 1952 - 2012

THE WALL STREET JOURNAL.

BARRON'S
MARCH 27, 1962

NATIONAL BUSINESS AND FINANCIAL WEEKLY

Carpus Capitalists
The Entrepreneurial Spirit Turns in Academia

As the nation's leading business and financial weekly, Barron's has been a vital source of information for investors and business leaders for over 60 years. Its comprehensive coverage of the stock market, corporate news, and financial trends has made it an indispensable resource for anyone interested in the business world.

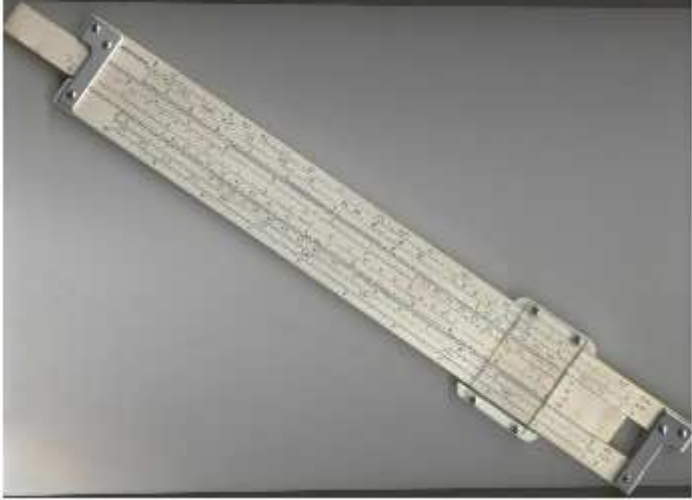
OCTOBER • 1964

STANDARD & POOR'S
STOCK GUIDE

BELL & BECKWITH
Publishers
114 State Street Phone CHicago 1-4411
TOLEDO, OHIO

The image shows a yellow sheet of graph paper with a grid pattern. The grid consists of 20 columns and 20 rows. The columns are labeled with letters from A to T, and the rows are labeled with numbers from 1 to 20. The paper has three binder holes on the left side.



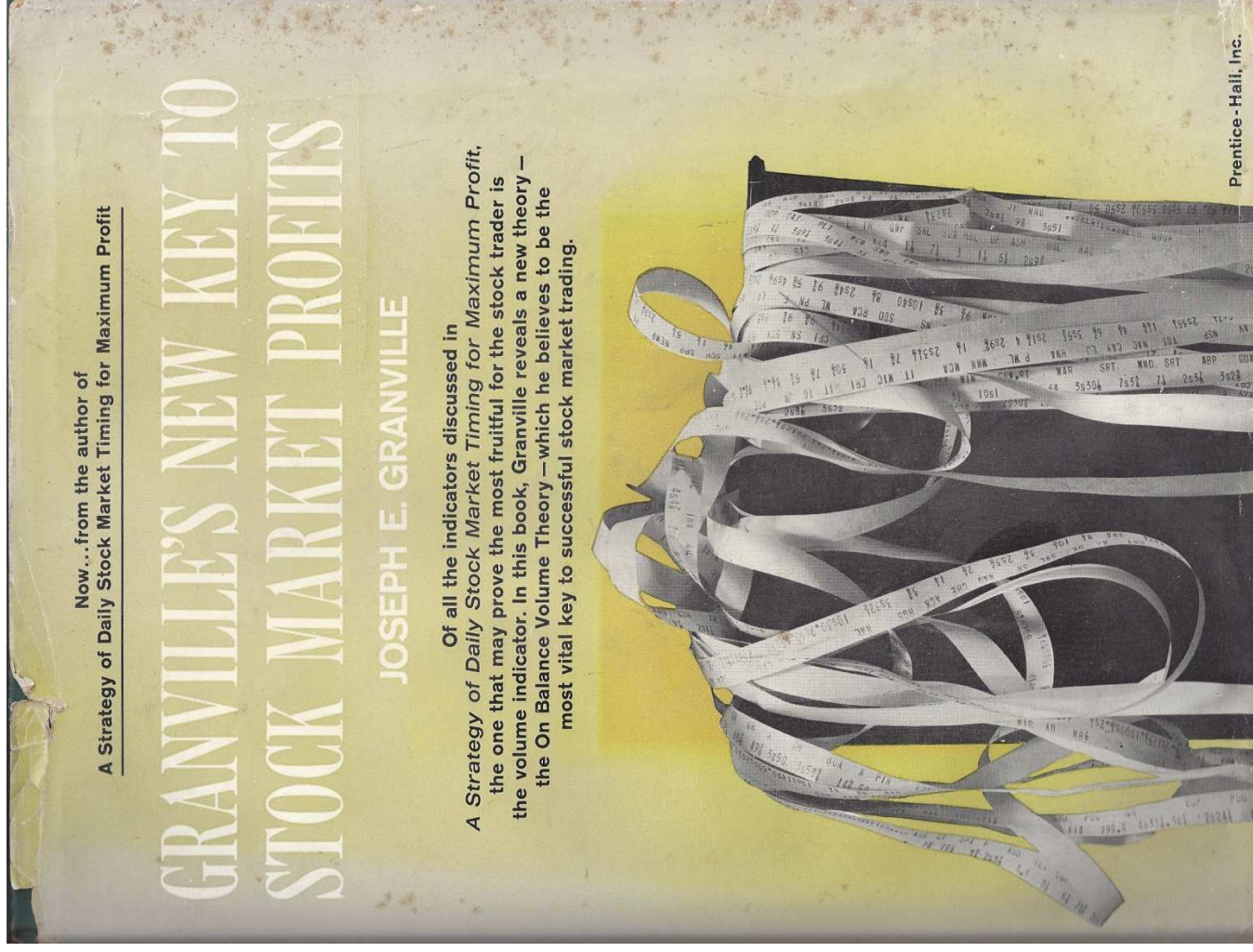


Went to Wall Street
for
Final Interview on
March 1, 1962

AA #1 Crashed
March 1, 1962
Jamaica Bay,
NYC
Arnold Kirkeby
dead



The Beginning of Technical Analysis using Volume - 1963



Words of Wisdom – William T. Golden

- Invest 85% of your funds in stocks with increasing sales and earnings!
- Invest 15% of your funds in special situations
- Does the company have a large moat?
- Don't be afraid to only ride one horse!
- Just be sure it is a winner!
- Cut your losses quickly!
- Where are the Customer's Yachts?

Are you elephant hunting?



March 17, 2012

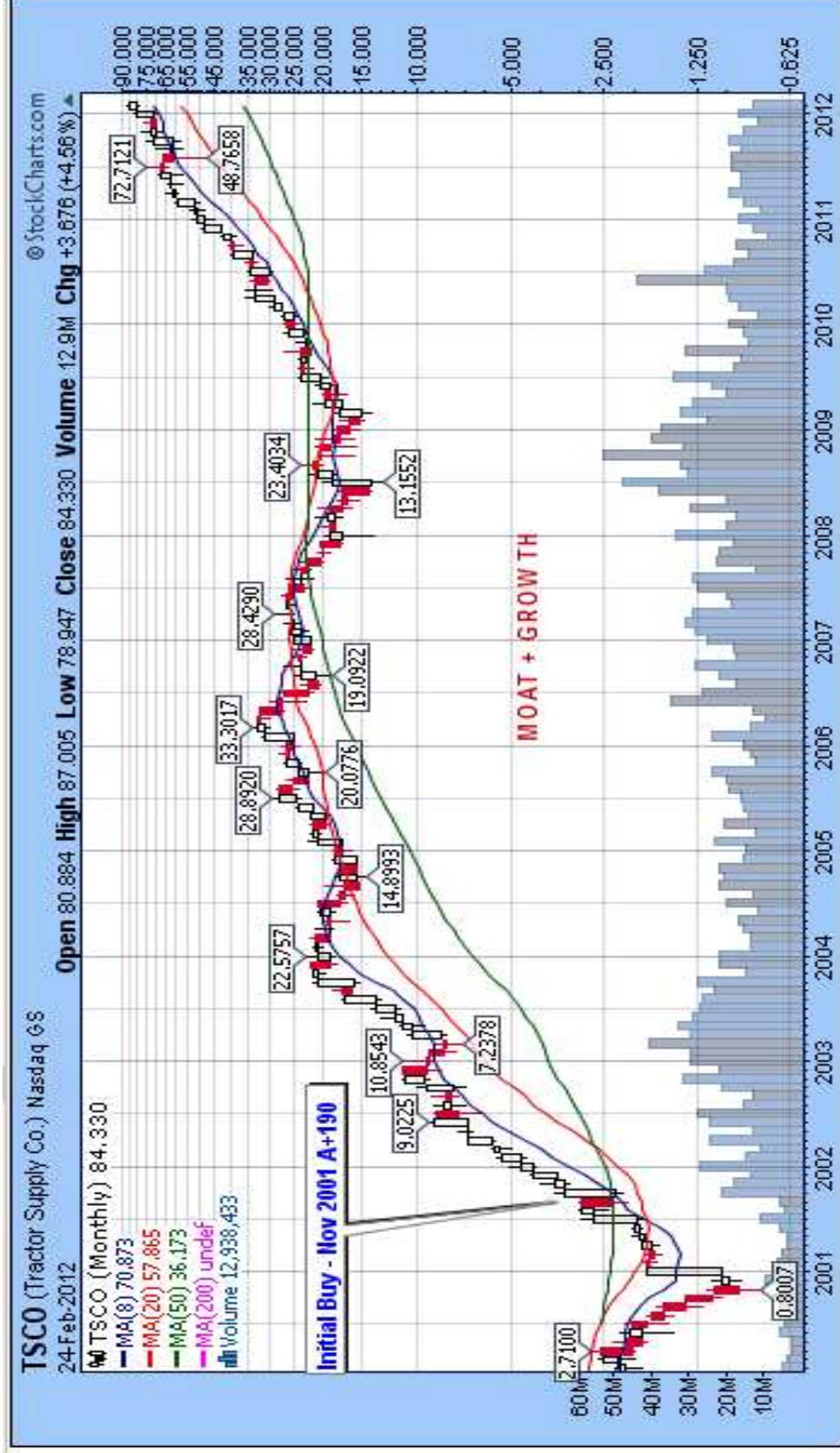
© Strategic Investing

12

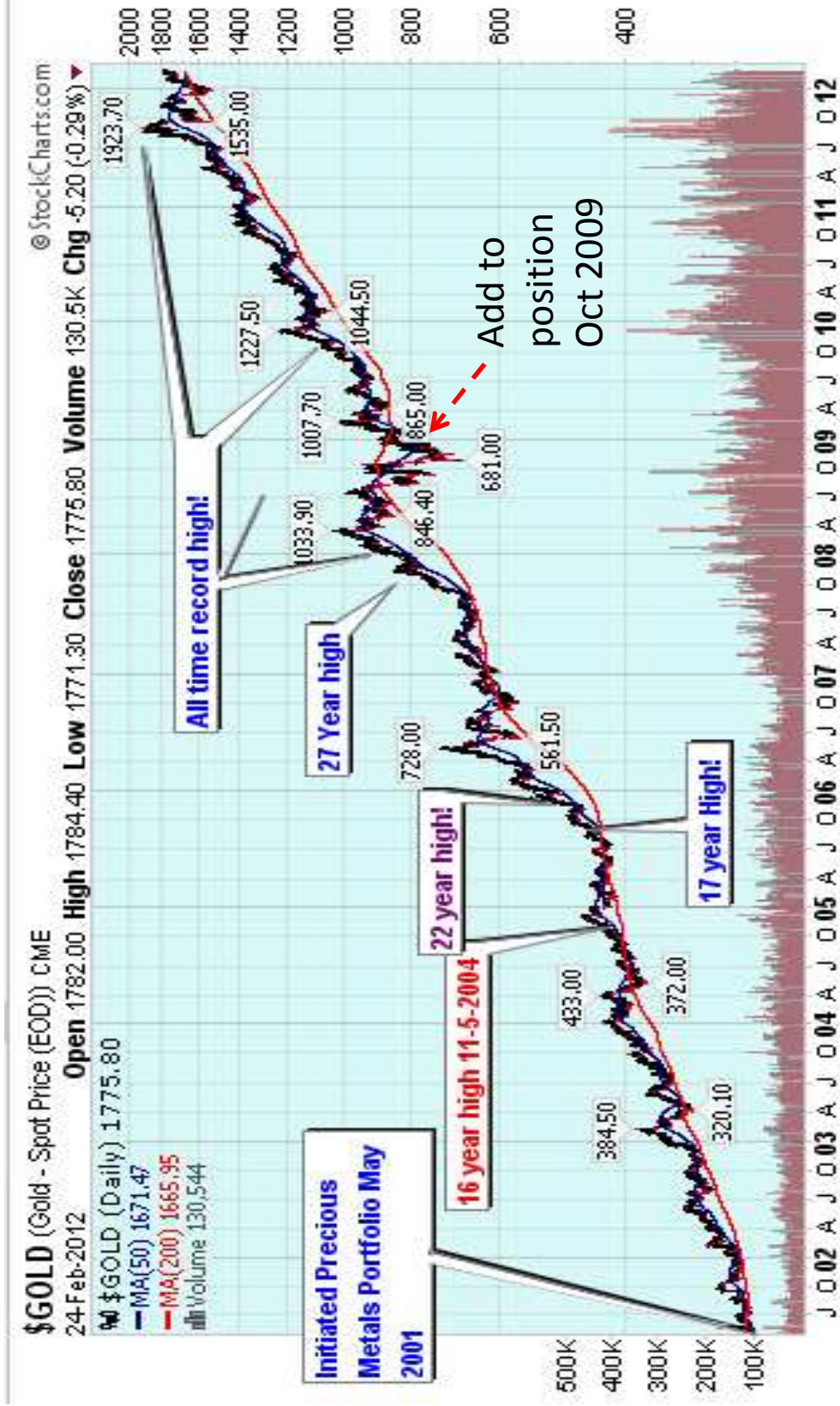
MICROSOFT - MSFT



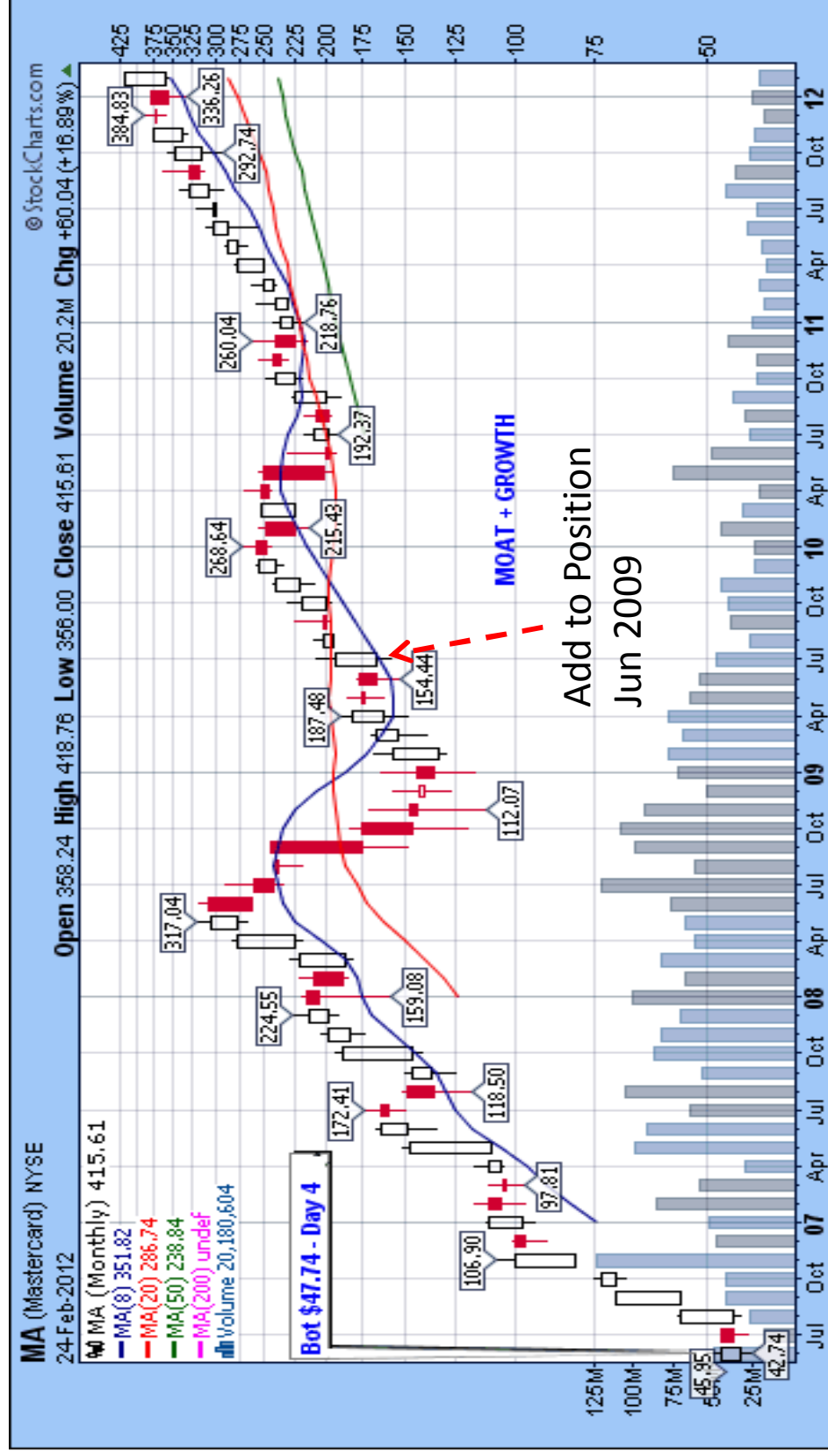
TRACTOR SUPPLY - TSCO



GOLD



MASTERCARD - MA





OR are you seeking bugs and fleas?

The answer determines your long-run investment success



**MOATS ARE IMPORTANT!
AND
SO IS RIDING ONE HORSE!**



The confusion inspired by hope!



Strategic Investing's Mission Statement

- Focus on stocks with increasing revenues and profits.
- Seek Competitive walls or “Moats”
- Is the company an innovator?
- Where do you rank the Management?
- Do they have a meaningful stake in the company?

Success requires understanding:

- Major trends in economics that can affect markets
- Asset allocation timing strategies
- Political realities
- Demographics
- The concept of momentum in trading
- The requirement for due diligence before investing
- The need for a disciplined approach to stocks
- An appreciation for innovation that will affect the future

**There's always
Opportunity!**

Concepts of Little Practical Use

- Modern Portfolio Theory
 - Assumes market participants never make mistakes
 - Assumes all risks can be hedged and never melt down
 - Assumes everyone knows the “correct price”
 - Assumes volatility levels that are not realistic
 - Creates securities that become weapons of mass financial destruction, i.e., credit default swaps, other derivatives
 - Implies that non-regulated markets always function well
- Sharpe Ratio
- Diversification
- Post-modern Portfolio Theory

What's your Niche?

- Individual Investor or OPM?
- Growth vs. Value
- Income/Dividend
- Large, Medium or Small
- Small Cap vs. Large Cap
- Aggressive vs. Conservative
- Performance vs. Diversification

Concepts to Confuse . . .

- MACD
- BOLLINGER BANDS
- FIBONACCI
- KELTNER CHANNELS
- ICHIMOKU CLOUDS
- PARABOLIC SAR
- VWAP
- CCI
- TRIX
- STOCHASTICS
- CHAIKEN OSCILLATOR
- CHAIKEN MONEY FLOW
- FORCE INDEX
- PVO
- WILDERS DMI (ADX)
- AROON
- AROON OSCILLATOR
- SCTR LINE
- ANDONANDONANDON

Fred Richards

ECONOMIC INDICATORS AND MARKET OVERVIEW

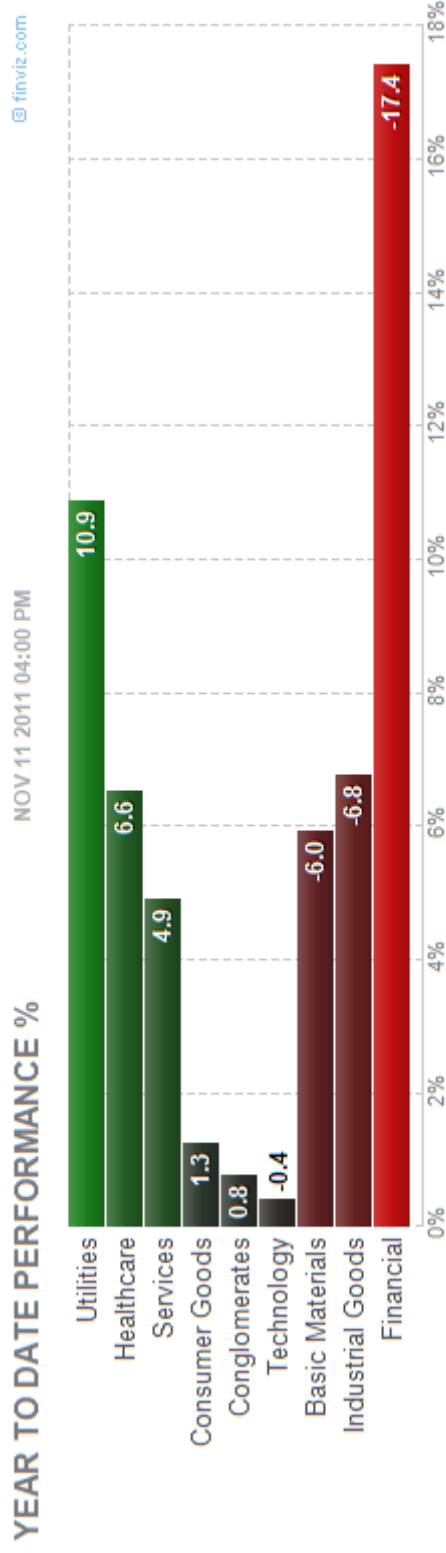
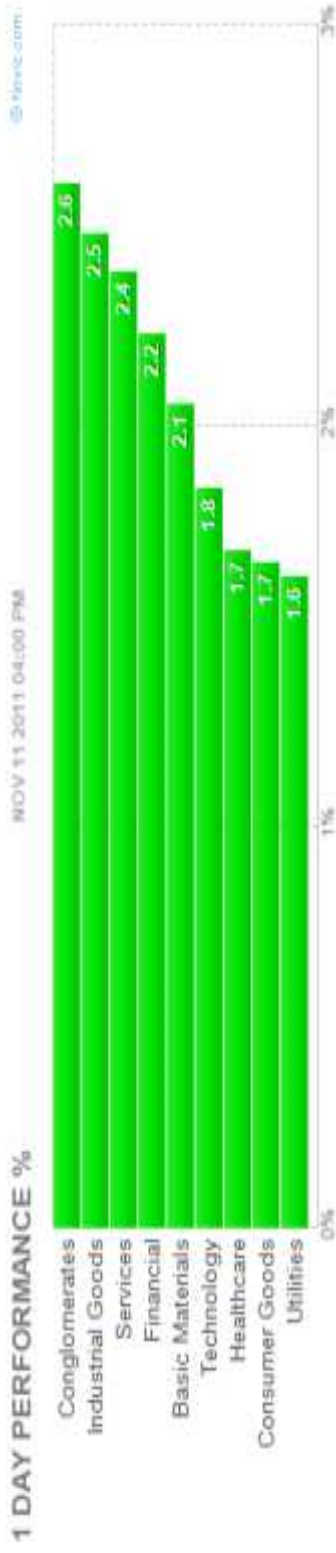
March 17, 2012

© Strategic Investing

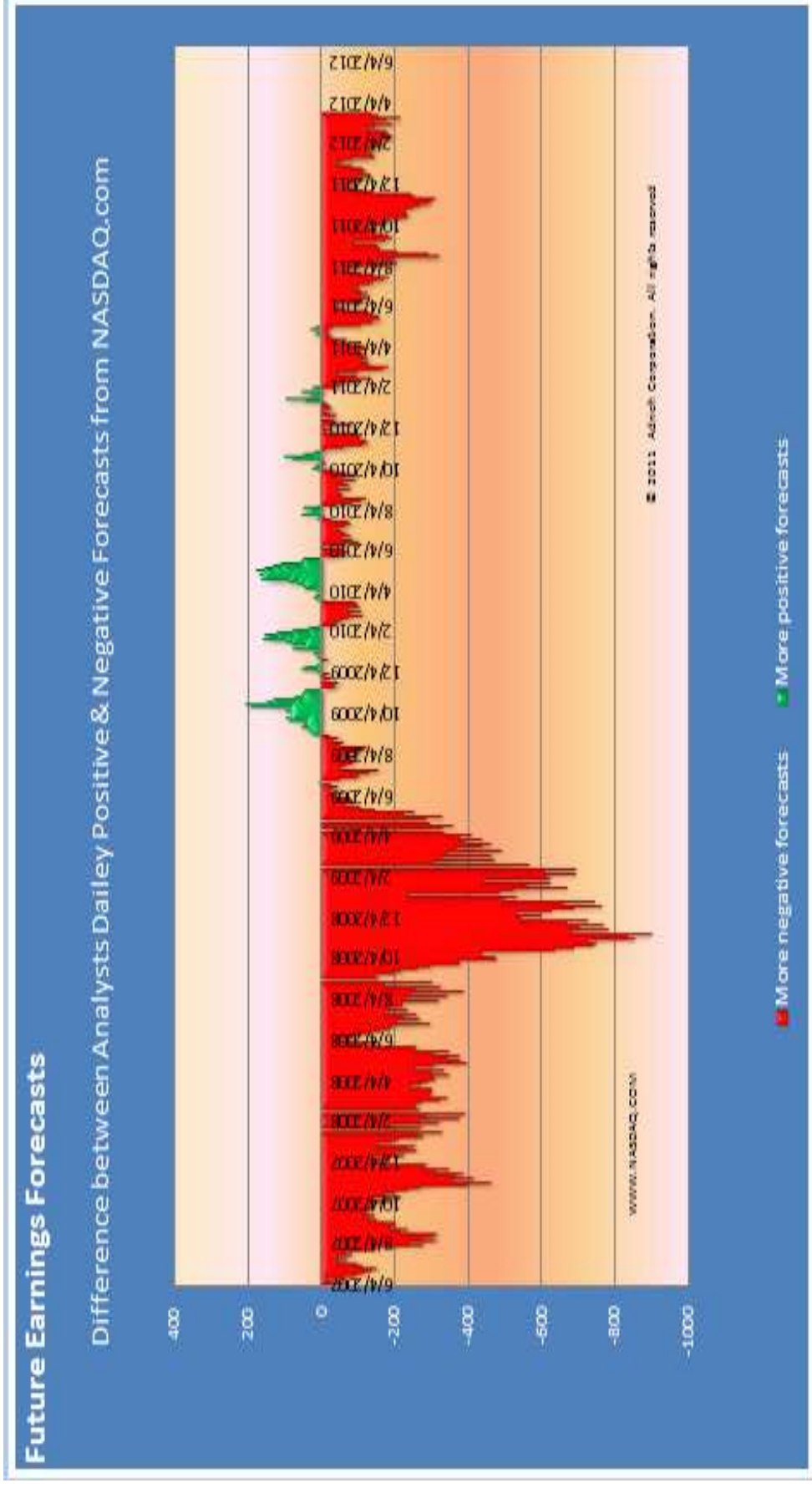
26

Market Under Pressure

IBD® Current Outlook



Future earnings forecasts via NASDAQ



Basic Trend Concepts

The Simple Timing Indicator

Support/Resistance Lines

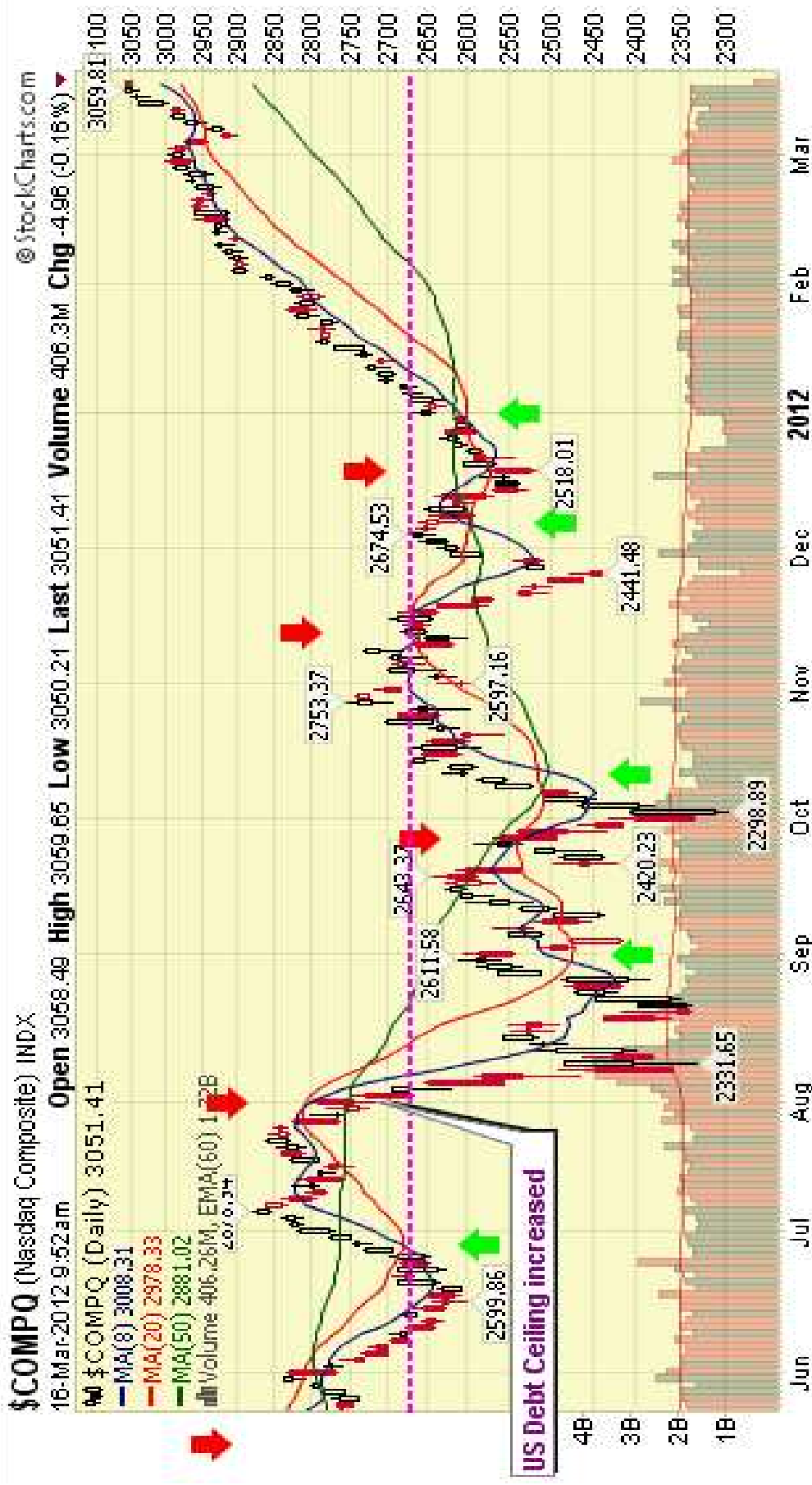
Channels

Accumulation/Distribution Levels

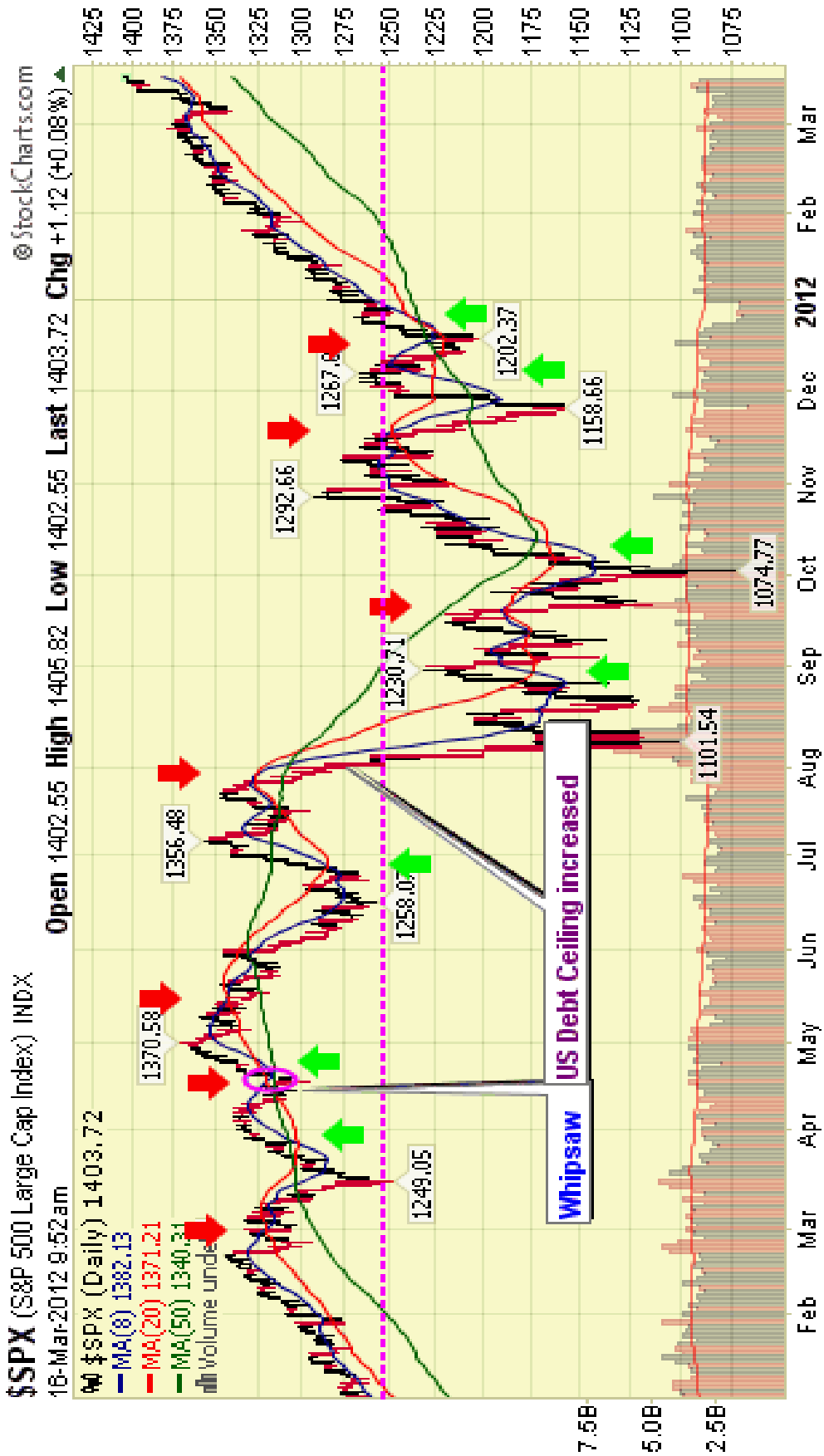
The Simple Timing Indicator

- It is a moving average cross-over system.
- Strategic Investing uses an 8x20 simple moving average.
- High Growth Stocks (HGSI) uses a 9x17 exponential moving average.
- A variety of systems are in use.

NASDAQ – 8 x 20 SMA



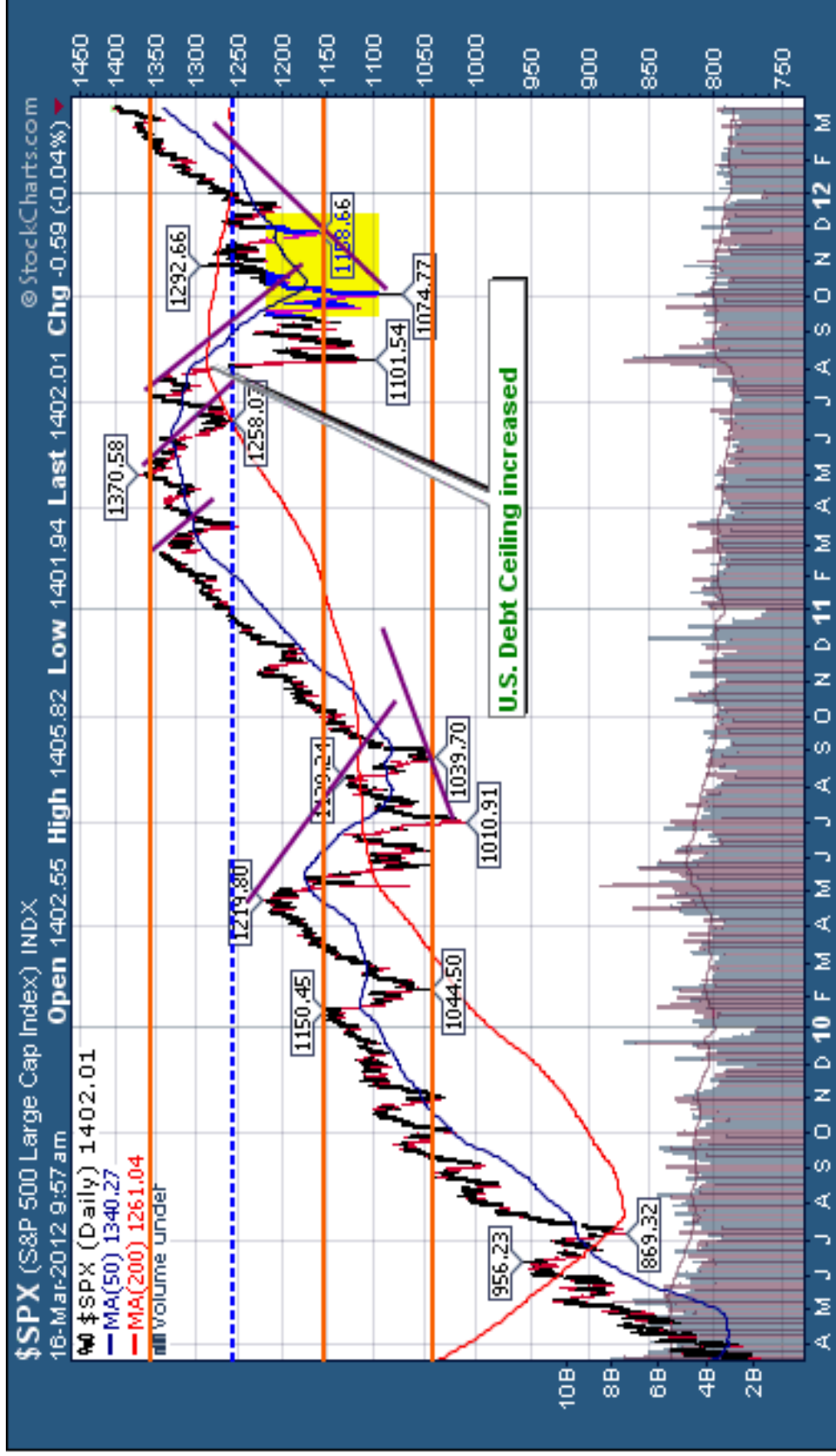
S&P 500 – 8 x 20 SMA



Simple Charting Techniques

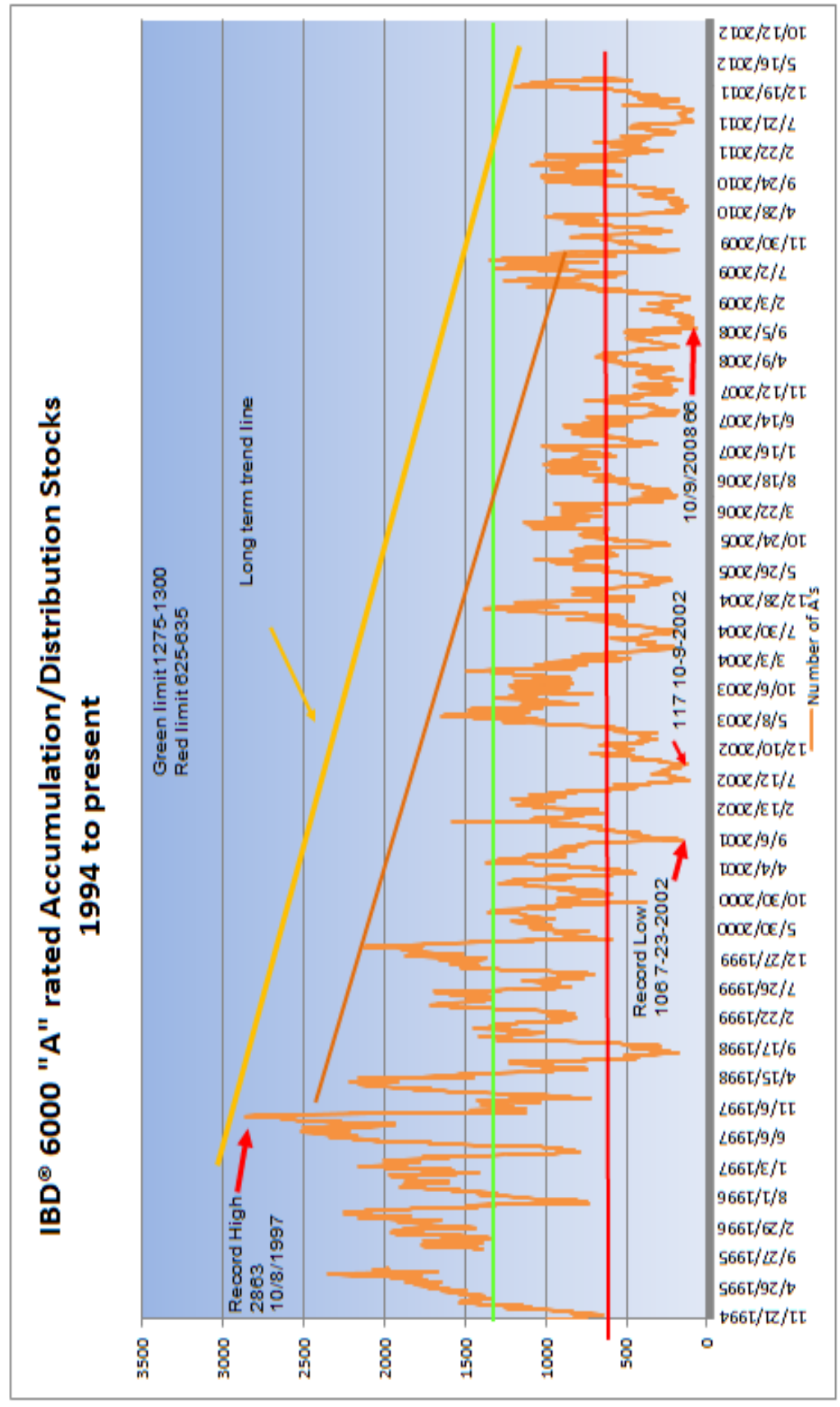
- Trend Lines
- Support/Resistance Levels
- Moving Averages
- Channels
- Candlesticks, OHLC, HLC, Close only

Support/Resistance – Trend Lines



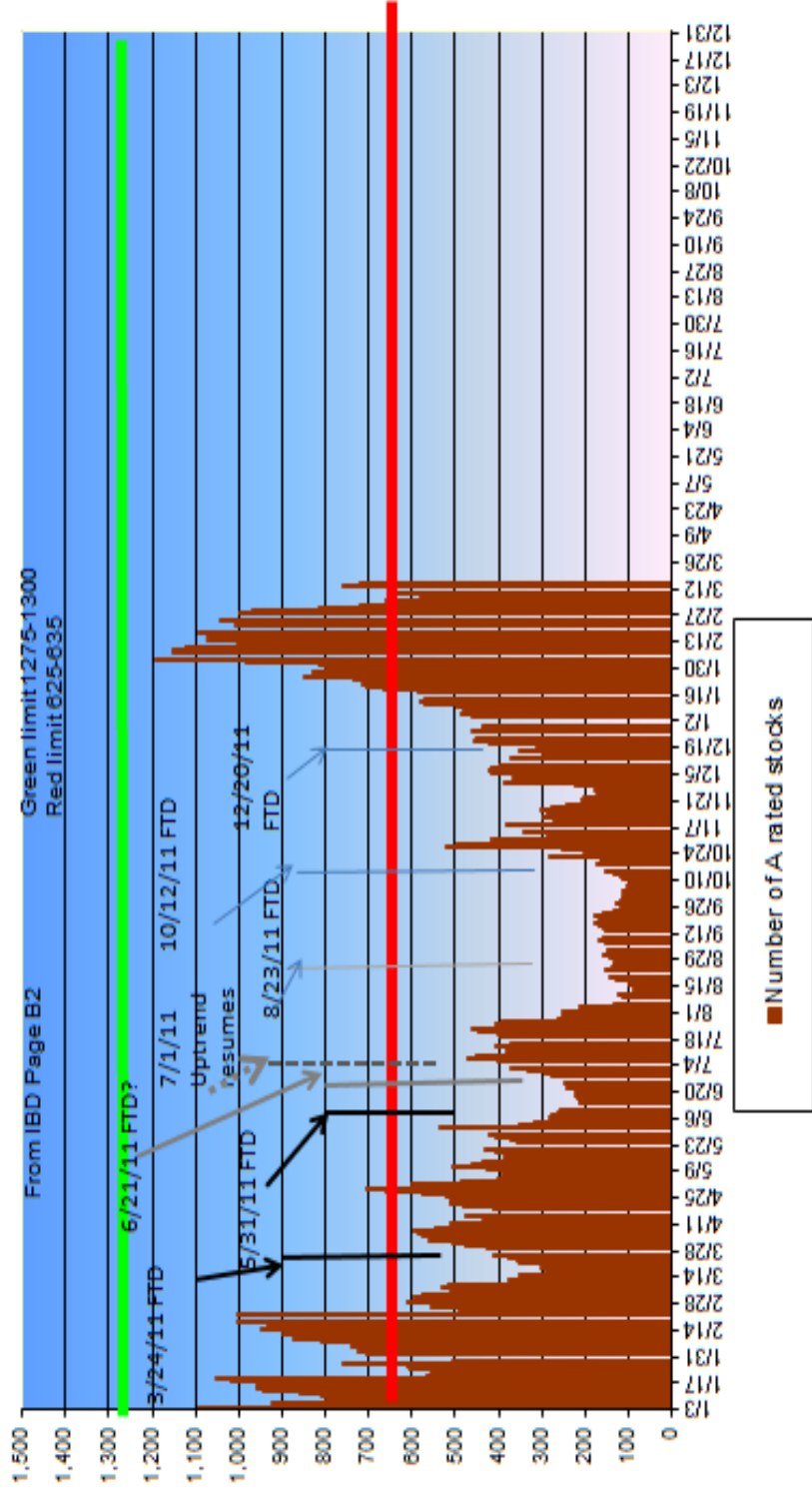
Accumulation/Distribution

Accumulation/Distribution



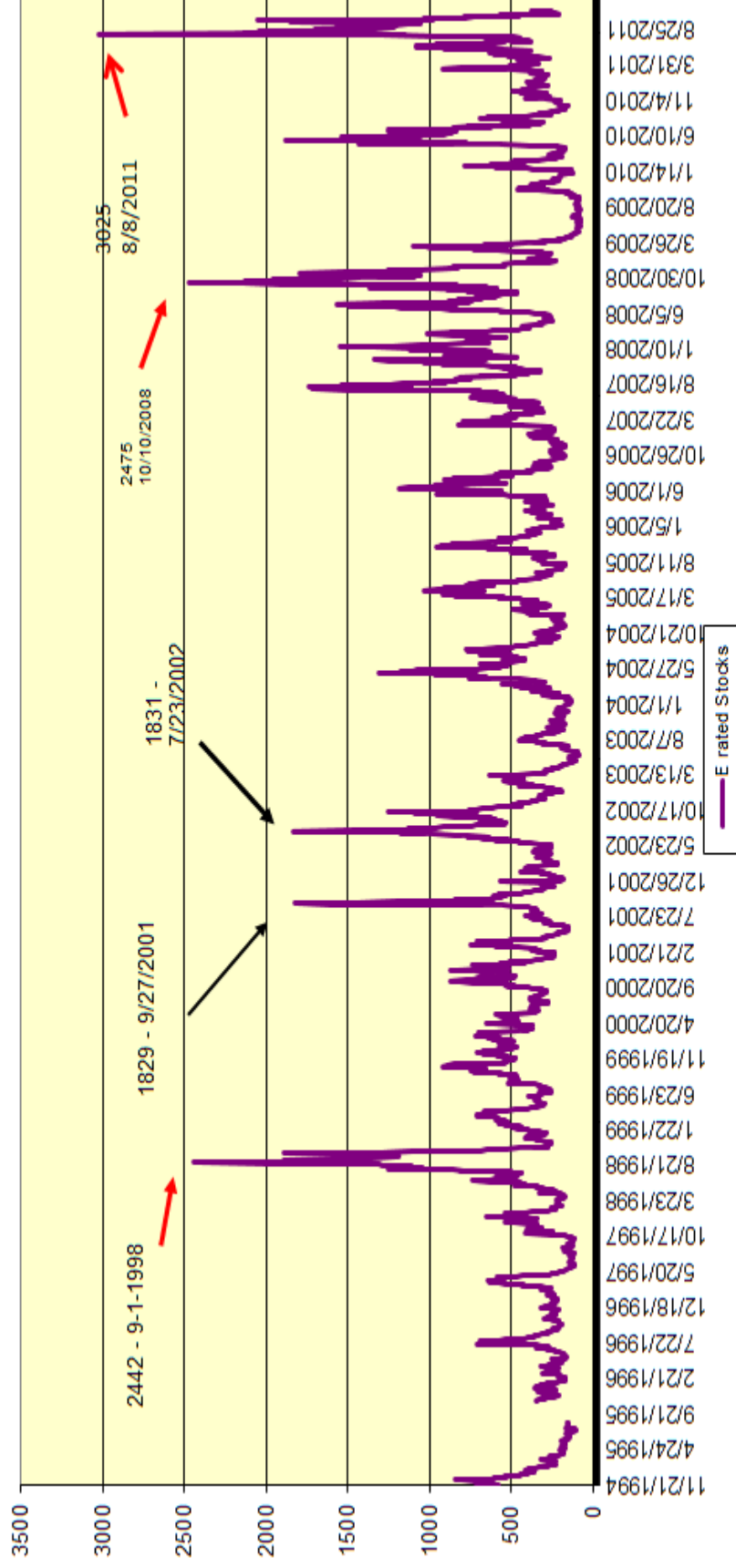
Institutional Buying – 2011 - 2012

IBD® 6000 "A" rated Accumulation/Distribution Stocks for 2011-2012



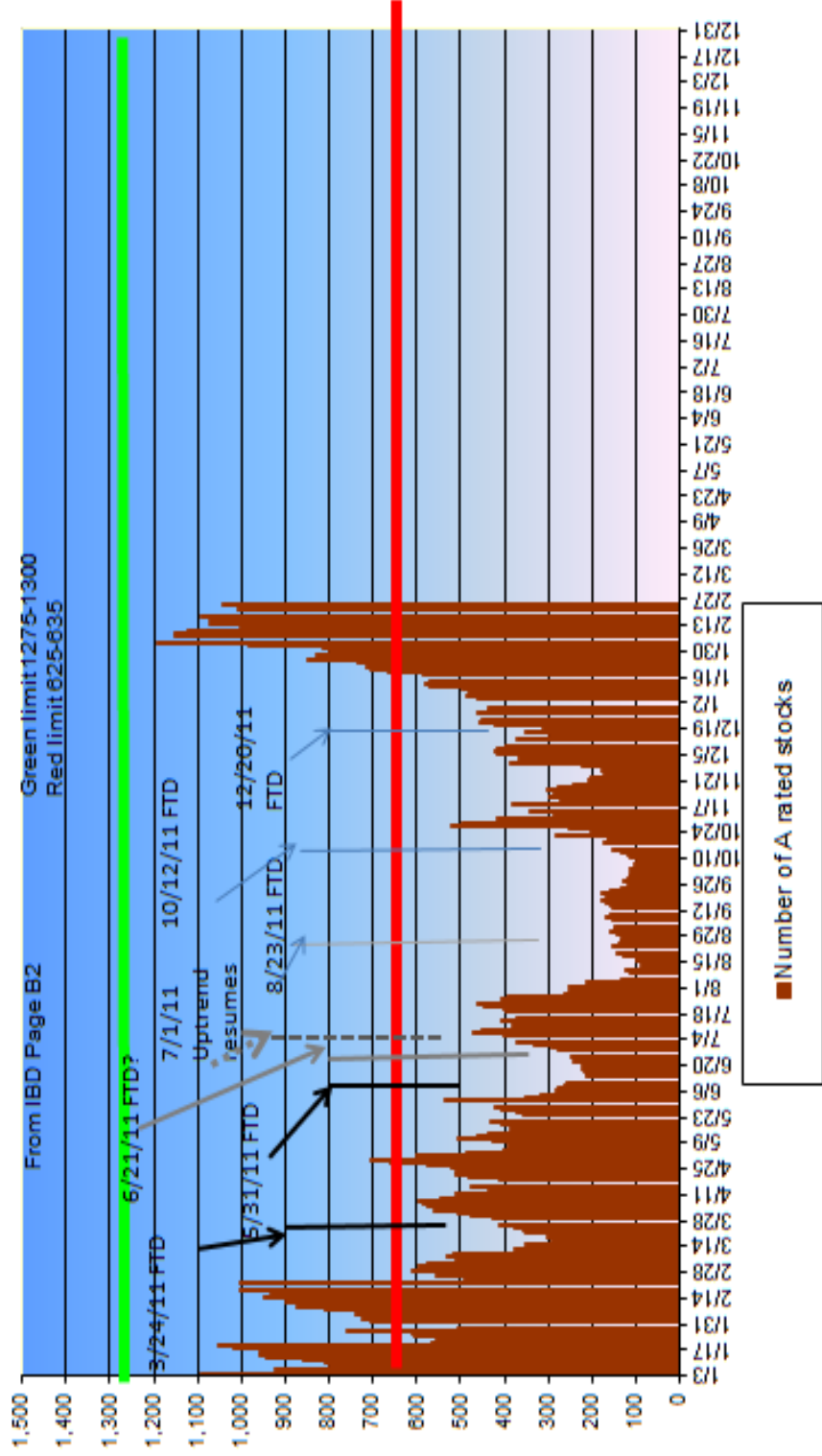
The Big Boys Attitude about the Economy

Number of E rated Stocks
in IBD 6000



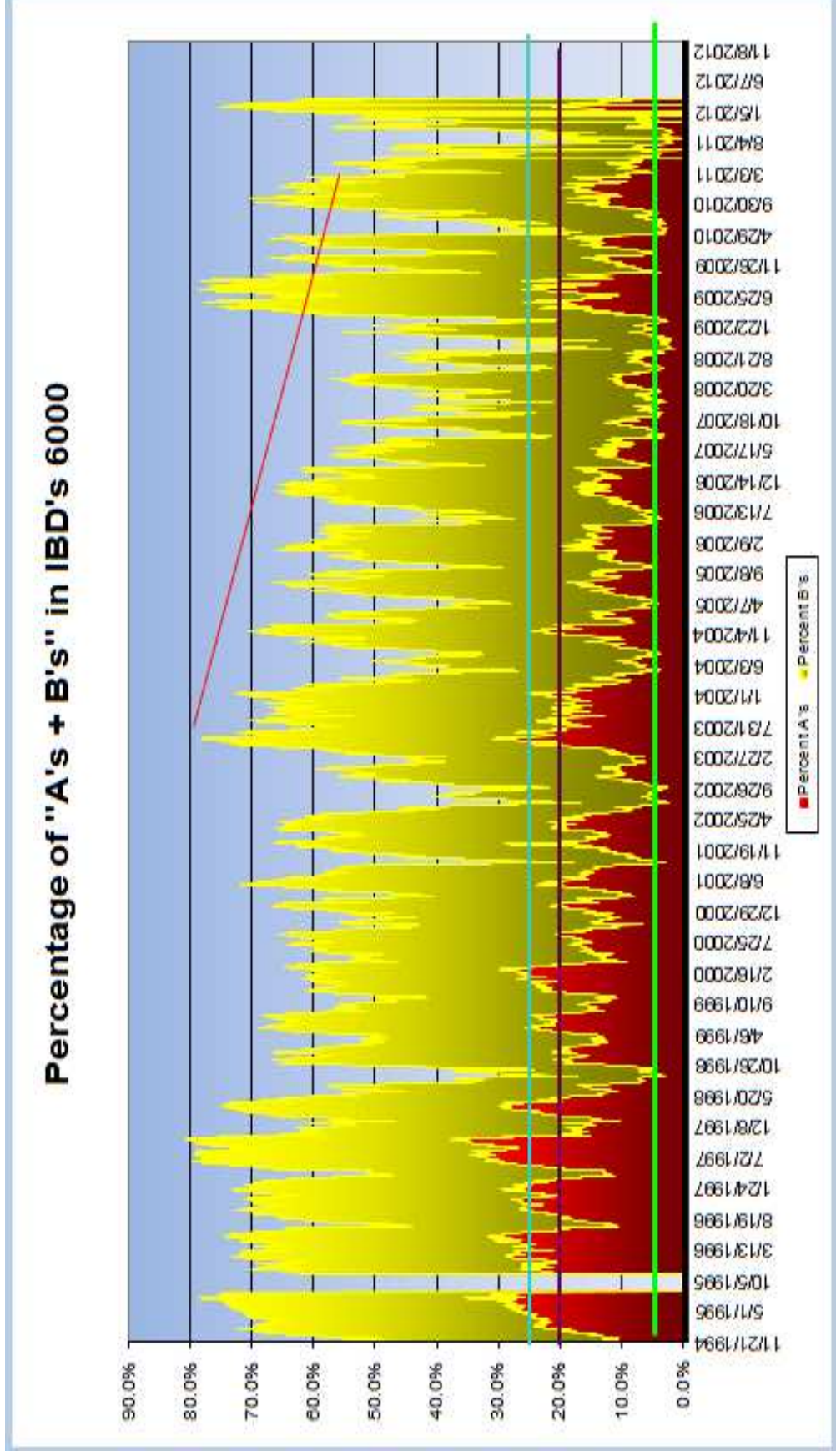
Will this FTD fail?

IBD® 6000 "A" rated Accumulation/Distribution Stocks for 2011-2012

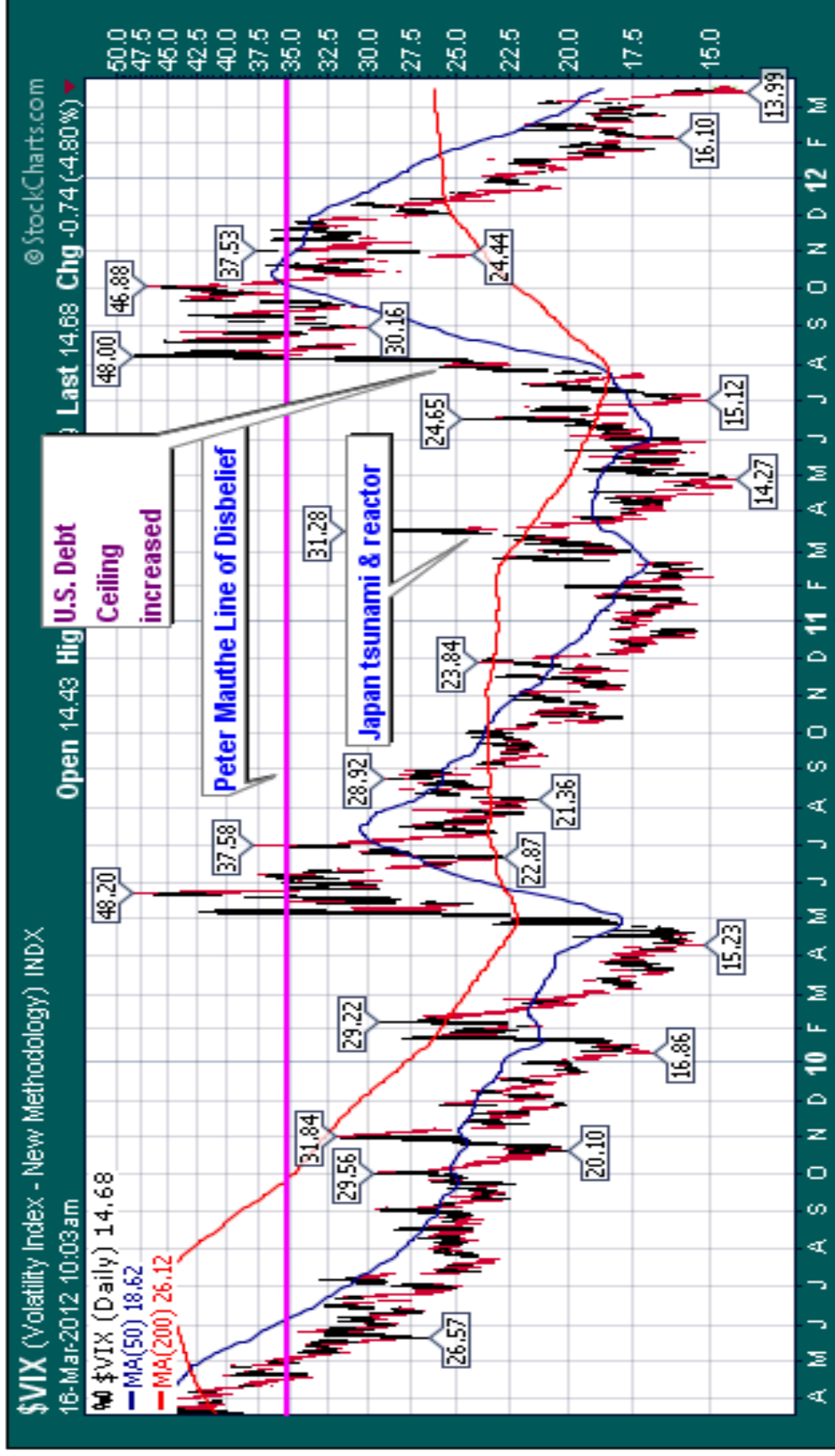


Data source: Investor's Business Daily. Used with permission.

A + B suggest caution!



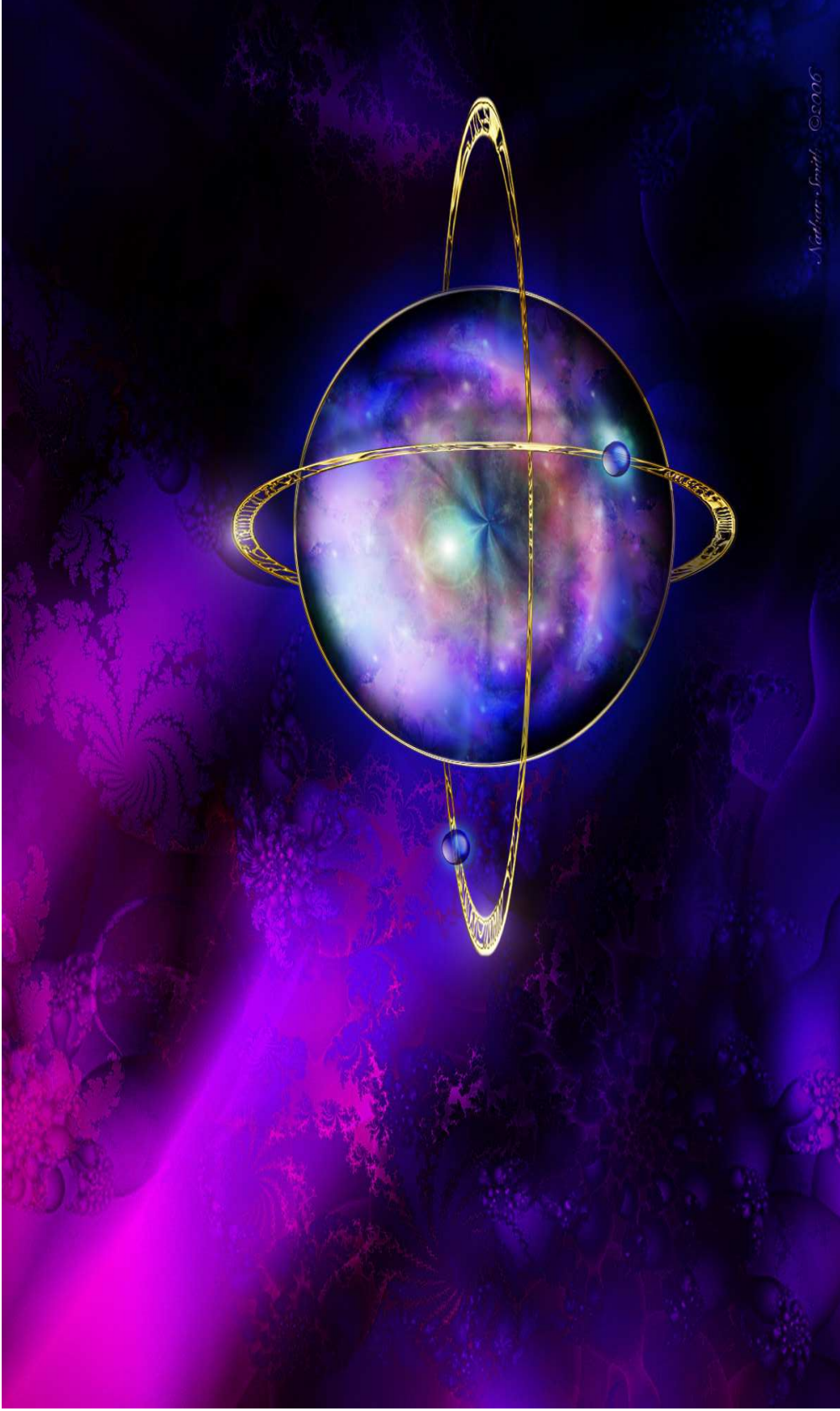
Volatility not a factor - low



Words of Wisdom from Harvard

- You can not believe anything you read in the
- New York Times
- and
- The Wall Street Journal
- (MSNBC, CNN, CNBC and others)
- **They all lie!**
 - William A Sahlman, Professor and Associate Dean, HBS, May 2011, in Dallas

Seeing reality

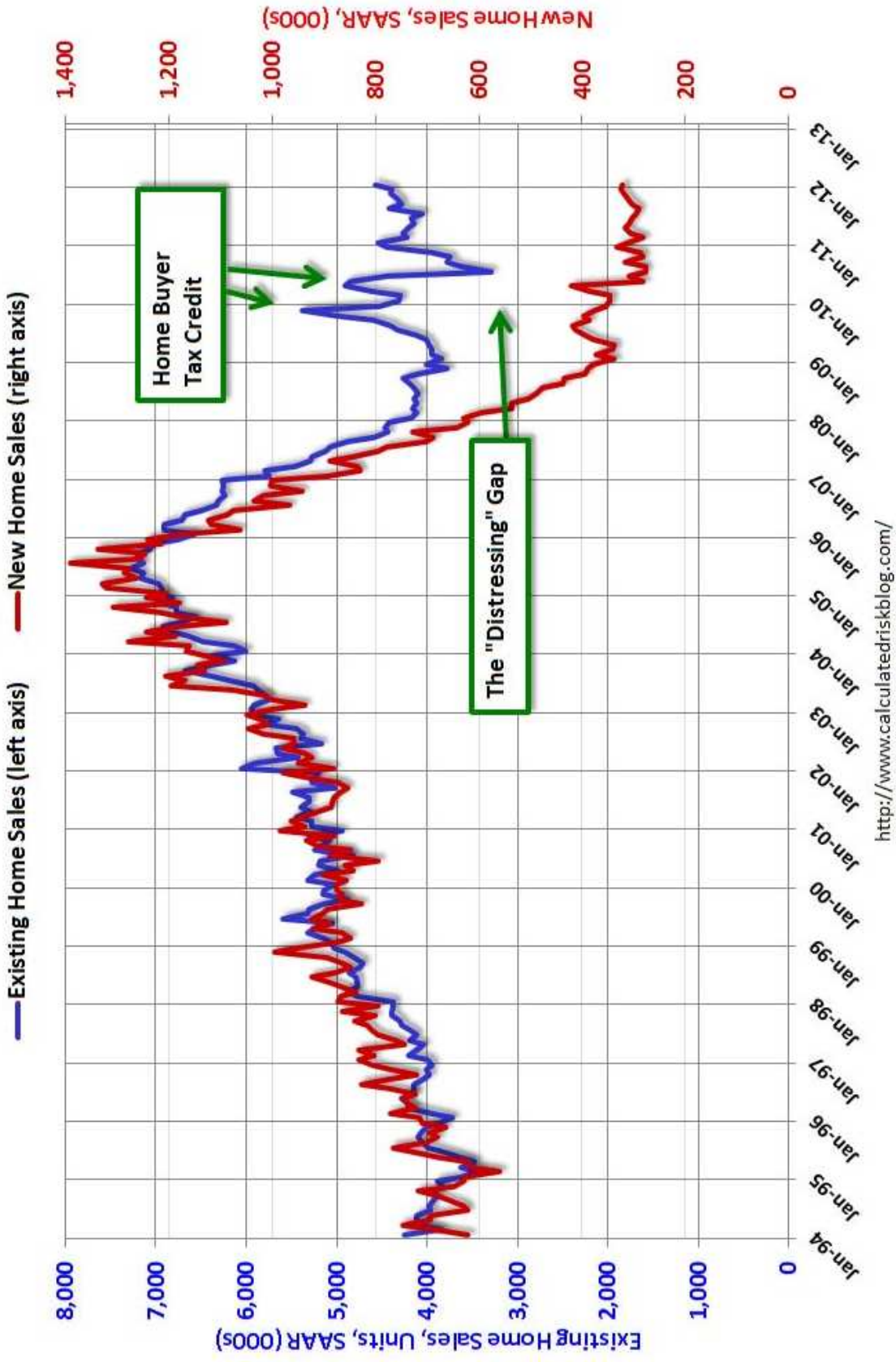


The Economy

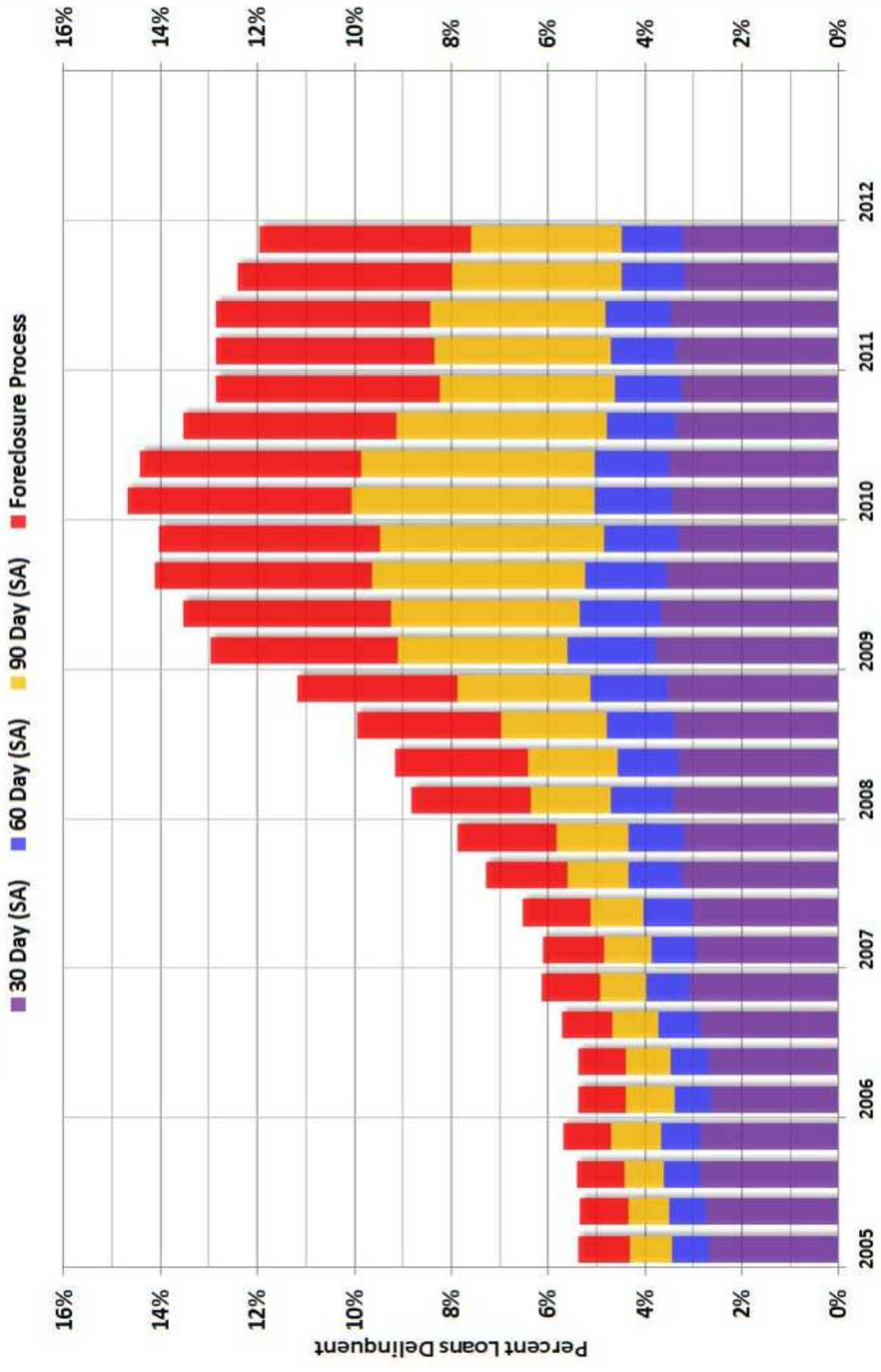
2102 = 4891

1984 = 2012

New and Existing Home Sales



Mortgage Delinquencies and Foreclosures by Period Past Due, All Loans



Source: MBA <http://www.calculatedriskblog.com/>

Trending lower

As of February 2012

Ceridian-UCLA Pulse of Commerce Index

Compare to Industrial Production

6 Mo

1 y

5 y

10 y

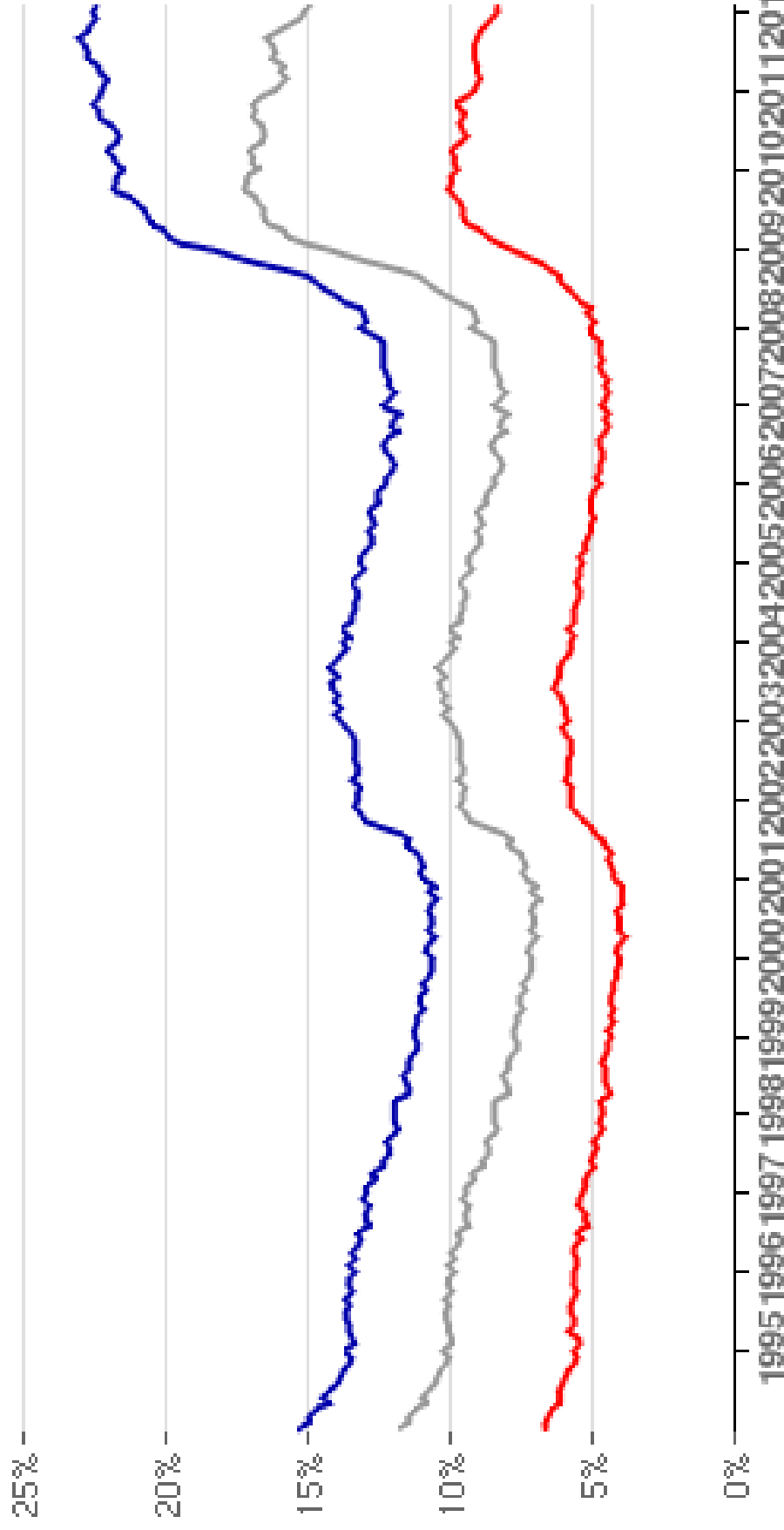


*All data is seasonally adjusted

Unemployment Rate - Official (U-3 & U-6) vs SGS Alternate

Monthly SA. Through Feb. 2012 (SGS, BLS)

— Official (U3) — Broadest (U6) — SGS Alternate

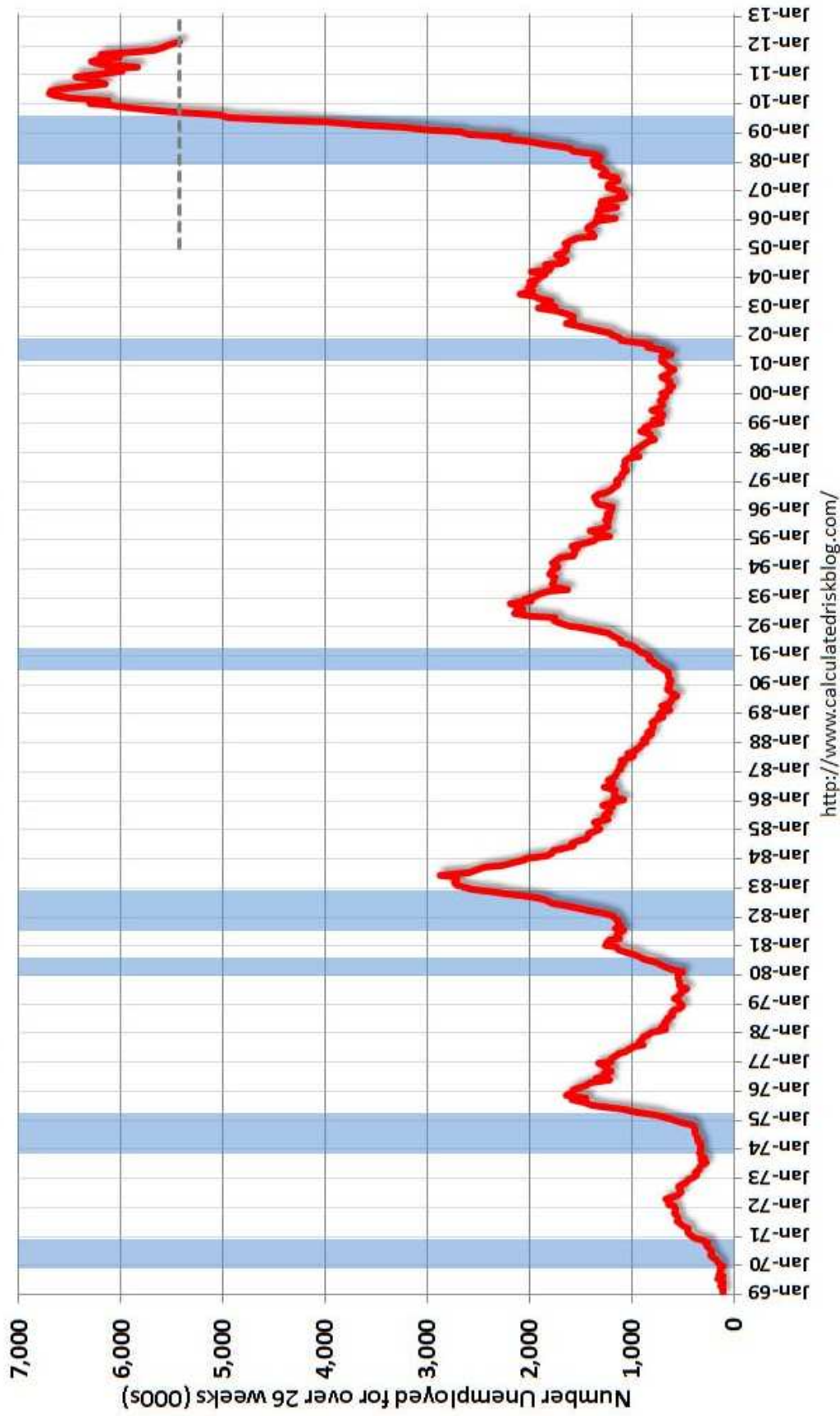


shadowstats.com

Published: Mar. 9, 2012

Unemployed for Over 26 Weeks

Recession Number Unemployed for 27 Weeks & over Current level

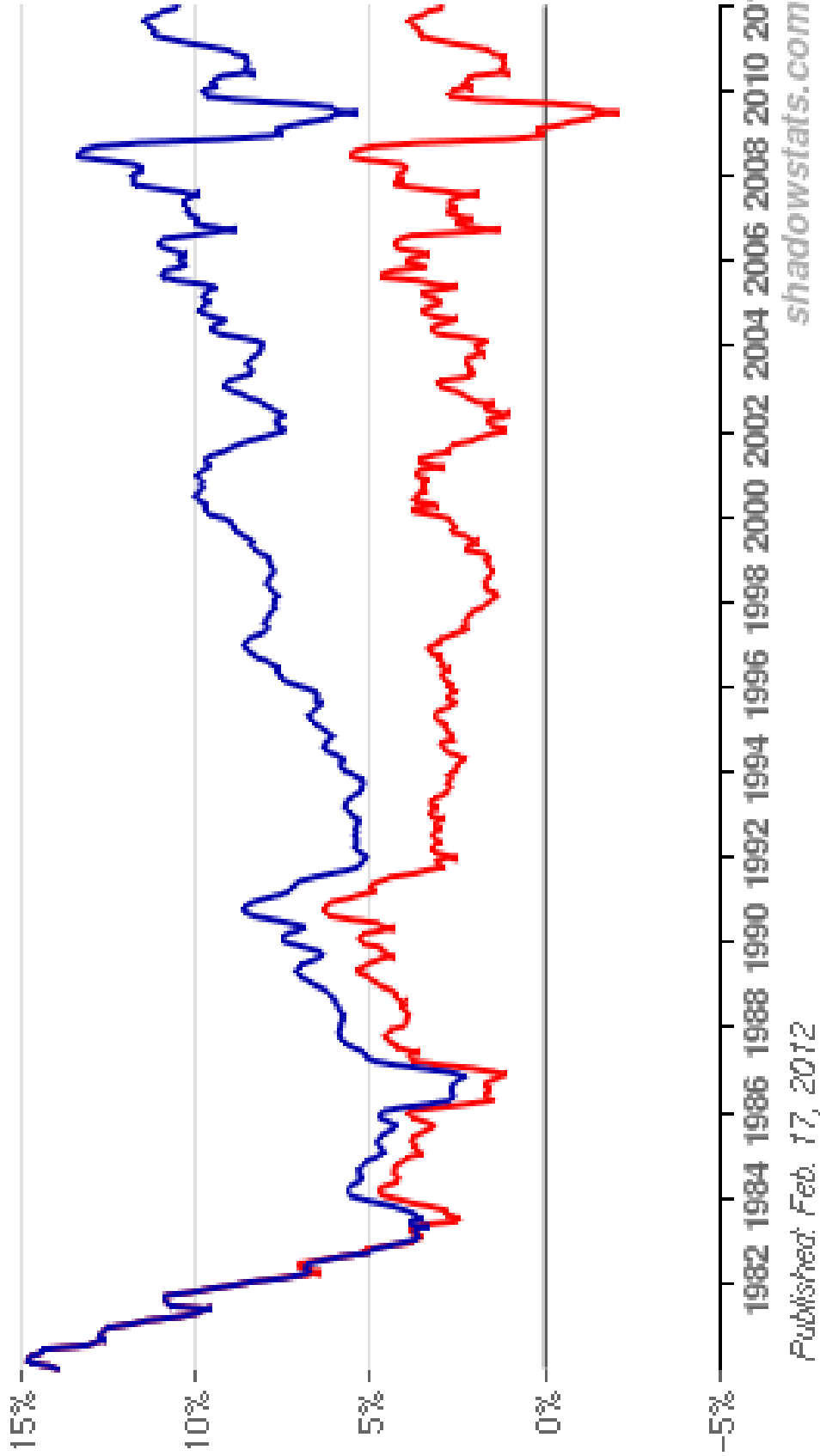


<http://www.calculatedriskblog.com/>

Annual Consumer Inflation - Official vs SGS (1980-Based) Alternate

Year to Year Change. Through Jan. 2012. (BLS, SGS)

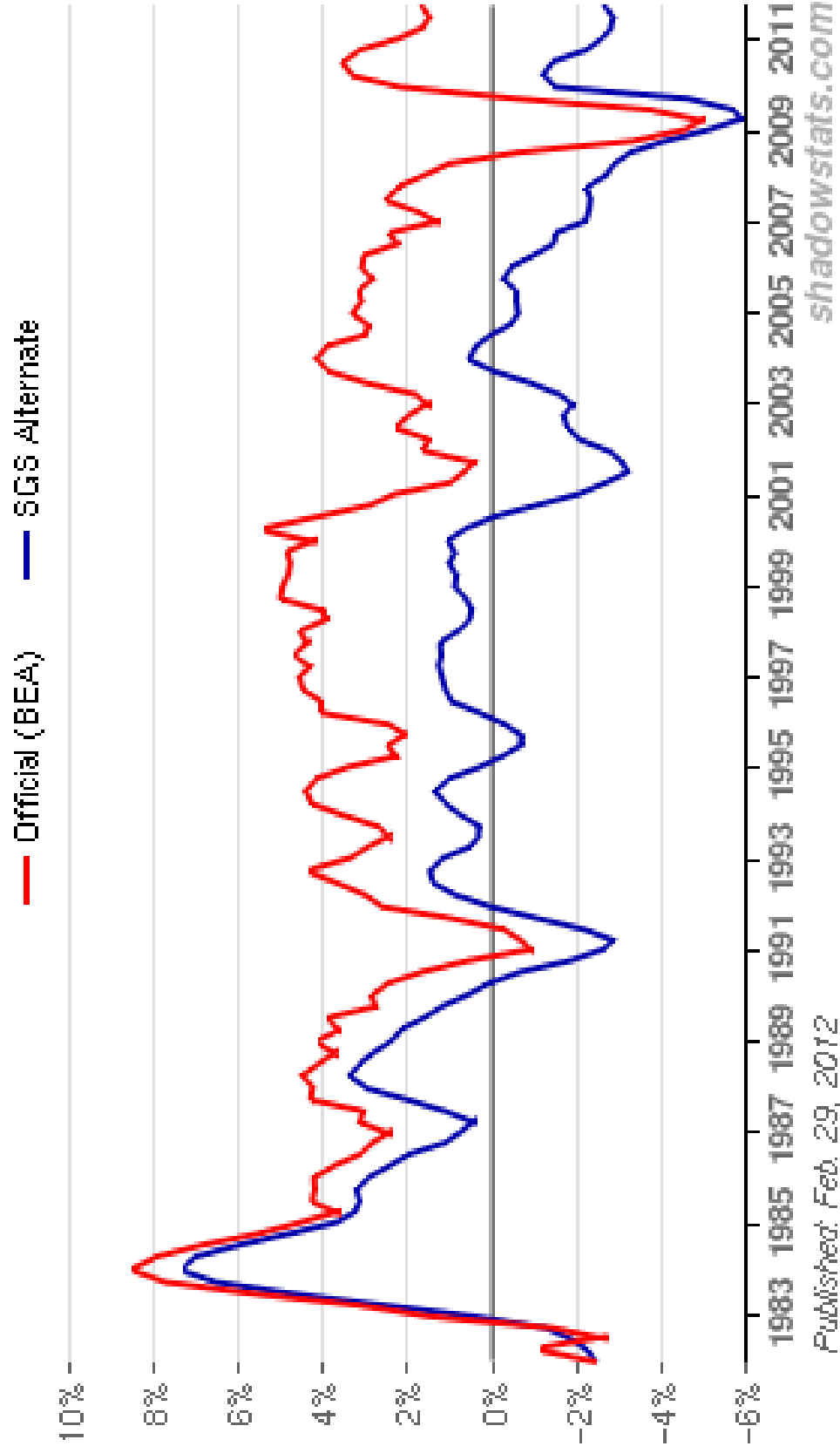
— SGS Alternate CPI, 1980-Based — CPI-U



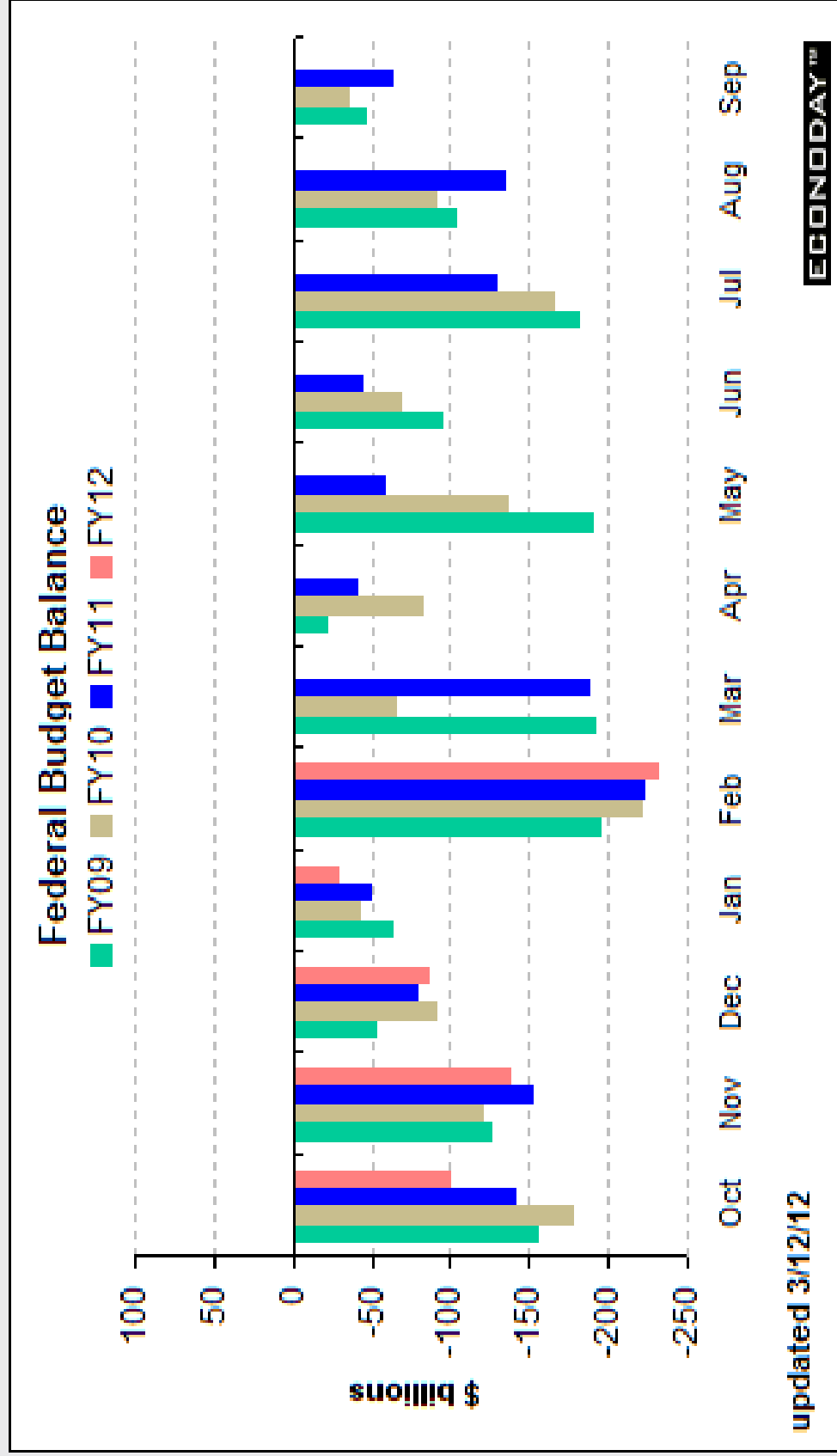
Published: Feb. 17, 2012

GDP Annual Growth - Official vs SGS

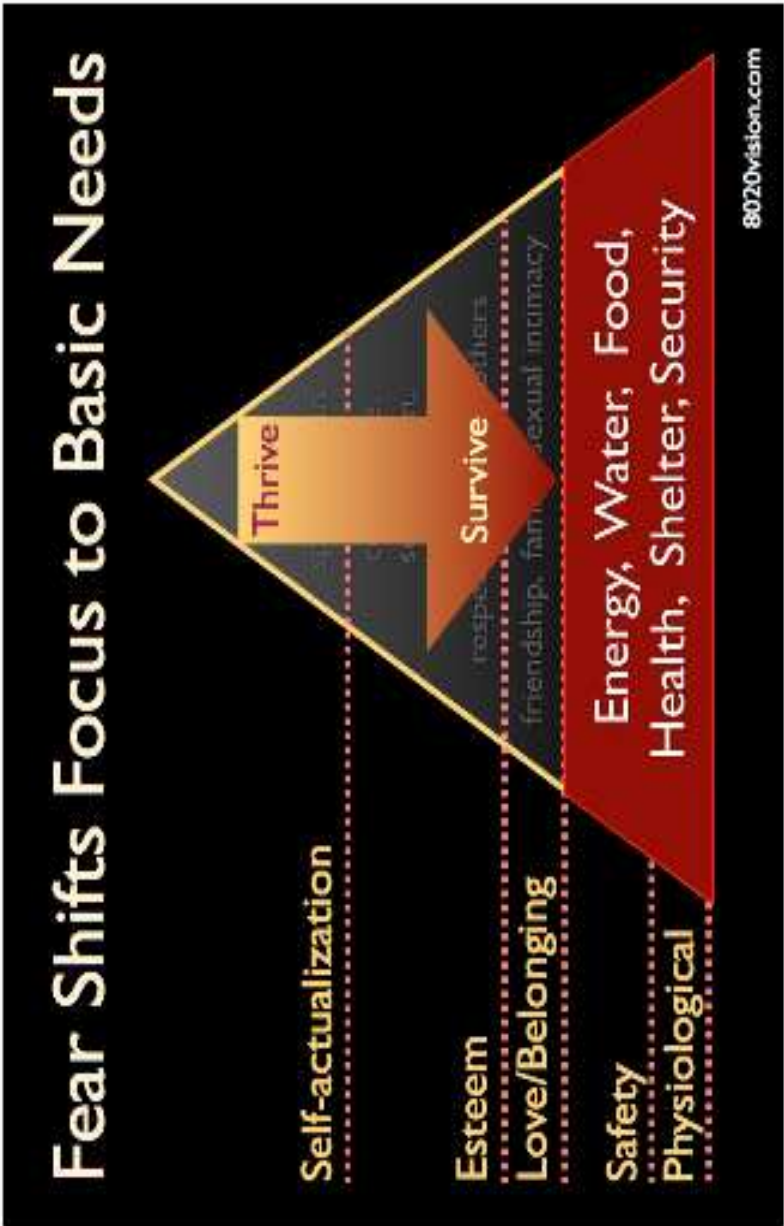
Annual Change through 2011q4 (SGS, BEA)



Only \$1.299 Trillion FY2011.. GAAP?



DELEVERAGING





COMPASSFX™
we know what traders want

Economy of European Union

To be included in the European Union, member countries had to fulfill certain criteria established by the 1992 Maastricht Treaty:

- 1. Inflation** - No more than 1.5% points higher than the average of the three best performing (lowest inflation) member states of the EU.
- 2. Government debt** - The ratio of gross government debt to GDP must not exceed 60% at the end of the preceding fiscal year.
- 3. Annual Government deficit** - The ratio of the annual government deficit to GDP must not exceed 3% at the end of the preceding fiscal year.
- 4. Interest Rates** - The nominal long-term interest rate must not be more than 2% points higher than in the three lowest inflation member states.

Economy of European Union

EU Member	Debt to GDP	Deficit to GDP	Inflation	Unemploymt.
EU Criteria	60%	-3%	1.5	---
Portugal	93.0	-9.1	1.4	12.3
Italy	119.0	-4.6	1.6	7.9
Ireland	96.2	-32.4	-1.6	14.6
Greece	142.8	-10.5	4.7	16.7
Spain	60.1	-9.2	2.0	21.2
France	81.7	-7	1.7	9.9
Germany	83.2	-3.3	1.2	6.0
European Union	80	-6.4	2.1	9.5

* IMF World Economic Outlook Database, April 2011.

Sovereign Debt Crisis

Sovereign Debt Default?

Kyle Bass of Hayman Capital Mgmt.:

"I believe that Germany and the balance of the Eurocrats will attempt to default Greece. Greece will therefore be forced to go back to the drachma at some point in the near future.

After Greece and the next peripheral country begin to hard default, Germany will exit the European Union and recapitalize their own banks. The majority of the German people think that they would be better off never having formed the euro in the first place. Two thirds do not think that they have any obligation to bail out members of the EU. The market's hopes rest upon Germany and the ECB going 'all-in' at some point in the future. I don't think that is likely at all.

*With a cluster of sovereign defaults...the organizers and members of the EU are desperate and have nowhere to turn."*²⁴

Sovereign Debt Crisis

Sovereign Debt Default?

John Taylor, CEO and founder of FX Concepts, the world's largest currency hedge fund with \$8.5 billion under management:

"The euro will end the year at \$1.20 before falling to parity with the dollar as the currency union struggles through a sovereign debt crisis."

"I would be surprised to see the euro hold above \$1 through this crisis. It's not over. The banks are going to be in trouble when Europe goes into a recession next year."

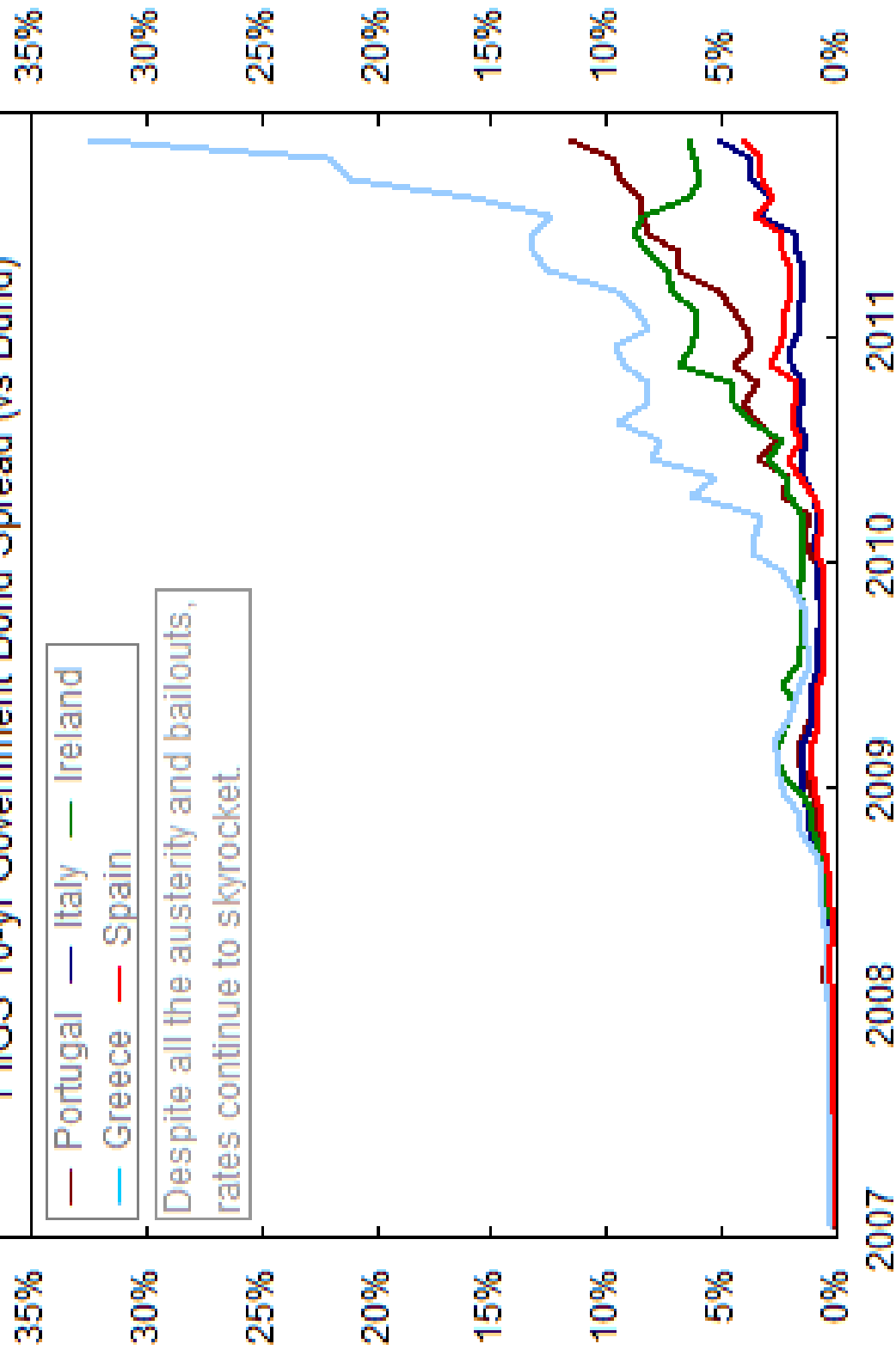
*"The 17-nation currency needs to be reorganized amid a failure to continuously coordinate policy. The dollar will strengthen as the U.S. economy falls into a recession and as banks become more reluctant to lend, driving investors to the greenback as a refuge."**

Chart of the Day - www.chartoftheday.com

PIIGS 10-yr Government Bond Spread (vs Bund)

- Portugal
- Italy
- Ireland
- Greece
- Spain

Despite all the austerity and bailouts, rates continue to skyrocket.



Deleveraging and its effects



March 17, 2012



© Strategic Investing

61

**Purchasing Power
is the only thing
That counts!**

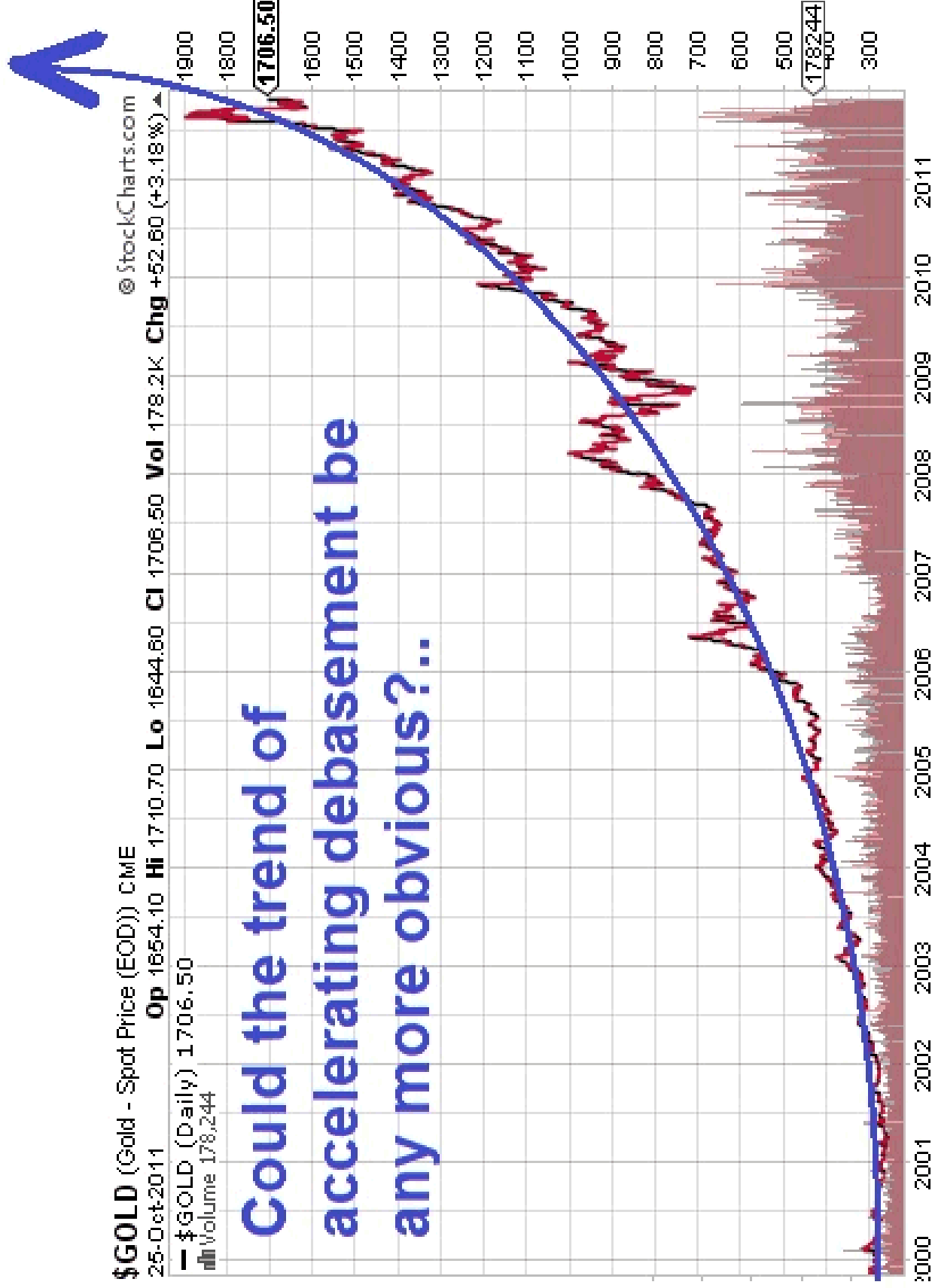
\$GOLD (Gold - Spot Price (EOD)) CME

© StockCharts.com

25-Oct-2011 Op 1654.10 Hi 1710.70 Lo 1644.60 Cl 1706.50 Vol 178.2k Chg +52.60 (+3.18%) ▲

— \$GOLD (Daily) 1706.50
▒ Volume 178,244

Could the trend of accelerating debasement be any more obvious?..

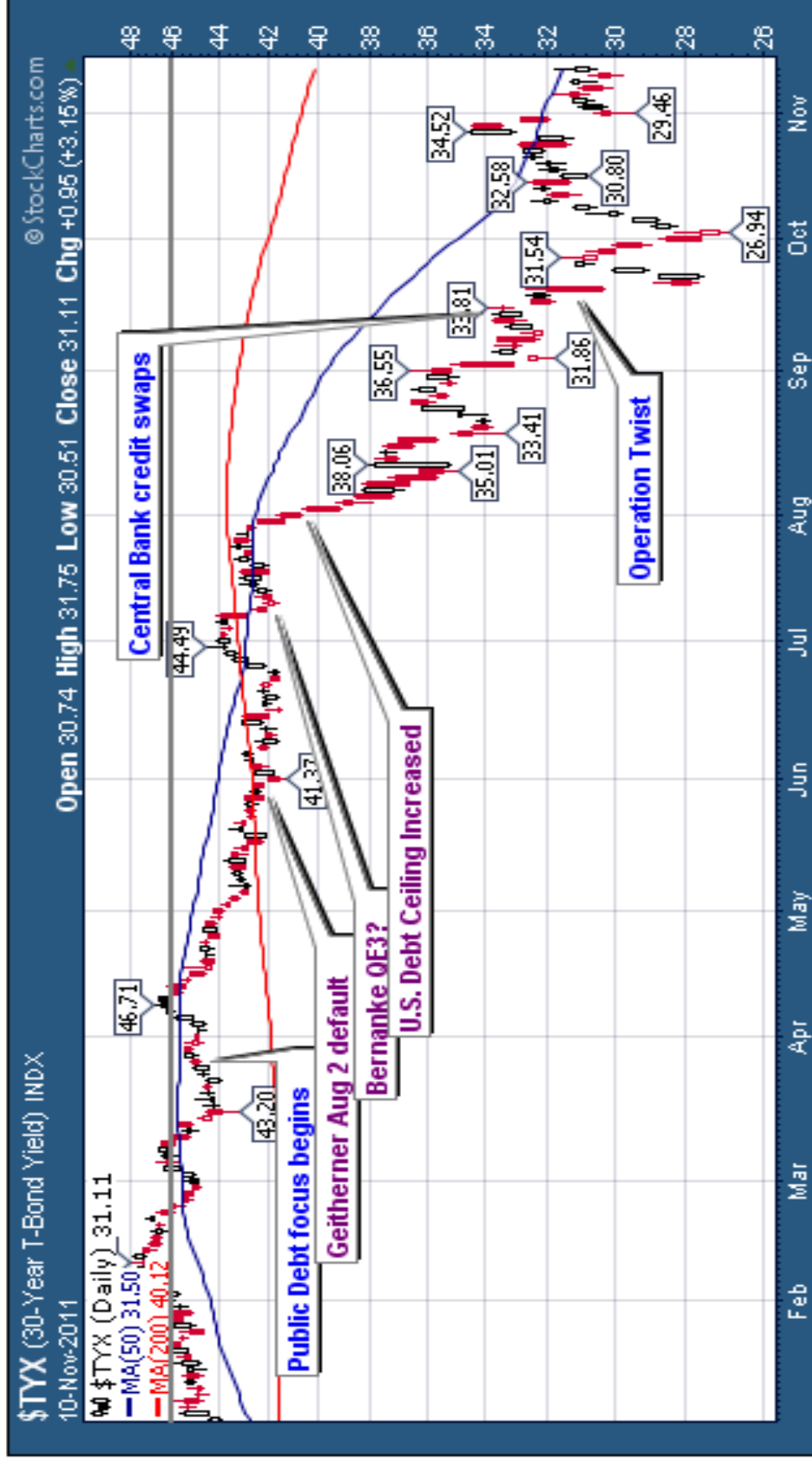


Bonds & Interest Rates

10 year US Treasury



30 Year Treasury



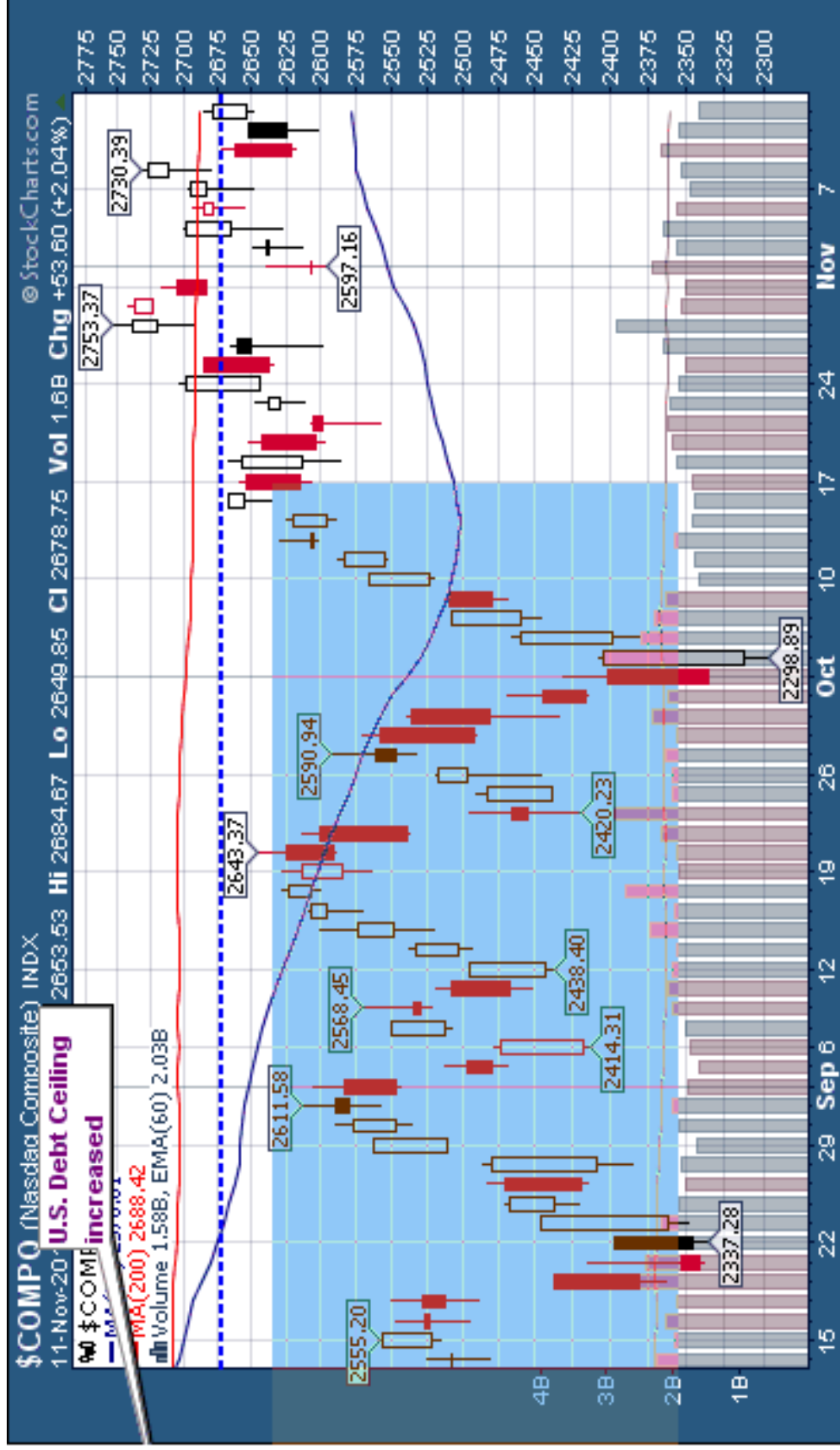
Stocks



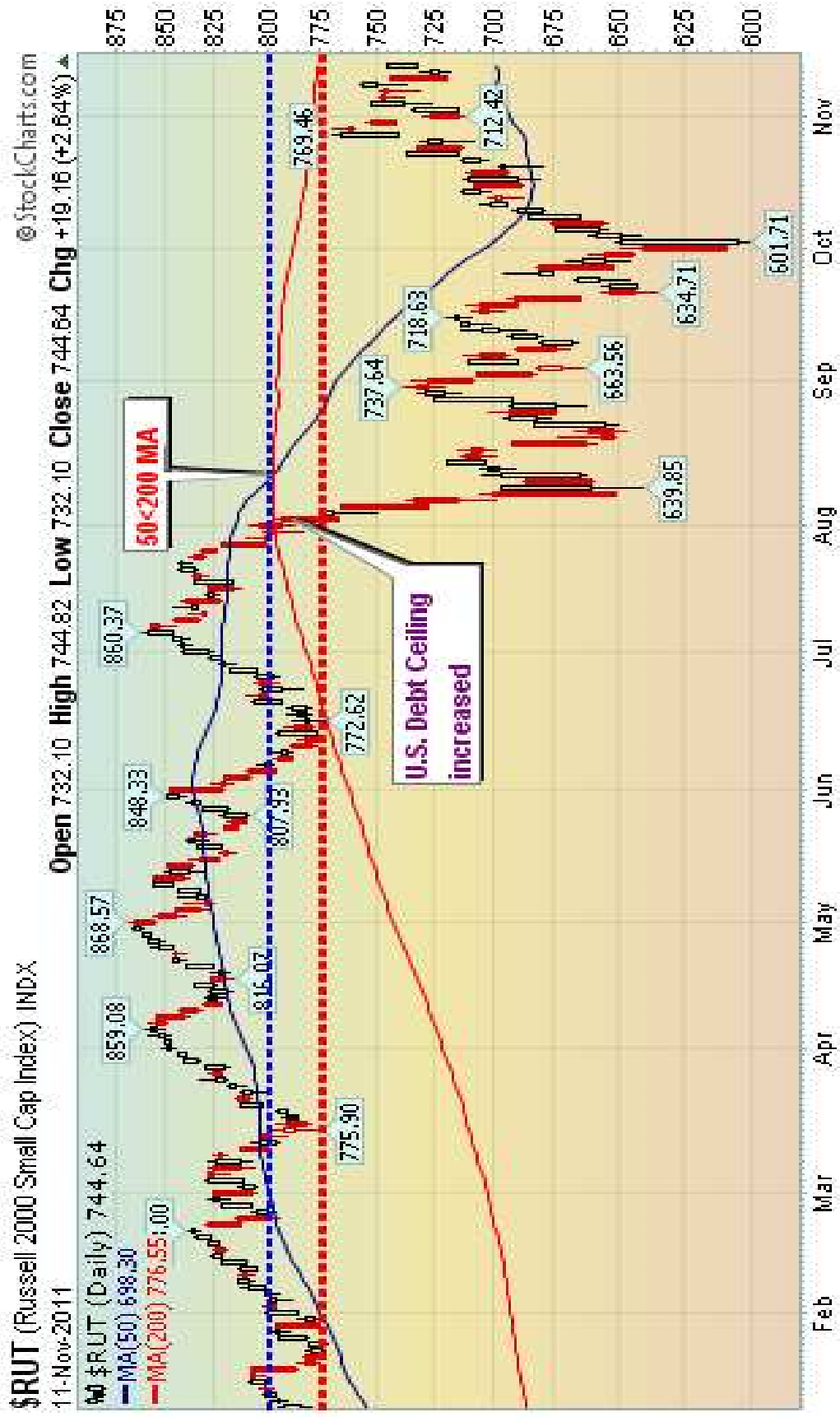
March 17, 2012

© Strategic Investing

NASDAQ Composite

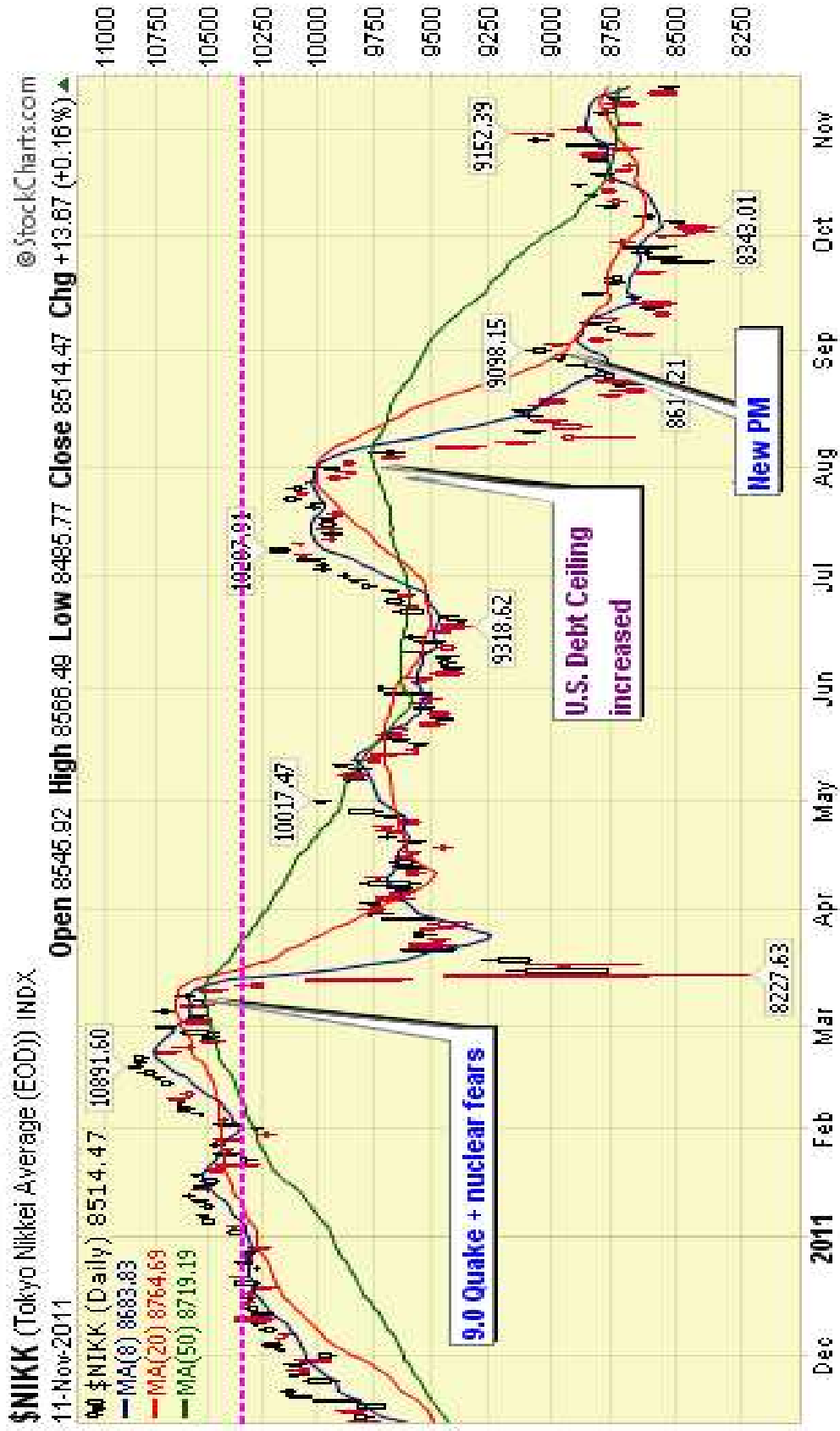


Russell 2000

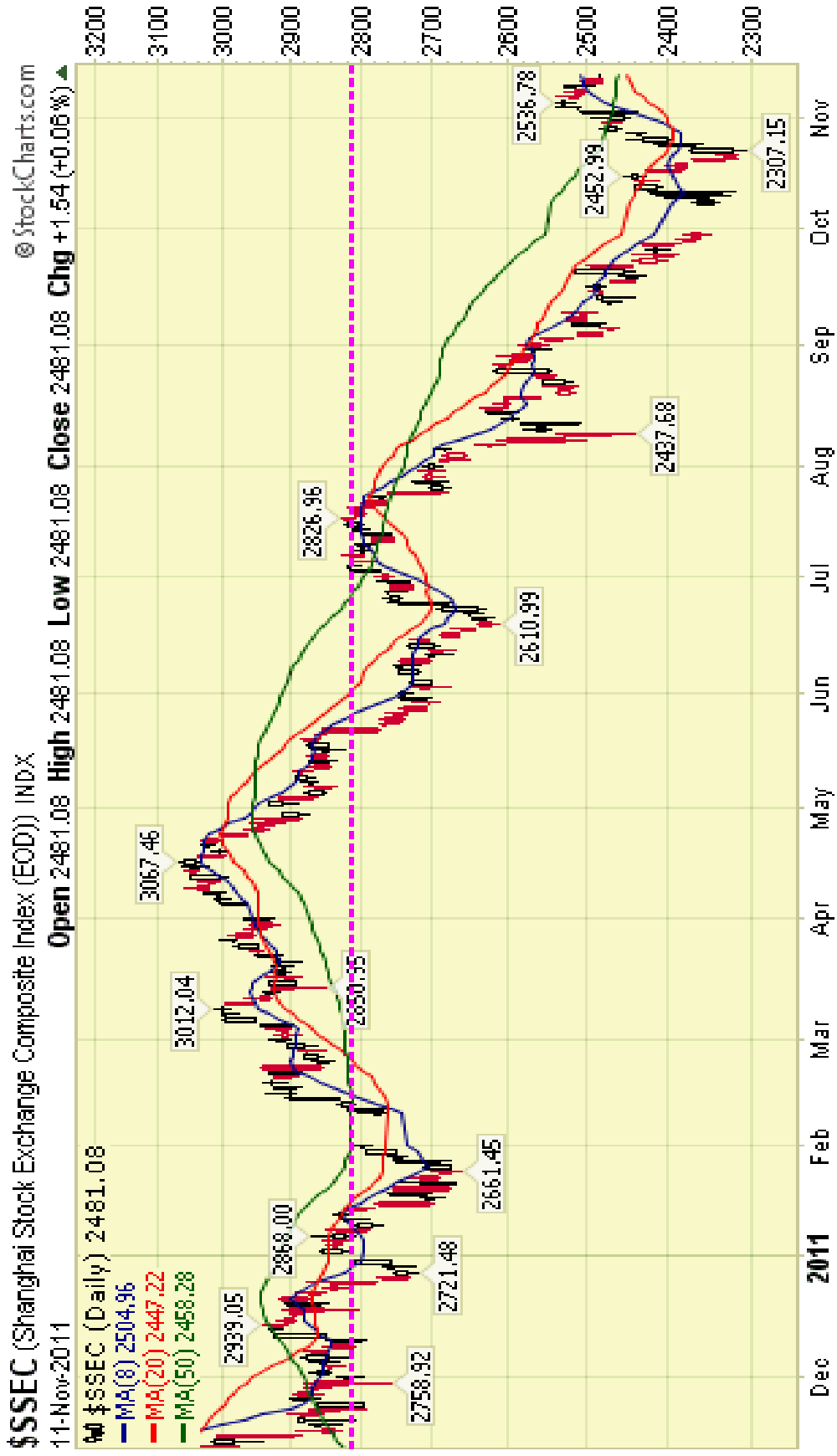


Foreign Markets

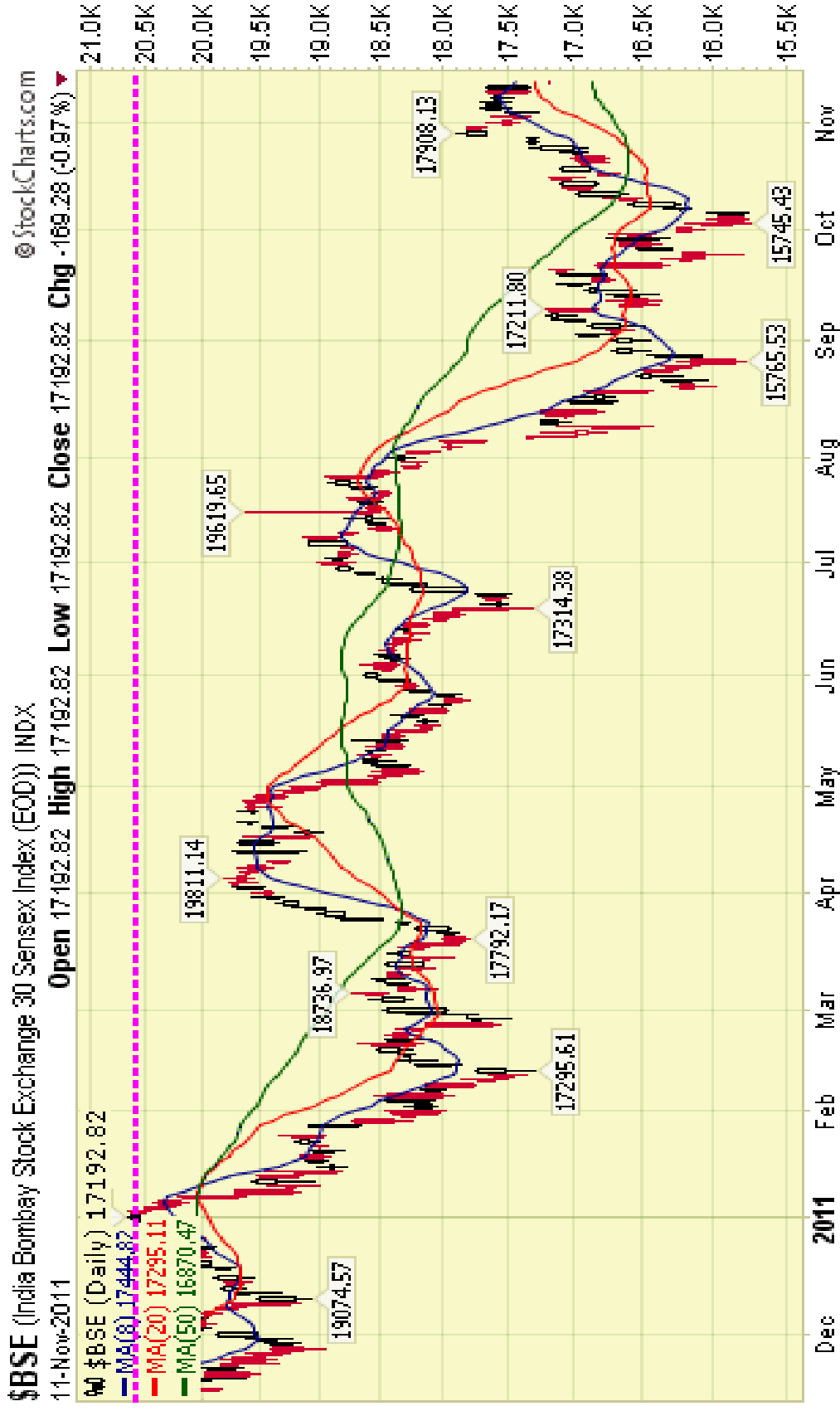
Japan



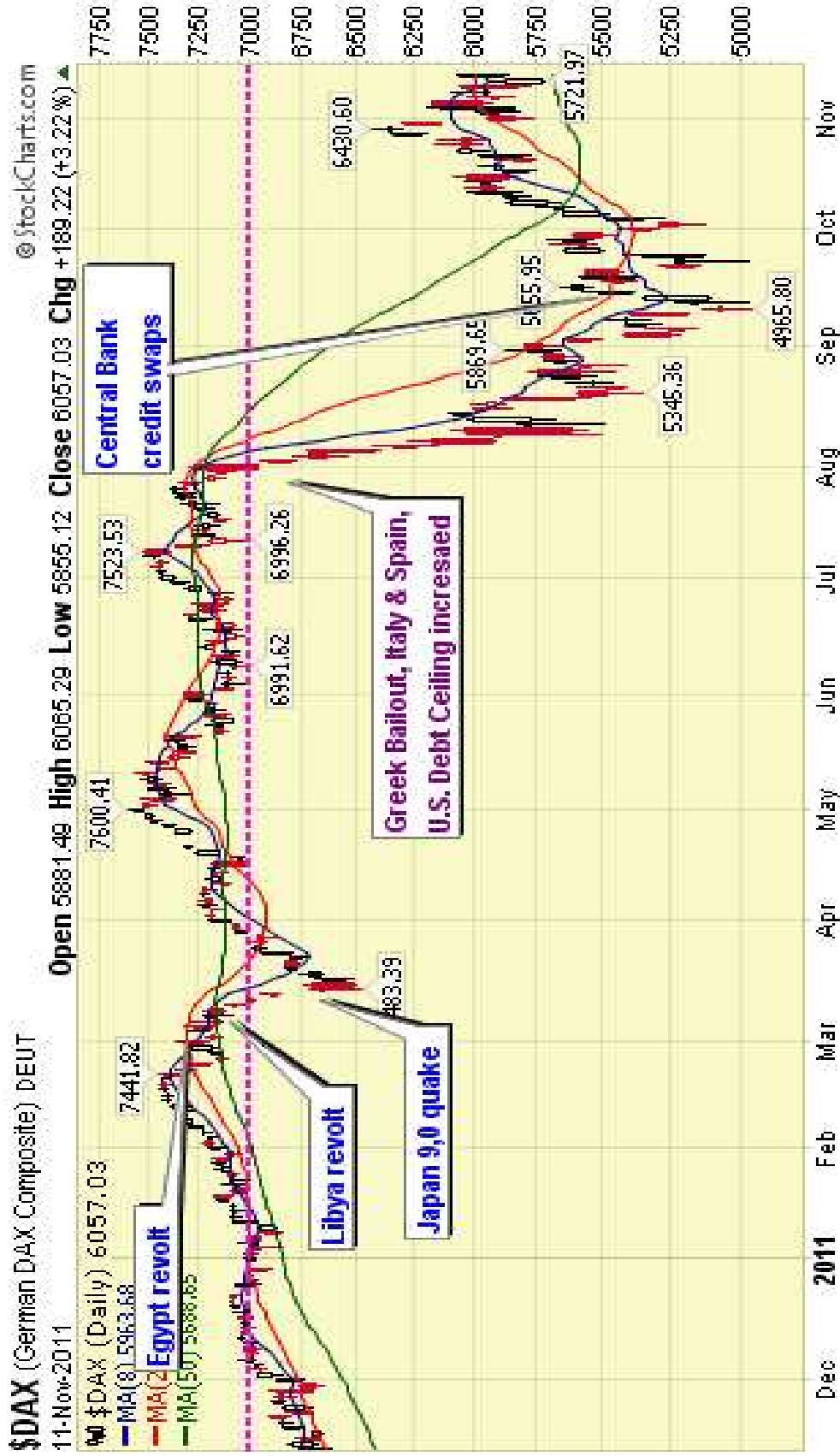
Shanghai Composite



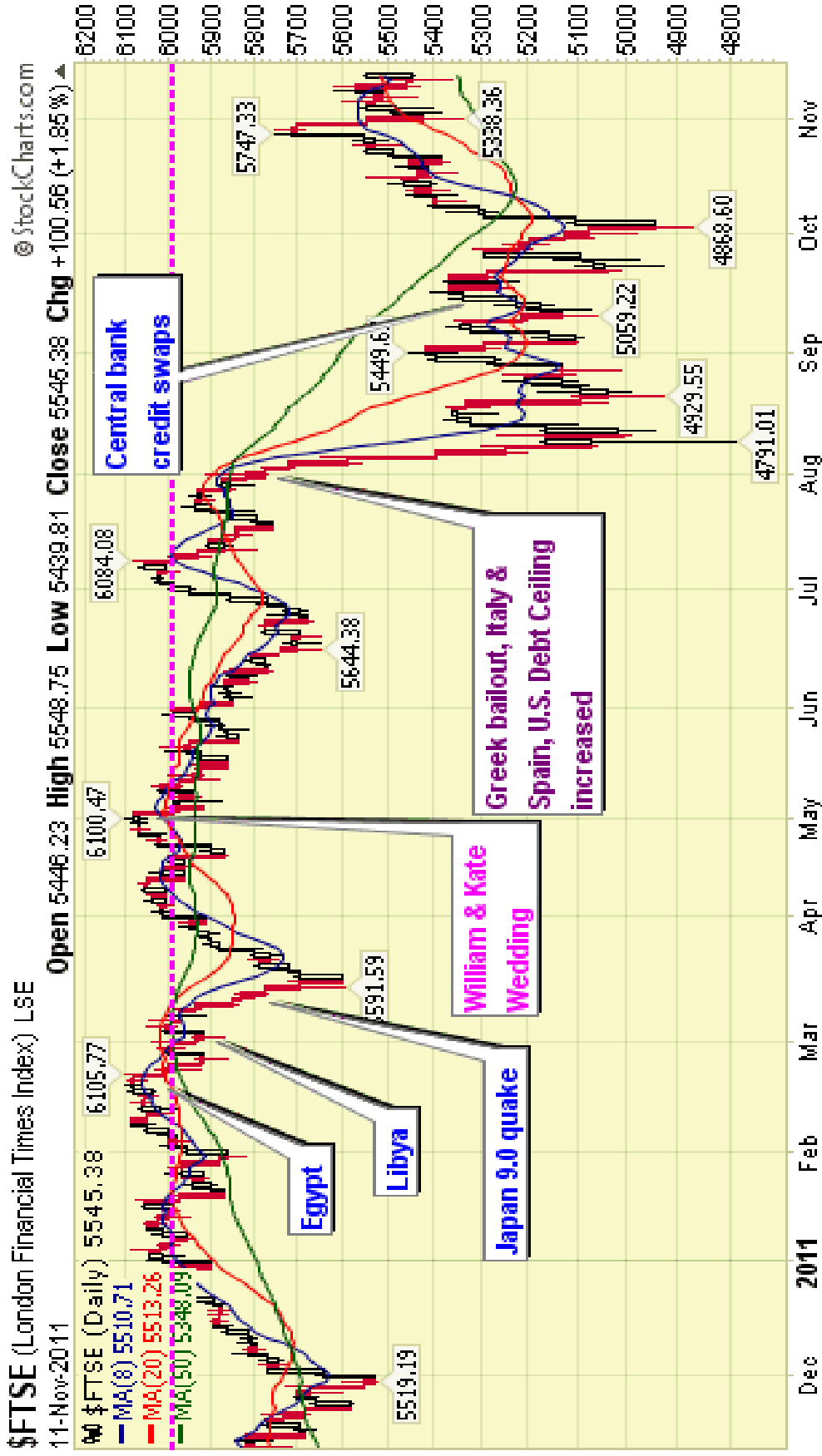
India



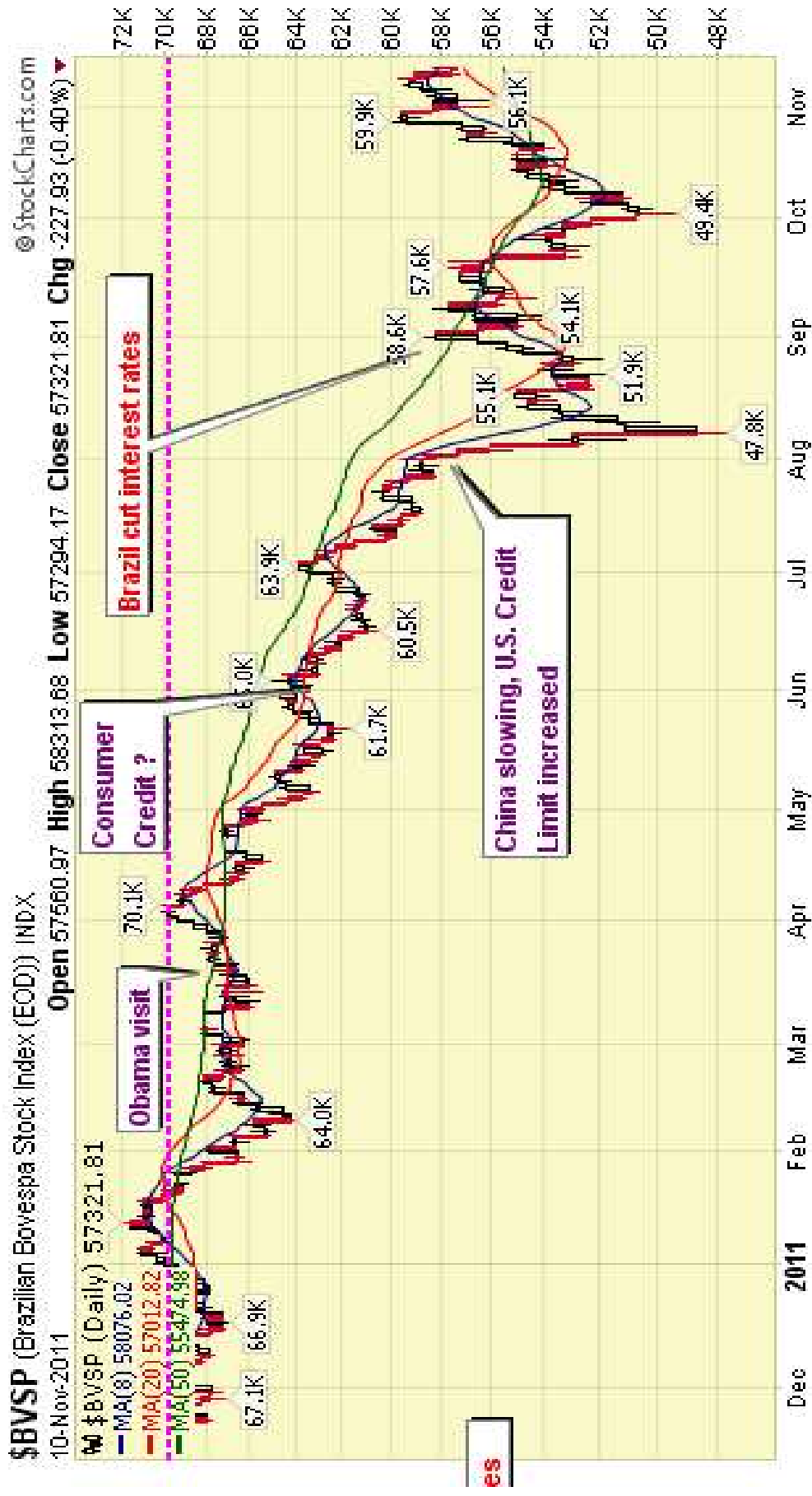
German DAX



London calling



Brazil

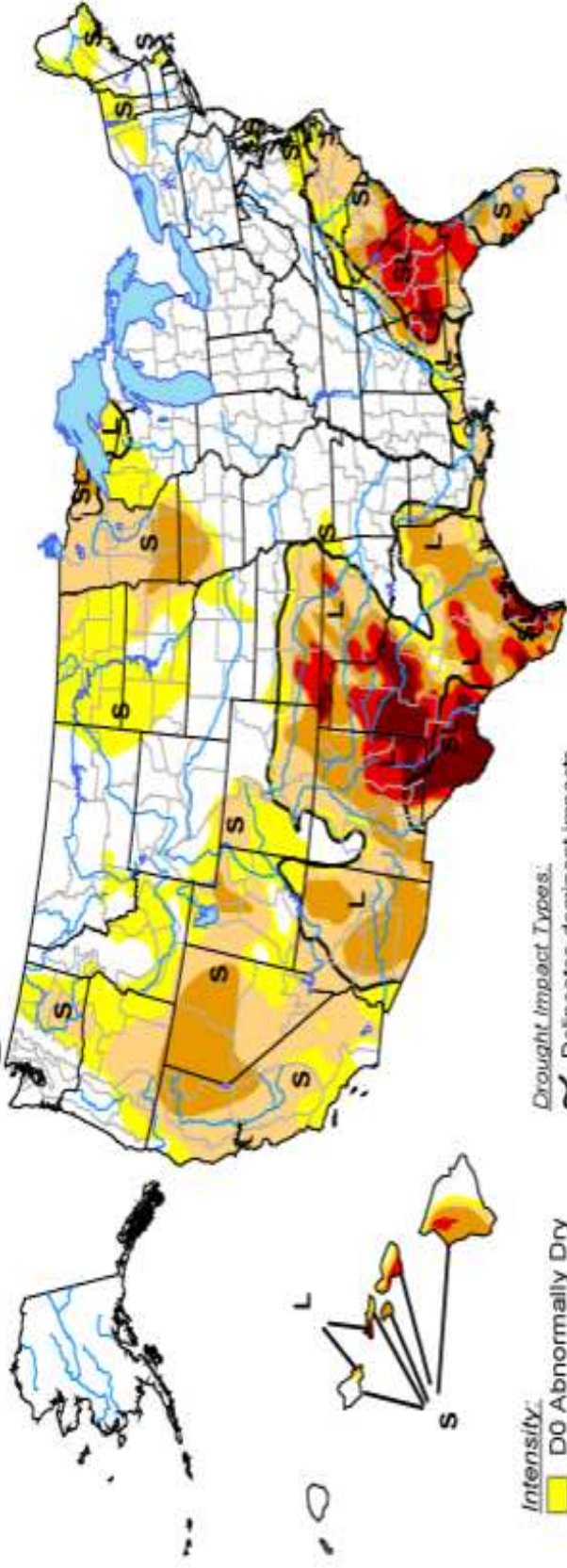


Commodities

Major Problem Brewing for 2012 Crops

U.S. Drought Monitor

March 6, 2012
Valid 7 a.m. EST



Intensity:

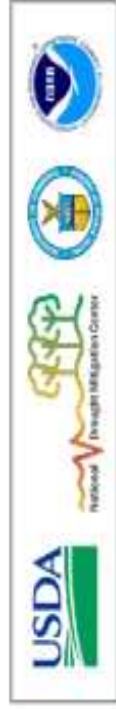
- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>

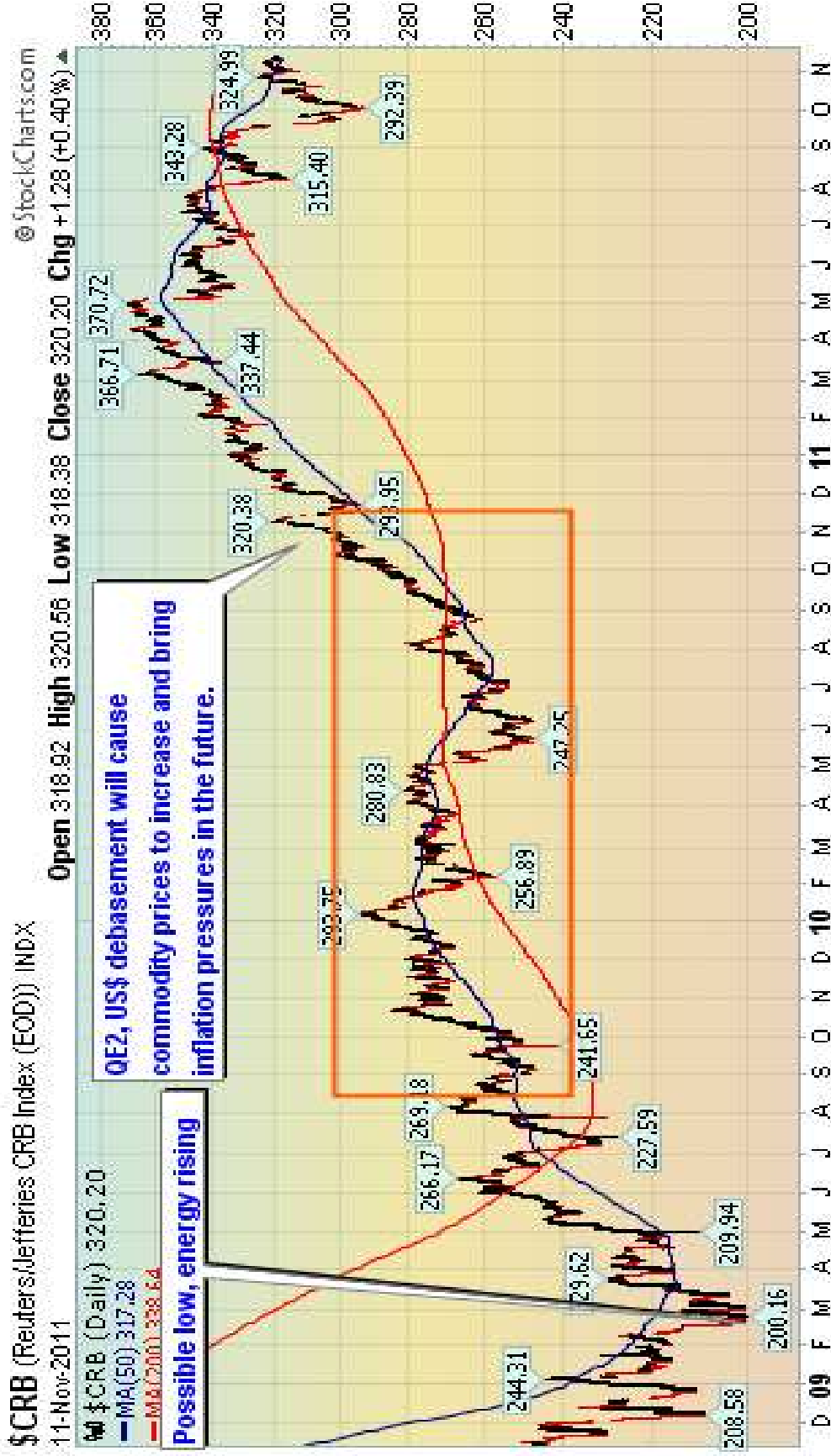
Drought Impact Types:

- Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)



Released Thursday, March 8, 2012
Author: Michael Brewer/L. Love-Brotak, NOAA/NESDIS/NCDC

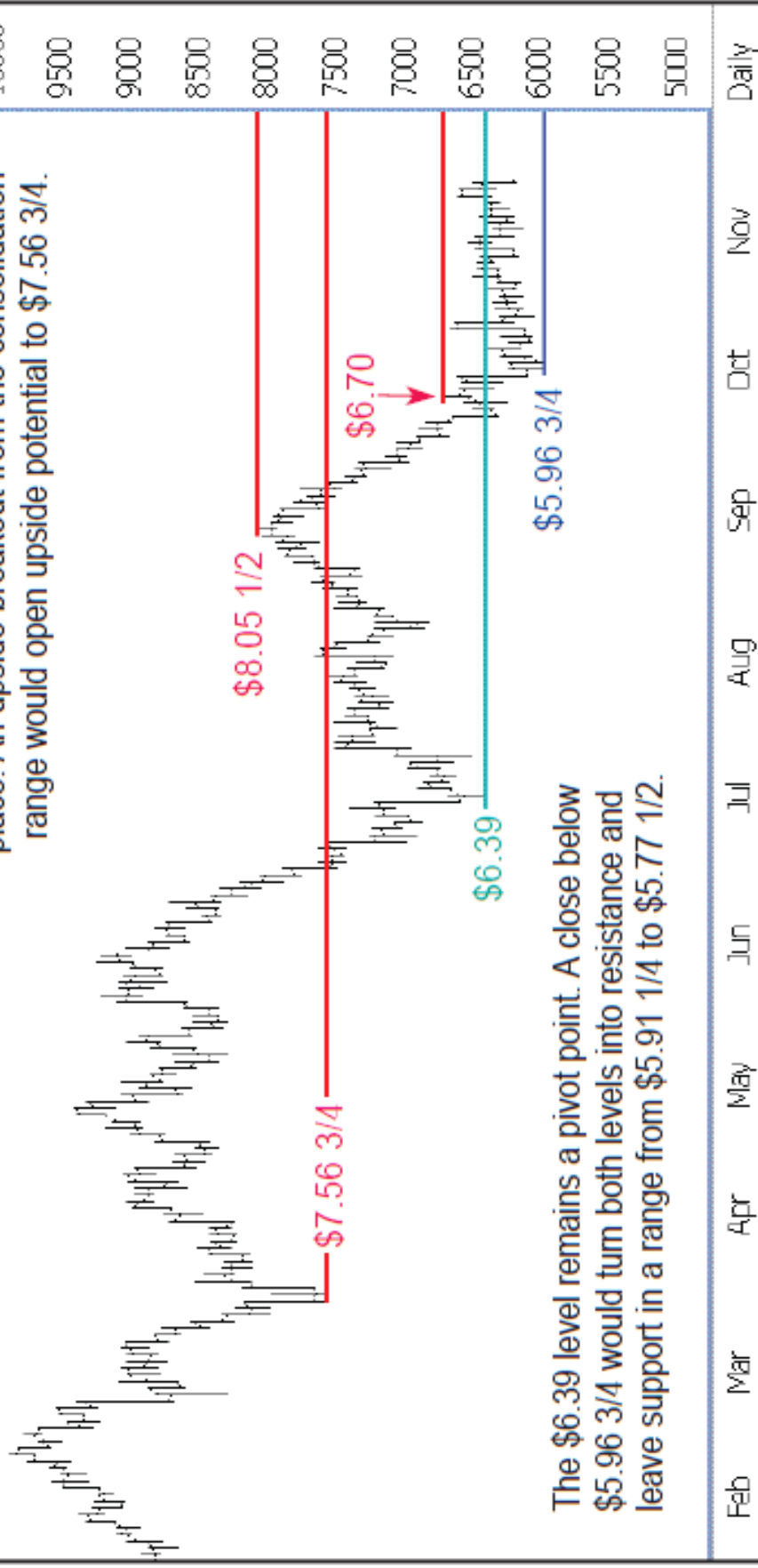
The CRB index



Daily Chicago December Wheat

Trend is choppy to lower.

A close above \$6.70 is needed to signal a low is in place. An upside breakout from the consolidation range would open upside potential to \$7.56 3/4.

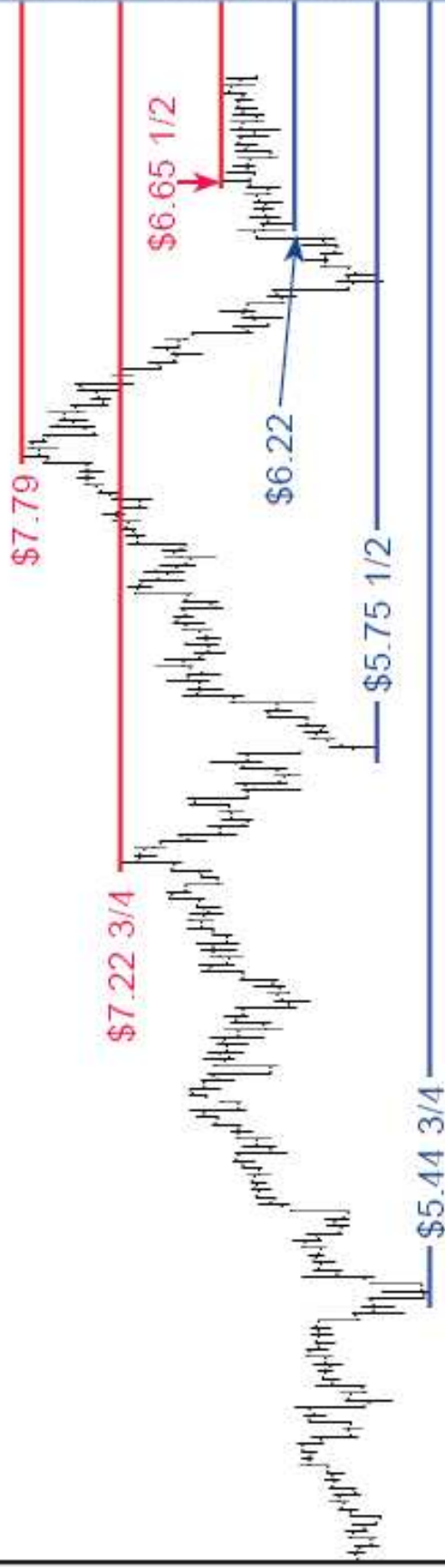


The \$6.39 level remains a pivot point. A close below \$5.96 3/4 would turn both levels into resistance and leave support in a range from \$5.91 1/4 to \$5.77 1/2.

Daily December Corn

Short-term trend is choppy.

Consecutive higher closes above \$6.65 1/2 after an extended consolidation period would open upside potential to \$7.22 3/4.



Consecutive lower closes below the bottom of the short-term consolidation range at \$6.22 would open downside risk to \$5.75 1/2.

Feb Mar Apr May Jun Jul Aug Sep Oct Nov Daily

U.S. CORN SUPPLY AND USE

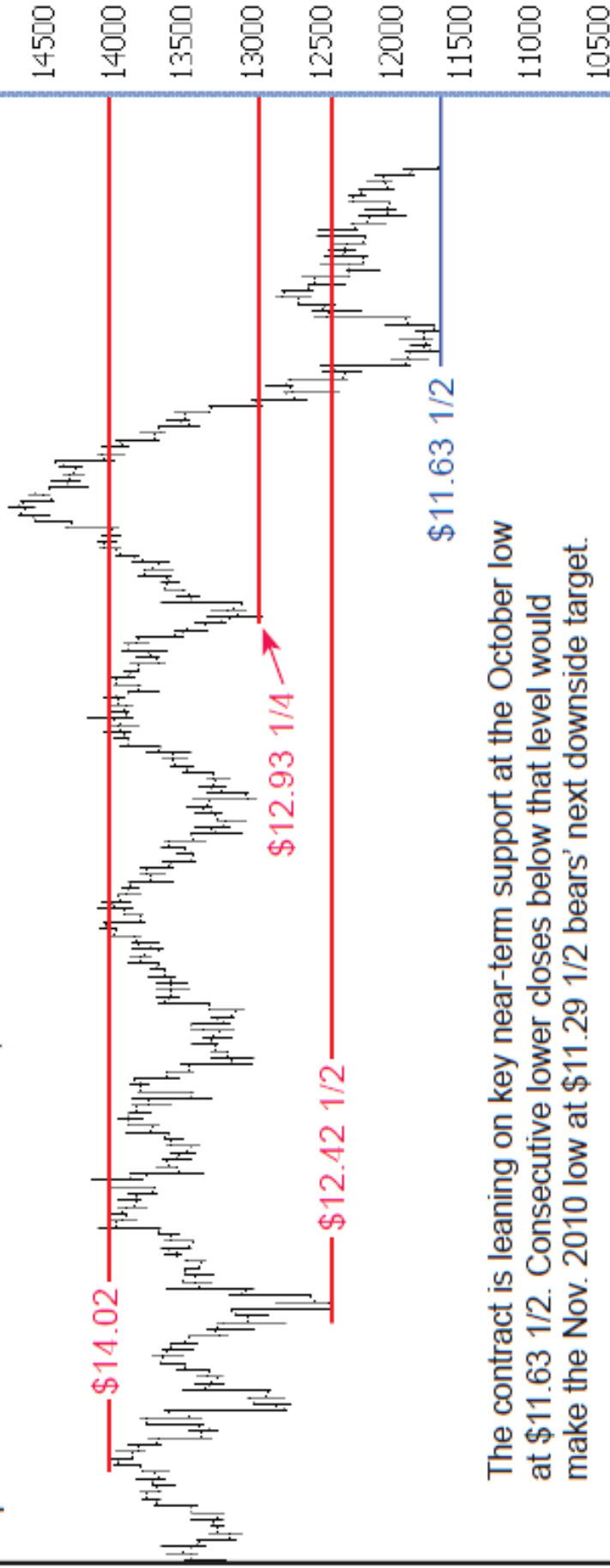
		2008	2009	2010	2011
Area Planted	(mil. acres)	86	86.5	88.2	91.9
Yield	(bu./acres)	153.9	164.7	152.8	148.1
Production	(mil.bu.)	12092	13110	12447	12433
Beg. Stocks	(mil.bu.)	1624	1673	1708	1128
Imports	(mil.bu.)	14	8	27	15
Total Supply	(mil.bu.)	13729	14792	14182	13576
Feed & Residual	(mil.bu.)	5182	5159	4803	4700
Ethanol	(mil.bu.)	3709	4568	5020	5000
Food, See, & Other	(mil.bu.)	1316	1370	1395	1410
Exports	(mil.bu.)	1849	1987	1835	1600
Total Use	(mil.bu.)	12056	13084	13053	12710
Ending Stocks	(mil.bu.)	1673	1708	1128	866
Season-Average Price	(\$/bu.)	4.06	3.55	5.18	6.20-7.20
Source: USDA					

Daily January Soybeans

Trend is choppy to lower.

A bounce from support at \$11.63 1/2 would point to a retest of resistance at \$12.42 1/2.

Bulls need a close above old support at \$12.93 1/4 to signal a low has been posted.



The contract is leaning on key near-term support at the October low at \$11.63 1/2. Consecutive lower closes below that level would make the Nov. 2010 low at \$11.29 1/2 bears' next downside target.

Feb Mar Apr May Jun Jul Aug Sep Oct Nov Daily

U.S. SOYBEAN SUPPLY AND USE

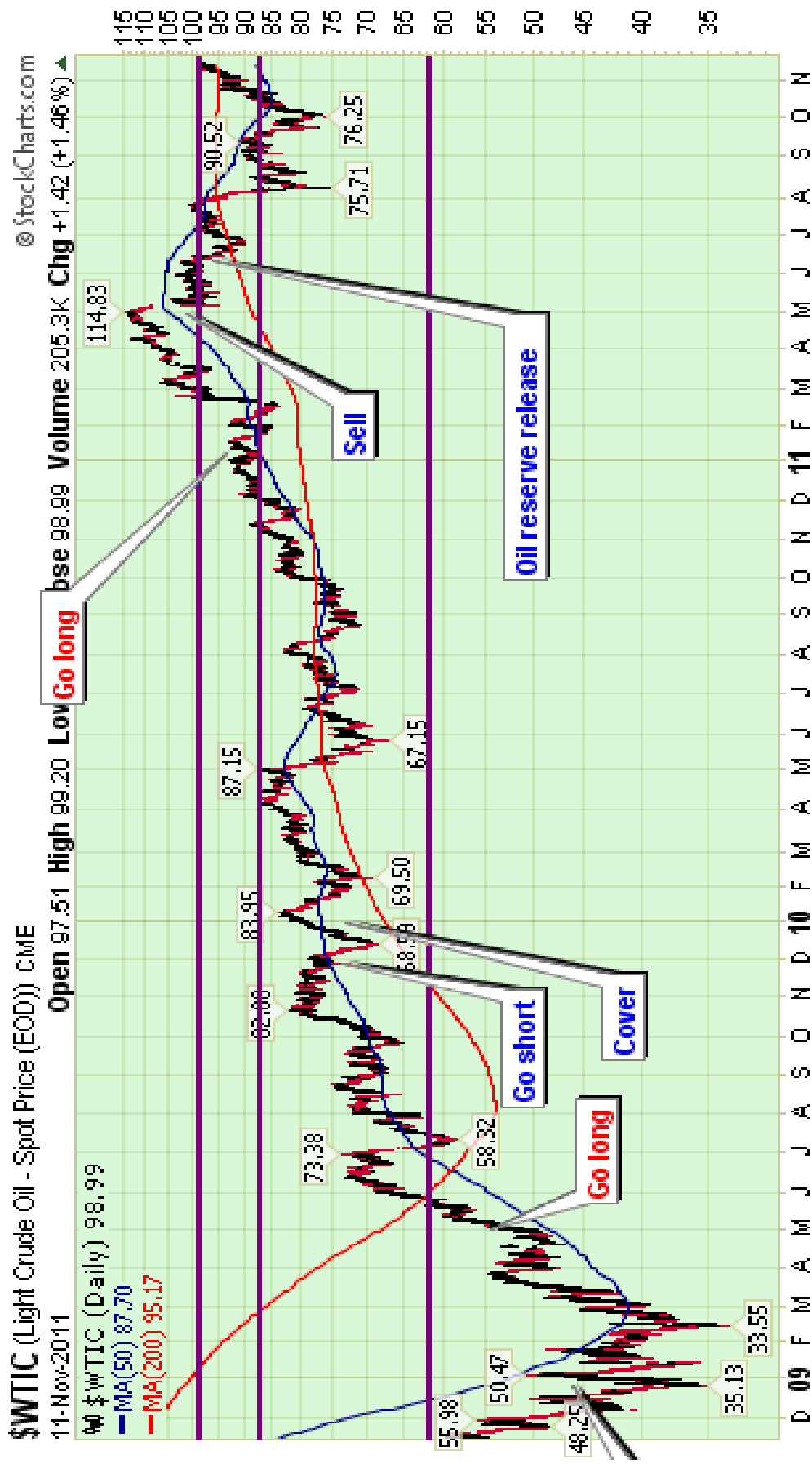
		2008	2009	2010	2011
Area Planted	(mil. acres)	75.7	77.5	77.4	75.0
Yield	(bu./acres)	39.7	44.0	43.5	41.5
Production	(mil.bu.)	2967	3359	3329	3060
Beg. Stocks	(mil.bu.)	205	138	151	215
Imports	(mil.bu.)	13	15	15	15
Total Supply	(mil.bu.)	3185	3512	3495	3290
Crush	(mil.bu.)	1662	1752	1650	1635
Seed & Residual	(mil.bu.)	106	108	132	120
Exports	(mil.bu.)	1279	1501	1500	1375
Total Use	(mil.bu.)	3047	3361	3280	3130
Ending Stocks	(mil.bu.)	138	151	215	160
Season-Average Price (\$/bu.)		9.97	9.59	11.3	12.15-14.15
Source: USDA					



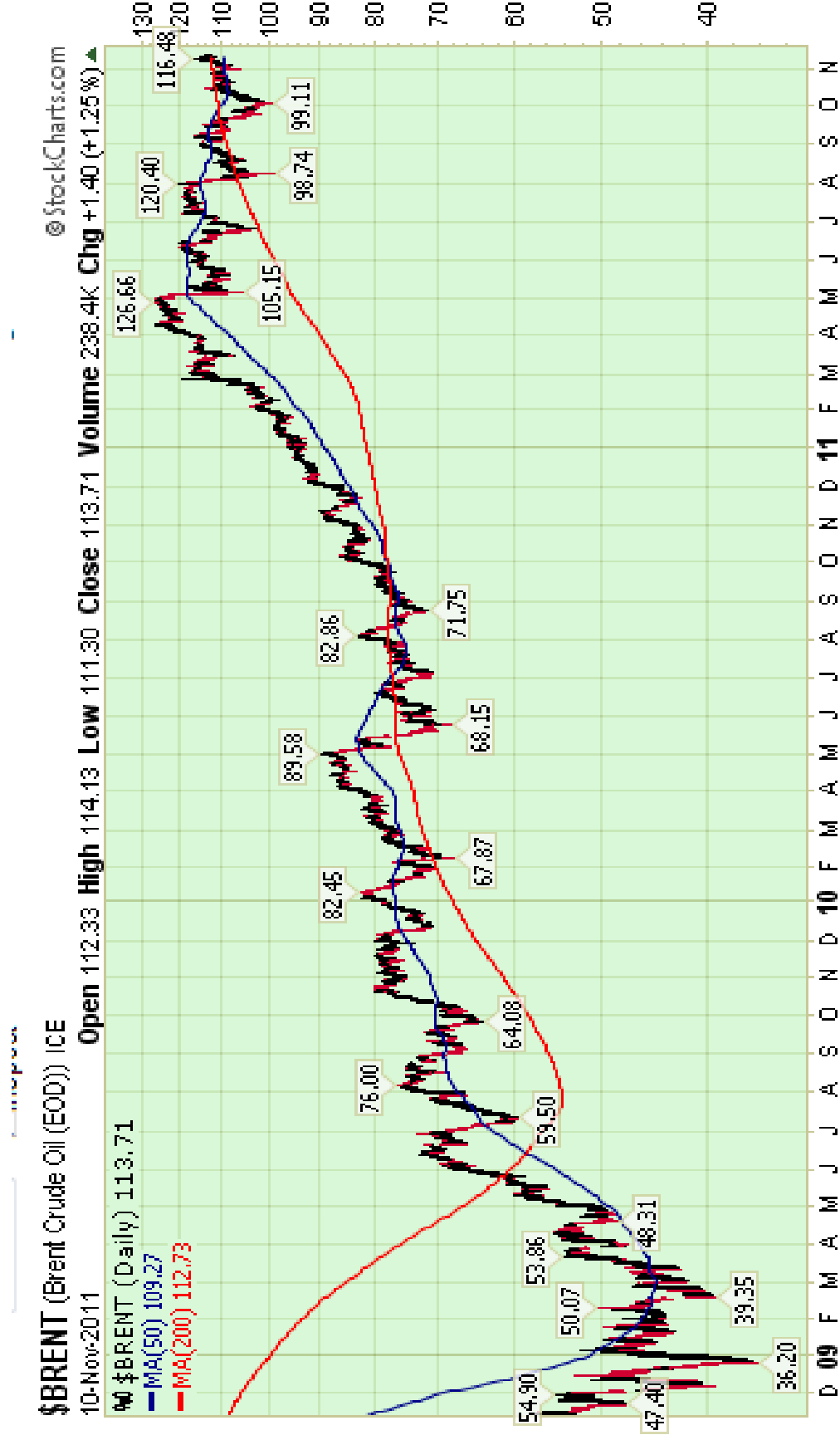
Copper



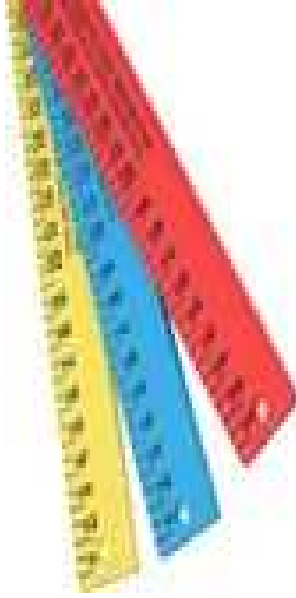
Crude Oil



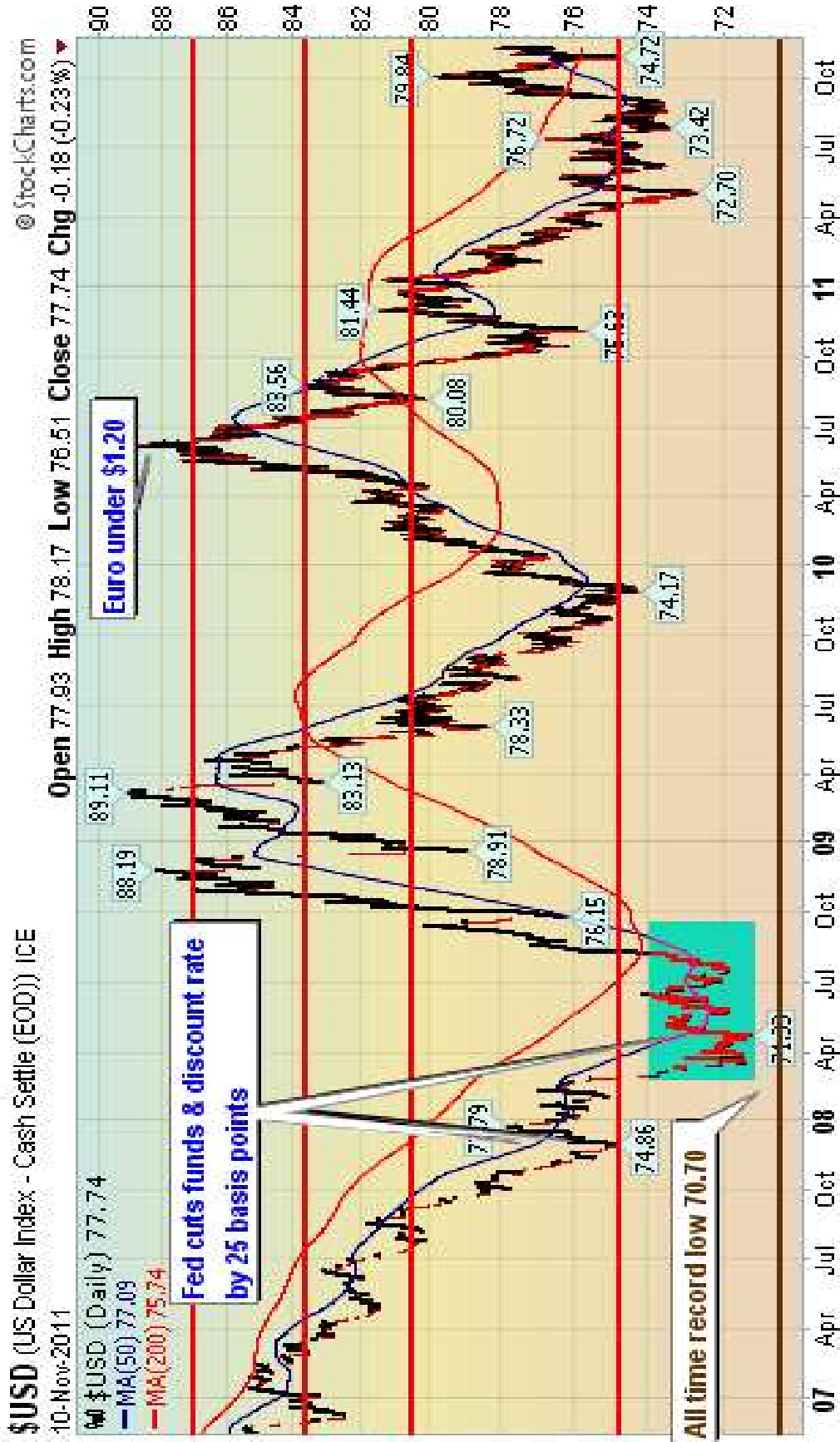
Natural Gas . . . And Winter is coming!



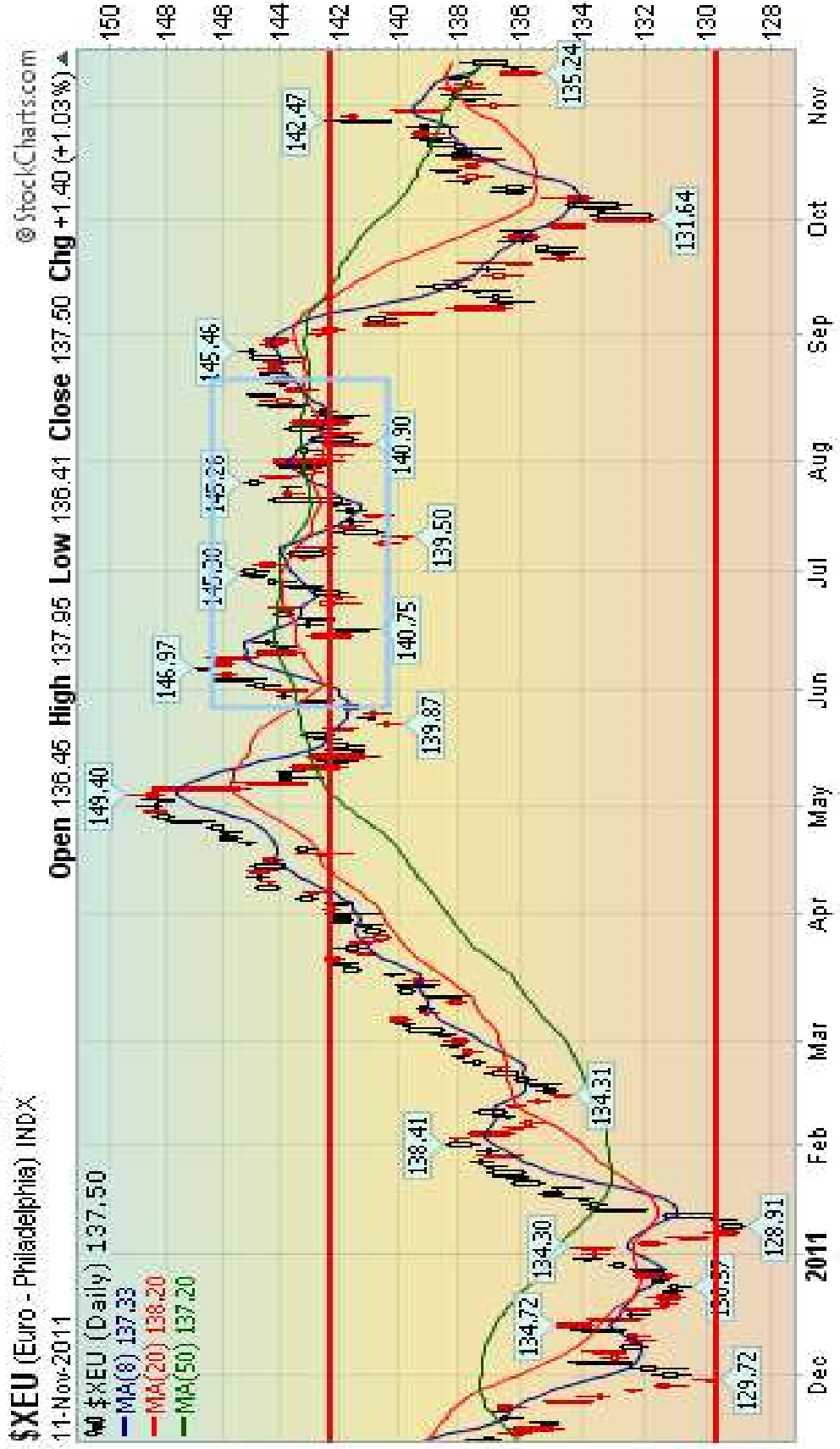
Medium of Exchange



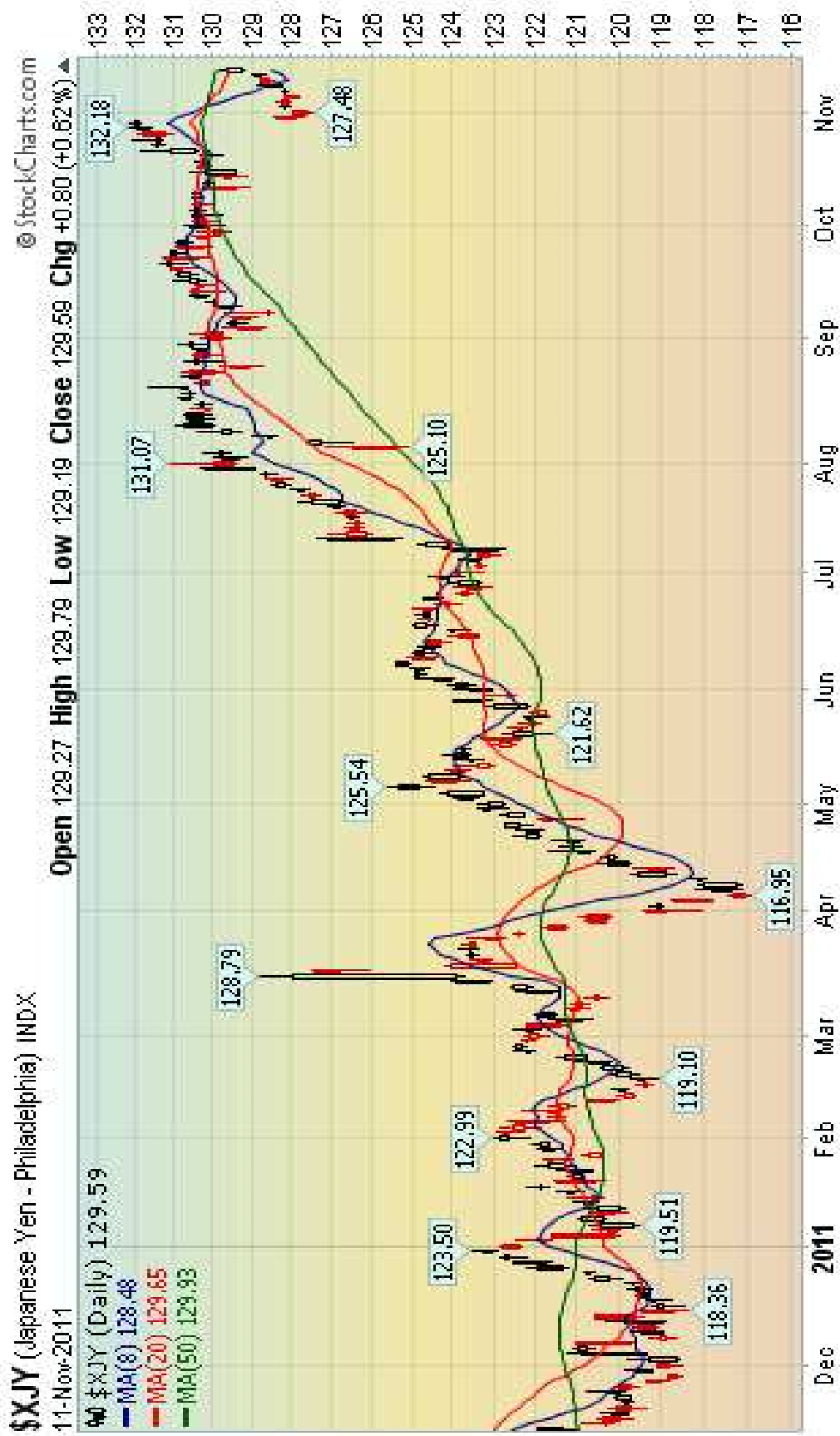
The US Dollar Index



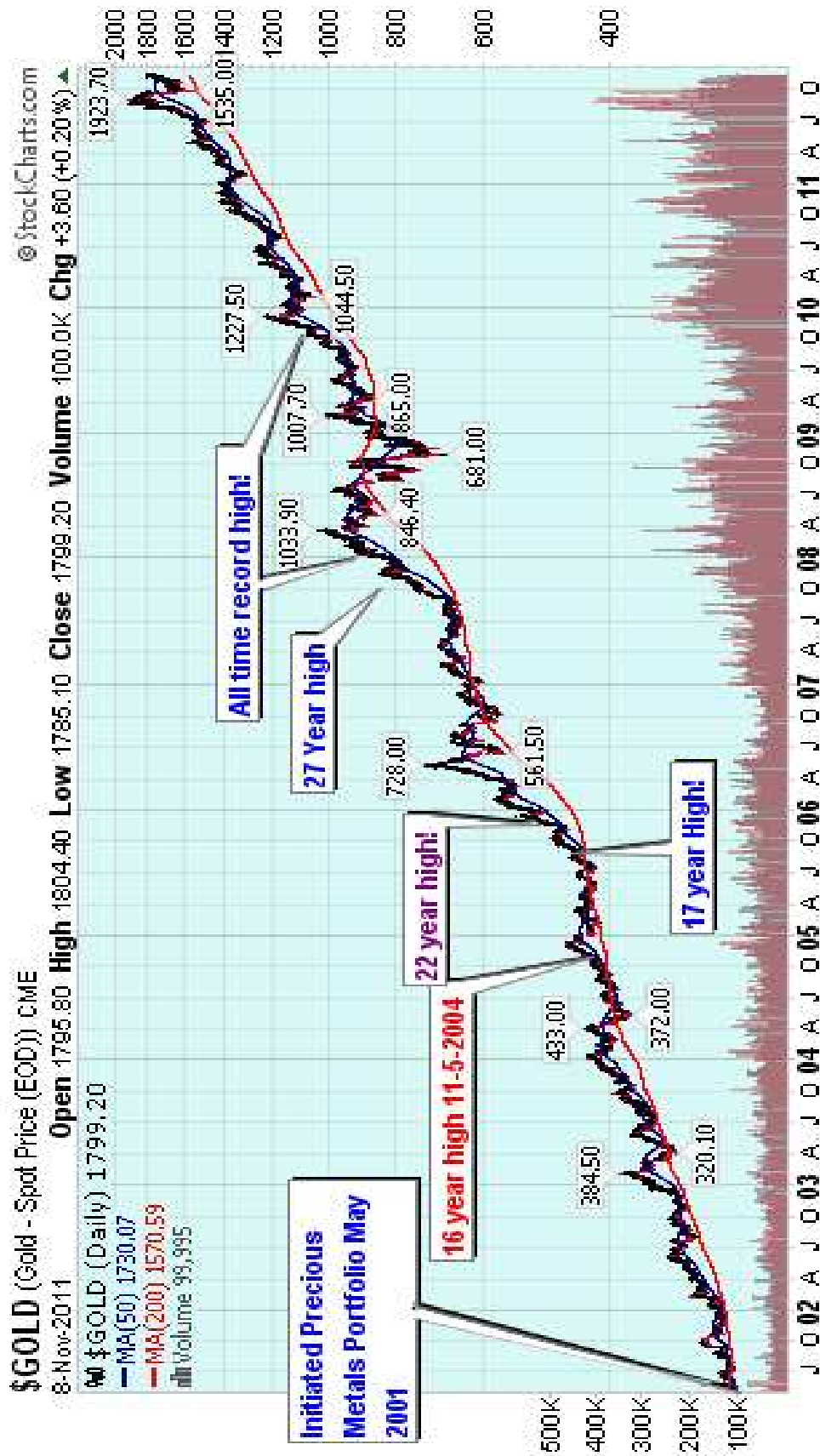
Euro



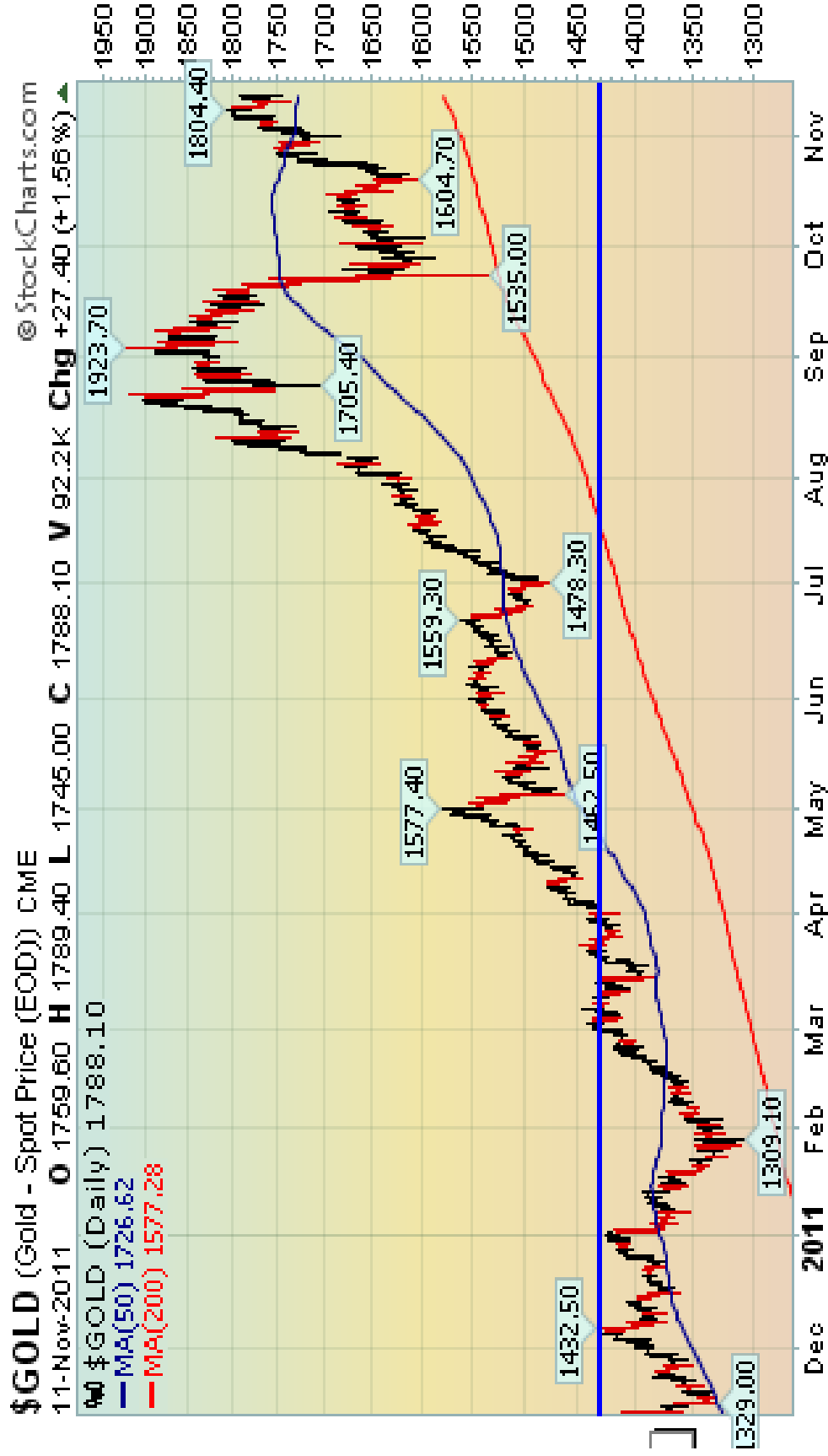
Yen



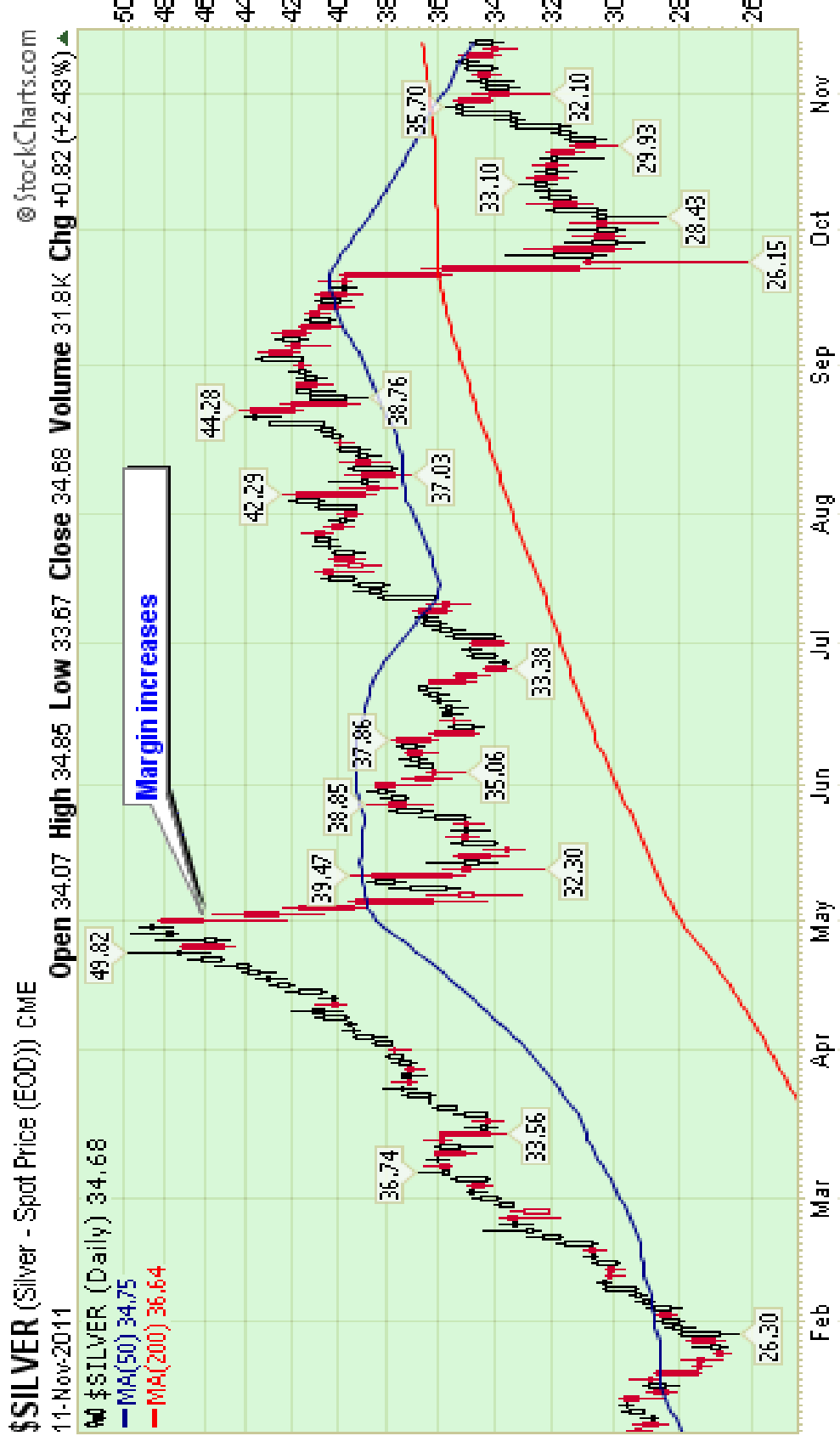
Gold



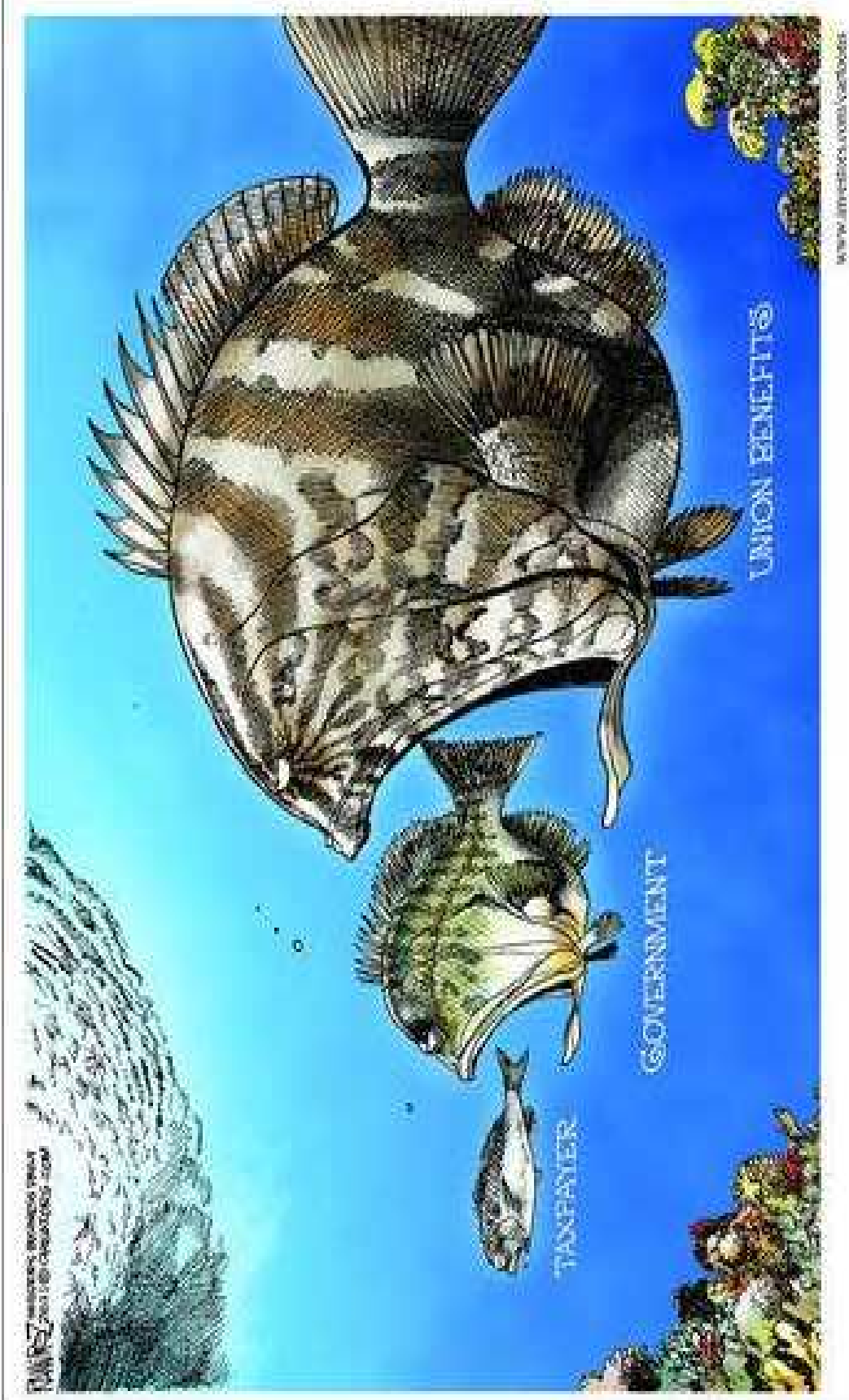
Recent Gold Action



Silver



The real world!



**Your goal
should be to
capture
the major portion
of a move!**

Basic Criteria

- C**urrent Earnings per share
- A**nnual Earnings Increases
- N**ew Products, New Managements, New Highs
 - S**upply and Demand
 - L**eaders or Laggards
- I**nstitutional Sponsorship
 - M**arket Direction

Fundamental/Technical

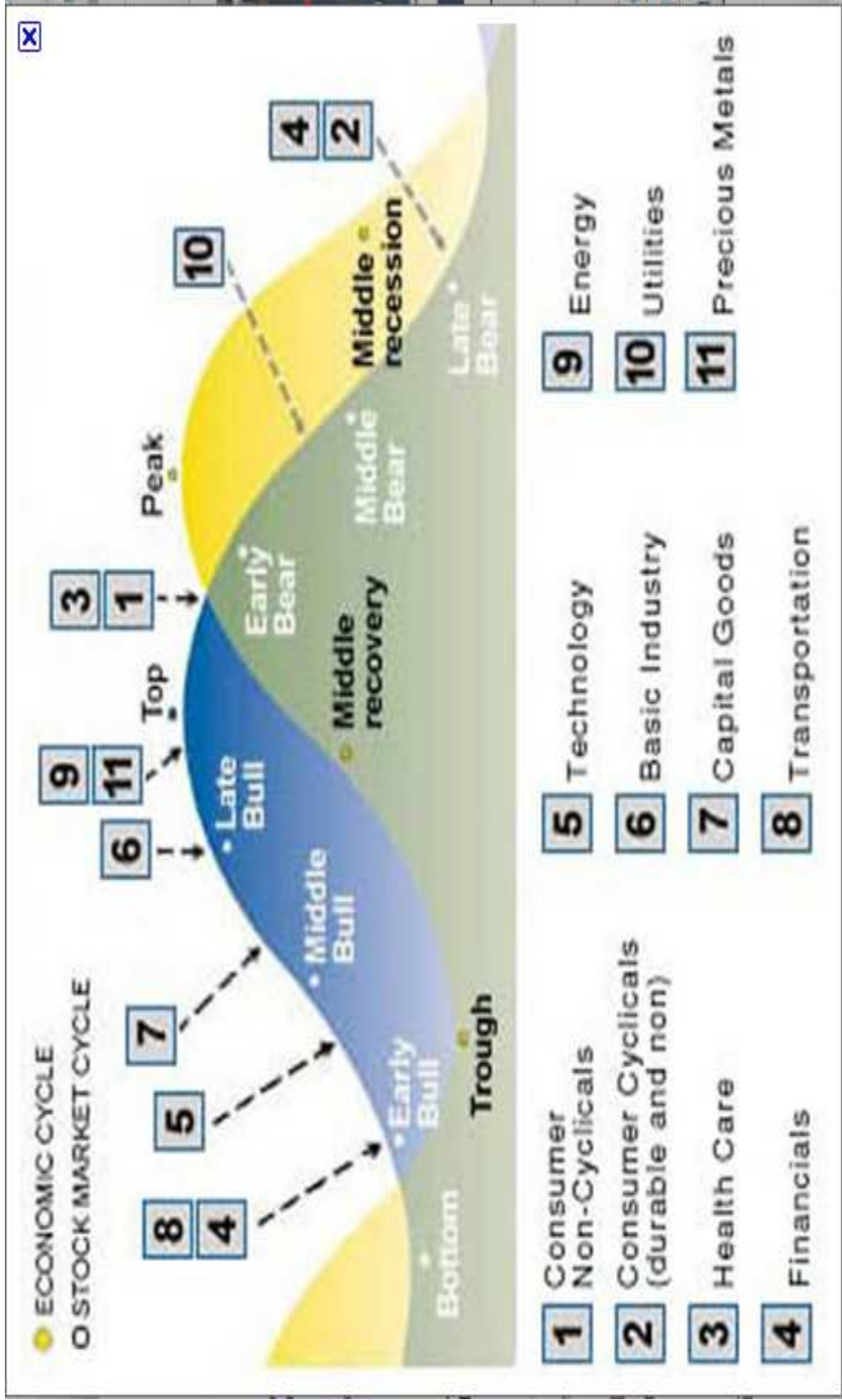
- Buy only stocks with increasing sales and increasing earnings
- CAN SLIM®
- Market Rotation
- Power of 3
- Pocket Pivots

CAN SLIM[®] Parameters

- C - EPS > 18% Q/Q
- A – EPS over 5 years > 15% annual growth,
Sales growth > 25% going forward
- N – New CEO, new high price, new products, new service
- S – Less than 25M o/s
- L – Leader in industry
- I – Institutional ownership < 35%,
3-10 institutions own shares
- **M – Market momentum**

Market Rotation

Cycles



Dorsey Wright & Associates

Sector Bell Curves

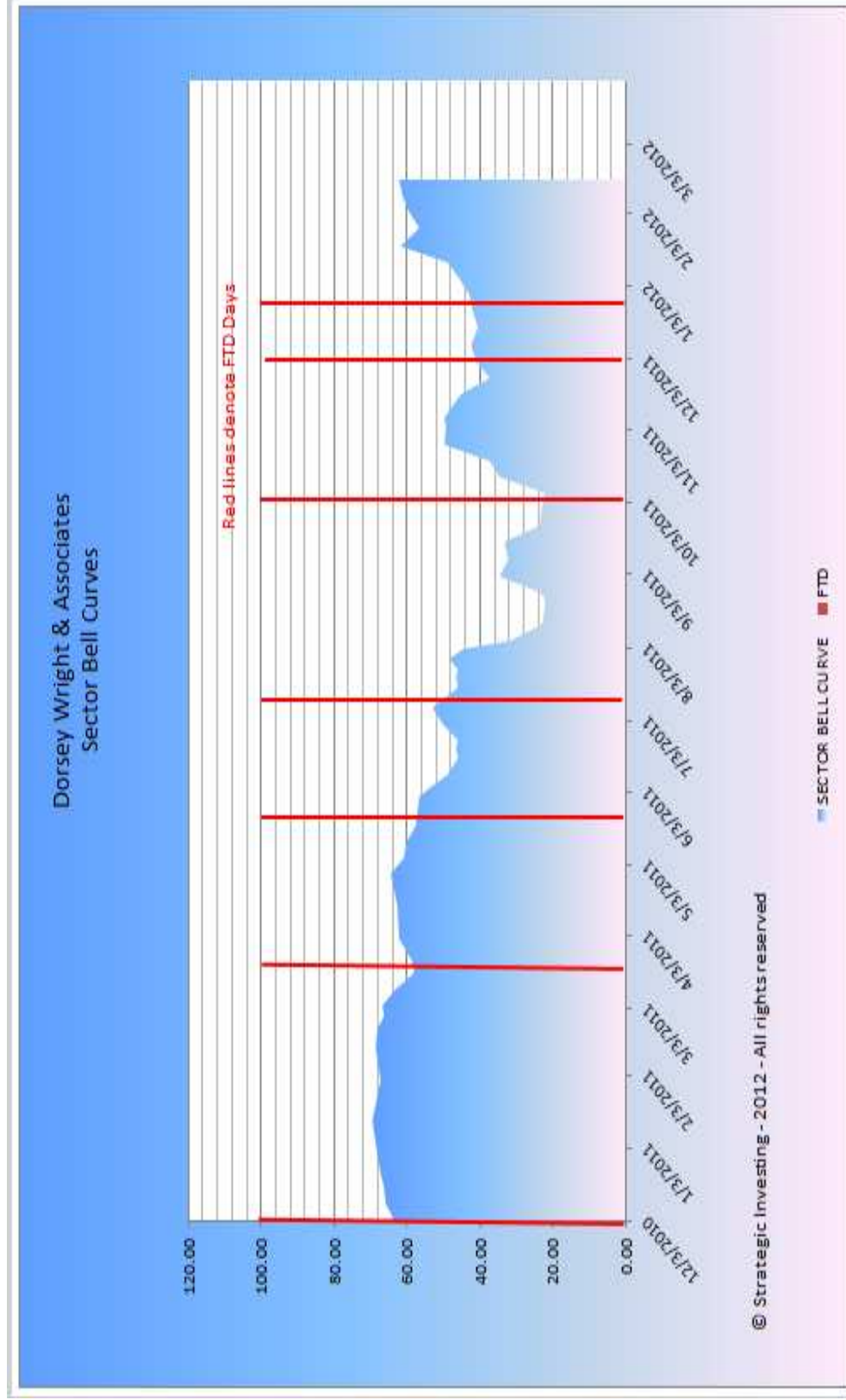
Dorsey Wright Sector Bell Curve

Bullish Percents

Average Level: 61.11



Dorsey Wright & Associates



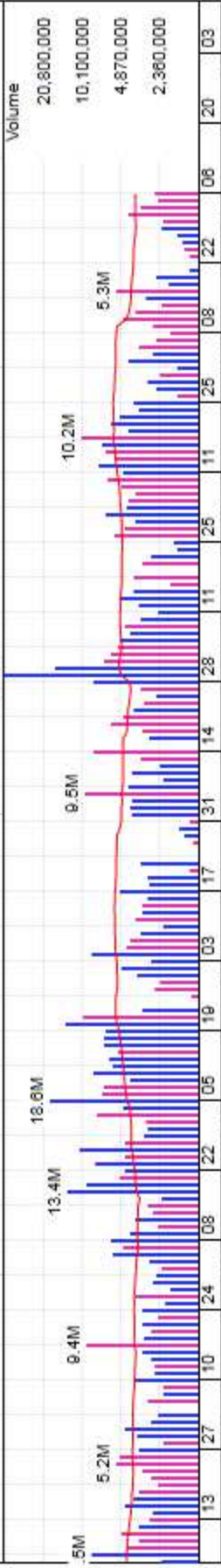
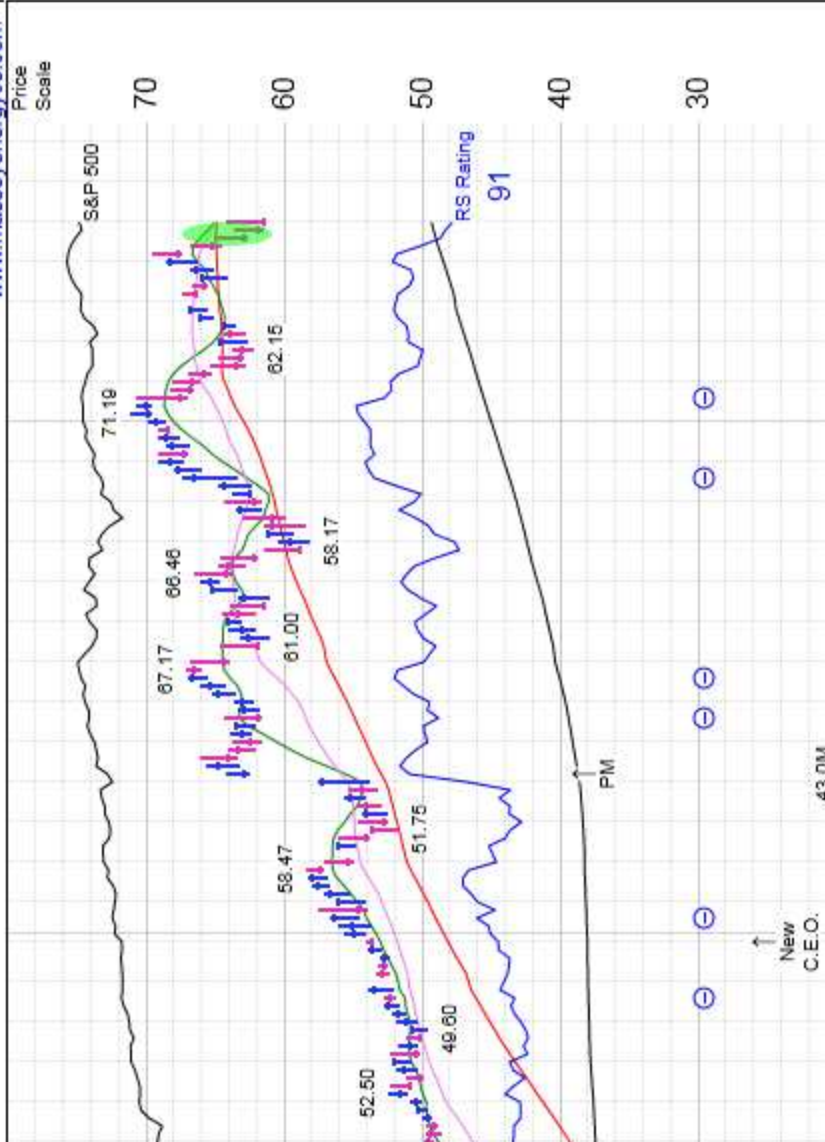
The Power of 3

The Power of 3

- When any three of four moving averages come into close proximity, a Power of 3 setup begins.
- A Power of 3 acts like a coiled spring. In about 80% of the time, it will react to either the up or downside of the moving averages.
- The remainder of the time it will stay in the base and/or channel.
- To play a Power of 3 setup, put a Buy Stop above and a Sell Stop below the channel described by the recent high and low for the stock.
- Once one is activated, remove the other and use normal loss criteria to protect your position.

Massey Energy Company (MEE) NYSE Energy-Coal Average Daily Volume 3,687,000 **Volume 2,582,100** **\$61.48 -0.42**
 ENGAGED IN THE PRODUCTION, PROCESSING AND SALE OF LOW SULFUR BITUMINOUS COAL OF STEAM AND METALLURGICAL GRADES www.masseyenergyco.com

Year (Dec)	EPS (\$)	Price(\$) High Low	EPS Rating	Group RS Rating	18
2004	0.25▲	36	B+	SMR Rating	D
2005	0.87	57	D-	Acc/Dis Rating	50
2006	0.27	44	C	Composite Rating	N/A
2007	1.11▲	37	N/A	Timeliness Rating	N/A
2008	3.07▲	95	N/A	Growth Rate	\$6360.4 Mill
2009	1.22▲	44	N/A	P/E	103.5 Mill
2010	-0.50▲	54	N/A	Mkt Cap	63%
2011	3.79 est.	N/A▲		Shares	
2012	5.50 est.	45%▼		Funds	



Month	Volume	EPS	Earnings (\$)	Sales (\$Mill)	Div-P/E	Range
Jun 30, 2010		-0.02	vs 0.24	N/A		
vs March 17, 2012		810.2	vs 697.6	+16%	31 - 63	
Oct		N/A				
Nov		-0.33	vs 0.19	N/A		
Dec		810.2	vs 641.6	+26%	76 - 101	
Jan		-0.49	vs 0.28	N/A		
Feb		730.0	vs 583.9	+25%	N/A	
Mar		-0.07	vs 0.41	N/A		
Apr		949.8	vs 688.6	+38%	N/A	
May		N/A				
Jun 7/27		N/A				

Morales & Kacher Pocket Pivots

High Growth Stocks Pocket Pivot
Screen

A Pocket Pivot occurs when

- The up volume is higher than any down volume in the previous ten days, and
- The stock is bouncing off a moving average like a 10 day, 20 day, or 50 day moving average.
- Comparison to the average hourly volume of the previous day can provide insight into the chances of a successful pocket pivot occurring.
- The HGSI screen only shows end-of-day pocket pivots.
- A Pocket Pivot that occurs along with a Power of 3 condition makes for a possible powerful move.

HGSI Pocket Pivots/Force Indexes

HGS Warehouse - 36 securities, filter used: M&K - Pocket Pivot with Force Indexes, combo rank: M&K - Pocket Pivot with Force Indexes

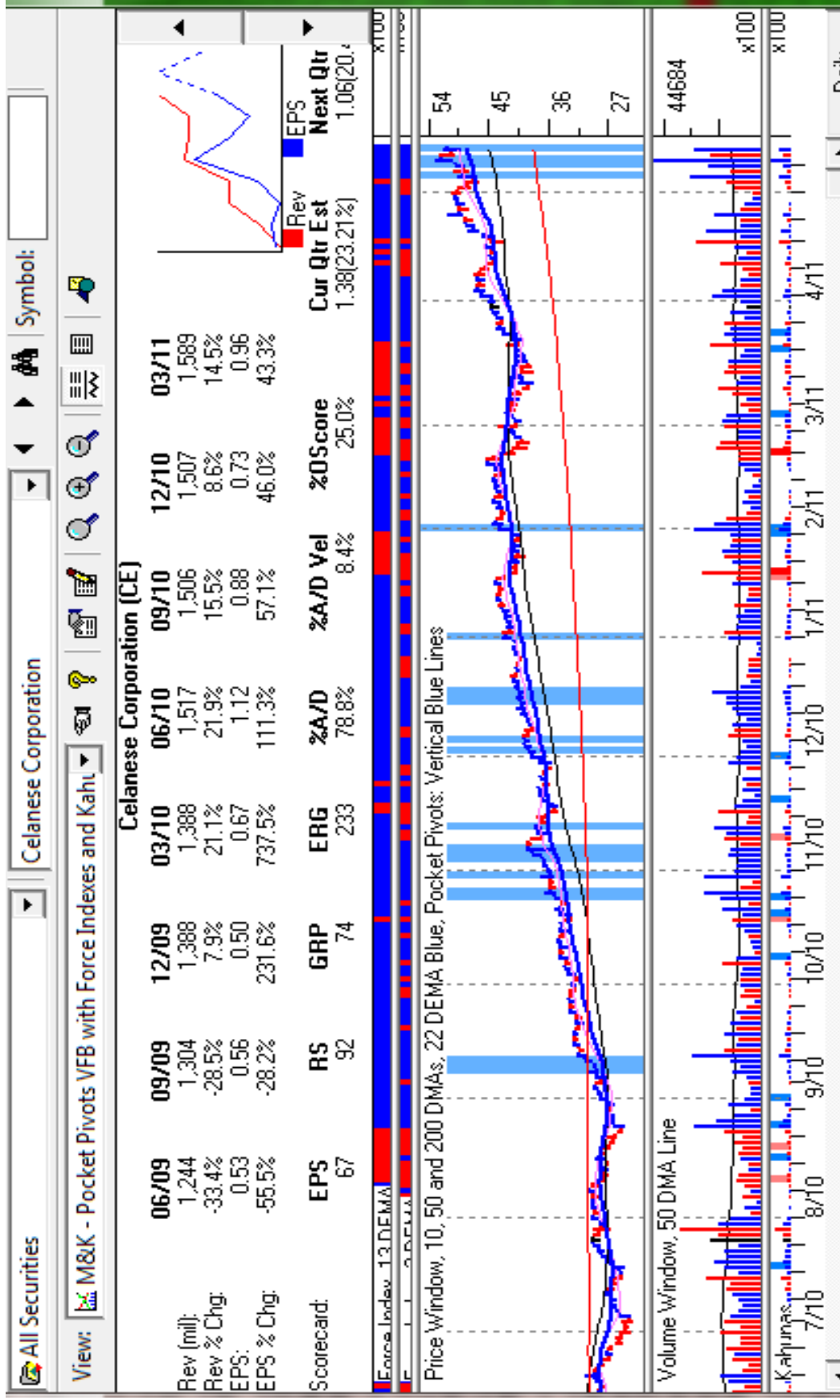
File Tools Help

Designer Charting Ranking Report Filter Information

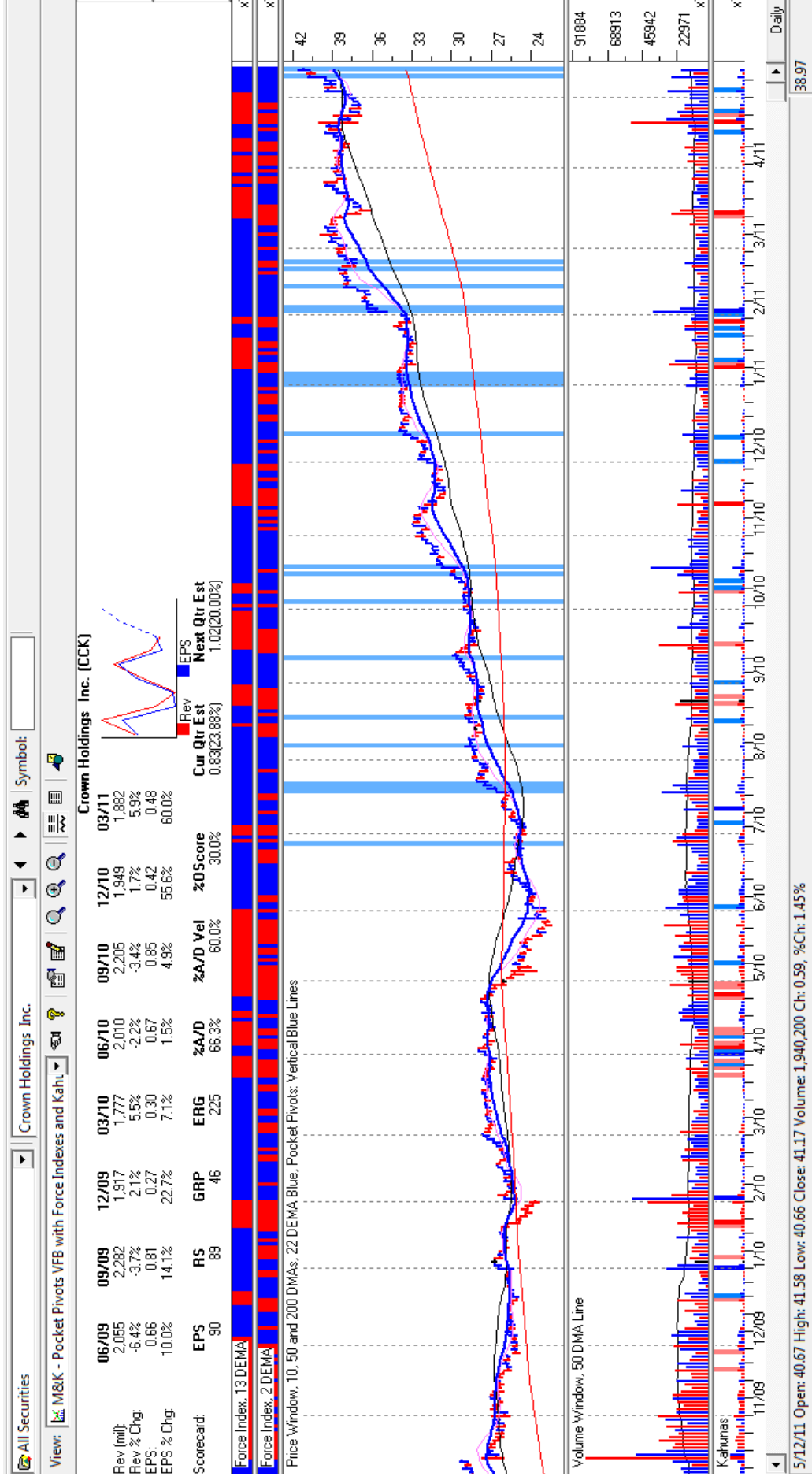
All Securities View: M&K - Pocket Pivot with Force Indexes

	Name	Symb	Raw Cor	Last Close	Last Close	% Pr Ch 1-Dy	Average Dollar	A	EPS Rk	RS Rk
1	Celanese Corporation	CE	19.64	51.21	0.57	1.1%	78,647,229	A	67	92
2	Crown Holdings Inc.	CCK	9.82	41.17	0.59	1.5%	54,740,426	A	90	89
3	WellPoint Inc.	WLP	32.73	80.00	0.59	0.7%	214,901,961	A	66	88
4	Chemtura Corporation	CHMT	29.45	18.57	0.03	0.2%	17,676,953	A	64	88
5	Solera Holdings Inc.	SLH	26.18	57.75	0.75	1.3%	20,772,326	A	75	87
6	Myriad Genetics Inc.	MYGN	16.36	24.48	0.26	1.1%	15,920,188	A	33	87
7	Ross Stores Inc.	ROST	16.36	82.44	1.36	1.7%	89,484,267	A	73	87
8	Dollar Tree Stores Inc.	DLTR	26.18	61.52	1.76	2.9%	58,235,582	A	92	87
9	Alere Inc.	ALR	13.09	41.00	0.84	2.1%	18,535,355	A	34	86
10	Carpenter Technology Corpora	CRS	32.73	52.02	1.46	2.9%	21,439,475	A	54	86
11	Autodesk Inc.	ADSK	22.91	45.99	0.79	1.7%	101,742,419	A	24	85
12	Dick's Sporting Goods Inc.	DKS	26.18	42.58	0.51	1.2%	54,753,756	A	76	85
13	McGraw-Hill Companies Inc.	MHP	32.73	42.19	0.60	1.4%	67,608,038	A	48	85
14	Healthsouth Corporation	HLS	32.73	27.59	0.29	1.1%	20,374,003	A	57	83
15	Ball Corporation	BLL	6.55	39.03	0.41	1.1%	45,790,181	A	76	83
16	Coach Inc.	COH	32.73	61.22	1.44	2.4%	174,634,871	A	74	83
17	Alaska Air Group Inc.	ALK	3.27	69.77	0.46	0.7%	20,877,384	A	95	81

Celanese



Crown Holdings



Search Criteria For Performance

O'Neil B+160 + 70

Strategic Investing A+190 + 90

Power of 3, Free Parking, or Dr. K's Pocket Pivot

8 day's up

12 of 15 up

Guru's Criteria

- EPS \geq 80
- RS \geq 80
- Composite Rating \geq 70
- Accumulation/Distribution = B or better
- 8 % Stop Loss

Strategic Investing Criteria

- Accumulation/Distribution = B or higher
- EPS + RS \geq 180
- Composite \geq 85
- 50 Day Average Daily Volume \geq 500,000
- Price $>$ \$10.00
- In the top 100 Industry Groups, preferably, top 50

**Your goal
should be to
capture
the major portion
of a move!**

**There is a difference
between Expectation
And
Realization.**

Always sell the Expectation!

My Game Plan

- STI – positive or negative
- FED actions – liquidity + or –
- Stock Screens
 - A + 190 or B + 180 (Weekly Review)
 - HGSI Pocket Pivots
 - 3 Week’s Tight of Leaders
 - IBD Leaders

Game Plan continued

- Make List of Stocks to consider
 - Beta rank
 - Short Position %
 - \$10, \$15, \$20 level & % of institutions

Stock Watch Lists

Tool #1

- **Developing a Stock Watch List**
- **Screening for Stocks**
- **Stock Charts**
- **FinViz**
- **Using IBD[®] to find stocks**
- **Using MarketSmith[™] to find stocks**
- **Using Leaderboard to find stocks**
- **Maintaining the List**

A Stock Watch List

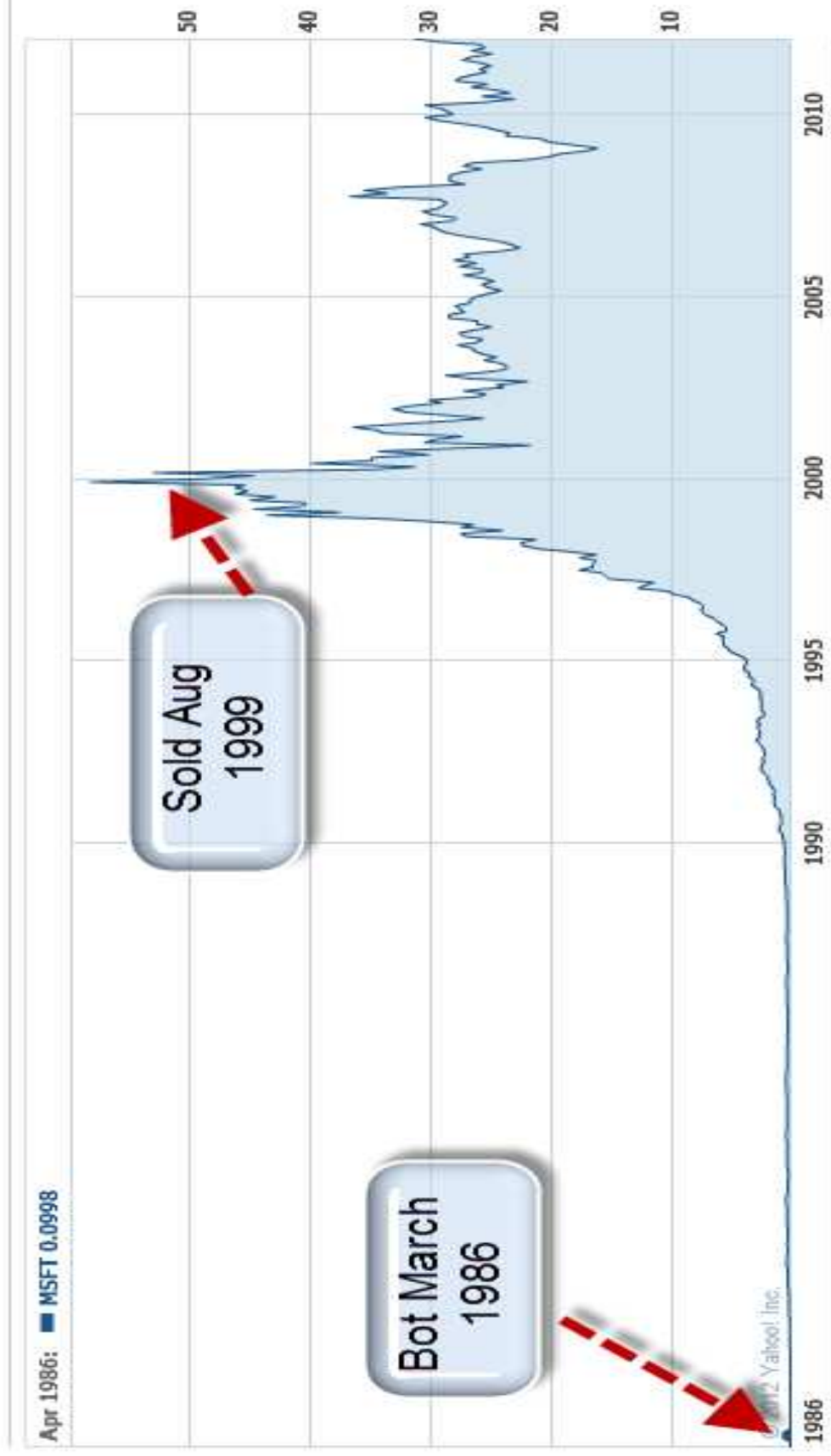
Master Stock Watch List Compilation

	3/12 WR Weekend Review	3/12 FM Fast Movers	12-Mar Weekly Movers	12-Mar Stock Bases	11-Mar Sector Leaders	12-Mar B+180 Watch	3/8/2010 8DAYUP	3/5/2010 12of15	3/8/2010 A+180	3/8/2010 180 Watch	3/8/2010 Fast Movers	Total
PCLN		X		X	X	X	X		X	X		6
DECK	X					X		X	X	X		5
ISRG	X			X		X	X	X		X		5
ATHR	X	X				X	X	X				4
CAKE	X		X			X				X		4
JCG	X					X	X	X		X	X	4
LZ	X	X					X	X				4
APKT	X						X	X				3
BARE						X			X	X		3
BCSI	X		X				X	X				3
BIDU	X	X		X								3
BUCY	X					X				X		3
CAAS		X				X				X		3
DBRN	X					X				X		3
EL	X					X				X		3
HLF		X				X				X		3
HRBN	X		X		X					X	X	3
HSNI		X								X		3
IPXL						X	X	X		X		3
KCI	X		X			X				X		3
LTD						X	X	X		X		3
LZB	X					X	X	X		X		3
NFX		X				X				X		3
NRPG	X						X	X		X		3
NTY	X					X				X		3
NUS	X		X			X						3
QLGC	X						X	X				3
TRW	X					X	X					3
VIT	X			X	X							3

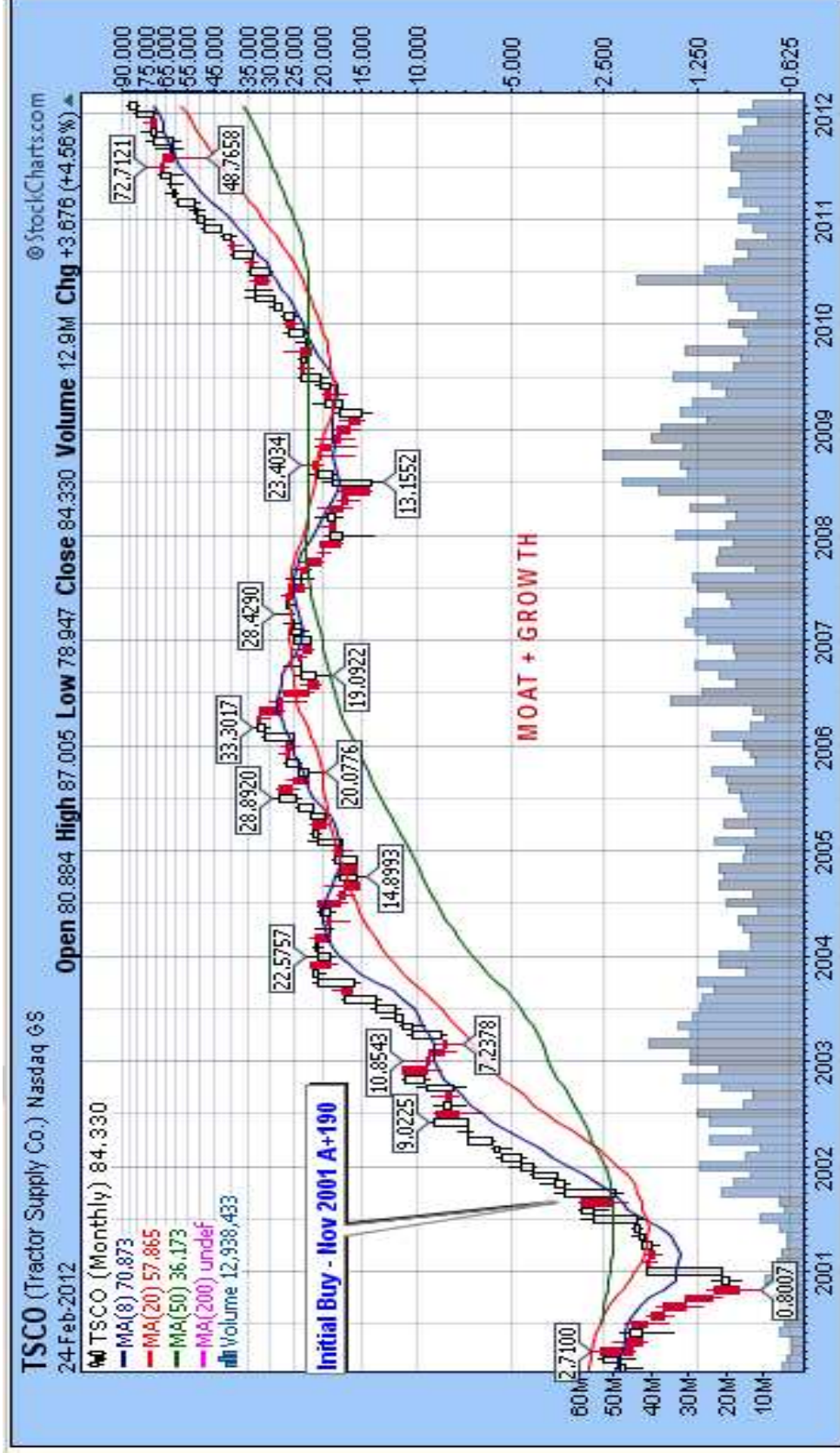
The Keys for success

- Buy good stocks!
- Maintain Action Point Discipline (MAPD)
- Study your mistakes
- Do not get emotional or attached
- Performance not diversity is goal!
- Above all, keep your capital safe but invested wisely!
- **Now for the Proof of the Pudding!**

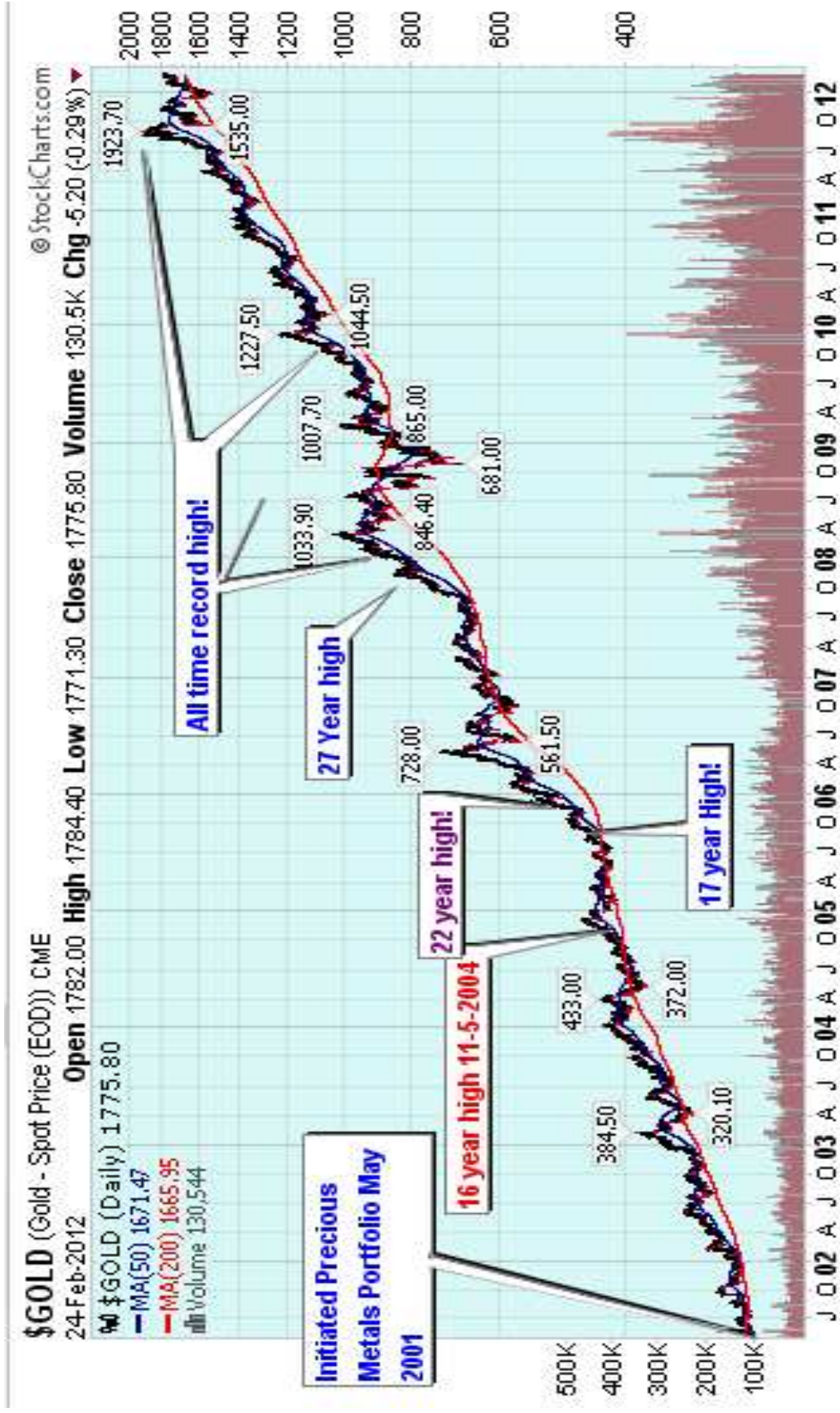
MICROSOFT - MSFT



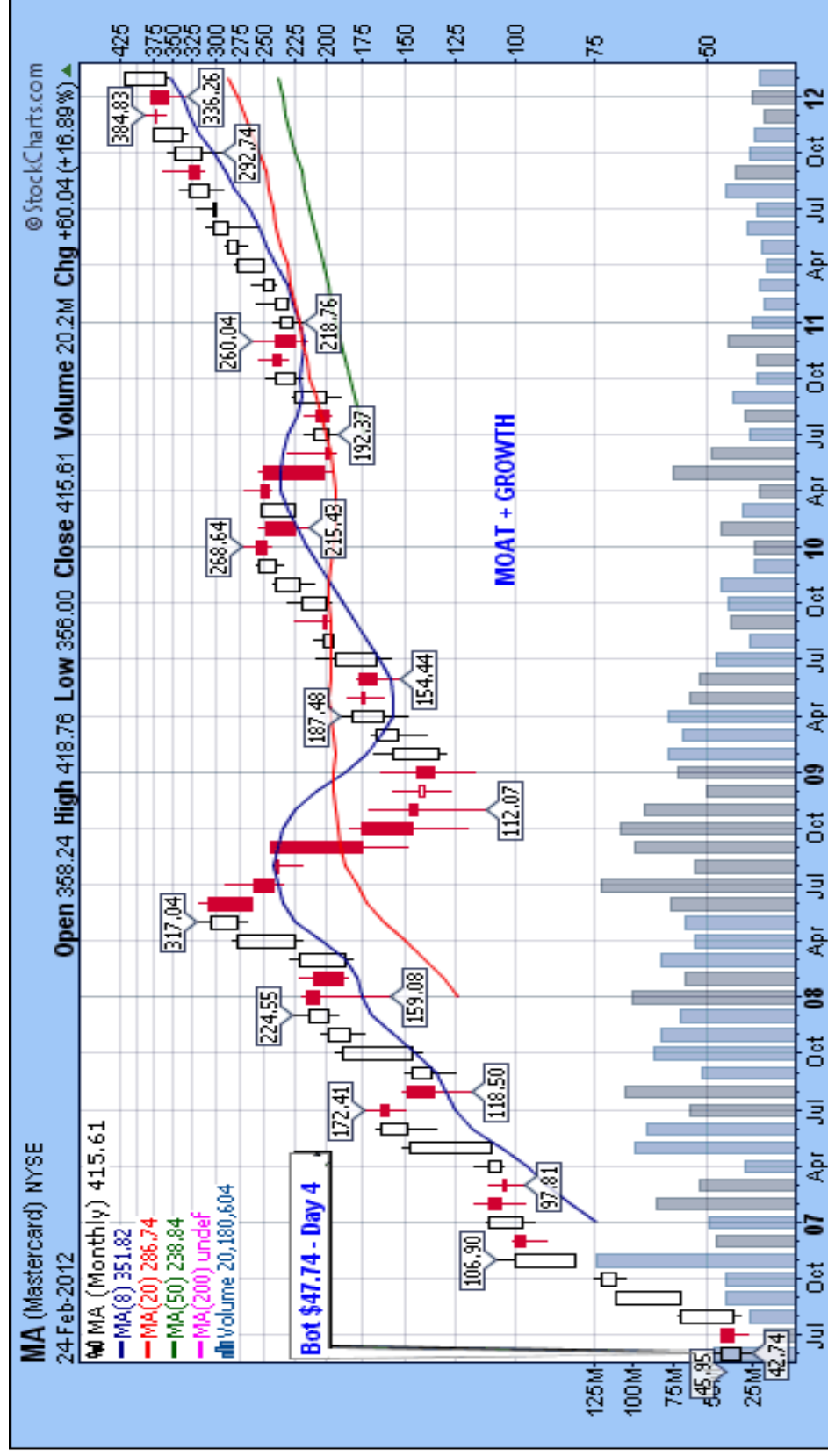
TRACTOR SUPPLY - TSCO



GOLD

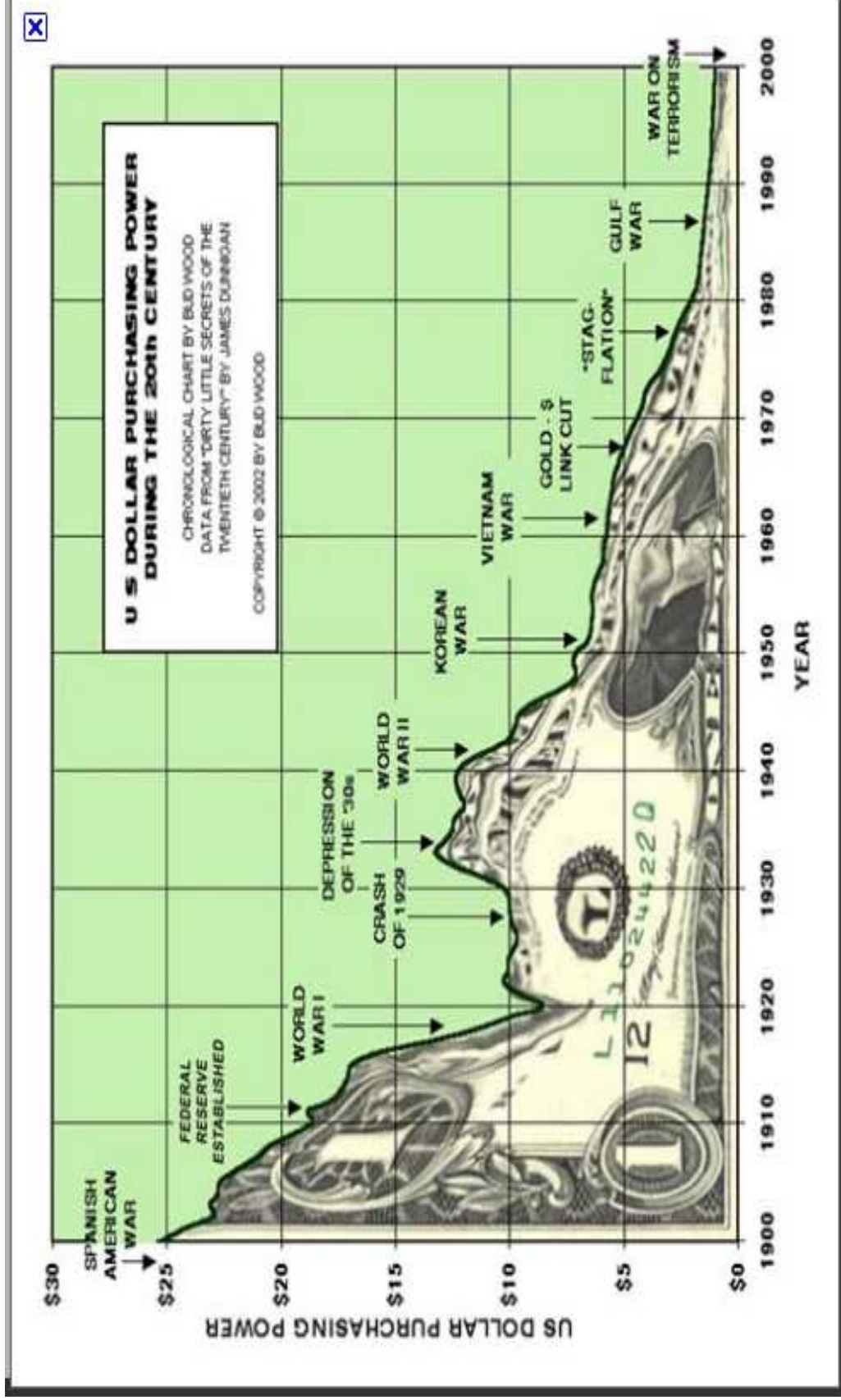


MASTERCARD - MA



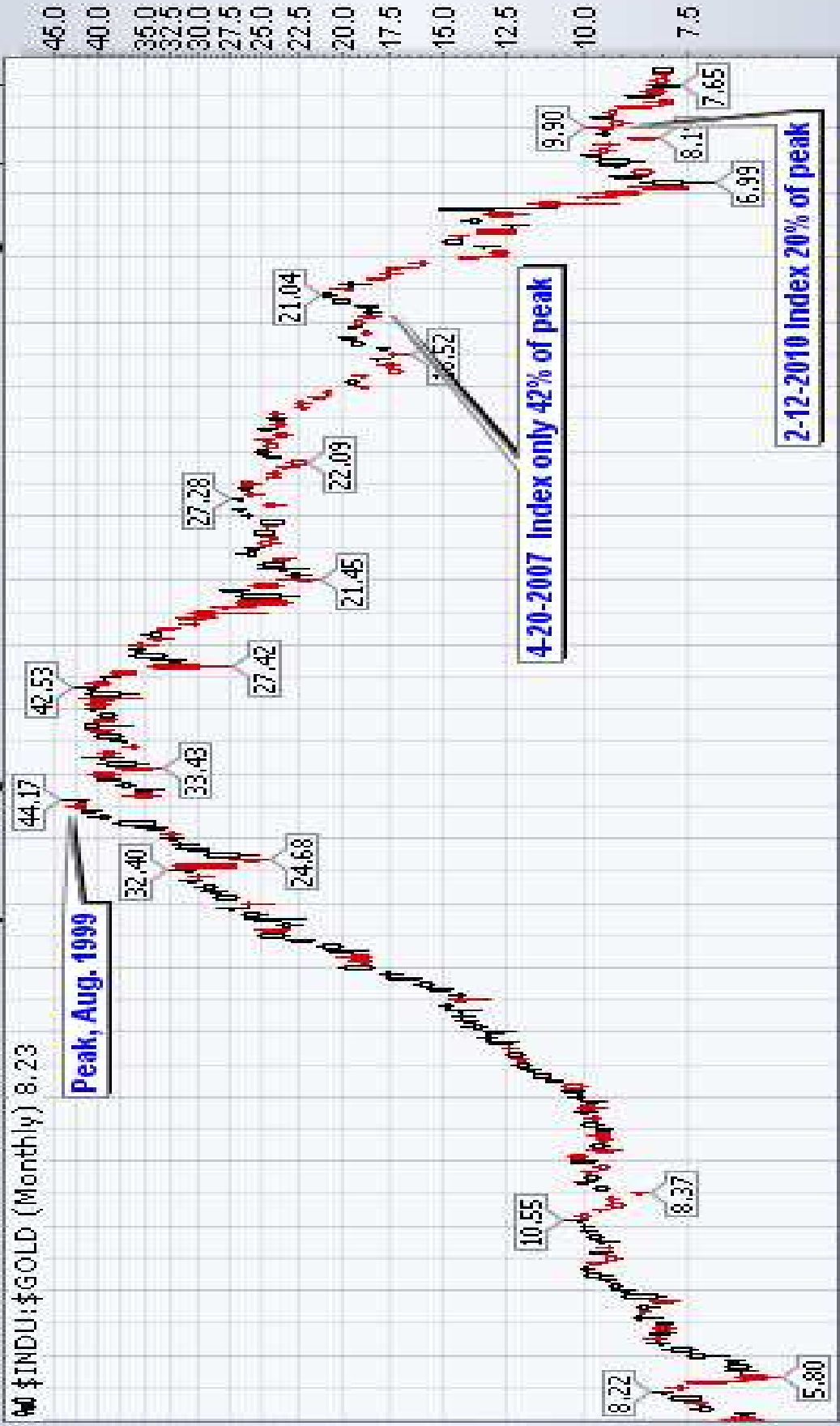
Purchasing Power

Purchasing Power & the FED



\$INDU:\$GOLD (Dow Jones Industrial Average/Gold - Spot Price (EOD)) INDXCME

30-Dec-2010 **Open** 7.83 **High** 8.27 **Low** 7.83 **Close** 8.23 **Volume** 5,854 **Chg** +0.29 (+3.84%) ▲



1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

\$SPX:\$GOLD (S&P 500 Large Cap Index/Gold - Spot Price (EOD)) INDX/CME

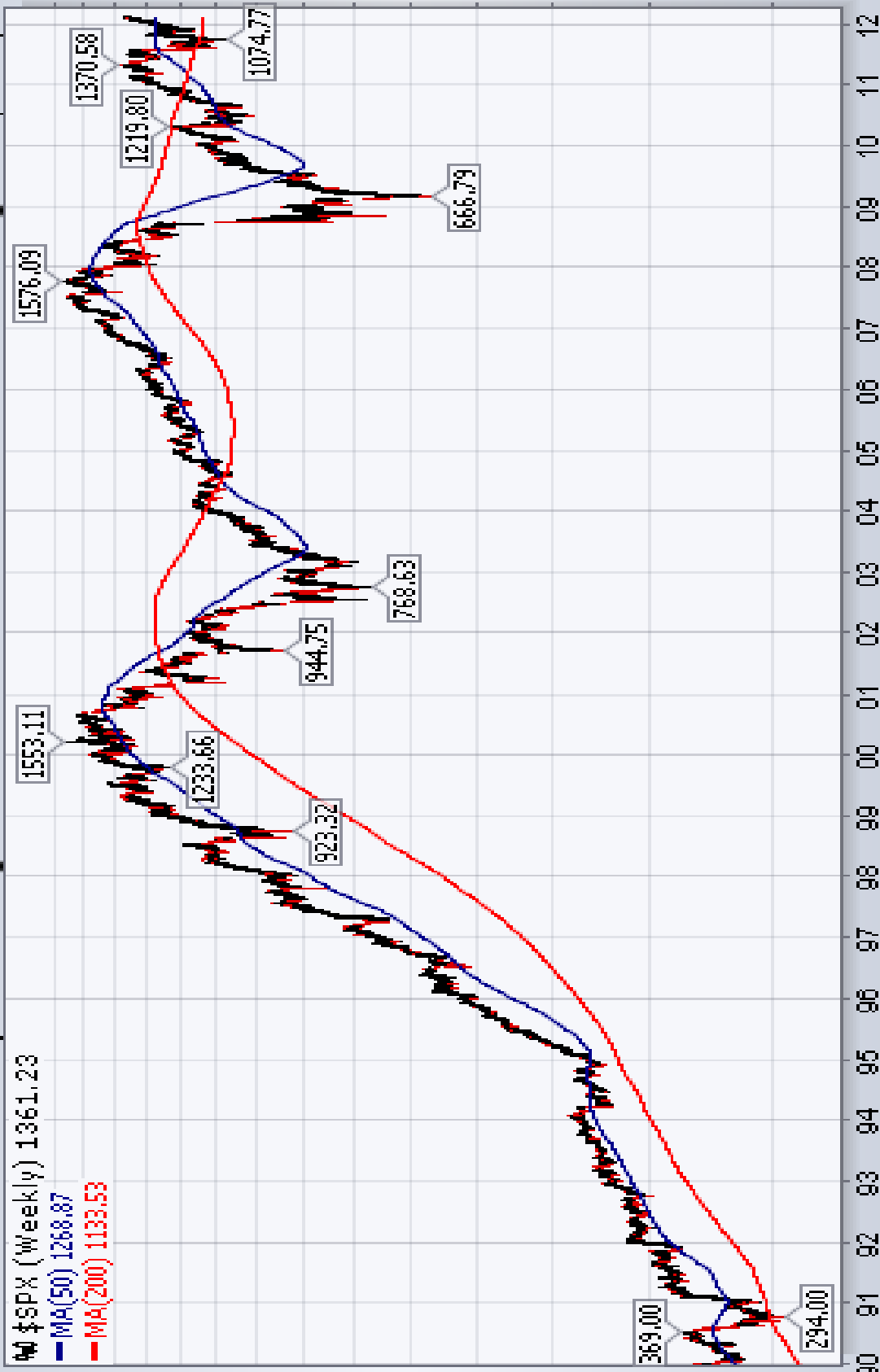
17-Feb-2012 © StockCharts.com
Open 0.76 **High** 0.79 **Low** 0.76 **Close** 0.79 **Volume** 21.2K **Chg** +0.03 (+4.49%) ▲



\$SPX (S&P 500 Large Cap Index) INDEX

© StockCharts.com

17-Feb-2012 **Open** 1343.06 **High** 1363.40 **Low** 1340.80 **Close** 1361.23 **Volume** 14.7B **Chg** +18.59 (+1.38%) ▲



\$SPX (S&P 500 Large Cap Index) INDEX

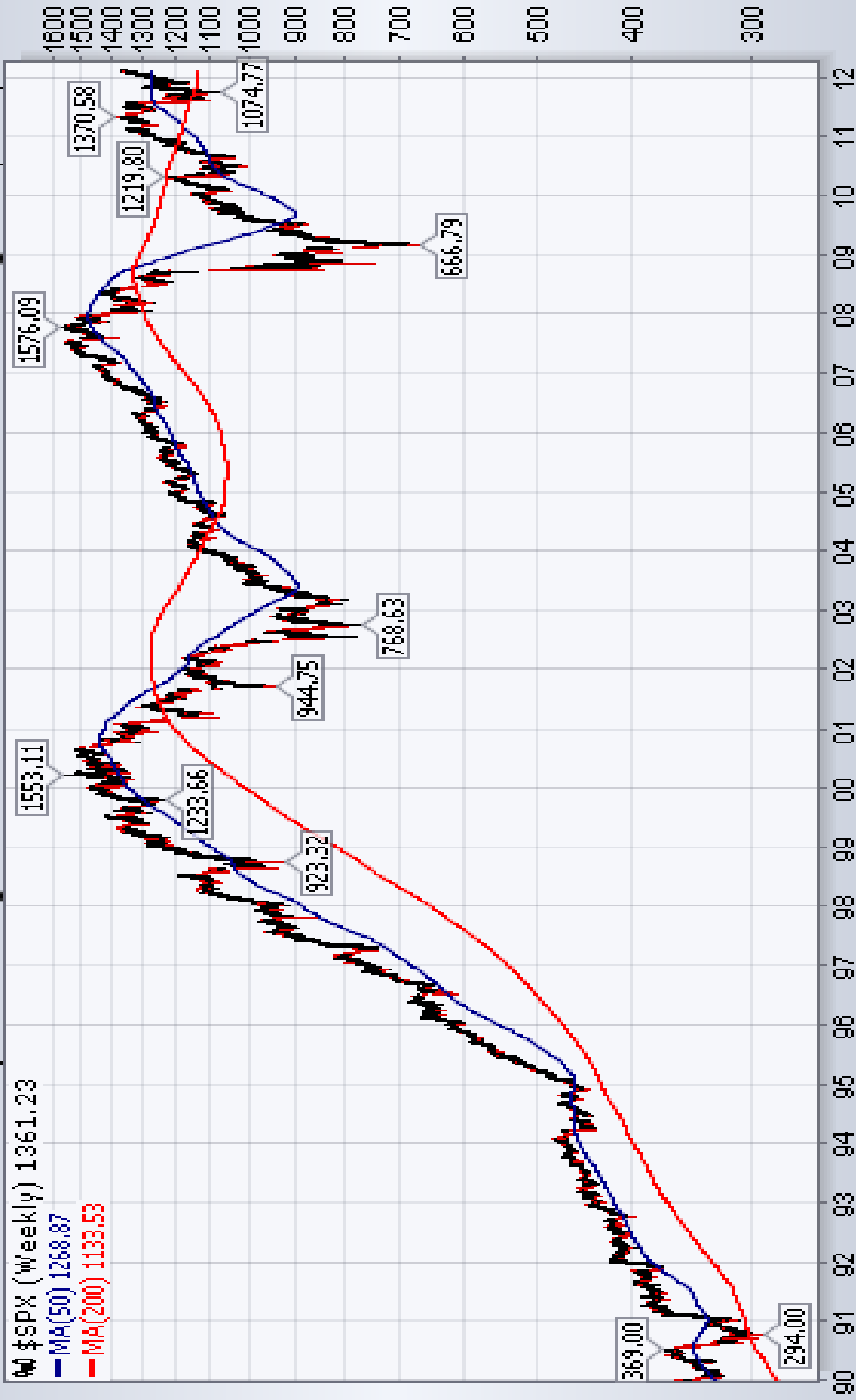
© StockCharts.com

17-Feb-2012 **Open** 1343.06 **High** 1363.40 **Low** 1340.80 **Close** 1361.23 **Volume** 14.7B **Chg** +18.59 (+1.38%) ▲

▲ \$SPX (Weekly) 1361.23

— MA(50) 1268.87

— MA(200) 1133.53



Strategic Investing Filters

Conservative

- Acc/Dist = A
- EPS ≥ 90
- RS ≥ 90
- EPS + RS ≥ 190
- Composite Rating ≥ 90
- Price $\geq \$6$
- Volume $> 250,000$
- Top 50 Industry Groups

Aggressive

- Acc/Dist $\geq B$
- EPS ≥ 85
- RS ≥ 85
- EPS + RS ≥ 180
- Composite Rating ≥ 80
- Price $\geq \$10$
- Volume $> 1,000,000$
- Top 100 Industry Groups

Which way are you looking?



Any Questions ...
Good hunting ...
Are you looking for elephants?

