

Bill Gunderson's Weekly "Best Stocks Now" Newsletter

Straightforward, honest research for successful people...

December 2, 2011-FREE EDITION



Bill Gunderson-President of Gunderson Capital Mgt. Inc.

We ended the seven day losing streak in the market with a bang! The Dow started the week at 11,231 and ended the week at 12,019 for a gain of almost 800 points or 7%. Consider for a moment, that the prior week was the worst Thanksgiving week for the market since 1932! No wonder my supply of Tums is dwindling! By the way, Tums is owned by Glaxosmithkline (GSK), a B- rated stock:



Performance of gsk vs S&P 500		
1 Mo Total Return	2.1%	0.5%
3 Mo Total Return	7.2%	6.0%
12 Mo Total Return	19.6%	1.9%
Momentum Grade	C+	C
3 Yr Avg Tot Ret	15.4%	13.6%
5 Yr Avg Tot Ret	1.0%	-2.3%
10 Yr Avg Tot Ret	2.9%	0.9%
Performance Grade	C-	C
2008 Total Return	-22.3%	-38.5%
Safety Grade	B	C

Gunderson Stock Grade	
B-	
Overall Ranking: 949 / 2681	

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The market got off to a bounce on Monday after better than expected Black Friday results and “big” talk out of the Eurozone. The market then blasted off for a 490 point gain after central banks all over the world agreed to provide liquidity to the troubled European Union. On Friday, the market “popped and stopped” after a better than expected Non-Farm payrolls report. For the month the economy created 120,000 jobs and the unemployment rate dropped to 8.6%

It should be noted however, that 300,000 stopped looking for a job and the jobs that were created were mostly in the service sector. For this reason, the market sold off during the day as the details were disseminated.

If your stomach can take it, here is a one-year chart of the Dow Jones Industrial Average. It looks a lot like that roller-coaster at Knott's Berry Farm.



Also notice that the market is running into to some fairly solid resistance right now. I am going to go out on a limb and guess that it will eat through that resistance and have a pretty good December. Hey, I was right about being bullish this week.

All of the problems that existed in the market the week before still exist today, but they seem to be a little bit more surrounded this week. The European Central Bank, and Central Banks around the world are prepared to do battle to prevent

a global contagion spreading from Europe. Speaking of Europe, let's check and see how they are doing.

One-Year Chart of Europe



As you can see the European Market has found a bottom, in fact a double-bottom and seems to be stabilizing. Each and every member of the EU is going to have to do their part in getting their financial houses in order, however. Right now, global growth is projected to be 2-3% next year. That would be enough to sustain a decent market if we can hold onto those levels.

For the year, the S & P 500 is down 1.1%, Gold is up 22.8%, and the yield on the ten-year is 2.04% Many are still afraid that we are on the cusp of another 2008, but as of now I just don't see it. I remain cautiously bullish.



My Model Portfolio for Conservative Investors:

This model is made up of the mostly mid-cap and large cap companies that I consider to be suitable for investors who have a conservative risk profile, but still want growth.

This portfolio is up 3.63% year-to-date, while the S & P 500 is down 1.10%. The portfolio currently has a 5.0% cash position and no hedges. The portfolio is currently heavily weighted in the consumer and commodity related sectors. There are no changes in the portfolio this week.

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Realty Income, Ross Stores, and [Kinder Morgan](#) continue to be big winners in this portfolio:

Performance of o vs S&P 500		
1 Mo Total Return	0.7%	0.5%
3 Mo Total Return	1.2%	6.0%
12 Mo Total Return	2.6%	1.9%
Momentum Grade	C-	C
3 Yr Avg Tot Ret	30.3%	13.6%
5 Yr Avg Tot Ret	10.4%	-2.3%
10 Yr Avg Tot Ret	15.5%	0.9%
Performance Grade	B+	C
2008 Total Return	-8.2%	-38.5%
Safety Grade	A-	C

Performance of kmp vs S&P 500		
1 Mo Total Return	5.4%	0.5%
3 Mo Total Return	15.3%	6.0%
12 Mo Total Return	18.8%	1.9%
Momentum Grade	B	C
3 Yr Avg Tot Ret	27.7%	13.6%
5 Yr Avg Tot Ret	18.0%	-2.3%
10 Yr Avg Tot Ret	15.6%	0.9%
Performance Grade	B+	C
2008 Total Return	-9.2%	-38.5%
Safety Grade	A-	C

Performance of rost vs S&P 500		
1 Mo Total Return	7.0%	0.5%
3 Mo Total Return	25.9%	6.0%
12 Mo Total Return	42.8%	1.9%
Momentum Grade	B+	C
3 Yr Avg Tot Ret	57.7%	13.6%
5 Yr Avg Tot Ret	26.4%	-2.3%
10 Yr Avg Tot Ret	21.8%	0.9%
Performance Grade	A	C
2008 Total Return	17.7%	-38.5%
Safety Grade	A-	C

Data from my "Best Stocks" Now app

One year chart of Kinder Morgan (KMP)



Model Portfolio for Investors seeking Income along with the possibility of Growth.

This model is made up of superior dividend paying stocks that have also delivered some good growth over the years. There are too many mediocre stocks that pay good dividends but overall, they have lost ground over the years. [General Electric](#) and [AT&T](#) would be good examples of this. To read more on this subject, check out an [article](#) that I wrote for [Seeking Alpha](#) on the subject.

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It should be noted that the average yield of this portfolio is 6.1%. This compares with a ten year U.S. treasury at a current rate of 2.0%, CD's offering next to nothing, and corporate bonds offering about 6.0% with very little chance of growth.

Model Portfolio for Investors seeking AGGRESSIVE Growth

This portfolio is designed for investors with long-term time horizons seeking maximum growth. This portfolio is mainly made up of small and mid-cap stocks with superior growth potential. This portfolio is much more volatile than the Conservative Portfolio and the Income Portfolio. This portfolio also has more risk than the aforementioned ones.

This is where the aggressive model currently stands:

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These stocks have a tendency to really fly when the market is doing well and sell-off sharply when the market corrects. Over the long haul, these superior growth stocks *should* outperform the overall market. Time is a critical factor with these stocks.

I was way ahead of the S&P 500 earlier this year with this portfolio and now I am trailing it. I feel confident however, that over time this portfolio will do just fine.

Bill Gunderson's Featured Stock of the Week 12/2/2011

I currently have about 2,700 in my database. Every day when I am done doing my radio show, I spend several hours looking at them. I especially focus in on the ones I own and the "A" rated stocks.

My proprietary grading system consists of Value, Performance, and Safety. I like stocks that have performed much better than the rest and still offer good value. I spent years developing this grading system and I am thrilled with the results!

Here is this week's BEST example of a stock that best meets my very strict criteria.

1. Description

LKQ Corp	
Sector	Auto
Market Cap	4,390,000,000
Size	Mid-Cap
Risk Profile	Moderate
Valuation 12/02/11	
Last Closing Price	\$29.93
Last Change	0.09
Next Yr EPS Est	\$1.83
Forward PE Ratio	16.36

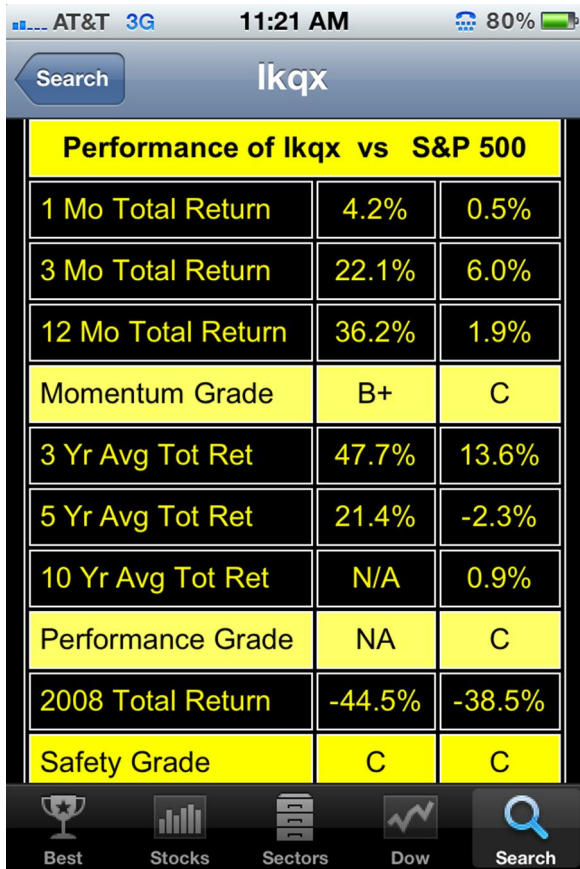
2. Valuation

Valuation 12/02/11	
Last Closing Price	\$29.93
Last Change	0.09
Next Yr EPS Est	\$1.83
Forward PE Ratio	16.36
Est 5Yr Annual Gr	18.04%
5Year Target Price	\$57.16
Dividend Yield	0.00%
5Yr Tot Ret Pot	91.0%
Gunderson Value Grade	
A-	

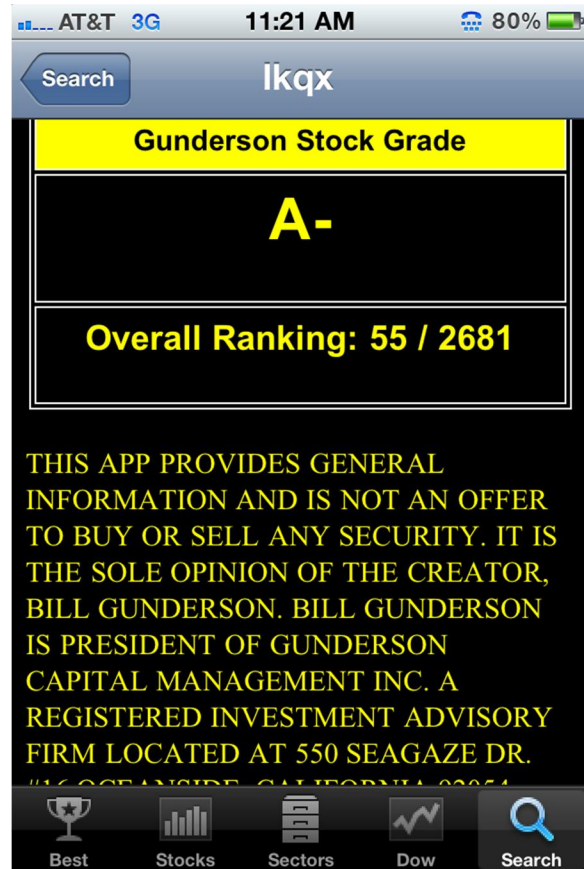
Data from Best Stocks Now App

The company distributes aftermarket replacement parts to collision repair shops and mechanical repair shops throughout U.S. Headquartered in Chicago; LKQK is a mid-cap suitable for moderate to aggressive investors seeking growth. Valuation is good right now with 91% upside potential. The company is benefitting from the current weakness in the economy.

3. Performance



4. Overall Grade



Data from Best Stocks Now App

The stock has been a superior performer over the years and has handily beaten the S & P 500 over the last 1 year, 3 years, and 5 years. The 1-yr chart of LKQX shows a steady climb and new highs for the stock.



Previously featured stocks:

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I have been featuring stocks in my newsletter for over five years now. The average featured stock of the week has beaten the S & P 500 by 23.5%. The list above is the current active list. The stocks that have been deleted from this list are listed later in the newsletter.



Global Markets

		<u>2011 ytd</u>
Thailand	THD	-4.6%
Mexico	EWX	-11.1%
Canada	EWC	-12.3%
Europe	EFA	-12.8%
China	FXI	-15.5%
Japan	EWJ	-14.5%
Peru	EPU	-19.9%
Russia	RSX	-20.1%
Brazil	EWZ	-22.5%
Chile	CH	-31.9%
India	INP	-31.5%
Vietnam	VNM	-37.1%

A look at the global markets really illustrates just how weak the markets are here in 2011. The United States is still the best place to be invested in at the current time, although I do have a few Brazilian holdings right now, however.





Commodities

		<u>2011 YTD</u>
Gold	GLD	22.4%
Silver	SLV	4.9%
Oil	USO	0.1%
Grains	JJG	-20.8%
Cotton	BAL	-22.4%
Coal	KOL	-23.4%
Copper	JJC	-21.9%
Steel	SLX	-29.4%

Once again, gold has been the best place to be here in 2011 although it has currently settled into the \$1700 per ounce area. All of the conditions that have allowed gold to get this far, still exist in the world today. Oil has also been on the move lately, helped along by big delay in the trans-Canada pipeline by the Obama administration.

I would personally love to see us take advantage of the abundance of oil and natural gas that we have here on the North American continent and become less dependent on oil from the middle-east and Venezuela. Instead, it seems we continue to throw money that we are borrowing from the Chinese on money losing solar projects.

Bill Gunderson's Current Basic Recommended 401-k Allocation

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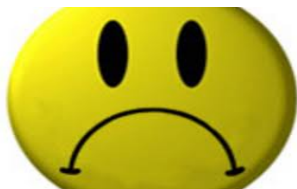
Short Ideas

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Shorting stocks is merely the practice of borrowing and selling a stock today and selling at a later date. Borrowing and buying First Solar on May 27, 2011 at its then price of \$121.37 has netted a profit of 62.6% per year. The short position can be covered at any time. Obviously if the stock goes up, you will lose money with a short position.

The best short candidates are companies with disintegrating earnings models, like the solar stocks, or grossly over-valued stocks like Salesforce, which got clobbered this past week. I am making no changes to my current positions this week.



Shorting bad or expensive stocks can be very profitable! High risk though

These are the stocks that I have deleted from my Conservative Model Portfolio so far this year.

These are the stocks that I have deleted from my INCOME Model Portfolio so far this year.

If you are looking for a good CPA to do some tax-planning or financial planning, give Randy Goodsell a call. Randy has been my CPA for many years. Randy is a frequent guest on my daily

radio show. Randy can be reached at (619)238-4343. His website is <http://www.goodsellcpa.com>

Scott Voak, our show's Real Estate expert continues to find double-digit returns on income properties all throughout San Diego. You can reach Scott at (888)311-6311. Scott's website is <http://www.voakhomes.com>

Lastly, our mortgage expert is Craig Brock. With record low rates right now, Craig is waiting to help you at (619)602-4850. Craig's website is <http://www.ranchofinancial.com/craigbrock/>

If you would like to set up an appointment with me, give us a call at (855)611-BEST.

Stocks deleted from week featured stock list so far in 2011.

I covered a lot of interesting topics on my daily radio this past week. To listen to the archives, you can visit <http://www.pwstreet.com/radio-show-archives>

I also noted several stocks that looked very good this past week on my website <http://www.pwstreet.com/stocks-of-the-day/>

To download my Best Stocks Now App, visit the Apple Store

<http://itunes.apple.com/us/app/best-stocks-now-lite/id438336421?mt=8>

We are working really hard to try to get the Android version of the app ready by Thanksgiving and the PC version ready by the end of the year.

I wrote several articles for on individual stocks this past week. Visit <http://www.seekingalpha.com> to read them.

To order my book BEST STOCKS NOW-Click Here:

<http://pwstreet.com/book/>

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