

Bill Gunderson's Weekly "Best Stocks Now" Newsletter

Straightforward, honest research for successful people...

January 27, 2012

Bill Gunderson-President and Founder of Gunderson Capital Mgt. Inc.



Bill Gunderson & Megyn Kelly

It was a mixed week for the markets this past week. As I have been predicting since late last year, the small-caps, the Nasdaq, emerging markets, and the more aggressive stocks continue to lead the market for now. This is a big contrast to last year, when large-cap dividend paying stocks led the way. Here is how we fared for the week:

	Fri. 1/20/12	Fri. 1/27/12	Week	Week Pct.
	CLOSE	CLOSE	Change	Change
S&P500	1315.38	1317.24	1.86	0.14%
DJIA	12,720.40	12,673.02	-47.38	-0.37%
NASD	2786.70	2815.53	28.83	1.03%
S&P600 (Small)	438.65	443.43	4.78	1.09%
Emg. Mkts (ADRE)	41.90	42.80	0.90	2.15%
10yr Bd.	2.03%	1.90%	-0.13%	-6.40%
Oil	98.19	99.66	1.47	1.50%
Gold	1667.20	1735.50	68.30	4.10%

The Bond Market continues to tell us that the economy is not as healthy as we heard in the *State of the Union Address* on Tuesday. Fed Chairman, Ben Bernanke painted a much darker picture on Wednesday. His plan to hold steady on interest rates until 2015 is unprecedented!

GDP came in at a very tepid 2.8% Friday, while initial jobless claims rose once again to 377,000 claims. Meanwhile, 68% of companies that have reported earnings so far have beaten earnings estimates, more on that in a moment. Here is where the markets stand year-to-date:

	12/31/11	Fri. 1/27/12	2012	YTD Pct.
	Value	Close	YTD	Change
S&P500	1260.37	1317.24	56.87	4.51%
DJIA	12,239.74	12,673.02	433.28	3.54%
NASD	2610.68	2815.53	204.85	7.85%
S&P600 (Small)	415.07	443.43	28.36	6.83%
Emg. Mkts (ADRE)	39.89	42.80	2.91	7.30%
10yr Bd.	1.87%	1.90%	0.03%	1.60%
Oil	98.87	99.66	0.79	0.80%
Gold	1565.90	1735.50	169.60	10.83%

There is an old saying that says, "as January goes, so goes the year in the market." With that being said, things looks pretty good for 2012 so far. The S&P 500 is up 4.44% since the gate opened on January 1, and the Nasdaq is now up 7.85%. The emerging markets are up 7.3% so far in 2012.

Meanwhile, gold is up 10.83% and interest rates are holding steady. The Large-Cap Dow Jones Industrial Average is bringing up the rear with a 3.54% gain.

Earnings

It was another busy week of earnings reports as many of the market's most influential companies weighed in with their current earnings and future forecasts.

Apple, once again absolutely knocked the cover off the ball! Apple had \$26.8 billion in sales this quarter last year. They reported a mind boggling number of \$46 billion this quarter. That is top-line sales growth of 73%! Even more startling is the fact that they earned \$6.43 per share this same time last year, this year they earned \$13.87 per share! The street was expecting just over \$10.00 per share.

In an [article](#) that I wrote for Marketwatch.com back on November 28th of this year, I called Apple the “cheapest growth stock in the market.” The stock is up over \$80 per share since then. I wrote a follow-up article for Marketwatch on Apple after their earnings release on Tuesday. Is Apple still cheap? You can read the [article](#) to find out.

Apple continues to be the largest single holding at Gunderson Capital Mgt. Here is a current 5-year chart of the stock:



In other earnings highlights, McDonald's and Caterpillar both had good reports, Boeing, AT&T, and Starbucks met estimates, while Chevron, Ford and Carbo Ceramics disappointed. I wrote an [article](#) on Ford on Friday.

Next week we will get earnings from the likes of Baidu, Amazon, Broadcom, U.S. Steel, Ely Lilly, Exxon, Mattel, Pfizer, UPS, AOL, Chipotle, Core Labs, Enterprise Products, Green Mountain Coffee, Qualcomm, Tractor Supply, Kellogg, etc.

Here is a current chart of the Dow:



As you can see the Dow is fighting some resistance right now, but I believe it is just a matter of time, before it blows through it.

Europe and the Euro remain huge factor in our markets. Here is what the Euro (FXE) currently looks like:



As you can see, the Euro is rebounding strongly from its recent sell-off. This is bullish for our markets, emerging markets, and commodities. Meanwhile, here is a current chart of the U.S. Dollar.



In the meantime, the U.S. dollar is starting to sell-off. This is also bullish for our markets, emerging markets, and commodities. I remain very BULLISH.



Bill Gunderson's Model Portfolio for Conservative Growth 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.

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Bill Gunderson's Model Portfolio for investors seeking Income along with the possibility of Growth.

This model is my most conservative model. It is designed for risk-averse investors that want income first and growth second. Income producing investments have proven themselves over time to be much less volatile than pure growth investments. If you look back at the year 2008, when the overall market was down 38.5%, income producers held up much better.

I do like some growth with my income, however. I have written several articles on this subject recently. Here is [one](#) that I wrote for Seeking Alpha. I just don't see where bond investors are going to get any growth going forward.

The list below contains the best examples of such stocks that I can find in the market right now. This portfolio is up 9.34% since its Aug. 5, 2011 inception.

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It should be noted that the average yield of this portfolio is 6.8%. This compares with a ten year U.S. treasury at a current rate of 1.8%, CD's offering next to nothing, and corporate bonds offering about 5.0% with very little chance of growth. There is more risk in investing in a portfolio like this, but the reward potential is greater.

Dividend stocks continue to underperform the market so far in 2012.

Bill Gunderson's Model Portfolio for Investors seeking AGGRESSIVE Growth

This is my most aggressive portfolio. It 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.

I still feel like aggressive growth can be the best place to be this year as it had a lousy year in 2011. This portfolio is finally starting to gain some traction.

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Bill Gunderson's Featured Stock of the Week 1/27/2012

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!

This week's pick:

1. Description



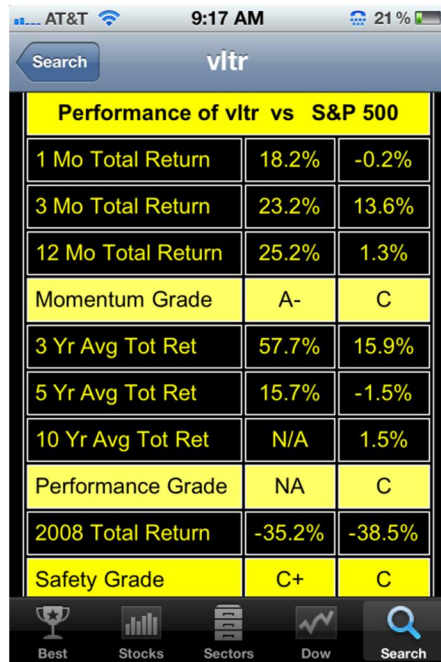
Volterra Semiconductor	
Sector	Technology
Market Cap	751,710,000
Size	Small-Cap
Risk Profile	Aggressive
Valuation 01/27/12	
Last Closing Price	\$30.42
Last Change	0.09
Next Yr EPS Est	\$1.77
Forward PE Ratio	17.19

2. Valuation

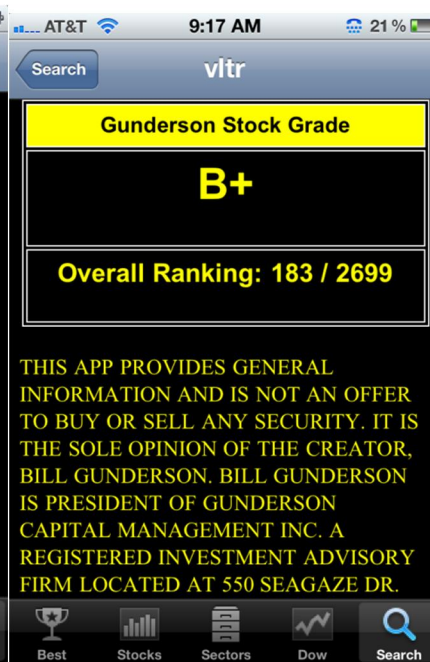


Valuation 01/27/12	
Last Closing Price	\$30.42
Last Change	0.09
Next Yr EPS Est	\$1.77
Forward PE Ratio	17.19
Est 5Yr Annual Gr	16.23%
5Year Target Price	\$48.66
Dividend Yield	0.00%
5Yr Tot Ret Pot	60.0%
Gunderson Value Grade	

3. Performance



4. Overall Grade



Data from Bill Gunderson's best Stocks Now App

Volterra Semiconductor designs analog/mixed signal power management semiconductors for computing, storage, networking, and consumer markets. I spent a number of years, earlier in my life as a leader in the scouting program. I had three brother come through my program that were the just awesome kids. One of them is now the CEO of this fine company. These awesome kids also had awesome parents.

The stock looks to be a bit overvalued right now, but I will up-dating it with a new target price this weekend. The stock currently has 86% upside potential over the next five years and its grade will move up to "A" when this happens.

One year chart of VLTR (nice!)



Bill Gunderson in the media this past week:

[Article](#) on Keystone Pipeline stocks in TheStreet.com

[Article](#) in the Huffington Post on “Romney, Taxes, and Tithing”

[Article](#) on Marketwatch.com “Is Apple Still Cheap?”

[Article](#) in Marketwatch.com “The Growth & Income stock of the Decade.”

[Article](#) in Seeking Alpha “Buy Ford on the Dip?”

Previously featured stocks: (As of 1/27/2012)

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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 20.7%. 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 as of 1/27/2012

Currently on Fire!

		<u>2012 ytd</u>
India	INP	21.2%
Brazil	EWZ	15.1%
Russia	RSX	14.6%
Vietnam	VNM	14.4%
China	FXI	13.6%
Chile	CH	13.4%
Peru	EPU	12.9%
Emerging Mkts.	ADRE	12.3%
Mexico	EWX	8.5%
Thailand	THD	7.3%
Canada	EWC	6.2%
Europe	EFA	6.0%
Japan	EWJ	4.8%

As you can see, the emerging and developed international markets are currently on fire after having a miserable year last year.



Commodities as of 1/27/2012

		<u>2012 YTD</u>
Silver	SLV	22.3%
Steel	SLX	17.7%
Copper	JJC	14.0%
Coal	KOL	11.4%
Gold	GLD	11.2%
Cotton	BAL	5.7%
Oil	USO	0.5%
Grains	JJG	-0.1%

Commodities are also off to a good start in 2012. This is a good sign for the overall market. It is good to see copper up 14.0% so far this year. Copper is good indicator of the overall global economy. It is also good to see the steel stocks starting to rebound after a miserable year last year. Silver also had a mini breakout this past week.

Bill Gunderson's Current Basic Recommended 401-k Allocation

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WORST STOCKS NOW! 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 62.5% so far! Buying puts is also a good way to go.

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.

These are the stocks that I have eliminated from my Aggressive Portfolio 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> 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>

<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 and the PC version ready soon.

To order my book BEST STOCKS NOW-Click Here:

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

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