

Bill Gunderson's Weekly "Best Stocks Now" Newsletter

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May 4, 2012



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

Sell in May and Go Away?

There will be five more non-farm payroll reports between now and the November elections. Friday's report was terrible, and was greeted by a big market sell-off. Last month's was not much better. It is my opinion that the next five reports will go a long way in determining who will be occupying the White House in January.

The fact that the unemployment rate has dropped to 8.1% could not be more misleading. The fact of the matter is, thousands of folks are dropping from the rolls (denominator) thereby making the percentage artificially low. No matter how many times Friday's number gets spun, just look at how the market reacted

to the numbers. The market greeted the numbers with one of the biggest sell-offs of the year. No matter who is to blame, the numbers were just plain lousy. If those numbers don't improve between now and November, we may see a lot of new faces in Washington D.C. come next January.

Acme Résumé Service



"You were in Congress for two years?
— You know, it might be better just to
say that you were 'between jobs' then."

The market really blasted off late last week, only to be followed by one of the worst weeks of the year. After several weeks of starts and stops, it now appears that the market may be entering into a sideways trend. If so, this would coincide with old adage of "Sell in May and go away." Here is a current chart of the S&P 500:



As you can see, the S&P 500 is now back below its 50 day moving average and it appears to be entering into a sideways trend. A break below 1335 however, would not be a good thing. A break above 1,422 would mean that we are once again off to the races. I will be watching the market very closely in coming weeks.

As always however, it comes down to watching your individual holdings very closely on a daily basis. Some will hold up just fine, while others will roll over along with the market, if it rolls over. The most vulnerable stocks will be the most aggressive ones that have gone up the most. Many of these reside in the NASDAQ.

The chart of the NASDAQ looks quite ominous right now:



I do not like to see descending tops like I see in the chart above. The NASDAQ needs to hold the 2,925 level or it is a LONG ways down to the next support level of about 2,750. I will have a very short fuse for any stock that I own that breaks major support areas.

Having said that, every sell off in the market over the last six months has been greeted by buying and new highs. You just have to take the market one day at a time and one stock at a time.

Here is how a very volatile week in the markets ended:

	Fri. 4/27/12	Fri. 5/4/12	Week	Week Pct.
	Close	Close	Change	Change
S&P500	1403.36	1369.10	-34.26	-2.44%
DJIA	13,228.24	13,038.27	-189.97	-1.44%
NASD	3069.20	2956.34	-112.86	-3.68%
S&P600 (Small)	462.02	445.37	-16.65	-3.60%
Emg. Mkts (ADRE)	41.40	40.25	-1.15	-2.78%
10yr Bd.	1.99%	1.88%	-0.11%	-5.53%
Oil	103.36	98.58	-4.78	-4.62%
Gold	1671.20	1643.10	-28.10	-1.68%

As you can see from the table above, there were all minus signs for the week. The last three out of four weeks have now been negative.

Here is where we stand year-to-date in the markets:

	12/31/11 Value	Fri. 5/4/12 Close	2012 YTD	YTD Pct. Change
S&P500	1260.37	1369.10	108.73	8.63%
DJIA	12,239.74	13,038.27	798.53	6.52%
NASD	2610.68	2956.34	345.66	13.24%
S&P600 (Small)	415.07	445.37	30.30	7.30%
Emg. Mkts (ADRE)	39.89	40.25	0.36	0.90%
10yr Bd.	1.87%	1.88%	0.01%	0.53%
Oil	98.87	98.58	-0.29	-0.29%
Gold	1565.90	1643.10	77.20	4.93%

The only double-digit return is still in the tech-heavy NASDAQ, but it is also the most vulnerable index right now. The emerging markets which looked so promising for several months, have almost complete fizzled out again. Here is a good representative chart to look at:



The above chart is not a pretty picture.

While I remain, almost fully invested for now, I have once again turned cautious. I will be watching all of my positions very, very closely once again this week.



@billgunderson. Please follow me on Twitter, Facebook, or LinkedIn throughout the week for any changes in my current stance on the market or individual stocks. My tweets are also found on my **BEST STOCKS NOW** app every day, and on the homepage of my website: <http://www.pwstreet.com>



Bill Gunderson's Model Portfolio for Conservative Growth Investors:

This model is made up of 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 **14.6%** year-to-date, while the S & P 500 is up **9.0%**. The portfolio currently has an **8.9%** cash position and no hedges. I am selling...

THIS SECTION FOR CLIENTS AND SUBSCRIBERS ONLY.

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 made up mainly of small and mid-cap stocks with superior growth potential. This portfolio is much more volatile than the Conservative Growth Portfolio and the Income Portfolio. This portfolio also carries more risk than the other two portfolios, it also has a higher turnover.

Aggressive growth stocks continue to perform very well this year after a poor year last year. This portfolio is up **15.8%** YTD, while the S & P 500 is up **9.0%**. I am selling...

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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-adverse 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. They also *underperform* during a go-go market, however.

I am very pleased with the results that my model portfolio has achieved thus far. It is designed as **a bond or CD alternative**, albeit with more risk.

This portfolio currently has an average yield of **5.9%**. Compare this with the current U.S. Treasury yield of 1.9% and current CD yields. This portfolio is up **14.1%**

since its August 2011 inception. The portfolio is up a very solid **7.5%** (including dividends) year-to-date. Sure beats CD rates! I am replacing...

THIS SECTION FOR CLIENTS AND SUBSCRIBERS ONLY

Dividend stocks continue to underperform the market so far in 2012, but will **outperform** during a correction.

Bill Gunderson is a professional fee-based money manager. Gunderson Capital Management manages hundreds of accounts all across the country. Call us for a portfolio evaluation and more information. (760)736-8258.

Just a side note: my office is about two blocks from the late Junior Seau's home. I have ran by his place hundreds of times over the last several years. I will miss seeing Junior sitting on his balcony playing his ukulele. Junior played each game like it was his last. R.I.P Junior Seau.



Bill Gunderson is now a weekly columnist for The Street.com in addition to MarketWatch. Here are links to my articles from this past week:

The Street
— — —

http://www.thestreet.com/nasdaq/story/11513717/1/the-best-stocks-to-own-hint-they-are-not-the-most-widely-held.html?&cm_ven=NASDAQ&cm_cat=FREE&cm_ite=NA



<http://www.marketwatch.com/story/brief-correction-threat-over-2012-04-30>

I also won the big MarketWatch fantasy earnings contest for week four:

http://www.marketwatch.com/story/fantasy-earnings-trader-results-final-2012-05-04?link=MW_latest_news

Bill Gunderson's Featured Stock of the Week 5/24/2012

I currently have 2,825 stocks 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! When it comes to growth stocks, I pretty much stay within the top 200. I do dip down lower than that when it comes to income stocks, however.

THIS WEEK'S PICK:

THIS SECTION FOR CLIENTS AND SUBSCRIBERS ONLY

Previously featured stocks: (As of 5/4/2012)

I have been featuring stocks in my newsletter for over five years now. The average featured stock of the week has beat the S & P 500 by 23.6%. The list below is the current active list. The stocks that have been deleted from this list are listed later in the newsletter.

BILL GUNDERSON'S WEEKLY TOP 200 LIST IS FOR CLIENTS AND SUBSCRIBERS ONLY, BUT HERE ARE 150-200

GUNDERSON			One	Last		
Best Stocks Now			Mo. Ago	Week	Yest.	Current
Top 200 5/4/2012			<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>
A-	JBSS	Sanfilippo John B & Son	351	227	145	151
A-	ADGF	Adams Golf	33	84	125	152
A-	HPI	John Hancock Preferred Equi	801	174	172	153
A-	TGH	Textainer Group	885	372	186	154
A-	CIB	Bancolumbia Sa Adr	439	158	163	155
A-	COO	Cooper Companies Inc	385	140	174	156
A-	COG	Cabot Oil & Gas Corp	677	260	164	157
A-	HCSG	Healthcare Services Grp Inc	43	134	170	158
A-	PNRA	Panera Bread	53	152	155	159
A-	ARIA	Ariad Pharmaceuticals Inc	49	88	133	160
A-	BMRN	BioMarin Pharmaceutical	843	303	134	161
A-	CVI	C V R Energy	166	120	153	162
A-	SXL	Sunoco Logistic Parnters	417	137	166	163
A-	BHD	BlackRock Strategic Bond Tr	346	213	183	164
A-	CMG	Chipotle Mexican Grill	100	176	147	165
A-	EL	Estee Lauder Inc	81	57	136	166
A-	UNP	Union Pacific Corp	364	212	154	167
A-	BAP	Credicorp Ltd	78	85	126	168
A-	NKE	Nike Inc Cl B	212	200	138	169
A-	DORM	Dorman Products Inc	169	177	197	170
A-	SLXP	Salix Pharmaceuticals Ltd	29	87	130	171
A-	AVD	American Vanguard Corp	430	77	160	172
A-	FDS	Factset Research Sys Inc	354	278	203	173
A-	SHW	Sherwin-Williams Co	295	167	169	174
A-	SWM	Schweitzer-Mauduit Intl	180	183	144	175
A-	MSTR	MicrostrategyInc Cl A	434	311	241	176
A-	CIF	Colonial Intermediate High Inc	463	207	191	177
A-	BUD	Anheuser Busch Cos Inc	760	282	207	178
A-	AOS	Smith AO Corp	321	166	225	179
A-	EZCH	Ezchip Semiconductor	7	94	107	180
A-	FL	Foot Locker Inc	201	173	175	181
A-	LO	Lorillard Inc	283	115	141	182
A-	CBS	CBS Corp	287	161	226	183
A-	MSD	Morgan Stanley Emerging Ma	809	357	211	184
A-	VAL	Valspar Corp	213	155	177	185
A-	ABCO	Advisory Board Company	236	292	228	186
A-	HPF	John Hancock Preferred Inco	640	196	194	187
A-	STON	Stomemor Partners	641	409	132	188
A-	SDRL	Seadrill Ltd.	409	348	135	189
A-	EPD	Enterprise Products Ptnr	386	261	212	190
A-	MO	Altria Group Inc	333	211	187	191
A-	TSM	Taiwan Semiconductor Inc	250	154	161	192
A-	KTCC	Key Tronic Corp	257	91	233	193
A-	BOM	Base Metal Index Inverse 2X	1169	640	70	194
B+	ASR	Grupo Aeroportuario	438	222	235	195
B+	PDT	John Hancock Patriot Prem D	581	284	206	196
B+	TCBI	Texas Captial Bancshares	371	215	277	197
B+	DASTY	Dassault Systems	1173	169	159	198
B+	EGHT	Eight by Eight Inc.	0	NULL	184	199
B+	IMAX	Imax Corp	316	218	247	200

Bill Gunderson's Top 200 is a new feature in the newsletter. I can tell you from experience that it is very powerful. The Top 200 is a reflection of the market and the economy. These trends can remain in place for a long time. Sometimes bonds are at the top, sometimes cash is at the top, and there are even times when inverse funds rule the roost. Study this list carefully each week.

A QUICK LESSON ON HOW TO CONSTRUCT A PORTFOLIO AND WHEN TO BUY:



First Determine if you are an aggressive growth, moderate growth, conservative growth, growth & income or income investor. Aggressive stocks tend to be small to mid-caps and high growth. Moderate stocks tend to be mid to large-caps, while Conservative stocks tend to be large-caps.

Once you have determined your risk-tolerance search for the best 25 stocks that fit our profile. Remember there are times when aggressive growth stocks are not a good place to be at all.

Use Bill Gunderson's Best Stocks Now Top 200 list as your shopping list. I do not buy any growth stocks that are not in the top 200. I will dip down as far as 500 for growth & income or income stocks, however.

Try not to buy stocks that are very extended in their stock charts. I like to buy stocks when they are breaking out. I buy equally weighted 4% positions. Don't be in a hurry to fill up your 25 man roster, unless the market is red-hot-then get your money to work asap.

Look at your stock's rank, valuation, and chart daily. I am after double, triples and homeruns. If they don't work out however, I am not afraid to move on.

SPECIAL NOTE: AM1000 KCEO HAS BEEN SOLD. WE HAVE MOVED TO AM1450 AND AM1510. You can also tune in on your smartphone or the internet.

Global Markets as of 5/4/2012

Many of the global markets continue to outpace the U.S. markets right now. Spain in a major concern however. They do not have a very good economic model to follow.

INTERNATIONAL AND EMERGING MARKET WATCH:

		<u>2012 ytd</u>
Vietnam	VNM	39.7%
Thailand	THD	23.9%
Peru	EPU	16.7%
Mexico	EWW	13.8%
Chile	CH	13.0%
India	INP	8.5%
China	FXI	7.2%
Emerging Mkts.	ADRE	5.7%
Europe	EFA	5.5%
Russia	RSX	3.8%
Japan	EWJ	3.6%
Brazil	EWZ	2.1%
Canada	EWC	1.9%
Greece	GREK	1.3%
Italy	EWI	-5.9%
Spain	EWP	-17.1%



Commodities as of 5/4/2012



COMMODITIES-No real reason to own commodities right now.

		<u>2012 YTD</u>
Silver	SLV	9.2%
Copper	JJC	7.8%
Gold	GLD	4.9%
Grains	JJG	4.1%
Steel	SLX	3.3%
Oil	USO	-2.2%
Cotton	BAL	-3.0%
Coal	KOL	-6.4%

401(k) Current Basic Allocation

	Long way till re Retirement	Nearing Retirement
Best Bond Fund Choices that you have:	15.0%	30.0%
Best Large Cap Choices that you have:	0.0%	20.0%
Best Mid Cap Choices that you have:	25.0%	20.0%
Best Small Cap Choices that you have	35.0%	20.0%
Best Nat. Resource (GOLD) Choices that you have:	0.0%	0.0%
Best Technology Choices that you have:	15.0%	0.0%
Best International Choices that you have:	0.0%	0.0%
Cash	10.0%	10.0%
TOTAL	<u>100.0%</u>	<u>100.0%</u>

WORST STOCKS NOW! Short Ideas

THIS SECTION FOR CLIENTS AND SUBSCRIBERS ONLY



<http://www.youtube.com/watch?v=bOwWvEBkTxA>

Here are snippets on all of the stocks I have talked about on my radio show, and articles that I have written over the last few months. They are in alphabetical order.

<http://pwstreet.com/good-bad-stocks/>

MORTGAGE remain at all-time lows. "Craig Brock, our local mortgage expert and bond market commentator on Positively Wall Street is actually closing HARP-2 loans for people (while many banks are hopelessly backlogged). Are you under water on your property? These new rules are helping folks who may not have otherwise qualified for a new loan at these historic low rates! Talk to Craig! (855) 900-EASY"

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>

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>

To order my book, Best Stocks Now, click the link below:

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

To set up and appointment with me, click the link below:

<http://pwstreet.com/contact-us/>

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>

Subscriptions to this weekly newsletter are \$195 per year or \$60 per quarter. To subscribe call us at (760)736-8258 or visit our website at <http://pwstreet.com>. You can also mail a check to Gunderson Capital Mgt. 550 Seagaze Dr. #16 Oceanside, CA 92054.

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