

Bill Gunderson's Weekly "Best Stocks Now" Newsletter

Straightforward but honest research for successful people...

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Bill@pwstreet.com Let me hear from you!

June 29, 2012



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

All of Europe's Problems Have Been Solved...

Also, don't forget the U.S. economy, or our unemployment rate, or our \$16 trillion dollar deficit, they have all been fixed too. At least, that is how the market acted on Friday! We closed out the second quarter of 2012 with one of the biggest gains of the year.

I am not complaining, mind you, I am just taking this all with a grain of salt. Europe is far from having their problems resolved. Greece is spiraling down faster than a fracking drill in the Williston Basin, while Spain has a 25% unemployment rate hung around their neck, and France is planning to fix their ills by massive government spending.

The last time I looked our National debt continues to grow with no end in sight. We have not seen a balanced budget in years, and folks are hoarding canned food, guns, and ammo like never before.

Sell Everything-right?

Sell everything



By Bill Gunderson

During times of volatility in the market, it never fails — my more high-strung clients will call and instruct me to “sell everything!” They usually represent about 1%-2% of my overall clientele.

This was the subject of the article that I wrote for Marketwatch.com this past week. To read the entire article click on the link below:

<http://www.marketwatch.com/story/sell-everything-2012-06-28>

The basic answer to the question is, it depends on what you own. I did do some selling this past week. I did not like the way that O'Reilly Automotive (ORLY) was trading and I sold it on Monday. It had been good to me for a long-time, but it was dropping in rank and the chart just did not look good at all.

Little did I know that just two days later the company would ratchet down earnings expectations and the stock would get clobbered!



I got lucky on that one. I was able to avoid a huge drop!



The ranking of the stock was still good. In fact, it was number 31 overall when I sold it. There is a good lesson here. The STOCK CHART trumps all fundamental, relative strength, valuation, ranking, etc.!

Go back and look at the O'Reilly chart again. Notice the descending tops. Descending tops are a major warning sign to me. While I strive to hold stocks for years if I can, you always have to have one foot in the door and one foot out of the door, just in case.

I also sold a stock that I have owned since October of 2010 this past week:



Descending tops again, collateral damage from O'Reilly and the stock has just generally been dull for the last two months. People always ask me, "when do you sell?"

I just gave you three of many good reasons to sell a stock. I wish there was a mechanical formula for selling, but there is not.



My buddy, who helped me invent the **Best Stocks Now App** uses tight sell stops. I hate sell-stops. Unfortunately, he got stopped out of PCYC after the *Obamacare* news on Thursday and missed out on the all-time new high that I experienced on Friday with the stock.

Other reasons for doing a little bit of selling this past week:

General weakness in Priceline.com led me to sell my remaining shares.



I sold Priceline out of my aggressive accounts back on May 25, but was still holding some in my longer-term, conservative accounts-not anymore. I found something better-more on that in a bit...

So again, the answer to the question, "should I sell everything" depends upon what you own and who your money manager is. If you are sitting in a bunch of dogs from yesteryear that are being neglected at a wire house firm, then be my guest-sell it all and start over with a clean slate!

After a rough start on Monday, here is how the markets fared for the week:

	Fri. 6/22/12	Fri. 6/29/12	Week	Week Pct.
	Close	Close	Change	Change
S&P500	1335.02	1362.16	27.14	2.03%
DJIA	12,640.78	12,880.09	239.31	1.89%
NASD	2892.42	2935.05	42.63	1.47%
S&P600 (Small)	431.30	445.43	14.13	3.28%
Emg. Mkts (ADRE)	36.53	37.57	1.04	2.85%
Spain (EWP)	23.95	24.80	0.85	3.55%
Greek (GREK)	11.88	12.10	0.22	1.85%
U.S. 10yr. Tr.	1.67%	1.66%	-0.01%	0.72%
Greece 10yr. Bond	26.90%	26.60%	-0.30%	1.12%
Portugal 10yr. Bond	10.15%	10.18%	0.03%	-0.30%
Spain 10yr. Bond	6.61%	6.94%	0.33%	-4.99%
Oil	80.51	84.83	4.32	5.37%
Gold	1573.10	1598.70	25.60	1.63%

As usual, the most beaten down areas, emerging markets and small-caps had the biggest bump up for the week. Oil also had a nice bump. I showed a chart of oil last week and mentioned that I took a little flyer in my fun account on 2:1 oil (UCO):



By Thursday, I was regretting my decision, but I felt vindicated on Friday!

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

	12/31/11	Fri. 6/29/12	2012	YTD Pct.
	Value	Close	YTD	Change
S&P500	1257.60	1362.16	104.56	8.31%
DJIA	12,239.74	12,880.09	640.35	5.23%
NASD	2610.68	2935.05	324.37	12.42%
S&P600 (Small)	415.07	445.43	30.36	7.31%
Emg. Mkts (ADRE)	39.89	37.57	-2.32	-5.82%
Spain (EWP)	30.37	24.91	-5.46	-17.98%
U.S. 10yr. Tr.	1.87%	1.66%	-0.21%	11.23%
Spain 10yr. Bond	5.22%	6.94%	1.72%	-32.95%
Oil	98.87	84.83	-14.04	-14.20%
Gold	1565.90	1598.70	32.80	2.09%

Remember, it is now half-time. Enjoy the half-time show, grab a hot dog and a coke because the second half begins on Monday!



Go NASDAQ! Is that what they are trying to spell?

Here a look at a current chart of the S&P 500:



There are those darn descending tops again! The breakout on Friday is encouraging, however. I remain almost fully invested, but I am keeping the caution flag up for now.

You still have to be very, very selective!

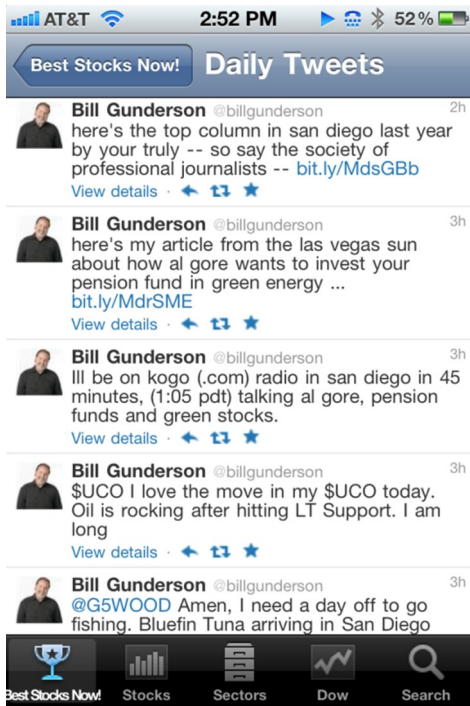
□



@billgunderson

Don't get any bad shrimp!

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>



SPECIAL NOTE: My new show on the Salem Broadcast Network is scheduled to begin on Monday. As of 3pm on Friday, I am waiting for call from AT&T to find out what is wrong with their ISDN line which was working fine last time I test drove it. Still waiting for a call back. I am not holding my breath. Afterall, my office is in the AT&T building downtown and they have a hard time finding it.

You can listen live to the show on the internet through the station's websites:

<http://www.kkol.com/> Seattle

<http://www.business1570.com/> St.Paul/Minneapolis

You can also download the *Tune In* app on any portable device and listen:



In addition to this we will also be downloading the shows to the radio archives on my website <http://pwstreet.com> and sending them to iTunes. Then you can listen while helping your wife do the dishes!



I think he said "PCYC"

Bill Gunderson's Model Portfolio for Investors seeking **AGGRESSIVE** Growth



Are you Aggressive?

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. It also has a higher turnover rate. It also has the most upside potential, however.

This portfolio is up **15.9%** YTD, while the S & P 500 is up **8.3%**. I am selling..

THIS SECTION FOR CLIENTS AND SUBSCRIBERS ONLY.



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. Time horizon of at least 3-5 years would be appropriate.

This portfolio is up **11.1%** year-to-date, while the S & P 500 is up **8.3%**. The portfolio currently has a **17.8%** cash position.

I sold...

THIS SECTION FOR CLIENTS AND SUBSCRIBERS ONLY

Gunderson's Model Portfolio for investors seeking Income along with the possibility of Growth. This is a good mix for retirees.



Did you pack my iPhone with Bill's App?

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. **It is also important to remember, that even very conservative, income producing stocks still fluctuate with the markets!**

This portfolio is designed as **a bond or CD alternative**, albeit with more risk. This portfolio currently has an average yield of **6.5%**. Compare this with the current U.S. Treasury yield of 1.6% and current CD yields.

This portfolio is up **12.5%** since its August 5, 2011 inception. That works out to very nice **13.6%** annualized rate. Not bad for an income account.

THIS SECTION FOR CLIENTS AND SUBSCRIBERS ONLY

Bill Gunderson is a professional fee-based money manager. Gunderson Capital Management manages hundreds of accounts all across the country. Minimum account size is \$50,000. Annual Mgt. fees are 2% on accounts under \$250,000, 1.5% on accounts between \$250k and \$1 million, and 1% on accounts over \$1 million. Call us for a portfolio evaluation and more information. (760)736-8258.

Bill Gunderson is also columnist for *The Street.com*, *MarketWatch.com*, and *SeekingAlpha.com*

The logo for 'The Street' features the words 'The Street' in a bold, black, sans-serif font. Below the text are three horizontal black bars of varying lengths, creating a stylized underline.The logo for 'MarketWatch' features the word 'Market' in black and 'Watch' in green. A green arrow points upwards from the 'a' in 'Watch'. Below the main text, it says 'From DOWJONES' in a smaller, black, sans-serif font.The logo for 'Seeking Alpha' features the words 'Seeking Alpha' in a white, serif font. A small orange Greek letter alpha (α) is positioned to the right of the word 'Alpha'. The entire logo is set against a dark red background.

Bill Gunderson is now an award winning journalist. He took home the top prize from the Society of Professional Journalists-San Diego Chapter on Thursday in the Op-Ed category.

1st Place: Bill Gunderson, Los Angeles Business Journal, Obama's Jobs Panel Needs Some Work
Judges' Comments: The editorial starts out strong and gets the reader's attention. The remainder of the column does a good job illustrating the writer's stance and brings the issue to a local level that people can understand. I liked how the column used facts from a variety of sources to show action and that is what people want to see on this issue – action that creates jobs.

Here is a link to the article

<http://labusinessjournal.com/news/2011/jun/20/obamas-jobs-panel-needs-some-work/?page=2>

Bill's op-ed piece on Al Gores' Green Portfolio was published in the Las Vegas Review-Journal Thursday.

<http://www.lvrj.com/opinion/the-green-portfolio-160650245.html>

Here is a twelve-month chart of the solar stock index! I wonder how Gore's portfolio for the NY city pension fund is doing?



I currently have 2,819 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, the stocks rising in rank, and the “A-” or better rated stocks (usually about the top 200).

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.

Here is my weekly example of what I am talking about...

AT&T 3:52 PM 78%

Search neog

BEST STOCKS NOW! APP

Neogen Corp

Sector	Medical
Market Cap	1,090,000,000
Size	Small-Cap
Risk Profile	Aggressive

Valuation 06/29/12

Last Closing Price	\$46.20
Next Yr EPS Est	\$1.12
Forward PE Ratio	41.25
Est 5Yr Annual Gr	20.00%

Best Stocks Now! Stocks Sectors Dow Search

AT&T 3:52 PM 78%

Search neog

Valuation 06/29/12

Last Closing Price	\$46.20
Next Yr EPS Est	\$1.12
Forward PE Ratio	41.25
Est 5Yr Annual Gr	20.00%
PEG Ratio	2.06
5Year Target Price	\$88.00
Dividend Yield	0.00%
5Yr Tot Ret Pot	90.5%

Gunderson Value Grade

A-

Best Stocks Now! Stocks Sectors Dow Search

AT&T 3:52 PM 78%

Search neog

Performance of neog vs S&P 500

1 Mo Total Return	19.8%	2.2%
3 Mo Total Return	15.8%	-2.9%
12 Mo Total Return	2.9%	4.2%
Momentum Grade	A-	C
3 Yr Avg Tot Ret	33.6%	13.7%
5 Yr Avg Tot Ret	29.3%	-2.0%
10 Yr Avg Tot Ret	25.3%	3.2%
Performance Grade	A-	C
2008 Total Return	-5.9%	-38.5%
Safety Grade	B-	C

Best Stocks Now! Stocks Sectors Dow Search

AT&T 3:52 PM 78%

Search neog

Gunderson Stock Grade

A

Ranking

Current	31 / 2819
1 day ago	33
7 days ago	56
1 month ago	268
2 months ago	307

Comments:

06/27/12 (NEOG) is turning into another

Best Stocks Now! Stocks Sectors Dow Search



Bill Gunderson's Weekly Top 200 List. These are the stocks that currently possess the best combination of performance and value. This is a great shopping list! This list represents the top 7% of the entire market.

BILL GUNDERSON'S TOP 200 LIST IS FOR CLIENTS AND SUBSCRIBERS ONLY. HERE IS 150-200

GUNDERSON		Three	Two	Six	One	Two	One		
Best Stocks Now		Mos. Ago	Mos. Ago	Wks. Ago	Mo. Ago	Wks. Ago	Wk. Ago	Yest.	Current
Top 200 6/29/2012		<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>
A- VLT	Van Kampen High Income Trust II	113	78	171	218	169	143	148	151
A- RAI	Reynolds American Inc	689	464	423	236	244	217	195	152
A- RGLD	Royal Gold Inc	419	779	180	197	207	133	123	153
A- TWC	Time Warner Cable Inc	198	377	766	693	267	377	219	154
A- RHT	Red Hat Inc.	184	79	94	155	108	155	152	155
A- NTES	Netease.Com Inc ADR	4	42	40	159	56	102	146	156
A- USNA	USANA Health Sciences Inc	571	254	290	286	222	182	198	157
A- ECL	Ecolab Inc	408	316	315	168	206	170	151	158
A- KST	DWS Strategic Income Fund	378	394	429	566	318	200	160	159
A- NSC	Norfolk Southern Corp	798	279	507	626	233	172	194	160
A- TNH	Terra Nitrogen Co Lp	12	8	219	237	77	131	93	161
A- TTF	Thai Fund	93	61	155	494	228	279	166	162
A- TWO	Two Harbors	1391	1327	1407	1409	200	137	169	163
A- ENB	Enbridge	235	121	72	141	122	154	136	164
A- SWM	Schweitzer-Mauduit Intl	146	159	78	108	127	126	131	165
A- HMSY	HMS Hldgs Corp	385	654	403	95	124	127	164	166
A- KTF	DWS Municipal Income Trust	743	472	120	126	202	248	141	167
A- UA	Under Armour	143	20	104	53	51	81	236	168
A- FFC	Flaherty Crm/Cly Pfd. Sec.	774	338	375	423	239	166	178	169
A- CQP	Cheniere Energy Partners	509	25	110	617	661	452	315	170
A- CHD	Church & Dwight Co Inc	332	251	76	78	230	201	188	171
A- MO	Altria Group Inc	582	195	243	235	379	237	202	172
A- ANSS	Ansys Inc	102	91	247	242	135	162	183	173
A- HAIN	Hain Celestial Grp	552	290	188	13	148	157	158	174
A- SBUX	Starbucks Corp	70	33	114	71	62	128	140	175
A- PPG	P P G Industries		130	137	134	166	153	126	176
A- EXR	Extra Space Storage	391	372	450	145	177	158	147	177
A- PSEC	Prospect Capital Corp.	2287	2481	1693	1111	1130	178	191	178
A- ZUMZ	Zumiez	192	232	162	323	216	191	165	179
A- AME	Ametek Inc	188	233	169	140	120	125	150	180
A- HPF	John Hancock Preferred Income Fund II	491	137	437	438	158	123	143	181
A- SAM	Boston Beer Company	516	691	349	124	309	198	145	182
A- SXL	Sunoco Logistic Partners	447	143	484	543	381	252	268	183
A- DFZ	Barry RG Corp	877	380	305	149	524	296	388	184
A- WES	Western Gas Partners	238	68	159	310	45	242	226	185
A- UTMD	Utah Medical Prod Inc	898	537	369	557	268	234	220	186
A- LGF	Lions Gate Entertainment	131	350	163	265	188	202	200	187
A- WPC	WP Carey & Co. LLC	244	155	373	442	246	312	231	188
A- FCFS	First Cash Financial Services	123	216	387	505	385	240	163	189
A- POOL	Pool Corp.		469	699	281	313	204	167	190
A- HYV	BlackRock Corporate High Yield Fund V Inc.	486	310	573	375	164	135	159	191
A- PCN	PIMCO Corporate Income Fund	1014	657	589	303	266	233	192	192
A- GTLS	Chart Industries	86	72	211	381	179	390	327	193
A- HXL	Hexcel Corp	872	277	629	709	483	346	364	194
A- PII	Polaris Industries Inc	7	7	22	26	22	130	207	195
A- RAVN	Raven Ind	464	393	302	106	156	168	184	196
A- EPD	Enterprise Products Ptrn	399	198	205	144	295	329	206	197
A- HIO	Western Asset Hi Inc Opp	1254	566	872	681	371	272	260	198
A- CATM	Cardtronics	1273	646	377	113	254	320	225	199
A- DXPE	DXP Enterprises Inc	19	67	6	3	39	120	233	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.

401-K Section

Everyone has different choices to them in their 401-ks. The choices basically fall into about broad categories however:

Large Cap, Mid-Cap, Small-Cap, Govt. Bond, Corp. Bond, Inflation Protected Bond, International, Emerging Market, and maybes sectors like technology, natural resources, etc.

I have added 41 Fidelity Mutual funds to my Best Stocks Now database that are representative of the categories listed above. I am grading them on a daily basis. I only want to own funds that are graded B+ or better and ranked 600 or higher, overall.

Of the 41 funds that I am tracking, I only have 7 that currently meet this criteria.

NO CHANGE FROM LAST WEEK!

GUNDERSON				
Best Stocks Now				
401-K Allocation			<u>Rank</u>	<u>Allocation</u>
29-Jun-11				
B+	PRHSX	T.Rowe Price Health Science	215	25.0%
B+	FBTAX	Fidelity Advisor Biotechnology A	224	alternative
B+	FLBIX	Fidelity Spartan L/T Tr Bd Idx Inv	253	25.0%
B+	FIBIX	Fidelity Spartan Interm Tr Bd Idx Inv	398	25.0%
B+	FINPX	Fidelity Inflation-Protected Bond	461	25.0%
B+	FDFAX	Fidelity Select Consumer Staples	543	na
		CASH		na
				100.0%

Notice that there are no Large Cap, Mid Cap, Small Cap, International, or Natural Resource funds in my top 600 right now. This is extremely valuable information as it relates to choosing your allocation right now!

The only sectors that come up right now are Biotech (life science) and consumer staples. No other sectors are currently listed. This is also very valuable information.

Tips, Government Bonds, and Corporate Bonds dominate the list right now. This is also extremely valuable information. You will have to look at the choices within your 401-k and do the best that you can.

INTERNATIONAL AND EMERGING MARKET WATCH:

As of June 29, 2012

		<u>2012 ytd</u>
Vietnam	VNM	25.9%
Thailand	THD	14.4%
Mexico	EWV	14.0%
India	INP	10.1%
Peru	EPU	9.7%
United States	AGSPC	7.9%
Japan	EWJ	3.0%
Europe	EFA	0.7%
Chile	CH	0.5%
Emerging Mkts.	ADRE	-1.8%
Russia	RSX	-2.6%
Canada	EWC	-3.1%
China	FXI	-3.9%
Italy	EWI	-6.3%
Brazil	EWZ	-10.1%
Greece	GREK	-13.7%
Spain	EWP	-18.3%

COMMODITIES (as of June 29, 2012)

		<u>2012 YTD</u>
Grains	JJG	15.3%
Gold	GLD	2.2%
Copper	JJC	0.9%
Silver	SLV	-0.7%
Steel	SLX	-6.3%
Oil	USO	-16.5%
Cotton	BAL	-17.9%
Coal	KOL	-24.1%

Watch for Bill Gunderson on:



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 RATES 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"

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/>

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