

# Bill Gunderson's Weekly "Best Stocks Now" Newsletter

*Straightforward, honest research for successful people...*

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[Bill@pwstreet.com](mailto:Bill@pwstreet.com) Let me hear from you!

August 3, 2012



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

## ***The FED and the ECB Stand Pat-Market Roars!***

At least there is never a dull moment in the stock market! After much anticipation, the market did not receive any caffeine from the FED and Draghi's ECB sat on its hands for another month.

Luckily, the Non-Farm payroll report on Friday was better than expected, and the markets roared. While 165,000 jobs and an 8.3 unemployment rate is nothing to write home about, it was better than the very low expectations out there on the street.

The equity markets were just barely up for the week, while the bond market held steady. Oil continues to move higher, gold continues to go nowhere, and the

International markets are trying to wake from a long sleep. Here is where the best stocks **now** are.

Let's first look at the big picture:



The S & P 500 remains in an uptrend, despite a very sizeable pullback in April and May. That is a good thing!



The Euro (FXE) is finally catching a bid. That is a good thing!



The European Market is breaking out. That is good thing, but I think I will pass...



Looks like I called the bottom in Oil, and it continues to rise. This is healthy!

Here is how the week stands as of 9am on Friday.

	<b>Fri. 7/27/12</b>	<b>Fri. 8/3/12</b>	<b>Week</b>	<b>Week Pct.</b>
	<b>Close</b>	<b>Close</b>	<b>Change</b>	<b>Change</b>
<b>S&amp;P500</b>	1385.97	1389.82	<b>3.85</b>	<b>0.28%</b>
<b>DJIA</b>	13,075.66	13,085.57	<b>9.91</b>	<b>0.08%</b>
<b>NASD</b>	2958.09	2966.18	<b>8.09</b>	<b>0.27%</b>
<b>S&amp;P600 (Small)</b>	446.32	443.19	<b>-3.13</b>	<b>-0.70%</b>
<b>Emg. Mkts (ADRE)</b>	38.35	38.43	<b>0.08</b>	<b>0.21%</b>
<b>Spain (EWP)</b>	22.91	22.93	<b>0.02</b>	<b>0.09%</b>
<b>Italy (EWI)</b>	10.60	10.79	<b>0.19</b>	<b>1.79%</b>
<b>Greece (GREK)</b>	10.91	11.30	<b>0.39</b>	<b>3.57%</b>
<b>U.S. 10yr. Tr.</b>	1.55%	1.56%	<b>0.01%</b>	<b>-0.65%</b>
<b>Greece 10yr. Bond</b>	27.63%	27.63%	<b>0.00%</b>	<b>0.00%</b>
<b>Italy 10yr. Bond</b>	6.47%	6.47%	<b>0.00%</b>	<b>0.00%</b>
<b>Spain 10yr. Bond</b>	7.38%	7.38%	<b>0.00%</b>	<b>0.00%</b>
<b>Oil</b>	91.98	92.36	<b>0.38</b>	<b>0.41%</b>
<b>Gold</b>	1622.80	1596.50	<b>-26.30</b>	<b>-1.62%</b>

Kind of a slow week, but mostly green nevertheless!



Even beleaguered Spain (EWP) is catching a bid. Again, I think that I will pass!

Here is where we stand as of 9am on Friday year-to-date in the markets:

	<b>12/31/11</b>	<b>Fri. 8/3/12</b>	<b>2012</b>	<b>YTD Pct.</b>
	<b>Value</b>	<b>Close</b>	<b>YTD</b>	<b>Change</b>
<b>S&amp;P500</b>	<b>1257.60</b>	<b>1389.82</b>	<b>132.22</b>	<b>10.51%</b>
<b>DJIA</b>	<b>12,239.74</b>	<b>13,085.57</b>	<b>845.83</b>	<b>6.91%</b>
<b>NASD</b>	<b>2610.68</b>	<b>2966.18</b>	<b>355.50</b>	<b>13.62%</b>
<b>S&amp;P600 (Small)</b>	<b>415.07</b>	<b>443.19</b>	<b>28.12</b>	<b>6.77%</b>
<b>Emg. Mkts (ADRE)</b>	<b>39.89</b>	<b>38.43</b>	<b>-1.46</b>	<b>-3.66%</b>
<b>Spain (EWP)</b>	<b>30.37</b>	<b>24.91</b>	<b>-5.46</b>	<b>-17.98%</b>
<b>U.S. 10yr. Tr.</b>	<b>1.87%</b>	<b>1.56%</b>	<b>-0.31%</b>	<b>16.58%</b>
<b>Spain 10yr. Bond</b>	<b>5.22%</b>	<b>7.38%</b>	<b>2.16%</b>	<b>-41.38%</b>
<b>Oil</b>	<b>98.87</b>	<b>92.36</b>	<b>-6.51</b>	<b>-6.58%</b>
<b>Gold</b>	<b>1565.90</b>	<b>1596.50</b>	<b>30.60</b>	<b>1.95%</b>

Seven months are now in the books and being in cash has not been a good idea. Being in the right places at the right time and out of the wrong places has been. I am keeping a green light up for now.



@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>



My new show on the Salem Broadcast Network is now heard live every weekday from 7:00am to 8:00am PST.

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



My Twin Cities shows airs at 7am and 9am CST.

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

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Most husbands help with dishes

"I wish Mr. Gunderson's Best Stocks Now App

Would Cook Dinner!"

### **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 **10.6%** YTD, while the S & P 500 is up **10.7%**. Cash level is now **0.1%** in this portfolio.

I sold

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**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 **14.0%** year-to-date, while the S & P 500 is up **10.7% (as of 9am on Friday)**. The portfolio currently has

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



***"I am sure glad I have Gunderson watching my portfolio for me."***

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. 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 5.9%. Compare this with the current U.S. Treasury yield of 1.5% and current CD yields.

This portfolio is up **14.9%** since its August 5, 2011 inception. That works out to very nice **15.0%** annualized rate-not bad for an income account. I am

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**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* Here is a copy of this week's article.



This week's articles:



Investing

## Guns Are Still Better Than Gold

By [Bill Gunderson](#) 08/01/12 - 01:49 PM EDT

<http://www.thestreet.com/story/11648257/1/guns-are-still-better-than-gold.html>

## A flourishing stock in a lousy economy

By Bill Gunderson

**I was on with Pimm Foxx of *Bloomberg* radio recently, and he asked me what I thought about the economy. Rather than sugarcoat it like a lot of my fellow pundits, I told him that the economy is lousy. He asked me if there was another word to express my feelings, and I told him that lousy was a good choice of words.**

<http://www.marketwatch.com/story/a-flourishing-stock-in-a-lousy-economy-2012-08-02>

I track just over 2,800 stocks, funds, etf's, etc. 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 a good example of a stock that meets my criteria this week. Check out the ten year record of the stock.

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**HMS Hldgs Corp**

Sector	Misc.
Market Cap	2,890,000,000
Size	Mid-Cap
Risk Profile	Aggressive

**Valuation 08/01/12**

Last Closing Price	\$33.60
Next Yr EPS Est	\$0.89
Forward PE Ratio	37.75
Est 5Yr Annual Gr	26.06%

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**Valuation 08/01/12**

Last Closing Price	\$33.60
Next Yr EPS Est	\$0.89
Forward PE Ratio	37.75
Est 5Yr Annual Gr	26.06%
PEG Ratio	1.45
5Year Target Price	\$62.01
Dividend Yield	0.00%
5Yr Tot Ret Pot	84.6%

**Gunderson Value Grade**

**B+**

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**Performance of hmsy vs S&P 500**

1 Mo Total Return	0.9%	-0.0%
3 Mo Total Return	37.8%	-2.7%
12 Mo Total Return	36.0%	8.9%
Momentum Grade	A-	C
3 Yr Avg Tot Ret	37.9%	11.4%
5 Yr Avg Tot Ret	39.1%	-1.5%
10 Yr Avg Tot Ret	42.4%	4.7%
Performance Grade	A	C
2008 Total Return	-5.1%	-38.5%
Safety Grade	B+	C

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**Gunderson Stock Grade**

**A**

**Ranking**

Current	13 / 2843
1 day ago	16
7 days ago	1
1 month ago	28
2 months ago	99
3 months ago	549

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. (FOR CLIENTS AND SUBSCRIBER ONLY) HERE ARE 150-200...**

<b>GUNDERSON</b>			Three	Two	Six	One	Two	One			
Best Stocks Now			Mos. Ago	Mos. Ago	Wks. Ago	Mo. Ago	Wks. Ago	Wk. Ago	Yest.	Current	
<b>Top 200 as of 8/2/2012</b>			<u>Rank</u>	<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-	CHD	Church & Dwight Co Inc	287	66	158	174	133	111	141		<b>151</b>
A-	LEG	Leggett & Platt Inc	1085	1101	1026	968	631	386	232		<b>152</b>
A-	BPT	BP Prudhoe Bay Royalty Trust	89	341	167	127	124	110	140		<b>153</b>
A-	MA	Mastercard	28	239	108	48	106	274	143		<b>154</b>
A-	CTRX	S X C Health Solutions	10	24	32	6	4	205	149		<b>155</b>
A-	HCSG	Healthcare Services Grp Inc	134	171	189	409	313	237	167		<b>156</b>
A-	SHOO	Stephen Madden	441	502	369	608	772	284	168		<b>157</b>
A-	AVD	American Vanguard Corp	77	16	28	39	63	206	180		<b>158</b>
A-	EPD	Enterprise Products Ptr	261	269	282	264	117	144	164		<b>159</b>
A-	MYI	BlackRock MuniYield Insured Fund Inc.	583	326	297	346	328	151	172		<b>160</b>
A-	VFC	VF Corp	81	169	93	182	321	200	221		<b>161</b>
A-	VLT	Van Kampen High Income Trust II	110	173	155	143	163	143	152		<b>162</b>
A-	ALGN	Align Tech Inc	38	48	97	65	118	63	105		<b>163</b>
A-	JBHT	Hunt JB Trans Scvcs Inc	95	28	45	74	91	145	176		<b>164</b>
A-	TAXI	Medallion Financial Corp	557	503	535	623	246	165	153		<b>165</b>
B+	NLY	Annaly Capital	394	177	187	231	147	154	159		<b>166</b>
B+	ROP	Roper Industries Inc	359	164	159	268	300	318	234		<b>167</b>
B+	PZZA	Papa John's International Inc	770	65	316	184	285	169	138		<b>168</b>
B+	BFZ	BlackRock California Municipal Income Trust	612	306	341	258	256	164	246		<b>169</b>
B+	LEO	Dreyfus Strategic Municipals	632	325	296	345	507	175	182		<b>170</b>
B+	PMM	Putnam Managed Muncipal Income Trust	601	241	310	281	309	204	184		<b>172</b>
B+	BLW	BlackRock Limited Duration Income Trust	776	554	503	201	210	324	230		<b>173</b>
B+	KSU	Kansas City Southern	49	465	209	164	184	166	186		<b>174</b>
B+	ABMD	Abiomed Inc	60	292	164	95	28	119	146		<b>175</b>
B+	SLXP	Salix Pharmaceuticals Ltd	87	33	10	30	12	22	178		<b>176</b>
B+	NUC	Nuveen California Quality Income Municipal F	300	392	382	325	329	186	188		<b>177</b>
B+	SBW	Western Asset Worldwide Income Fund Inc	314	531	495	235	219	177	189		<b>178</b>
B+	BSET	Bassett Furniture Inds	363	1228	1169	587	330	268	247		<b>179</b>
B+	LKQ	LKQ Corp	306	0	61	108	126	278	162		<b>180</b>
B+	AMCX	Amc Networks Inc	0	0	0	657	192	136	95		<b>181</b>
B+	HIX	Western Asset High Income Fund II Inc	445	457	322	288	226	118	165		<b>182</b>
B+	IMT	Morgan Stanley Insured Municipal Trust	598	403	287	210	266	191	192		<b>183</b>
B+	KMM	DWS Multi-Market Income Trust	283	479	343	185	155	185	166		<b>184</b>
B+	MMU	Western Asset Managed Municipals Fund In	248	429	210	110	181	142	193		<b>185</b>
B+	RCS	PIMCO Strategic Global Government Fund	714	613	344	219	274	213	228		<b>186</b>
B+	WCG	Wellcare Health	650	920	1364	1626	539	344	158		<b>187</b>
B+	WYN	Wyndham Worldwide Corp	96	112	88	54	144	188	196		<b>188</b>
B+	AFSI	Amtrust Fin. Svcs.	362	72	56	122	164	98	197		<b>189</b>
B+	MFLX	Multifineline	997	888	564	805	381	356	207		<b>190</b>
B+	HD	Home Depot Inc	189	204	134	111	177	122	198		<b>191</b>
B+	OHI	Omega Healthcare	578	379	284	233	320	271	173		<b>192</b>
B+	CASY	Casey's General Stores Inc	333	108	285	278	86	181	223		<b>193</b>
B+	FLT	Fleetcor Technologies	269	357	181	676	324	195	273		<b>194</b>
B+	AKOA	Embotelladora Andina A	666	534	323	424	258	123	204		<b>195</b>
B+	IMC	Morgan Stanley Insured Municipal Bond Trus	517	559	494	289	322	226	171		<b>196</b>
B+	LQDT	Liquidity Services	13	3	48	144	973	739	735		<b>197</b>
B+	CBE	Cooper Ind Ltd.	617	139	252	453	332	207	181		<b>198</b>
B+	SXI	Standex Intl Corp	255	236	444	311	242	128	209		<b>199</b>
B+	VTR	Ventas Inc.	437	186	137	177	233	236	236		<b>200</b>

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

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## INTERNATIONAL AND EMERGING MARKET WATCH: As of August 3, 2012

		<u>2012 ytd</u>
Vietnam	VNM	23.7%
Mexico	EWW	17.7%
Thailand	THD	16.2%
United States	^GSPC	10.7%
India	INP	9.5%
Peru	EPU	4.5%
Europe	EFA	3.0%
Russia	RSX	1.9%
Emerging Mkts.	ADRE	1.0%
Chile	CH	0.3%
China	FXI	-0.2%
Canada	EWC	-0.5%
Japan	EWJ	-1.0%
Brazil	EWZ	-6.3%
Italy	EWI	-8.9%
Greece	GREK	-19.5%
Spain	EWP	-23.1%

## COMMODITIES (as of August 3rd, 2012)

		<u>2012 YTD</u>
Grains	JJG	38.7%
Corn	CORN	21.7%
Gold	GLD	2.3%
Silver	SLV	-0.2%
Copper	JJC	-3.0%
Steel	SLX	-7.4%
Oil	USO	-10.4%
Cotton	BAL	-14.5%
Coal	KOL	-25.5%

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"

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