

Bill Gunderson's Weekly "Best Stocks Now" Newsletter

Straightforward, honest research for successful people...

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Bill@pwstreet.com Let me hear from you!

July 20, 2012



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

Markets Back in an Uptrend for now...

The equity markets remain in an uptrend for now. The bond markets continue to scream out that all is not well in the global economy. The Italian market was down 5% on Friday as their bond yields continue to rise, and ours continues to hit new **ALL-TIME LOWS**. While this is good news for homebuyers in America, these low bond yields also tell us how much fear there is amongst investors.

While much of the fear is warranted, there are still plenty of opportunities out there, however. I have tried to profit from a few strategically placed inverse funds lately to no avail. That tells me that despite all of this fear, being on the **LONG** side of the market is still the best place to be...

Let's begin with a quick look at the U.S. Bond Market:



Not only is the bond market hitting a new high, it is also hitting resistance. I think that it could break out to new highs and we could see even lower interest rates going forward.

Let's next look at a chart of the S & P 500:



You can see that mild up trend in the market. Nothing exciting, but better than a down trend! The easy money ended in April.

The most notable chart to me right now is that of oil:



I pointed out the big double bottom in the oil market a few weeks ago, and now we are seeing a major bounce in oil prices. This made for a nice trade in (UCO), a juiced 2:1 ETF on oil prices. I am also seeing some interesting moves in some of my favorite old oils stocks:





With Syria in chaos and the recent attack on Israeli tourists in Bulgaria, oil is rising again.

The other big story is the EURO!



Ouch, another new low for the Euro on Friday! That is why we saw a triple digit drop in the Dow yesterday. Our equity markets want the euro to firm up and the dollar to soften. Right now, just the opposite is happening.



The rising dollar has resulted in falling gold prices.



If you have been holding gold and or other commodity related stocks, you should be questioning your strategy. It is best to rotate with the market, as the market rotates.

At some point, the dollar will begin to decline again and commodities will start rising. For that to happen however, the Euro will have to start rising. I just don't know if I see that happening any time soon.

The other victim of a rising dollar has been the emerging markets. The emerging markets also do not like a rising dollar. If you have had exposure to the emerging markets for the last year, you have also been fishing in the wrong area of the ocean.



Here is how the markets fared for the week:

	Fri. 7/13/12	Fri. 7/20/12	Week	Week Pct.
	Close	Close	Change	Change
S&P500	1353.85	1362.66	8.81	0.65%
DJIA	12,746.89	12,822.57	75.68	0.59%
NASD	2903.80	2925.30	21.50	0.74%
S&P600 (Small)	447.26	443.63	-3.63	-0.81%
Emg. Mkts (ADRE)	37.05	37.20	0.15	0.40%
Spain (EWP)	22.71	21.11	-1.60	-7.05%
Italy (EWI)	10.53	9.95	-0.58	-5.51%
Greece (GREK)	11.69	11.67	-0.02	-0.17%
U.S. 10yr. Tr.	1.50%	1.46%	-0.04%	2.67%
Greece 10yr. Bond	25.33%	24.49%	-0.84%	3.32%
Italy 10yr. Bond	5.04%	6.07%	1.03%	-20.44%
Spain 10yr. Bond	6.66%	6.96%	0.30%	-4.50%
Oil	87.51	91.49	3.98	4.55%
Gold	1592.00	1582.70	-9.30	-0.58%

Note the huge sell off in Spain and Italy this past week. Also notice the HUGE jump in Italian bond rates.

Time for a European vacation!



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

	12/31/11 Value	Fri. 7/20/12 Close	2012 YTD	YTD Pct. Change
S&P500	1257.60	1362.66	105.06	8.35%
DJIA	12,239.74	12,822.57	582.83	4.76%
NASD	2610.68	2925.30	314.62	12.05%
S&P600 (Small)	415.07	443.63	28.56	6.88%
Emg. Mkts (ADRE)	39.89	37.20	-2.69	-6.74%
Spain (EWP)	30.37	24.91	-5.46	-17.98%
U.S. 10yr. Tr.	1.87%	1.46%	-0.41%	21.93%
Spain 10yr. Bond	5.22%	6.96%	1.74%	-33.33%
Oil	98.87	91.49	-7.38	-7.46%
Gold	1565.90	1582.70	16.80	1.07%

Still respectable numbers overall, on the U.S. markets, but the market has been stalled for several months now. Still time to be cautious and extremely selective!



@billgunderson

“Are these good enough for Gunderson?”

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.

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



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



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

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

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

FINANCIAL NEWS & TALK



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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. You can also listen on the BEST STOCKS NOW App. Now you can listen while helping your husband does the dishes!



the Mall of the Americas!"

"This is the best thing to hit Minnesota since

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



Another thing to do on your European Vacation.

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 **9.7%** YTD, while the S & P 500 is up **8.4%**. Cash level is now **8.1%** in this portfolio.

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 **13.4%** year-to-date, while the S & P 500 is up **7.6%**. The portfolio currently has a very large **24.2%** cash position. I am having hard time finding good, conservative growth stocks right now. I am selling

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.



"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!**

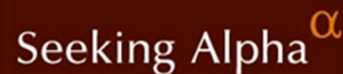
This portfolio is designed as **a bond or CD alternative**, albeit with more risk. This portfolio currently has an average yield of 5.9%. Compare this with the current U.S. Treasury yield of 1.6% and current CD yields.

This portfolio is up **14.1%** since its August 5, 2011 inception. That works out to very nice **14.7%** annualized rate-not bad for an income account. I am selling

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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.

The logo for 'The Street' features the words 'The Street' in a bold, black, sans-serif font. Below the text are three horizontal lines of varying lengths, creating a stylized underline.The logo for 'MarketWatch' features the word 'Market' in black and 'Watch' in a large, green, stylized font with an upward-pointing arrow integrated into the letter 'W'. Below 'MarketWatch' is the text 'From DOWJONES' in a smaller, black, sans-serif font.The logo for 'Seeking Alpha' features the words 'Seeking Alpha' in a white, serif font, with a small orange Greek letter alpha symbol to the right. The logo is set against a dark red rectangular background.

This week's article:

By Bill Gunderson

With two new weight-loss drugs approved recently by the FDA, there has been a lot of hoopla surrounding the biotech stocks in general

<http://www.marketwatch.com/story/the-best-stock-play-on-obesity-2012-07-19>

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.

BEST STOCKS NOW! APP

Newmarket Corp.

Sector	Basic Materials
Market Cap	3,110,000,000
Size	Mid-Cap
Risk Profile	Aggressive

Valuation 07/20/12

Last Closing Price	\$231.94
Next Yr EPS Est	\$18.27
Forward PE Ratio	12.70
Est 5Yr Annual Gr	11.90%

Valuation 07/20/12

Last Closing Price	\$231.94
Next Yr EPS Est	\$18.27
Forward PE Ratio	12.70
Est 5Yr Annual Gr	11.90%
PEG Ratio	1.07
5Year Target Price	\$368.63
Dividend Yield	1.30%
5Yr Tot Ret Pot	65.4%

Gunderson Value Grade

C-

Performance of neu vs S&P 500

1 Mo Total Return	10.4%	0.5%
3 Mo Total Return	20.4%	-1.2%
12 Mo Total Return	40.4%	2.8%
Momentum Grade	A	C
3 Yr Avg Tot Ret	44.6%	12.7%
5 Yr Avg Tot Ret	38.9%	-2.3%
10 Yr Avg Tot Ret	50.7%	4.9%
Performance Grade	A	C
2008 Total Return	-36.4%	-38.5%
Safety Grade	C	C

Gunderson Stock Grade

A-

Ranking

Current	60 / 2824
1 day ago	84
7 days ago	96
1 month ago	70
2 months ago	180
3 months ago	0

NEU (NewMarket Corp.) NYSE

© StockCharts.com

20-Jul-2012

Open 231.85 High 233.71 Low 229.70 Close 231.94 Volume 28.2K Chg -1.87 (-0.80%)

NEU (Daily) 231.94

MA(50) 213.59

MA(200) 196.27



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.

THE TOP 100-150 ARE FOR CLIENTS AND SUBSCRIBERS ONLY

GUNDERSON			Three	Two	Six	One	Two	One	Yest.	Current
Best Stocks Now			Mos. Ago	Mos. Ago	Wks. Ago	Mo. Ago	Wks. Ago	Wk. Ago		
Top 200 7/20/2012			<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-	CIF	Colonial Intermediate High Income Fund	239	636	629	238	151	179	165	151
A-	MCA	BlackRock MuniYield California Insured Func	342	173	308	353	257	273	189	152
A-	NUC	Nuveen California Quality Income Municipal F	388	295	309	463	296	329	190	153
A-	SBH	Sally Beauty Holdings	34	33	37	22	67	43	160	154
A-	HCII	Homeowners Choice Inc	471	373	632	803	617	72	128	155
A-	HPF	John Hancock Preferred Income Fund II	193	577	186	136	156	153	143	156
A-	HYT	BlackRock Corporate High Yield Fund VI Inc.	594	642	392	186	157	160	172	157
A-	RGR	Sturm, Ruger & Co. Inc	4	223	572	308	369	462	149	158
A-	DXPE	DXP Enterprises Inc	54	5	128	71	123	88	174	159
A-	PPG	P P G Industries		179	205	122	203	217	303	160
A-	MMP	Magellan Midstream Ptrns	379	392	271	203	196	146	164	161
A-	EXPO	Exponent Inc	422	230	170	170	140	142	167	162
A-	INTU	Intuit Inc	223	465	110	189	254	303	255	163
A-	PZZA	Papa John's International Inc	823	89	374	224	305	285	372	164
A-	RDWR	Radware Limited	109	62	102	139	177	206	158	165
A-	ENB	Enbridge	121	94	155	138	146	140	142	166
A-	EPD	Enterprise Products Ptrn	290	353	471	296	211	117	163	167
A-	FDO	Family Dollar Stores Inc	45	91	73	96	103	111	171	168
A-	NLY	Annaly Capital	395	219	237	187	192	147	186	169
A-	CBST	Cubist Pharmaceuticals	221	175	219	302	267	158	180	170
A-	AWF	Alliance World Dollar Government Fund II	249	415	398	206	215	202	188	171
A-	CMO	Capstead Mortg.	234	174	99	178	135	195	146	172
A-	MA	Mastercard	36	167	121	42	108	106	91	173
A-	NCP	Nuveen California Performance Plus Municipi	259	304	419	448	239	357	228	174
A-	RCS	PIMCO Strategic Global Government Fund	787	1011	639	231	333	274	192	175
A-	TAI	Transamerica Income Shares Inc	696	676	370	218	186	171	297	176
A-	AEGR	Aegerion Pharm.	2554	993	506	1109	951	997	193	177
A-	BFB	Brown Forman Corp Cl B	300	107	60	131	155	152	147	178
A-	CATM	Cardtronics	1059	131	305	276	176	207	197	179
A-	HCP	HCP Inc	998	279	321	267	247	241	221	180
A-	MNRO	Monro Muffler Brake Inc	186	254	531	588	317	150	181	181
A-	NTCT	Netscout Systems Inc	1004	360	442	320	403	271	358	182
A-	CLR	Continental Res Inc.	338	369	432	331	320	426	213	183
A-	IMT	Morgan Stanley Insured Municipal Trust	597	447	363	264	288	266	258	184
A-	WEA	Western Asset Prem Bond Fd	627	407	620	606	311	249	239	186
A-	SDRL	Seadrill Ltd.	367	510	551	476	405	279	170	187
A-	ALNY	Alnylam Pharmaceuticals	2276	2119	899	670	243	562	203	188
A-	AGP	AmeriGrp Corp	846	771	235	194	245	211	204	189
A-	WAB	Wabtec Corp	157	378	196	168	112	97	136	190
A-	JBHT	Hunt JB Trans Scvcs Inc	74	93	57	63	69	91	206	191
A-	BFZ	BlackRock California Municipal Income Trust	538	349	316	423	163	256	182	192
A-	PMM	Putnam Managed Muncipal Income Trust	523	315	346	449	322	309	207	193
A-	SBW	Western Asset Worldwide Income Fund Inc	199	331	534	301	240	219	208	194
A-	AFSI	Amtrust Fin. Svcs.	310	73	65	115	158	164	156	195
A-	CRMT	America's Car-Mart Inc	180	148	105	369	315	173	242	196
A-	VASC	Vascular Solutions Inc	925	145	175	205	134	168	159	197
A-	TWO	Two Harbors	1250	1456	1297	376	179	193	162	198
A-	DNP	D N P Select Income Fund	916	561	478	351	327	257	244	199
A-	HIX	Western Asset High Income Fund II Inc	521	475	433	365	191	226	215	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 8 that currently meet these criteria. No changes this week.

GUNDERSON				Suggested
Best Stocks Now				
401-K Allocation			Rank	Allocation
A-	FBTAX	Fidelity Advisor Biotechnology A	98	20.0%
A-	PRHSX	T.Rowe Price Health Science	119	alternative
B+	FHEAX	Fidelity Advisor Real Estate A	407	15.0%
B+	FDFAX	Fidelity Select Consumer Staples	419	10.0%
B+	FLBIX	Fidelity Spartan L/T Tr Bd Idx Inv	319	15.0%
B+	FIBIX	Fidelity Spartan Interm Tr Bd Idx Inv	564	15.0%
B+	FINPX	Fidelity Inflation-Protected Bond	565	15.0%
B	FHCCX	Fidelity Advisor Health Care C	873	10.0%
B+	FGBTX	Fidelity Advisor Investment Gr Bd T	694	0.0%
		CASH		0.0%
				100.0%

Notice that there are no Large Cap, Mid Cap, Small Cap (although they are rising), International, or Natural Resource funds in my top 600 right now. This is extremely valuable information as it relates to choosing you allocation right now! Do the best you can with the choices that you have!

The only sectors that come up right now are Biotech (life science) Real Estate, Healthcare, 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 July 20, 2012**

		<u>2012 ytd</u>
Vietnam	VNM	25.8%
Mexico	EWW	15.9%
Thailand	THD	14.5%
United States	^GSPC	8.5%
India	INP	7.7%
Peru	EPU	7.3%
Chile	CH	3.8%
Russia	RSX	0.0%
Europe	EFA	-0.7%
Japan	EWJ	-1.8%
Emerging Mkts.	ADRE	-2.0%
Canada	EWC	-2.2%
China	FXI	-4.8%
Brazil	EWZ	-9.7%
Greece	GREK	-16.5%
Italy	EWI	-17.1%
Spain	EWP	-30.4%

COMMODITIES (as of July 20, 2012)

		<u>2012 YTD</u>
Grains	JJG	41.9%
Corn	CORN	18.4%
Gold	GLD	1.1%
Copper	JJC	-1.1%
Silver	SLV	-1.5%
Steel	SLX	-9.6%
Oil	USO	-10.8%
Cotton	BAL	-15.3%
Coal	KOL	-27.5%

Watch for Bill Gunderson on:



The San Diego



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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