

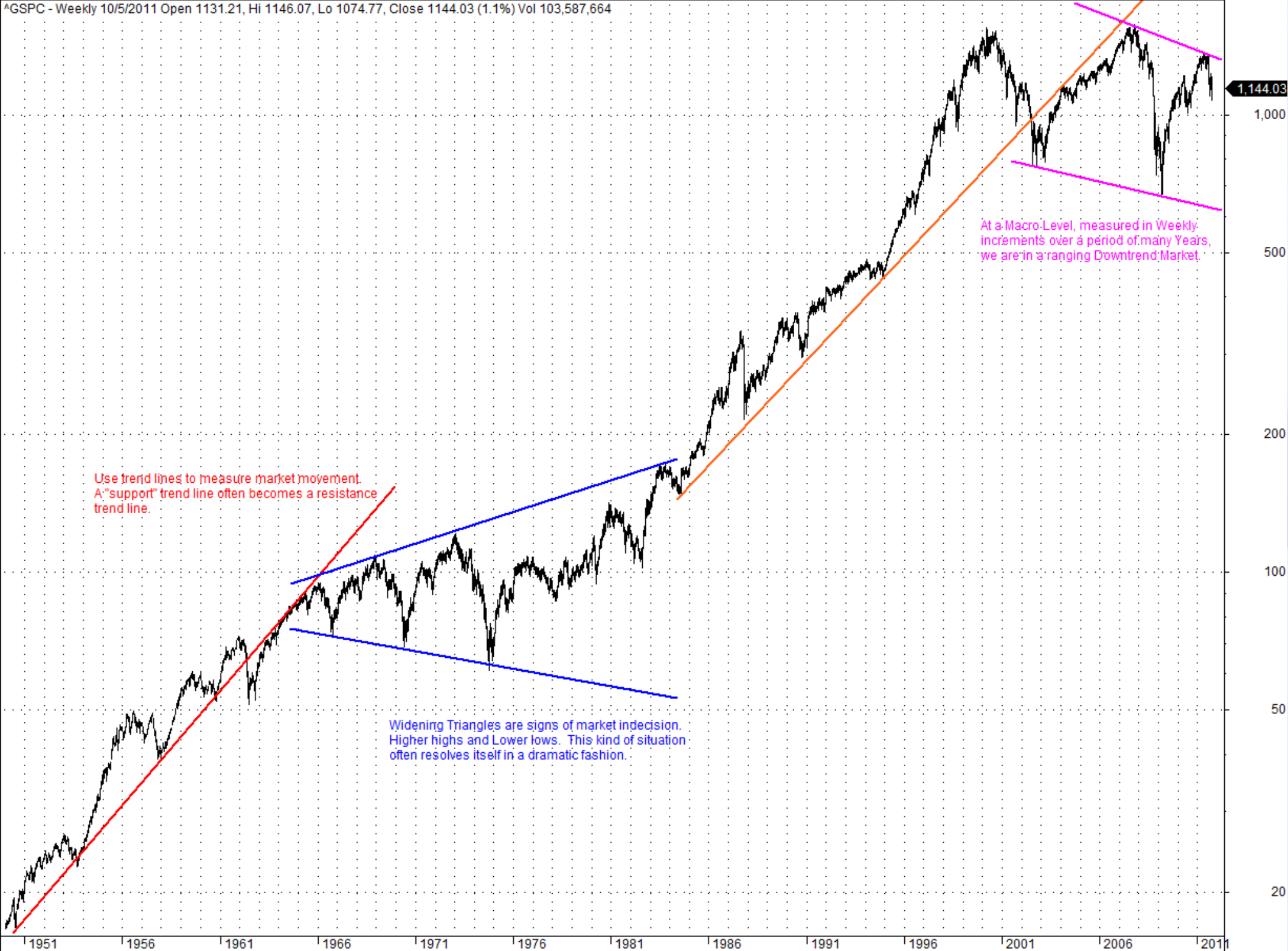
Agenda

- 1) Roll Call
- 2) Market Overview
- 3) Security Analysis
- 4) Next Steps

Market Overview

- 1) 60%+ of performance is due to overall mkt
- 2) Broad trend stronger than micro trend

Therefore, work weekly to daily and always have an opinion on future market direction.



1,144.03

1,000

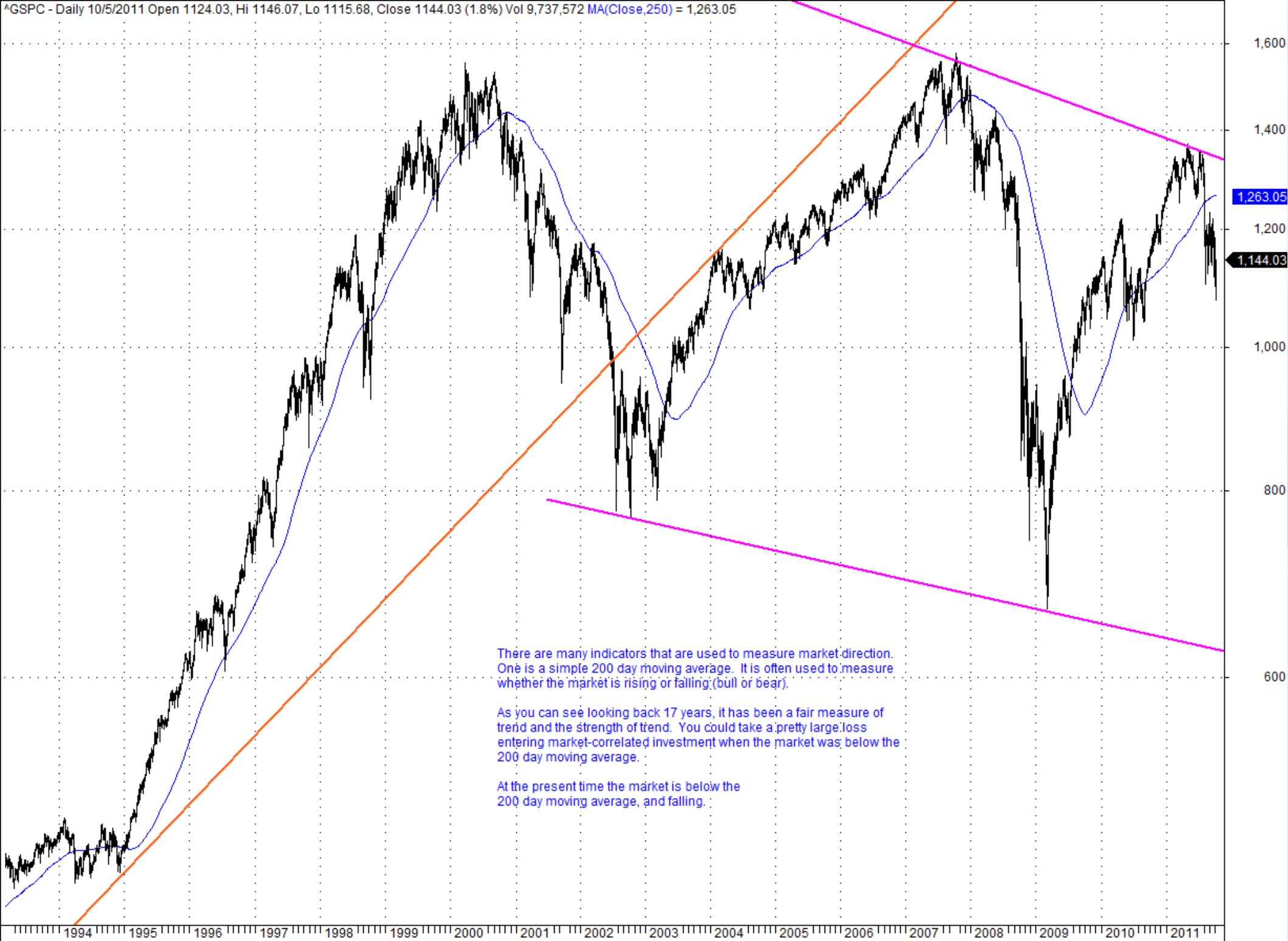
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200

100

50

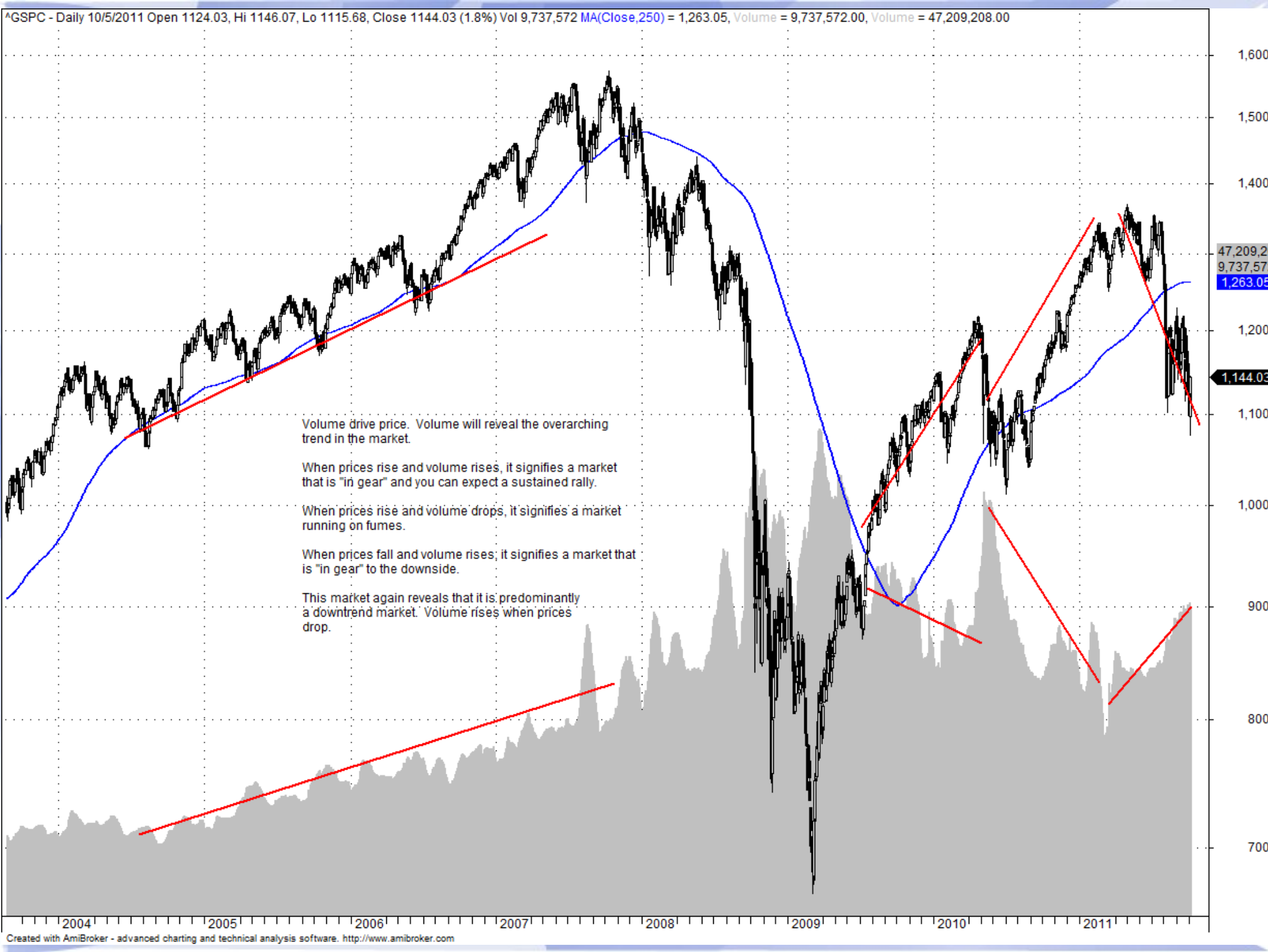
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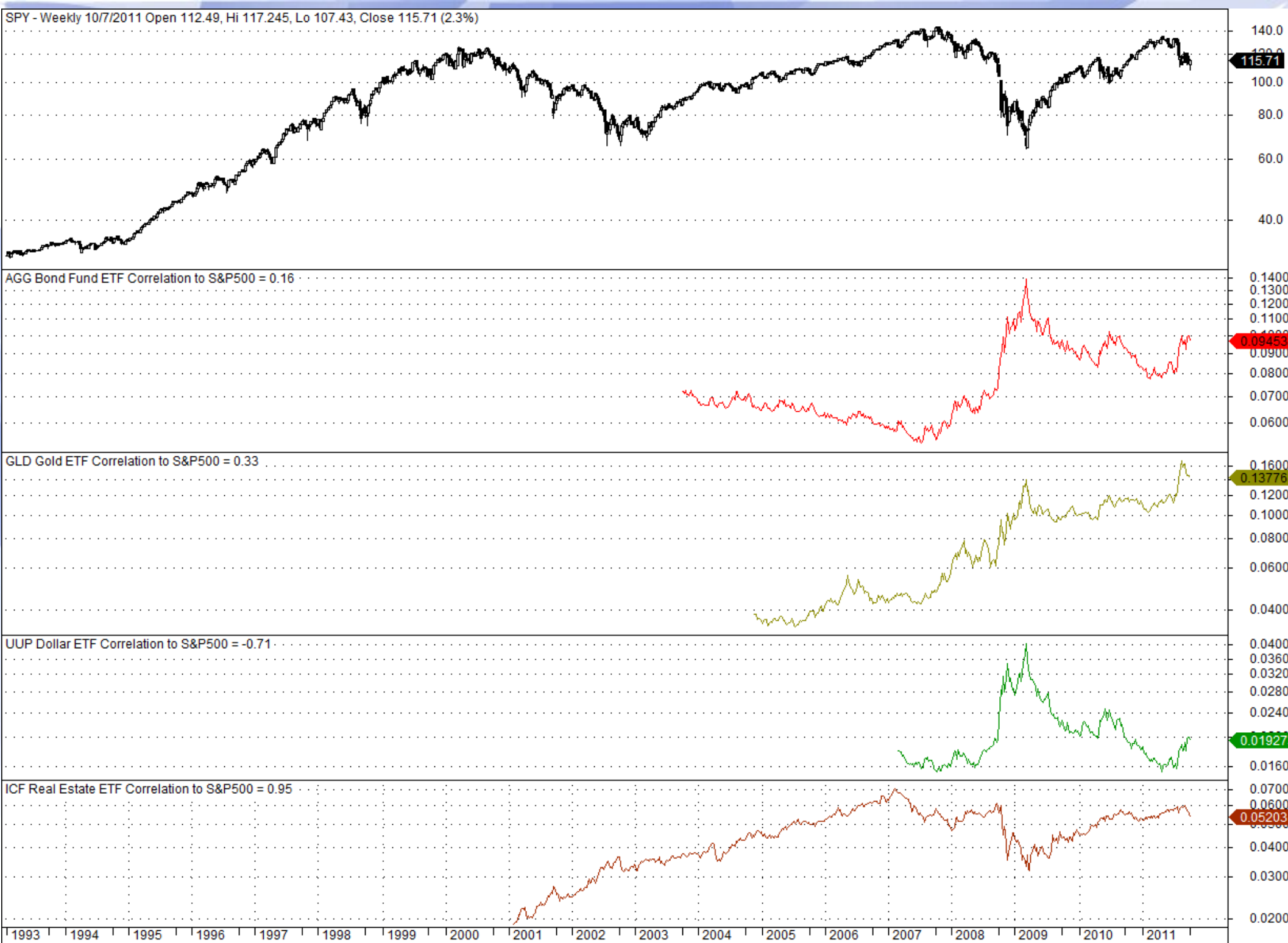


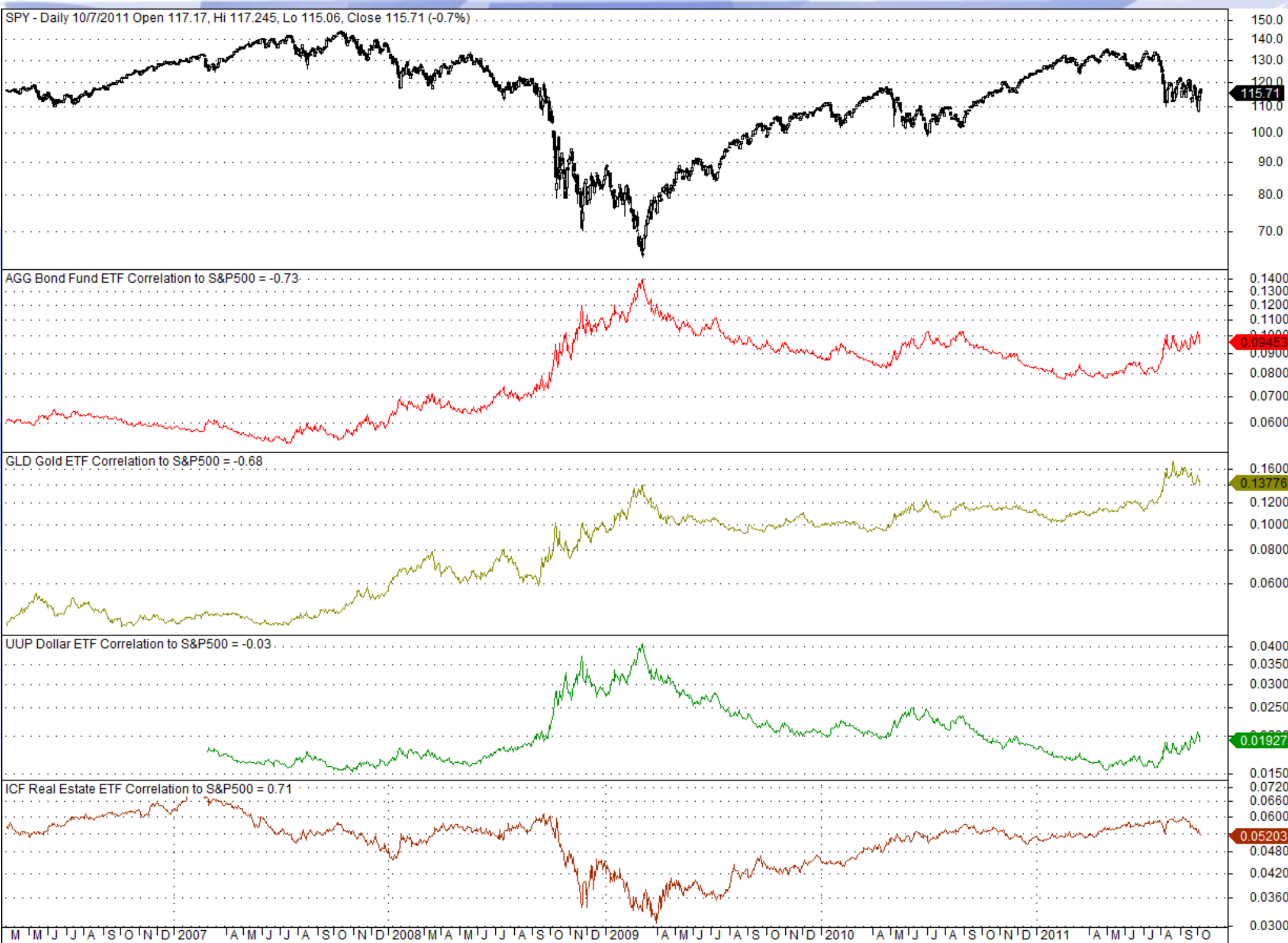
There are many indicators that are used to measure market direction. One is a simple 200 day moving average. It is often used to measure whether the market is rising or falling (bull or bear).

As you can see looking back 17 years, it has been a fair measure of trend and the strength of trend. You could take a pretty large loss entering market-correlated investment when the market was below the 200 day moving average.

At the present time the market is below the 200 day moving average, and falling.







GSPC--S&P 500 INDEXRTH -- Daily 10/5/2011, Open= 1,124.03, High= 1,146.07, Low= 1,115.6
 PositionSize= -100, RealPositionSize= 14.00%, Volume= 973,757,184
 Expectation= \$ 6.31
 periods since chg = 125, percent since chg = -16.56%
 EMA v MA CrossoverUses zero lag EMA; experimental

	1YR	2YR	3YR
Perf	13.1%	16.6%	44.0%
Rel Perf	16.4%	12.0%	10.6%
Win %	100.0%	66.7%	60.0%
Trades	0	2	5

\$1144.03 \$+20.08 +1.8%

Div/Shr	\$0.00
Div Yld	0.0%
Beta	0.0
Correl	1.00

Current	BuyPrice	SellPrice	StopPrice
\$1144.03	NA	NA	NA



Best mechanical model that I have at this point indicates that market has not found a bottom in the present downtrend. No BUY indicator at present.

Security Analysis

Review of Investment Philosophy and Methodology

Investment Philosophy

Medium term (~5 years)

Value oriented

Growth at Reasonable Price

Scan for stocks which will at least double in price in 5 years

Current income (dividends) not a factor

Selection Methodology

- Pre-screen stocks by using Schwab rated A or B
- Five Year Revenue Growth greater than or equal to 15%
- Five Year EPS Growth greater than or equal to 15%
- Estimated Five Year EPS greater than or equal to 15%
- Return on Equity (ROE) greater than or equal to 15%
- PE less than or equal to 30

Today's Selections

Nanometrics (NANO)

First Cash Financial (FCFS)

DXP Enterprises (DXPE)

Celgene Corp (CELG)

O'Reilly Automotive (ORLY)

ResMed, Inc. (RMD)

Recommendations