



Winning Ideas for the Individual Investor

Keeping in mind that  
pro- and con- are opposites,  
what is the opposite of progress?

- Anonymous

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	Since Last Issue	Year To Date	Since Inception 10/31/97
Model	+0.1%	+32.0%	+827.4%
Aggressive	-0.1%	+64.5%	+1858.6%
DJIA	-0.9%	+16.3%	+104.8%
NASD	+1.9%	+25.6%	+138.0%

A monthly publication by Nate Pile

www.NatesNotes.com

Issue 225 October 11, 2013

Doomsday Ahead? Or... Off To The Races?

What a crazy last couple of weeks, eh?

As discussed in the most recent Inter-Issue Commentary, there's no need to send in the clowns, as they're already here (in rare form, no less!).

And, while it remains to be seen whether the rally that got started a few days ago when it looked like some of the ice was starting to thaw in Washington will continue on Monday... or reverse course due to the fact that negotiations seem to have stalled out again... I believe there are a couple of things worth keeping in mind as we attempt to navigate these challenging circumstances.

First off, as discussed a few years ago when our national debt was downgraded, the fact that "debt ratings" simply assess an entity's ability to pay its debt – and the fact that the United States theoretically should have the ability to print more dollars whenever needed in order to meet its obligations – means that the idea of even assigning a rating to our debt is an exercise in foolishness to begin with (but folks do it anyway for some reason).

That being said, on a more practical level, when a potential investor is trying to decide whether or not to take "the other side" of loaning money, they often look at not only the borrower's ability to pay, but also the borrower's *willingness* to pay... and, as unbelievable as it may be... there are a number of

Nate's Latest Stock Recommendations (as of 10/11/13)

CORE STOCKS

Company	Symbol	Originally Rec'd. @	Closing Price	Strong Buy ≤	Buy ≤	New Orders^ (Aggressive Portfolio in parentheses)	First Buys
Apple	AAPL	\$6.78	\$492.81	\$450*	\$525*	Buy (50)	✓
Celgene	CELG	\$0.87	\$153.17	\$140*	\$160*	Buy (100)	✓
H&Q Life Sciences	HQL	\$21.17	\$18.67	\$15*	\$18*		
Illumina	ILMN	\$17.92	\$81.00	\$80	\$90	Buy (100)	✓
NVIDIA Corp.	NVDA	\$4.49	\$15.26	\$15	\$17	Buy (1,000)	✓
Perry Ellis	PERY	\$8.67	\$18.40	\$16*	\$18*		
Walt Disney Co.	DIS	\$13.00	\$66.21	\$62	\$68	Buy (300)	✓
Affymetrix	AFFX	\$19.07	\$6.59	\$5	\$7	Buy (2,500)	✓
Cirrus Logic	CRUS	\$38.39	\$23.59	\$22*	\$25*	Buy (1,000)	✓
Cubist Pharmaceuticals	CBST	\$6.13	\$65.94	\$64*	\$70*	Buy (250)	✓
Electronic Arts	EA	\$17.01	\$24.72	\$25	\$28		
First Solar	FSLR	\$60.91	\$43.31	\$35	\$42		
Luminex	LMNX	\$19.58	\$17.99	\$17*	\$20*	Sell (1,000)	
MannKind	MNKD	\$8.51	\$5.11	\$6*	\$8*	Buy (3,500)	✓
NXP Semiconductors	NXPI	\$24.26	\$38.19	\$36*	\$40*	Buy (500)	✓
PowerShares DB Ag.	DBA	\$36.90	\$25.60	--	\$25		
PowerShares DB Cmdties.	DBC	\$35.30	\$26.15	--	\$26		
Skyworks Solutions	SWKS	\$29.63	\$25.05	\$22	\$26		
SPDR Gold Trust ETF	GLD	\$93.39	\$122.60	--	\$125*	Sell (300)	✓
TriQuint Semiconductor	TQNT	\$3.42	\$8.38	\$8*	\$10*	Buy (2,000)	✓

\*changes since last issue ^we will use closing prices 10/14/13 for all transactions

folks on both sides of the aisle in Washington that seem to think they are somehow “doing their job” by demonstrating an unwillingness to let our country make good on its obligations (obligations that these very same people put our country on the hook for, I might add!).

While it remains to be seen whether cooler heads will prevail or our fearless leaders will actually cut off our country’s nose to spite its face, at the end of the day, either this train will be on the tracks it *must* be on... or the global financial system will, in fact, be thrown into complete chaos *and it won't matter what asset classes you own*.

Consequently, our only real option is to invest as if cooler heads will, in fact, prevail... which leads me to my second point – namely, that even after revising some of the “eyebrow levels” upwards in this month’s issue (see table below), all five of the major indices I use to gauge the health of the overall market are still flashing “bullish” signals despite the idiocy that is going on in Washington.

In fact, not only are all five of those indices still signaling a bull market, as you look through the charts associated with the recommended stocks in this month’s issue, you will see that a great many of the stocks (with a few notable exceptions!) are not only threatening to push into new 52-week high territory, they are also on the verge of hitting new *all-time* highs as well (and while one can sometimes make the argument that “stocks are not cheap” in response to such action, it is foolish to argue that it means “stocks are in a downtrend”).

Adding even more fuel to the bullish fire is the recent announcement that Janet Yellen is, in fact, the nominee to take over Ben Bernanke’s job at the Fed... and while only time will tell what the long-term effects his policies (which will almost certainly be continued by her) actually turn out to be, there is no doubt that on a short-term basis, they are helping to make sure the line of least resistance is “up” for the stock market.

Of course, even though “Don’t fight the Fed” is one of the longest-standing (and most reliable) adages on Wall Street, it does not mean that we can just buy stocks and flip the switch to “autopilot.” In fact, with so many investors sitting on nice profits for

the year at this point (our Model and Aggressive Portfolios are up 32.0% and 64.5%, respectively, for example), it is not unreasonable to think that there *might* be a stampede to lock-in profits if the market does start to slide in response to something “major” like the fringe representatives in Washington deciding to “blow the whole thing up” to prove their point, for example... or even something “minor” like an unexpectedly bad round of earnings and outlooks as third quarter results start to trickle in.

Putting all of these observations together, I continue to believe that the odds favor rising stock prices rather than declining stock prices in the months ahead *with the caveat that it admittedly may only take one small catalyst to change this outlook in a hurry*.

Consequently, you are encouraged to follow the lead I am setting in both Portfolios this month – in the Model (for investors who are more risk averse), I am simply leaving everything “as is” (no buys or sells), and in the Aggressive (designed for investors with a higher tolerance for risk), I am lightening up a tiny bit on two of our positions that are not acting well and redeploying that capital (as well as more margin buying power) in a fairly aggressive manner to add to our positions in a number of other stocks that are demonstrating solid relative strength these days (or, in the case of MannKind, represent a “unique investment opportunity,” even if the relative strength leaves something to be desired).

#### And, speaking of MannKind...

Though I have done my best to help keep subscribers focused on the idea that the story at MannKind (or any development stage drug company, for that matter) must be considered “speculative” until the drug being developed has actually been approved by the FDA, it is clear from the emails I have received lately that a great many of you have devoted at least a small portion of your portfolio to the story... and are naturally wondering “what the heck is going on with the stock?!”

Unfortunately, having followed the sector for 25 years now, the best I can tell you is that based on where MannKind is now at in terms of the drug



Nate Pile

### New To The Newsletter?

Here are a few guidelines to help you get started:

- Decide how much of your overall portfolio you'd like to allocate to the ideas in *Nate's Notes*... and then plan on investing it in roughly equal amounts each month over a period of several months.
- Make your initial purchases based on the "first buys" that are check-marked in the table on the front page of the newsletter (note that you do not have to buy all of them each month!), as well as in the commentary found in the company write-ups.
- Try invest slightly more money in "core stocks" vs. "non-core stocks" (60%-40% is a reasonable ratio to aim for when first starting out).

You can read more on this topic in the [May 2013 issue](#) of the newsletter in the archives online.

development cycle (essentially getting ready to file a New Drug Application (NDA) and then wait to see what the FDA has to say), the stock is likely to be extremely volatile until a verdict is actually rendered regarding the drug's approvability... and given the ownership structure of MannKind's stock, it is now caught squarely in the crosshairs of what will likely prove to be a very large (and ultimately very painful for the losing side) battle between bulls who are long the stock and bears who have gotten themselves in quite deeply on the short side over the past couple of years (and this, of course, is only going to exacerbate the volatility mentioned above!).

Accordingly, if you are going to be involved with the story, please make sure to only own as much stock as you can afford to lose all your money on (and perhaps just as importantly, do not own more than you comfortably sleep with at night – as mentioned in email replies a number of you regarding the situation, it is *never* worth losing sleep over an investment... and if you are, try to sell down to "the sleeping point" as soon as possible!).

That being said, I want to reiterate what I've said in the last couple of issues, namely that the fact that the recent clinical trials both met their primary endpoints removed a great deal of uncertainty, and under normal circumstances, this news almost certainly would have caused the stock to trade higher rather than lower; however, as mentioned above, there are an unusually large number of investors and "journalist/bloggers" who have a

vested interest in trying to save face (and money!) by keeping the stock down after being wrong about the Phase III results, and they are doing everything they can to keep the stock from rising (and, of course, the long-term investors who want to own the stock are more than happy to keep lowering their bids as they accumulate the stock).

In addition, I want to remind you that if a "rookie" CEO were running the company, I'd be more concerned about where things might be headed; however, given Al Mann's track record and the fact that he is still putting his own money (and encouraging other "friends" of his to be putting large chunks of their money) into the story at this stage of the game tells me that he really does believe there is still tremendous upside potential despite the disappointing stock performance lately.


And, finally, though the stock could just as easily trade back into the \$2s or into the teens from here without *any* news from the company or the FDA (yep – that's the kind of potential volatility I'm talking about!), the fundamentals are what will ultimately dictate the stock price as time goes by... and, as mentioned numerous times before, provided you are not becoming too overweighted in the stock, you are strongly encouraged to own at least a small position ahead of the FDA filing (and eventual ruling). After all, as disappointing as the last few weeks have been, don't forget that the right piece of positive news (a partnership, perhaps?) could send the stock back up just as quickly as it fell!

*continued on page 8*


### "Eyebrow Levels" (slightly revised this month) (used to help us gauge the overall health of the market\*)

Index	Current	One Eyebrow	Two Eyebrows
<b>DJIA</b>	<b>15,237</b>	14,400	13,700
<b>Nasdaq</b>	<b>3,792</b>	3,375	3,175
<b>S&amp;P 500</b>	<b>1,703</b>	1,540	1,480
<b>BTK</b>	<b>2,092</b>	1,875	1,775
<b>SOX</b>	<b>497</b>	445	405


*\*As long as all five indices are trading above their "one eyebrow" levels, it is a sign that the current uptrend is still intact; however, if the indices start to dip below those levels, it will cause me to raise an eyebrow and wonder if the trend may be coming to an end... and if both eyebrows go up, it will mean that things are deteriorating in a hurry (and you should start looking for a "Special Alert" from me in your email box).*

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)	Affymetrix • AFFX
\$19.07	\$6.59	\$6.71	\$2.96	71.2	\$468.9	


While the stock is clearly not as attractive now as it was when it was trading just above \$3 a mere two-and-a-half months ago, I believe it still has one of the most attractive risk-reward ratios of any stock in the newsletter. Of course, it is important to keep in mind that the company will be reporting earnings on October 30<sup>th</sup>... and though I am hopeful that this will finally be the quarter in which management not only “gets it right” for the current quarter but also has something positive to say about the future, I will also be the first to admit that this is not what has happened for a number of years now. That being said, I am adding a few more to the Aggressive Portfolio this month. **AFFX is a strong buy under \$5 and a buy under \$7.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)	Apple • AAPL
\$6.78	\$492.81	\$652.79	\$385.10	924.3	\$455,487.0	

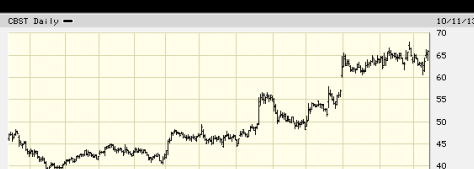
Though we are not out of the woods yet, I am extremely pleased with how Apple's stock has been trading over the past couple of months for the simple reason that it is continuing to follow “the script” very nicely in terms of how over-loved stocks that then become under-loved stocks eventually find their way back into favor with Wall Street. As discussed in last month's issue, though the analysts seem to be basing their views of the company on the fact that they no longer get a “Steve Jobs high” when the company rolls out new products, that doesn't mean that the company isn't still moving itself forward. If you do not yet own any, please buy at least a few shares today! **AAPL is now a strong buy under \$450 and a buy under \$525.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)	Celgene • CELG
\$0.87	\$153.17	\$157.95	\$71.23	440.8	\$67,516.7	

After taking a bit of a tumble along with the rest of the market as the shutdown in Washington got underway, I am pleased to report that Celgene's stock was one of the first to bounce back as part of the market's rally... and I find it especially exciting the sort of “spike down” on huge volume that took place as part of the sell-off is exactly the sort of thing that tends to set the stage for an even larger move down the road once the stock starts hitting new highs again (as it appears anxious to do if the market as a whole doesn't melt down). Though we already own quite a bit of Celgene, I am buying a bit more in the Aggressive Portfolio this month... and you are encouraged to as well! **CELG is now a strong buy under \$140 and a buy under \$160.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)	Cirrus Logic • CRUS
\$38.39	\$23.59	\$42.00	\$16.46	66.2	\$1,561.4	

Though the stock still hasn't managed to clear \$25 in order to convince me that a new uptrend is, in fact, underway, history suggests that the longer it continues to trade sideways with an upwards bias, the more dramatic the move to the upside will be once it finally gets underway. As noted before, the semiconductor sector is finally catching up with the rest of the market after lagging it by a pretty wide margin during the first half of the year... and even though your first instinct is probably to take profits in response to the moves we have seen in some of our stocks, you are encouraged to do the opposite at this stage of the game, and instead *add* to your positions! **CRUS is now considered a strong buy under \$22 and a buy under \$25.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)	Cubist • CBST
\$6.13	\$65.94	\$68.00	\$38.53	67.7	\$4,466.1	

After spending two-and-a-half months so far consolidating in the \$60-\$65 range, it would not surprise me at all to see Cubist's stock break out to the upside and make a run into the mid-\$70s (or better) if the market as a whole also starts to power higher. As those of you who have been with the newsletter for awhile probably can remember, this stock spent almost six years bouncing back and forth between \$16 and \$24 before finally breaking out... but now that has done so, history suggests that as long as the company can continue to execute, the stock will continue to attract new investors as it climbs higher (with occasional pullbacks along the way, of course). **CBST is now considered a strong buy under \$64 and a buy under \$70.**

Electronic Arts • EA	Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
	\$17.01	\$24.72	\$28.13	\$11.80	312.0	\$7,712.6
<p>Though the stock has admittedly spent the last six weeks slowly drifting lower, it is still trading in a manner that looks more like a much needed “cooling off” phase rather than the start of something more ominous. That being said, EA is certainly the sort of company that could see a significant slowdown in sales if the economy does start to sputter a bit more in response to the shutdown in Washington, and thus I don’t think we need to be in any rush to take advantage of the current price (as attractive as it may seem). On the other hand, if you do not yet own any and are anxious to buy some (and have already bought most of the other “first buys”), I wouldn’t object! <b>EA is considered a strong buy under \$25 and a buy under \$28.</b></p>						

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)	First Solar • FSLR
\$60.91	\$43.31	\$59.00	\$21.74	91.1	\$3,947.3	
<p>Though my gut feeling is that this stock is gearing up for another run to the upside, I will be the first to admit that it is probably still too early to become overly aggressive about purchasing shares based on that assumption. That being said, I continue to believe that First Solar is a “best of breed” stock when it comes to the sector, and barring some unforeseen turn of events, I can assure you that we <i>will</i> be buying more of it as time goes by... and as counterintuitive as it seems, I would ideally love to be “forced” to pay more for it when the time comes for the simple reason that it will mean the stock is for sure heading the right direction. With plenty of patience, <b>FSLR remains a strong buy under \$35 and a buy under \$42.</b></p>						

H&Q Life Sciences • HQL	Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
	\$21.17	\$18.67	\$21.00	\$12.86	14.1	\$264.0
<p>While the price action seen in the chart to the left is still completely consistent with the idea that the stock is merely going through a “consolidation phase” after the great run it made between December and May, I have to admit that it is one of the charts that is making me most anxious this month. Not only would another dip down below \$18 (and especially \$17) turn the chart for this closed-end fund pretty bearish in particular, given that the fund represents a basket of biotech stocks, it would be hard to not consider such a move to be a fairly bearish omen for the sector as a whole as well. Just to be on the safe side, I am lowering the buy limits for now. <b>HQL is now a strong buy under \$15 and a buy under \$18.</b></p>						

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)	Illumina • ILMN
\$17.92	\$81.00	\$85.81	\$44.78	139.4	\$11,289.0	
<p>After giving bullish chartists and technicians everywhere a good scare (and probably sucking a number of new shorts into the story along the way), I am very pleased to report that Illumina’s stock has rebounded sharply rather than following through to the downside when it broke \$75 earlier this week. To be sure, it still needs to clear \$85 on a good volume to signal that the current consolidation period is over... but the sort “spike down” on huge volume that we saw earlier this week is exactly the sort of action that helps wash out all of the weak holders (thus setting the stage for another move higher as the supply of stock available for purchase dries up). <b>ILMN is considered a strong buy under \$80 and a buy under \$90.</b></p>						

Luminex • LMNX	Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
	\$19.58	\$17.99	\$24.10	\$15.39	41.9	\$753.4
<p>While there does not seem to be any news in particular to account for the price action seen in the chart to the left, it certainly looks like someone may have made a decision to exit a fairly sizable position in response to what is going on in Washington (either as part of a Luminex-specific concern regarding government agencies not buying Luminex products during the shutdown, or just out of general concern for where the market might go)... and since the stock is not terribly liquid to begin with, it would only take one or two sellers to cause such a drop. I still like the story, but am taking a few chips off the table in the Aggressive Portfolio this month to help pay for other purchases. <b>LMNX is a strong buy under \$17 and a buy under \$20.</b></p>						

**MannKind Corp. • MNKD**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
\$8.51	\$5.11	\$8.70	\$1.82	284.0	\$1,451.4



As discussed above, while I continue to believe this stock has the potential to make us a lot of money over the next several years, it sure has caused me a lot of headaches for the past couple of months! And, as also discussed above, even though the recently released clinical trial results removed a great deal of the uncertainty (i.e. "risk") when it comes to the long-term potential of the stock, your guess is as good as mine whether the stock will trade back into the \$2s or up into the teens as the company marches forward towards possible commercialization of *Afrezza* over the next few quarters. Please be careful to not become *too* overweighted in the stock "just 'cuz it is cheap." **MNKD is now a strong buy under \$6 and a buy under \$8.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
\$4.49	\$15.26	\$16.10	\$11.15	619.5	\$9,453.3

Though NVIDIA's stock has cooled off a bit following the surge it made just as last month's issue was going to press, I continue to classify the price action seen in the chart to the right as "bullish," and with both the sector as a whole acting well and the company staying focused on its plans, I believe the odds continue to favor additional movement to the upside in the months ahead. In addition, it should be noted that NVIDIA seems to be getting mentioned more and more often as a potential takeover candidate these days... and though I can't promise you such an event is in the works, it is obviously important to own your shares *prior* to such an announcement. **NVDA remains a strong buy under \$15 and a buy under \$17.**



**NXP Semiconductors • NXPI**

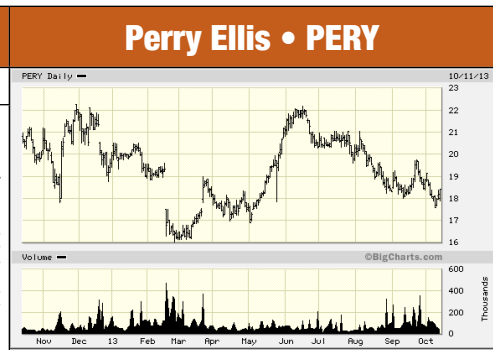
Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
\$24.26	\$38.19	\$39.46	\$20.57	255.3	\$9,748.4



As you can see in the chart to the left, NXP's stock has continued to trace out a very bullish chart pattern over the past several months, and though it remains to be seen how long the current "pause" will last while short-term traders lock in their profits by selling to patient long-term investors, with so much going right for the company right now, you are strongly encouraged to look at any additional strength that develops in the stock as an excuse to buy (even though it is often emotionally difficult to "pay more for the stock today than you could have paid yesterday"). If you have not yet started a position here, you are encouraged to do so sooner rather than later! **NXPI is now a strong buy under \$36 and a buy under \$40.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
\$8.67	\$18.40	\$22.27	\$16.02	15.1	\$277.8

Yes, the stock is getting more attractive every month that it slides lower... but as long as it is sliding lower, I think we are better off exercising patience before becoming too aggressive about buying back the shares we have sold over the past several month to pay for other purchases. That being said, the fact that the company is involved in retail apparel rather than biotech or high-tech (as is the case with so many of our other recommended stocks) means it represents a nice way to diversify your portfolio a bit, and provided you are also putting money to work in the stocks that are acting well, I wouldn't have a problem with you nibbling a bit if it continues to slide. **PERY is considered a strong buy under \$16 and a buy under \$18.**

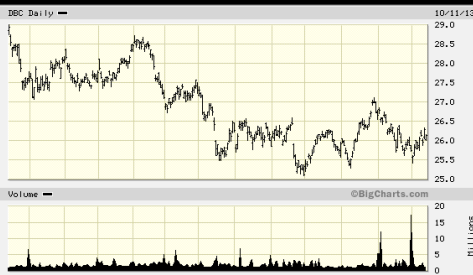


**PowerShares DB Agriculture • DBA**


Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
\$36.90	\$25.60	\$29.46	\$24.36	ETF	\$1,530.0



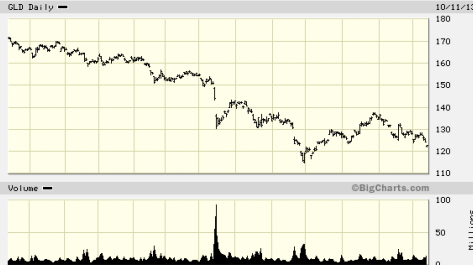
After looking the worst of our three commodity ETFs for the past several months, I suppose the good news related to the three is that DBA has suddenly become the one with the best looking chart! And, though a significant portion of this change in the rankings is due more to the fact that the charts of the other two have taken decidedly bearish turns for the worse in recent weeks, a portion of it can also be attributed to the fact that shares of DBA are, in fact, tracing out a chart pattern these days that has the potential to turn quite bullish looking if they can climb back above \$26 on good volume in the weeks ahead. That being said, as "confessed" under the write-up (*continued under "DBC" below*) **DBA is a buy under \$25.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)	PowerShares DB Commodities • DBC
\$35.30	\$26.15	\$28.76	\$25.09	ETF	\$6,070.0	


(continuing from "DBA" above) for GLD below, despite the fact that I continue to believe very strongly that, at some point, there cannot help but be significant inflation around the globe in response to the actions that have been taken by central banks around the world for the past several years now, I also cannot deny that, at least for now, "betting on commodities" is a trade that isn't working even though I think it "should" be... and thus I am exercising more discipline and avoiding the temptation to load up on DBA, DBC, an GLD even though the contrarian in me smells a great a deal of opportunity in the current situation. For the time being, own a few shares... but mainly focus your buying elsewhere. **DBC is a buy under \$26.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)	Skyworks Solutions • SWKS
\$29.63	\$25.05	\$26.46	\$19.21	191.2	\$4,789.6	


While it is hardly a bad looking chart, I have to admit that the chart to the left is really the only semiconductor chart in the newsletter this month that gives me pause for concern. To be sure, the stock hasn't actually "rolled over" yet (and, in fact, can trade back down to where it gapped up to a few months ago without sounding any alarms), but until it actually starts to climb again, I think it is in our best interest to hold off making new purchases. I will be watching this situation especially closely as a potential warning sign for the momentum of the sector as a whole. That being said, the odds still favor it joining the rally rather than signaling its demise (so no need to panic!). **SWKS is a strong buy under \$22 and a buy under \$26.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)	SPDR Gold Trust ETF • GLD
\$93.39	\$122.60	\$171.41	\$114.68	ETF	\$37,140.0	

Though it does not make any sense to me given what is going on in the world today (and is likely to take place over the next 5-15 years), I will be the first to admit that the chart to the right is far more bearish than bullish looking... and, this observation – along with the fact that so many of our other stocks appear to be on the verge of breaking out to the upside – suggests to me that it probably makes sense to reduce our exposure to gold at least a bit "for the time being" and re-deploy that capital elsewhere. I stand by the statement I made last month that "accumulating gold between 2012-2015 will look smart in 2022 (if not significantly sooner)"... but for now, the trend is clearly against us. **GLD is considered a buy under \$125.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)	TriQuint Semi. • TQNT
\$3.42	\$8.38	\$8.68	\$4.30	159.3	\$1,335.3	

Not only is TriQuint's stock benefitting from the fact that the company continues to be a supplier to Apple for the company's latest round of phones (every product launch forces investors to play the "what's inside?" game), but it also never hurts to have your stock hitting new multi-year highs at the same time that the sector as a whole is demonstrating great relative strength as well... and, though the stock has tested our patience dearly for the past several years, based on the way the long-term charts look, history suggests that the current move is likely to take the stock quite a bit higher before it finally runs out of steam. Please be patient about taking profits! **TQNT is now a strong buy under \$8 and a buy under \$10.**

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)	Walt Disney • DIS
\$13.00	\$66.21	\$67.89	\$46.53	1,802.0	\$119,310.4	

Hmm – though I'm sure there are plenty of pessimists out there licking their chops and getting ready to short this stock in anticipation of a "quintuple top" being put in, I would caution them that if the stock instead finds a way to break into new all-time high territory on good volume, this is another situation that history suggests will work out very well for long-term investors who have positioned themselves for an extended ride in the stock. No, we're not quite there yet (into new high territory), but the company is continuing to execute in a fairly successful manner, and if the market doesn't tank, I expect this stock to do very well for us between now and the end of the year. **DIS is considered a strong buy under \$62 and a buy under \$68.**

Top Picks (for new money this month)

All else being equal (i.e. you already own "pretty much everything" in the newsletter), my top picks for you this month are:

**Affymetrix (AFFX)** – after a *long* period of underperformance, it looks like this stock is finally finding its legs again!

**Cubist (CBST)** – the great relative performance of Cubist's stock has earned it a spot in the "Top Picks" section yet again this month (and you are encouraged to hop on board if you haven't already!)

**TriQuint (TQNT)** – this is another stock that spent an excruciatingly long period of time forming a base... but has been setting new 52-week highs for awhile now (and is likely to continue doing so if the market as a whole remains strong)!

Outstanding Orders

For the reasons discussed above and below, the Model (Aggressive) Portfolio will **sell** (1,000) Luminex and (300) SPDR Gold Trust ETF, and **purchase** (2,500) Affymetrix, (50) Apple, (100) Celgene, (1,000) Cirrus Logic, (250) Cubist, (100) Illumina, (3,500) MannKind, (1,000) NVIDIA, (500) NXP Semi., (2,000) TriQuint, and (300) Walt Disney. We will use the closing prices on Monday, October 14<sup>th</sup>, for all transactions.



Nate Pile, Editor

POSITION Company	PORTFOLIO #1: MODEL				PORTFOLIO #2: AGGRESSIVE				
	Shares owned	Total Cost	Today's Value	Total % Change	Shares owned	Total Cost	Today's Value	Total % Change	
Affymetrix	10,000	\$46,108	\$65,900	+42.9%	40,000	\$187,994	\$263,600	+40.2%	
Apple	185	\$59,969	\$91,170	+52.0%	800	\$229,293	\$394,248	+71.9%	
Celgene	500	\$31,748	\$76,585	+141.2%	2,100	\$117,570	\$321,657	+173.6%	
Cirrus Logic	1,000	\$29,029	\$23,590	-18.7%	3,000	\$82,450	\$70,770	-14.2%	
Cubist Pharmaceuticals	900	\$33,085	\$59,346	+79.4%	3,750	\$125,892	\$247,275	+96.4%	
Electronic Arts	1,800	\$33,648	\$44,496	+32.2%	6,500	\$32,936	\$160,680	+387.9%	
First Solar	800	\$22,020	\$34,648	+57.3%	4,000	\$119,208	\$173,240	+45.3%	
H&Q Life Sciences	2,239.8	\$14,498	\$41,817	+188.4%	7,126.7	\$50,180	\$133,055	+165.2%	
Illumina	900	\$35,376	\$72,900	+106.1%	4,400	\$174,476	\$356,400	+104.3%	
Luminex	1,800	\$34,369	\$32,382	-5.8%	7,000	\$135,480	\$125,930	-7.0%	
MannKind	7,000	\$27,912	\$35,770	+28.2%	36,500	\$155,949	\$186,515	+19.6%	
NVIDIA Corp.	3,500	\$48,603	\$53,410	+9.9%	15,000	\$206,372	\$228,900	+10.9%	
NXP Semiconductors	1,600	\$45,032	\$61,104	+35.7%	5,800	\$170,035	\$221,502	+30.3%	
Perry Ellis	600	\$10,042	\$11,040	+9.9%	3,500	\$54,946	\$64,400	+17.2%	
PowerShares DB Ag.	200	\$6,289	\$5,120	-18.6%	1,600	\$49,555	\$40,960	-17.3%	
PowerShares DB Cmdties.	275	\$7,755	\$7,191	-7.3%	2,000	\$56,005	\$52,300	-6.6%	
Skyworks Solutions	1,600	\$40,563	\$40,080	-1.2%	4,500	\$112,496	\$112,725	+0.2%	
SPDR Gold Trust ETF	250	\$29,388	\$30,650	+4.3%	1,600	\$206,984	\$196,160	-5.2%	
TriQuint	5,000	\$31,807	\$41,900	+31.7%	18,000	\$117,183	\$150,840	+28.7%	
Walt Disney Co.	900	\$33,714	\$59,589	+76.7%	3,700	\$151,767	\$244,977	+61.4%	
		Stocks:	\$888,688				Stocks:	\$3,746,134	
		Cash (Debit):	\$4,228				Cash (Debit):	(\$1,787,530)	
		<b>Total Value:</b>	<b>\$892,916</b>	<b>+792.9%</b>			<b>Total Value:</b>	<b>\$1,958,604</b>	<b>+1,858.6%</b>

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The Model and Aggressive Portfolios are designed to hypothetically track the results of our recommendations over time. The Model Portfolio was started with \$100K in February 1995. The Aggressive Portfolio was started with \$100K in October 1997 and is designed for investors with a shorter time horizon and higher tolerance for risk (due to regular use of margin). For the purposes of tracking performance, a commission of 1% is charged on all stock transactions. All realized gains are reinvested in their respective Portfolios. Cash dividends are credited only if they yield over 1% annually on the Portfolio's original investment.

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**Orders Filled 9/16/13**

(Aggressive Portfolio in parentheses)

Sold 100 FSLR @ \$38.48
Sold 200 LMNX @ \$19.69
Sold 200 PERY @ \$18.27
Sold 50 (200) GLD @ \$126.45
Bought 10 (100) AAPL @ \$450.12
Bought 100 (500) CRUS @ \$21.49
Bought 100 (250) CBST @ \$64.35
Bought (500) EA @ \$26.96
Bought 1,000 (2,500) MNKD @ \$5.90
Bought 300 (1,000) NVDA @ \$15.81
Bought 600 (2,000) TQNT @ \$7.85
credited 39.8 (126.7) shares HQL via dividend reinvestment on 9/30/13