N A T E ' S N O T E S

NATE'S NOTES

Winning Ideas for the Individual Investor

Time is your friend; impulse is your enemy.

- Jack Bogle

Inside this issue

	Since Last Issue	Year To Date	Since Inception 10/31/97
Model	+2.7%	+4.2%	+2,007.6%
Aggressive	-3.6%	+9.3%	+6,432.0%
DJIA	+4.0%	+2.3%	+240.0%
NASD	+4.3%	+3.4%	+347.9%

A monthly publication by Nate Pile www.NatesNotes.com Issue 276 January 5, 2018

What To Do In This Market?!

As you can see in the year-to-date numbers above, both our Portfolios and the market as a whole are off to great starts so far this year; however, I want to caution you the odds are very low that we will continue to make 9.3% every four days in the Aggressive Portfolio for the remainder of the year, for example, so please don't get too carried away with your expectations!

That being said, not only is a strong start to the year often indicative of how at least the first half of the year is likely to go for stocks, in this case, the very sizable gains we have seen in just four days also go a long ways towards confirming my belief that we are, in fact, in the final, frothy blow-off phase of the bull market, and this, in turn, suggests to me that it is more important than ever for me to make sure that older and newer subscribers alike know what they should be doing with their portfolios at this stage of the game.

To be sure, it is hard to feel comfortable putting money to work in stocks "that have already gone up so much," but I hope the following discussion helps those of you who may be feeling anxious about the current situation to feel better about putting your money to work (or leaving it "in play") at this point in time… and though it is mainly intended for new subscribers, it should also be helpful for what my emails suggest may be a fairly large subset of subscribers who "took money off the table too early in NVIDIA, Apple, etc. and are now struggling to find the courage to put it back to work."

Nate's Latest Stock Recommendations (as of 1/5/18)

	Company	Symbol	Originally Rec'd. @	Closing Price	Strong Buy ≤	Buy ≤	New Orders^ (Aggressive Portfolio in parentheses)	First Buys
CORE STOCKS	Apple	AAPL	$0.97	$175.00	$165*	$185*	Buy 50 (100)	✔
	Celgene	CELG	$0.44	$104.99	$100	$112	Buy 50 (250)	✔
	Illumina	ILMN	$17.92	$228.17	$220*	$235*		✔
	NVIDIA Corp.	NVDA	$4.49	$215.40	$200*	$215*		✔
	Perry Ellis	PERY	$8.67	$25.38	$23*	$27*	Buy 200 (2,000)	✔
	Tekla Life Sciences Investors	HQL	$21.17	$20.02	$19*	$23*		✔
	Walt Disney Co.	DIS	$13.00	$111.62	$108*	$115*	Buy 50 (250)	✔
	AS Ranger Equity Bear	HDGE	$10.56	$7.71	$7	$9		
	Cirrus Logic	CRUS	$38.39	$53.89	$48*	$54*		
	Cleveland-Cliffs	CLF	$11.15	$8.13	$7*	$10*	Buy 1,000 (5,000)	✔
	Electronic Arts	EA	$17.01	$112.39	$105*	$115*		
	First Solar	FSLR	$60.91	$69.17	$66	$74		✔
	Luminex	LMNX	$19.58	$20.50	$19	$23	Buy 250 (2,500)	✔
	MannKind	MNKD	$42.55	$2.47	$5	$10	Buy 2,500	✔
	NXP Semiconductors	NXPI	$24.26	$118.05	$90	$105		
	PowerShares DB Ag.	DBA	$36.90	$18.83	--	$20*		
	PowerShares DB Cmdties.	DBC	$35.30	$16.71	--	$19*	Buy 300 (1,000)	
	Qorvo	QRVO	$8.29	$68.03	$64*	$70*		
	Skyworks Solutions	SWKS	$29.63	$101.23	$95*	$105*		
	SPDR Gold Trust ETF	GLD	$93.39	$125.33	--	$128*		✔

*changes since last issue ^we will use closing prices 1/8/18 for all transactions

The first thing I want to remind you of is that I am a big believer in always scaling-in (or -out) of positions with several smaller trades over a longer period of time rather than doing it all in one fell swoop, and though there is no right or wrong way to use the newsletter, I write on the assumption you will use the approach to some degree while you build up your *"Nate's Notes* Portfolio," and then, once it is established, you will make changes similar to the ones I make when I do a (usually minor) rebalancing of the newsletter's Portfolios each month.

If you follow this approach either as part of getting started or as part of rebuilding your portfolio with cash you might have moved to the sidelines over the past couple of months or quarters, I want to remind you of what might happen next if you put, say, 25% of your capital to work this month…

A) The bull market might end tomorrow and stocks will start going down for an extended period of time. If this happens, you will be glad that you only have 25% of your portfolio at risk (the rest is still in cash), and you can start to take the same sort of "defensive action" as those subscribers who were already fully invested might be taking based on the newsletter's recommendation,

B) Stocks could simply trade sideways between now and next month's issue, in which case it won't make much difference whether you're in stocks or in cash, as the returns generated on either will be "about the same," or

C) Stocks could continue to rally, in which case you will be glad that you had a least a few chips on the table for the move… and this "getting ahead a bit" should, at least in theory, help make it a little easier from a psychological standpoint to put money to work when you repeat this exercise again next month.

Of course, the above discussion begs the question *"but how will we know when it is time to take defensive action, Nate?"*… and the answer is that we will be watching the "Eyebrow Levels" table that can be found a little further down in the newsletter!

In order to help take emotion out of the picture (as well as to give subscribers some sense of what I am watching for in between issues), the Eyebrow Levels table was introduced to the newsletter many years ago, and, in a nutshell, it gives us a way to know whether the action we are seeing the market on "down days" is truly scary… or just *feels* scary (but, in reality, is just regular volatility as part of an ongoing bull market).

As you can see in the fine print associated with the table, as long any of the major indices I watch are trading above certain levels, I'm willing to say an uptrend is still intact for that particular index; however, if an index drops below its one eyebrow level, for example, it will cause me to raise an eyebrow… and while having just one of the indices drop below that level is not considered a cause for alarm (every once in awhile, biotech stocks and/or chip stocks fall out of favor while the rest of the market continues climbing higher, for example), if all five of the indices do start to "break down" at the same time, it means it is time for us to shift gears and start moving money back into cash.


Nate Pile

Naturally, as part of my overall approach to always trying to move in or out of positions in smaller rather than larger pieces, this shift will happen over an extended period of time rather than all at once, with the situation being different from "standard operation procedure" in that 1) a recommendation to make trades might come in-between issues (versus the usual "once a month when the issue comes out"), and b) rather than selling off pieces of just a handful of stocks like we usually do, we will probably sell "a little bit of everything across the board" (with a few possible exceptions here and there – we might be buying gold in the face of a declining stock market, for example).

Having said all of that about why I think you should go ahead and start scaling-in to positions "even after the huge rally we've had" (and what to watch for in terms of knowing when it is time to start reversing course), I also want to remind you of a few of the "mantras" that have helped the newsletter become one of the top-performing newsletters in the country as I, myself, have become more comfortable with them over the years – though they are all actually very logical, they can be tough to master (i.e. learn to trust!) from an emotional standpoint!

The first is that ***our job is to position our portfolios based on what the market is <u>actually</u> doing, not on what we think (or are worried) it might do.***

The second is that ***trends often go on for far longer than seems reasonable.***

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 to invest slightly more money in "core stocks" vs. "non-core stocks" (60%-40%, respectively, 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 online.

And, finally, since peace of mind is one of the key components of being a successful investor, it is important to remember that it is always ok to ***sell down to the sleeping point*** whenever we find ourselves worrying "too much" about our portfolios (i.e. if being 30% in cash even though the newsletter might still be 100% invested helps you sleep at night, there is nothing wrong with it!).

Putting all of this together, I hope that those of you who may have more cash on the sidelines than you'd actually like to have there will find the courage to start slowly putting it back to work in the stock market ("you can't win if you don't play," as the old saying goes), especially now that you may also have a better understanding of the "Eyebrow Levels" table and how it fits into what we are trying to do in the newsletter.

MannKind

Yes, I am going to "pound the table" one more time with regards to MannKind, simply because after all of the talk above about how to muster up the courage to buy stocks "that don't really seem that cheap," I want to make sure that everyone realizes that even in bull markets one can often find bargains… and due to an extraordinary set of circumstances (most notably, a massive short position), I believe MannKind currently represents one of those situations.

No, I cannot promise you that MannKind is eventually going to work out for us as an investment, but I can tell you that I grow more confident with every passing month that Afrezza is all it is cracked up to be… and since, for now, owning MannKind represents the only way for us to participate in the Afrezza story, we own the stock.

That being said, I believe Mike Castagna (along with others he has brought in since becoming CEO) is doing a fine job of both restructuring the company from a financial standpoint, as well as working to change the dialogue around Afrezza in both the insurance world and in doctors' offices.

As discussed many times before, it has historically taken 18–36 months for new ways of managing diabetes to finally start to "take hold" with doctors, and this story is playing out again with Afrezza; however (and admittedly with no way to guarantee it), I believe that the odds are good we are finally reaching a point in the adoption process where the rate of growth in prescriptions each week is finally going to start to feel meaningful… and though there are folks out there who spend a lot of time trying to quantify what the growth rate might look like as time goes by, I think that knowing that it is almost certainly going to be "up and to the right" is really all we need to keep in mind as "common sense investors" – the mealtime insulin market is huge, diabetes is a global problem, and provided MannKind can keep the lights on, it will eventually turn into a big winner for us.

As discussed above, this is absolutely another situation in which you will be far better off if you make small purchases on a regular basis than you will be trying to time a single large purchase (and, as always, please don't own more than you can afford to lose)…

"Eyebrow Levels" (revised)

(used to help us gauge the overall health of the market*)

Index	Current	One Eyebrow	Two Eyebrows
DJIA	25,296	23,250	21,750
Nasdaq	7,137	6,500	6,100
S&P 500	2,743	2,525	2,400
BTK	4,334	3,750	3,400
SOX	1,326	1,175	1,025

**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 (if you see eyebrow levels being broken, start looking for a "Special Alert" from me in your email box).*

AdvisorShares Ranger Equity Bear • HDGE

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$10.56	$7.71	$9.22	$7.70	ETF	$179.0

Yipes! As you can see in the chart to the right (and, not surprisingly, given how well the market as a whole is doing these days!), shares of this "short ETF" have continued to slide with a vengeance in the face of the rally we have been seeing in the market as a whole for the past several months! The most aggressive of my subscribers may want to think about adding a few shares to the positions as a contrarian bet, but everyone else should be looking at other ideas this month… and we can all celebrate the fact that this chart counts as yet another piece of confirmatory evidence that the uptrend is still very much alive and well! As a small position for aggressive investors only, **HDGE is a strong buy under $7 and a buy under $9.**

Apple • AAPL

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$0.97	$175.00	$177.20	$117.94	5,183.6	$907,130.0

Despite being hit with a number of small but meaningful "negatives" over the past few months that almost certainly would have caused a sizable drop in the stock if we were in a bear market, I am pleased to report that not only has Apple's stock managed to absorb any selling pressure that might have been generated by the news, it is actually trading less than $2 away from all-time high territory (and it is hard to call that situation anything but "bullish")! To be sure, the trend could change tomorrow, but for now, you should view the uptrend along with the fact that Apple is still fairly "cheap" as two reasons to start or add to your position (even if only a few shares at a time!). **AAPL is a strong buy under $165 and a buy under $185.**

Celgene • CELG

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$0.44	$104.99	$147.17	$94.55	811.7	$85,220.4

The bad news is that Celgene's stock has not been able to get back above $110 again after a very quick (and completely irrational!) drop from around $140 to under $100 in less than a week back in October, but the good news is that, at least for now, it does seem to be slowly but surely regaining some traction and working its way higher. Celgene will be making a presentation first thing Monday morning at the JP Morgan Healthcare Conference in San Francisco, and given the company's leadership role in the sector, all eyes and ears will be focused on what Celgene has to say, as it will likely help set the tone for both the conference and biotech stocks all week. **CELG is a strong buy under $100 and a buy under $112.**

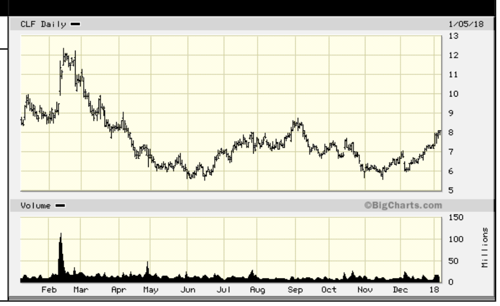
Cirrus Logic • CRUS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$38.39	$53.89	$71.97	$48.61	66.4	$3,576.1

As you can see in the chart to the left, after getting hit with what was probably a sizable wave of tax-loss selling as November came to an end and December got underway, Cirrus' stock has been slowly working its way over the past couple of weeks; however, I don't think we can actually call it a new uptrend unless the stock can also get back over $58, and so I believe we are better off watching and waiting for now rather than being in any sort of rush to buy back the shares we sold last month. That being said, given my outlook for the market as a whole, I am raising the buy limits a bit this month for those of you who are interested in being a bit more aggressive with chips stocks. **CRUS is a strong buy under $48 and a buy under $54.**

Cleveland-Cliffs • CLF

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$11.15	$8.13	$12.37	$5.56	300.7	$2,444.7



Cleveland-Cliffs' is another stock that needs to climb a bit higher before we can actually say it is in a new uptrend (versus merely trading from one end of a trading range to the other), but it certainly looks like investors are taking another look at the company as 2018 gets underway… and given that we are still very underweighted in the stock in both Portfolios, I feel comfortable adding a few more shares to both Portfolios in response to the great near-term relative strength (even if I'd really like to see it over $9 for confirmation that the up move might be the start of something bigger). As a great way to add a little diversification away from biotech and high-tech stocks, **CLF is now considered a strong buy under $7 and a buy under $10.**

Core Stocks shown in orange • Charts courtesy of BigCharts.com • All prices shown are as of the publication date

Electronic Arts • EA

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$17.01	$112.39	$122.79	$77.94	313.0	$35,178.1

After giving us a bit of a scare by tumbling fairly dramatically just before last month's issue went to press, I am pleased to report that EA's has since rebounded nicely… and though there are never any guarantees in the stock market, my experiences suggest that the sort of "spike down" followed by an abrupt reversal that you can see in the chart to the left is actually one of the more bullish sorts of patterns we could have hoped to see following the slide! We're pretty heavily-weighted in the stock at this point, and though newer subscribers may want to start a position, I think I would rather wait to see what the next month or two brings before we get too aggressive. **EA is now a strong buy under $105 and a buy under $115.**

First Solar • FSLR

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$60.91	$69.17	$71.80	$25.56	105.7	$7,311.3

And, speaking of bullish patterns, I think it is fair to say that the chart to the right is a textbook example of the sort of "rally… then consolidate without giving up much (if any) of the gains… then rally again" price action that we wish all of our stocks would exhibit! Solar stocks tend to go in and out of favor with investors based on nothing more than a change in sentiment, but for now, they are clearly "in favor!" Both Portfolios already own "enough" of the stock, but those of you still working to start or build positions are definitely encouraged to make it one of your "first buys" this month, especially if it does start to breakout into new 52-week high territory in the weeks ahead! **FSLR remains a strong buy under $66 and a buy under $74.**

Illumina • ILMN

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$17.92	$228.17	$233.54	$140.19	147.8	$33,723.5

Though it is doing so in much more of a linear fashion than the stair-step pattern we are seeing with First Solar's, Illumina's stock is also moving higher in a very steady but consistent manner that pleases me greatly! And, of course, part of the reason I like seeing this sort of action is that if my thesis regarding the overall market turns out to be correct, this linear climb is going to start looking more and more parabolic as time goes by! No, the stock is not really "cheap" anymore, but it is clearly in an uptrend, and this, along with the fact that Illumina is a "best of breed" company in the sector, means that it is a stock we want to own as much of as we can without losing sleep. **ILMN is now a strong buy under $220 and a buy under $235.**

Luminex • LMNX

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$19.58	$20.50	$22.42	$17.68	43.3	$886.8

After giving us some hope that it might finally be breaking out of a multi-year trading range back in November, Luminex's stock instead reversed course and headed south for the remainder of the year. The good news is that it appears to have reversed course just as abruptly again as the new year got underway, and though it is still too early to call it a true reversal, I am willing to buy a few more shares in both Portfolios this month based on my outlook for the biotech sector as a whole. In addition (and as mentioned before), I believe Luminex's current market cap puts it in "the sweet spot" in terms of being an easy acquisition candidate. With patience, **LMNX remains a strong buy under $19 and a buy under $23.**

MannKind Corp. • MNKD

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$42.55	$2.47	$6.96	$0.6662	114.6	$283.1

Though the stock did seem to experience a bit of tax-loss selling as the year came to a close, the volume has been very light lately, and, as you can see in the chart to the left, both times that real volume has come into the stock over the past twelve months, it is has caused the stock to rise sharply. I am not adding any more shares to the Aggressive Portfolio since it is currently sitting on a nice, round, and intentionally large number number of shares for its position, but I am adding a few more to the Model this month, and I can tell you that I have also added to my personal position in MannKind a number of times over the past month or so. With patience (and thick skin!), **MNKD is a very strong buy under $5 and a buy under $10.**

NVIDIA Corp • NVDA

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$4.49	$215.40	$218.67	$95.17	628.0	$135,275.5

While I can't complain at all about the way NVIDIA's stock has been acting during the first four trading days of 2018, it would have made my job a whole lot easier if it could have clearly pushed its way into new all-time high territory ahead of this month's issue rather than coming up just shy of that (and, in doing so, leaving us to "worry" that perhaps a dreaded double-top is being formed on the chart… though, to be clear, I'm mainly referring to how the traders in the world will see the story, not about my own personal "worry"). It is hard to believe this stock was trading right around $25 just two years ago – it will be interesting to see just how high this run can take it! **NVDA is now a strong buy under $200 and a buy under $215.**

NXP Semiconductors • NXPI

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$24.26	$118.05	$118.53	$96.00	345.0	$40,724.9

Like you, I am anxious for Qualcomm (QCOM – $66.47) to either up its bid and finally get its tender offer to buy NXP done and over with or recognize that its current bid isn't going to be enough and just drop the offer altogether. In the meantime (especially if you have followed the newsletter's lead and already sold a sizable portion of your stake in the open market), those of you who do not have positions should look at other ideas instead, and those of you who do have positions should continue to just sit tight – if the deal goes through, you'll likely get more than $110, and if it doesn't, though the stock will likely drop at first, we will be ready to once again buy it aggressively. **NXPI is a strong buy under $90 and a buy under $105.**

Perry Ellis • PERY

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$8.67	$25.38	$25.99	$16.35	15.0	$380.4

As you know, I've been lightening up on our Perry Ellis position for awhile now out of concern about the future of retail, but, as you can see in the chart to the left, this approach is proving to be the wrong one take! Consequently, though I do still have concerns about the longer-term outlook for retail (and especially since I do believe we are in a phase of the market cycle in which "just about everything should start going up"), I am more than willing to start buying back some of the shares we sold a few months ago – yes, I am buying them back at a higher price than we sold them for, but I am also buying them back with more confidence that the trend is working in our favor now. **PERY is a strong buy under $23 and a buy under $27.**

PowerShares DB Agriculture • DBA

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$36.90	$18.83	$21.00	$18.18	ETF	$686.2

While shares of DBC have been acting pretty well lately (see below), I am afraid that the chart pattern being traced out by DBA is still a fairly bearish looking one, even after the nearly straight up run we saw during the last three weeks of December. Though I do very strongly believe that all commodity prices are going to end up rallying at some point in the next several years in response to monetary conditions that have been created around the world over the past several decades (and past 5–10 years, in particular), I also know that we need to respect whatever trend is in place when it comes to deciding what to do with our money… and, for now, the trend for ag commodity *(continued under "DBC" below)* **DBA is a buy under $20.**

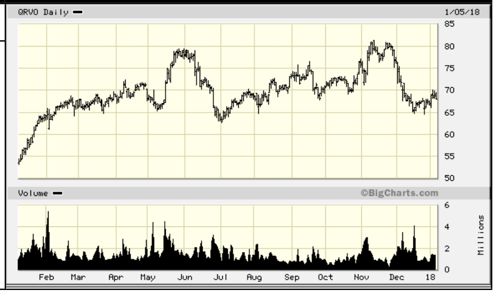
PowerShares DB Commodities • DBC

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$35.30	$16.71	$16.81	$13.69	ETF	$1,950.0

(continuing from "DBA" above) prices still seems to be "lower" (and, consequently, I am quite content just sitting on an intentionally small position for the time being). Shifting gears, however, I am pleased to report that industrial commodities have slowly but surely been gaining some traction on the pricing front, and, as a result I am willing to devote a little more capital to our positions in both Portfolios this month. That being said, please recognize that DBA and DBC are both in the newsletter for diversification purposes, and neither of them should be among your largest holdings (though I have no problem at all with being fairly aggressive when it comes to buying GLD). **DBC is now considered a buy under $19.**

Qorvo • QRVO

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$8.29	$68.03	$81.20	$53.09	130.8	$8,898.3



Unfortunately, Qorvo's is another of our chip stocks that, on the one hand, seems to have found some support after taking a sizable tumble in late November and early December, but, on the other hand, still has not rallied in a convincing enough manner to make me feel comfortable saying the downtrend is actually over just yet. That being said, given where I believe we are at in the overall cycle for the market, the odds do probably favor a resumption of the uptrend "soonish," but for the time being (and especially with the JP Morgan Healthcare Conference taking place in the week ahead), you are encouraged to focus on biotech instead for new purchases this month. **QRVO is a strong buy under $64 and a buy under $70.**

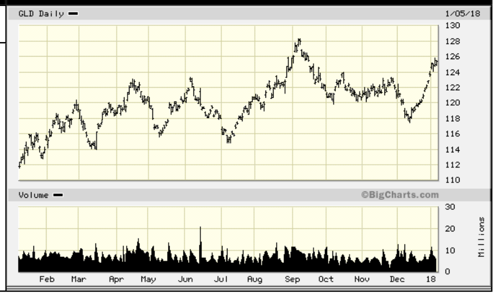
Skyworks Solutions • SWKS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$29.63	$101.23	$117.65	$74.67	185.7	$18,798.4

Given the similarities in their charts, it should come as no surprised that everything I just had to say about Qorvo's stock applies equally well to Skyworks'… and, for those of you playing along at home, I need to see Skyworks' stay above $90 (and Qorvo's above $60) in the weeks ahead to keep me from turning more bearish on not just these stocks but the sector as a whole (though, naturally, if these two stocks are weak, it will almost certainly mean we'll be seeing a similar breakdown in our official barometer for the sector, the SOX semiconductor index). We sold a few shares last month, and I am content just sitting tight on the remainder of our positions for the time being. **SWKS is a strong buy under $95 and a buy under $105.**

SPDR Gold Trust • GLD

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$93.39	$125.33	$128.32	$111.57	ETF	$34,730.0



As has been noted in the newsletter a couple of times now, it really is remarkable just how dramatic of a "sawtooth" pattern the price of gold has been tracing out for the past year or two. No, I don't think it has anything to do with conspiracy theories, but I do think it tells us that whenever large players have decided to build on or liquidate all or part of their positions, they have been doing so in a very patient and deliberate manner… and though there are never any guarantees this behavior will continue in the future, it does suggest to me that if the current (already dramatic) move takes us into new 52-week high territory, we need to look at it as a reason to buy more gold rather than sell it. **GLD is now considered a buy under $128.**

Tekla Life Sciences Investors • HQL

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$21.17	$20.02	$22.24	$17.29	20.1	$402.9

Though it still has to hold above $20 and then start to work its way higher again for me to be fully convinced, I do have to say that the chart to the left is one of the few in the newsletter this month that is showing enough of a bounce after its decline that I might be willing to say the worst is behind us. And, as you can probably guess, with the JP Morgan Conference taking place next week, a number of the stocks that are held by this closed-end fund may see a little bump in share price if the conference is able to inspire confidence this time around (of course, sometimes it triggers a sell-off in the sector if a few big companies deliver negative news, so don't count your chickens just yet!). **HQL is a strong buy under $19 and buy under $23.**

Walt Disney • DIS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$13.00	$111.62	$116.10	$96.20	1,762.0	$196,674.4

Though a rally of some sort was to be expected after the lengthy tumble Disney's stock went through for most of 2017, I have to admit that even I have been surprised by the strength and magnitude of the rally that, in hindsight, seems to have gotten underway back in November! That being said, as you can see in the chart to the right, the rally has involved some rather volatile swings as part of the stock working its way higher, and as tempting as it might be to try and start to trade these large swings, I want to remind you that my experiences suggest you will be far better off continuing to make small purchases on a regular basis rather than trying to get fancy and time things. **DIS is a strong buy under $108 and a buy under $115.**

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:

First Solar (FSLR) – Though it would not surprise me at all if the stock ends up spending some more time trading sideways before it makes its next move, if that move ends up being to the upside, it ought it to attract another round of daytraders and momentum players to the story!

Illumina (ILMN) – Of all the charts in the newsletter this month, Illumina’s is probably one of the most bullish looking… and you are encouraged to look at any additional strength in the stock as a reason to buy rather than sell (provided it is still under the buy limits, of course).

MannKind (MNKD) – There are never any guarantees, but I remain optimistic that 2018 may finally be the year that Wall Street starts to return to the story… and if/when the stock starts to move, the first leg up could be a fairly fast and furious one!

Outstanding Orders

For the reasons discussed above and below, the Model (Aggressive) Portfolio will not make any sales this month but will **purchase** 50 (100) Apple, 50 (250) Celgene, 1,000 (5,000) Cleveland-Cliffs, 250 (2,500) Luminex, 2,500 MannKind, 200 (2,000) Perry Ellis, 300, (1,000) PowerShares DB Cmdties. ETF, and 50 (250) Walt Disney. We will use the closing prices on Monday, January 8th, for all transactions.

Nate Pile, Editor

POSITION	PORTFOLIO #1: MODEL				PORTFOLIO #2: AGGRESSIVE			
Company	Shares owned	Total Cost	Today's Value	Total % Change	Shares owned	Total Cost	Today's Value	Total % Change
AS Ranger Equity Bear	4,000	$41,695	$30,840	-26.0%	25,000	$258,157	$192,750	-25.3%
Apple	700	$48,678	$122,500	+151.7%	4,400	$289,626	$770,000	+165.9%
Celgene	1,200	$117,681	$125,988	+7.1%	5,750	$561,796	$603,693	+7.5%
Cirrus Logic	1,200	$46,746	$64,668	+38.3%	7,000	$249,607	$377,230	+51.1%
Cleveland-Cliffs	6,000	$53,268	$48,780	-8.4%	30,000	$261,606	$243,900	-6.8%
Electronic Arts	1,000	$43,645	$112,390	+157.5%	6,500	$271,684	$730,535	+168.9%
First Solar	2,200	$95,940	$152,174	+58.6%	11,500	$509,166	$795,455	+56.2%
Illumina	750	$105,982	$171,128	+61.5%	4,000	$579,128	$912,680	+57.6%
Luminex	5,250	$101,561	$107,625	+6.0%	32,500	$628,890	$666,250	+5.9%
MannKind	50,000	$206,691	$123,500	-40.2%	1,000,000	$4,155,669	$2,470,000	-40.6%
NVIDIA Corp.	1,100	$19,103	$236,940	+1,140.3%	5,500	$93,368	$1,184,700	+1,168.9%
NXP Semiconductors	250	$13,617	$29,513	+116.7%	1,250	$63,741	$147,563	+131.5%
Perry Ellis	2,000	$42,955	$50,760	+18.2%	8,000	$175,116	$203,040	+15.9%
PowerShares DB Ag.	3,000	$65,259	$56,490	-13.4%	11,000	$244,979	$207,130	-15.4%
PowerShares DB Cmdties.	4,500	$71,177	$75,195	+5.6%	16,000	$261,707	$267,360	+2.2%
Qorvo	1,100	$54,432	$74,833	+37.5%	7,000	$290,959	$476,210	+63.7%
Skyworks Solutions	800	$53,604	$80,984	+51.1%	5,000	$313,678	$506,150	+61.4%
SPDR Gold Trust ETF	900	$107,464	$112,797	+5.0%	5,500	$662,612	$689,315	+4.0%
Tekla Life Sciences Investors	4,568.2	$42,258	$91,455	+116.4%	15,936.3	$153,096	$319,045	+108.4%
Walt Disney Co.	900	$65,628	$100,458	+53.1%	5,000	$381,983	$558,100	+46.1%
		Stocks:	$1,969,017			Stocks:	$12,321,105	
		Cash (Debit):	$60,183			Cash (Debit):	($5,789,107)	
		Total Value:	**$2,029,200**	**+1,929.2%**		**Total Value:**	**$6,531,998**	**+6,432.0%**

Orders Filled 12/11/17 (Aggressive Portfolio in parentheses)
Sold 300 (500) CRUS @ $50.20
Sold 100 (500) EA @ $107.92
Sold 200 (500) NVDA @ $194.66
Sold 200 (1,000) QRVO @ $68.62
Sold 200 (500) SWKS @ $96.98
Bought 100 (250) CELG @ $108.00
Bought 1,000 (5,000) CLF @ $6.45
Bought 100 (500) FSLR @ $70.05
Bought 50 (250) ILMN @ $214.11
Bought 50 (250) GLD @ $118.01
credited $320 ($1,760) from SWKS dividend 12/12/17
credited $195 ($900) from NVDA dividend 12/15/17
credited 99.9 (348.6) shares HQL via dividend reinvestment on 12/29/17

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. Dividends are credited only if they yield over 1% annually on the Portfolio's original investment.