N A T E ' S N O T E S

Nate's Notes

Winning Ideas for the Individual Investor

Turn off your mind,
relax, and float down stream…

- from *Tomorrow Never Knows* (The Beatles)

Inside this issue

	Since Last Issue	Year To Date	Since Inception 10/31/97
Model	-2.6%	+1.4%	+1,951.9%
Aggressive	-2.6%	+6.4%	+6,264.2%
DJIA	-4.4%	-2.1%	+225.1%
NASD	-3.7%	-0.4%	+331.4%

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The Eyebrows Are Hanging On By A Whisker!

Wow – what a crazy past couple of weeks for the market, eh?! As I've been reminding folks for awhile now, if my assessment of where we are at in the market cycle is correct, we should see more and more volatility as we get deeper and deeper into this frothy, blow-off phase… and though the shorter-term performance numbers seen in the table above are actually fairly benign across the board, as those of you who follow the markets on a daily basis (or even just watch the news at night!) already know, we have certainly been getting our share of volatility lately!

Of course, since much of the volatility for the past two weeks has involved stocks making big moves to the downside rather than the upside (with a few exceptions here and there), everyone is starting to wonder whether the bull market is over… and I hope the following observations will bring you up to speed on where I stand with regards to the situation!

First and foremost, though the market has come close to dipping below many of them, I want to remind you that, at least for now, all five of the major indices I use to gauge the health of the overall market (see "Eyebrow Levels" table below) are *still* trading above their one eyebrow levels… and this means that we have to view the current sell-off as nothing more than a healthy (even if quite dramatic!) correction as part of an ongoing bull market (which, in turn, suggests that our job is to remain as fully invested as we can comfortably be while still sleeping easily at night).

Nate's Latest Stock Recommendations (as of 2/9/18)

	Company	Symbol	Originally Rec'd. @	Closing Price	Strong Buy ≤	Buy ≤	New Orders^ (Aggressive Portfolio in parentheses)	First Buys
CORE STOCKS	Apple	AAPL	$0.97	$156.41	$150*	$170*		✔
	Celgene	CELG	$0.44	$92.51	$85*	$100*	Sell 150 (500)	✔
	Illumina	ILMN	$17.92	$217.19	$210*	$230*		✔
	NVIDIA Corp.	NVDA	$4.49	$232.08	$210*	$230*	Sell 100	✔
	Perry Ellis	PERY	$8.67	$26.21	$23	$27		
	Tekla Life Sciences Investors	HQL	$21.17	$19.20	$18*	$22*		✔
	Walt Disney Co.	DIS	$13.00	$103.09	$100*	$110*	Buy 50 (500)	✔
	AS Ranger Equity Bear	HDGE	$10.56	$8.10	$7	$9		
	Cirrus Logic	CRUS	$38.39	$42.38	$35*	$45*	Sell 200 (1,000)	
	Cleveland-Cliffs	CLF	$11.15	$6.62	$6*	$9*	Buy 1,000 (5,000)	✔
	Electronic Arts	EA	$17.01	$120.64	$115*	$125*		✔
	First Solar	FSLR	$60.91	$61.22	$60*	$66*		✔
	Luminex	LMNX	$19.58	$19.06	$19	$23		✔
	MannKind	MNKD	$42.55	$2.61	$5	$10	Buy 7,500 (100,000)	✔
	NXP Semiconductors	NXPI	$24.26	$115.78	$90	$105		
	PowerShares DB Ag.	DBA	$36.90	$18.82	--	$20		
	PowerShares DB Cmdties.	DBC	$35.30	$16.13	--	$18*		
	Qorvo	QRVO	$8.29	$77.85	$75*	$82*	Buy 100 (1,000)	✔
	Skyworks Solutions	SWKS	$29.63	$102.64	$98*	$110*	Buy 50 (500)	✔
	SPDR Gold Trust ETF	GLD	$93.39	$124.77	--	$130*	Buy (250)	✔

*changes since last issue ^we will use closing prices 2/12/18 for all transactions

And, since peace of mind is one of the keys to successful investing (but as many of you have pointed out in emails to me lately, it's hard to NOT feel emotion when the Dow is making 1,000 point intra-day swings!), I also want to remind you that the whole reason the Eyebrow Levels table was introduced in the first place was to help take as much emotion as possible out of the equation when it comes to assessing the true direction of the market.

Having said that (and because a number of new subscribers have come on board in the past few weeks), I want to both encourage everyone to go back and re-read what I had to say in the January issue about "what to do in this market," as well as explain/remind everyone how the Eyebrow Levels table actually works (and what to expect if the eyebrow levels end up being broken in the days or weeks ahead).

In a nutshell, as long as all five of the indices in the table are trading above their one eyebrow levels, it means that the market is still in an uptrend; however, if all five (not just one or two) of the indices happen to fall below their one eyebrow levels… and then stay there for awhile without rebounding (at least an hour or two, and perhaps even a day or two, but definitely not just for 5 or 10 minutes, for example)… it will cause me to raise an eyebrow and wonder "hmmm… is the bull market really coming to an end?" (and, of course, now that you've got that image in your head, I'm sure you can imagine how much more concerned I'll be if the price action causes *both* of my eyebrows to go up in between issues!).

As discussed above, since the whole point is to help remove emotion from the equation, if/when the Eyebrow Levels table tells us that it is time to become more defensive, I will send out a "Special Alert" with instructions about what to do next… and to help you prepare for such a turn of events, the Special Alert will most likely be encouraging you to sell anywhere from 10–30% of most of your positions in order to quickly build up a cash position, but please note that we might sell less (or none) of certain positions (and we might even be buying certain stocks if conditions warrant such a move).

Of course, once we have taken this initial "defensive move," we will then have to watch and wait for evidence that it was either the right move (i.e. the market will continue heading lower after we sell some stock), or if it was a "mistake" (in quotes because it is never a mistake to make a trade that helps maintain peace of mind, even if it turns out that we "sold at the bottom") before deciding what to do when the next issue rolls around.

Second, though I believe that what we are seeing at the moment is merely a "volatile" bull rather than an "unhealthy" bull, please note that in order to hedge my bet a bit (and even though I still believe very strongly in all three companies), I am taking a few chips off the table in Celgene and Cirrus due to their weak relative strength, and I am selling a tiny bit of NVIDIA in the Model Portfolio simply because it is once again a "very large" position relative to everything else after the latest move in the stock; however, on the flip side, I am putting that money back to work (or going further out on margin, in the case of the Aggressive Portfolio) by making additional purchases of of a few stocks that are showing good relative strength and/or seem to be particularly undervalued relative to their fundamentals (MannKind, for example).

Nate Pile

And, finally, before we move on from the topic of the Eyebrow Levels and how I am repositioning the Portfolios relative to what's going on, I want to point out that I have actually revised some of the one eyebrow levels slightly *lower* in this month's issue in order to account for the current high levels of volatility in the market – my gut tells me that we've probably seen the worst of it and stocks are going to rebound from here, but just in case we get tested one more time before the rebound starts, I am giving us a slightly larger cushion to play with going forward (however, rest assured that if/when it comes to take a more bearish stance, you'll hear from me!).

Moving on to the nature of the sell-off itself, all of the talking heads on TV and the internet have put forth some great explanations as to "what's changed"… and while we will never know for sure what triggered the recent sell-off, I hope the following helps add some perspective to some of theories that have been talked about more often than others.

First, though "rising interest rates" has been mentioned as a leading explanation for the sell-off, I think it is important to keep in mind that not only have higher rates been expected for awhile now, the fact that financial stocks are also being sold as part of the sell-off rather than bucking the trend and rising (as they "should" be doing on the prospect of higher interest rates) tells me that "interest rates" alone are probably not the issue.

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.

Second, though a lot of fingers are being pointed at some very small trading vehicles that have been set up over the past few years to allow institutional investors to bet on market volatility as the cause of the sell-off (and it may very well be true that they will turn out to be at the epicenter of the "wave"), given the observation above about financial stocks along with the observation that just about everything across the board was being sold in large quantities this week, it wouldn't surprise me at all if the same issue that apparently hit these small vehicles (a "lack of liquidity") ended up hitting just about every other type of investment entity as well.

For example, I heard in a segment on CNBC a few days ago that there are 70 times more index products and ETFs in operation today than there are actual equities to invest in! Naturally, most of these entities own the same basket of stocks (or very close to it), and while this is not a problem as long as nobody is in any big hurry to buy or sell, it can be a huge problem if everyone decides to sell (or buy) all at once, especially since a great deal of the selling done by these sorts of "automated" (i.e. they are not actively managed) products is done simply to anticipate possible redemptions, not because fund managers themselves are worrying about the prospects of the companies they've chosen to invest in!

As just mentioned, when the market is plugging along at a "normal" pace (whatever *that* means!), everything is fine… but when, all of a sudden, everyone who runs such a fund decides "you know what, investors seem nervous – we should probably double our cash on hand in anticipation of higher-than-usual redemptions this week"… and they try to sell, only to find out that none of the other funds that usually are interested in buying the same set of stocks that everyone uses in their index products want to buy (in fact, they, too, are trying to "raise a little cash"), it can result in a very rapid decline in stock prices until "enough" investors are found to soak up all the selling pressure.

Finally, further bolstering my belief that much of the recent sell-off may be due to nothing more than a "semi-forced" effort to raise cash by virtually every financial entity out there is that fact that even gold was hit by a solid wave of selling pressure, and, as was the case with how financial stocks have been acting in the face of rising interest rates, I believe this sort of action in gold is contrary to what we would normally expect to see if investors really were worried that "the world is ending!"

Having said all of that (and despite my optimism!), there is a chance that the bull market we have been in for a number of years now really may be coming to an end, and, if this is the case, I will have no choice but to adopt a more bearish outlook while events unfold.

In the meantime, keep an eye on the Eyebrow Levels, know that I am watching the markets very closely and will absolutely touch base if/when my outlook changes (even if it is as soon as Monday!), and, perhaps most importantly, remember that it is ok to be less heavily invested than I am if it helps you sleep more easily at night (so don't be afraid to raise some cash even though I am doing the opposite at this stage of the game!).

"Eyebrow Levels" (revised)

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

Index	Current	One Eyebrow	Two Eyebrows
DJIA	24,191	23,000	21,750
Nasdaq	6,874	6,500	6,100
S&P 500	2,620	2,500	2,400
BTK	4,424	3,750	3,400
SOX	1,256	1,125	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).*

N A T E ' S   N O T E S

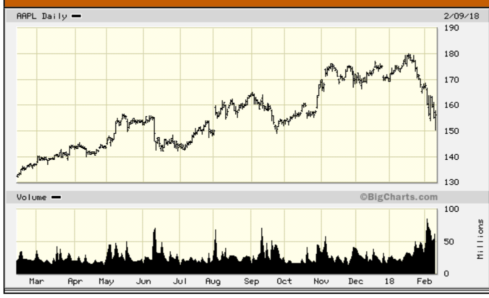
AdvisorShares Ranger Equity Bear • HDGE

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$10.56	$8.10	$9.21	$7.43	ETF	$179.0

As you can see in the chart to the right, given their inverse relationship (at least in theory) with the direction of the overall market, shares of this "short" ETF have zoomed sharply higher over the past two weeks while the rest of the market has been tumbling; however (and with a reminder that it is just one small data point to consider), I hope the fact that the chart of this inverse fund really doesn't look that bullish yet helps you feel more comfortable with the idea that perhaps the overall market isn't actually in as bad a shape as some pessimists are leading you to believe (a circumstance that may change as soon as tomorrow though!). For only the most aggressive of you, **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	$156.41	$180.10	$132.05	5,157.8	$806,731.5



Given all that has been discussed in the newsletter so far this month, it should come as no surprise that Apple's stock has also taken a very sizable hit during the downturn, with the only silver lining being that, at least for now, it has managed to hold above the critical $150 level. For its first quarter, Apple reported revenues of $88.3 billion and net income of $20.1 billion, or $3.89 per share, as compared to revenues of $78.4 billion and net income of $17.9 billion, or $3.36 per share, in the same period a year ago. Though I consider the stock cheap at these prices, I want to caution you that if it breaks $140 in the weeks ahead, it will likely mean we're entering a bear market. **AAPL is now a strong buy under $150 and a buy under $170.**

Celgene • CELG

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$0.44	$92.51	$147.17	$88.32	808.7	$74,812.8

Despite what I considered to be fairly positive news that Celgene has made a tender offer to buy the 90.3% of Juno Therapeutics that it does not already own for $87 per share, or roughly $9 billion on a net basis, I am afraid that Wall Street, at least in the current market environment, is not looking too favorably on the transaction, and, as you can see in the chart to the right, the stock has a taken an ugly turn for the worse over the past few days. For fiscal 2017, Celgene reported revenues of roughly $13.0 billion and net income of $2.9 billion, or $3.64 per share, as compared to revenues of $11.2 billion and net income of $2.0 billion, or $2.49 per share, last year. **CELG is now a strong buy under $85 and a buy under $100.**

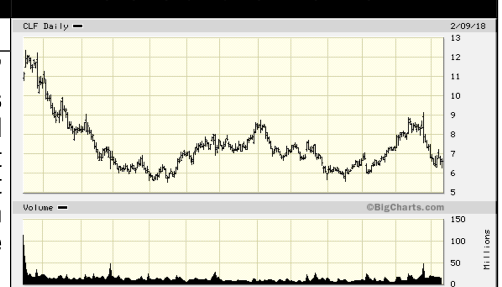
Cirrus Logic • CRUS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$38.39	$42.38	$71.97	$39.51	66.4	$2,812.3

I'm afraid that Cirrus' stock has also begun tracing out what can only be described as an ugly looking chart! If the market manages to find its footing and starts heading north again, the current spike down will likely prove to be "the bottom"; however, if the market decides to head lower instead, the fact that Cirrus' stock is already starting to hit new 52-week lows suggests that it will continue leading the chip sector lower if we do enter a bear market. Cirrus reported third quarter revenues of $482.7 million and net income of $33.8 million, or $0.52 per share, as compared to revenues of $425.5 million and net income of $73.3 million, or $1.10 per share, in last year's third quarter. **CRUS is a strong buy under $35 and a buy under $45.**

Cleveland-Cliffs • CLF

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$11.15	$6.62	$12.37	$5.56	292.9	$1,939.0



After rallying from $6 to $9 in a little less than two months, I am afraid that Cleveland-Cliffs' stock has turned around and given almost all of those gains back in a period of just two weeks (which actually shouldn't be too surprising given what has been going on with the overall market lately)! For fiscal 2017, Cleveland-Cliffs reported revenues of $2.3 billion and net income of $374.9 million, or $1.28 per share, as compared to revenues of $2.1 billion and net income of $174.1 million, or $0.87 per share, in the prior year. With optimism that the folks in Washington will actually move forward with an infrastructure plan, I am adding a few more shares to both Portfolios. **CLF is considered a strong buy under $6 and a buy under $9.**

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

Electronic Arts • EA

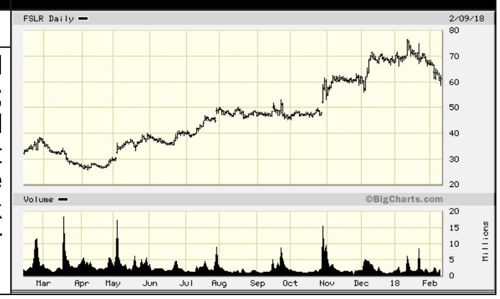
Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$17.01	$120.64	$131.01	$84.13	313.0	$37,760.3

As you can see in the chart to the left, EA's stock gapped up nicely in response to the company's most recent earnings report... just in time to give back all those gains as part of the sell-off we have seen in the overall market over the past two weeks! In its third quarter, EA generated revenues of just under $1.2 billion and a net loss of $186 million, or $0.60 per share, as compared to revenues of a little over $1.1 billion and a net loss of $1 million, or $0,00 per share, in the same period a year ago. Though I am content with the size of our EA positions in both Portfolios for now, if you are still underweighted in this stock, you may want to think about purchasing some! **EA is a strong buy under $115 and a buy under $125.**

First Solar • FSLR

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$60.91	$61.22	$76.81	$25.56	105.7	$6,471.0

After spending the last nine months climbing in a very orderly stair-step fashion, I am afraid that First Solar's stock appears to be succumbing to the selling pressure on Wall Street; however, this is another case where, at least for now, the stock is still holding above a critical support level ($60), and, while "down is down" no matter what, I find it very encouraging that the sell-off has taken place on fairly light volume. While I would obviously love to see the stock turn around and start marching higher again from here, please note that it can pull back all the way to $45 or so without violating the longer-term uptrend that has been underway for awhile now. With patience, **FSLR is now a strong buy under $60 and a buy under $66.**



Illumina • ILMN

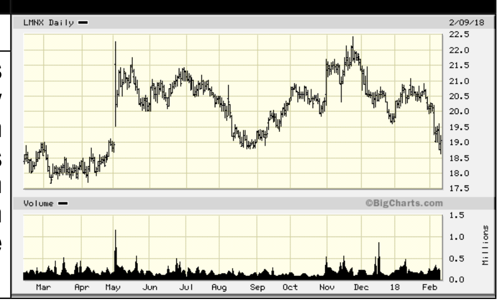
Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$17.92	$217.19	$248.97	$158.02	147.8	$32,100.7

Illumina's is another stock that has tumbled sharply with the rest of the market, but, at least for now, has also managed to hold above key support levels on its chart, and, knock on wood, this means that once the market finds its footing, it will be off to the races again for this best of breed stock! For fiscal 2017, Illumina reported revenues of $2.3 billion and net income of $725 million, or $4.92 per share, as compared to revenues of $2.0 billion and net income of $454 million, or $3.07 per share, in the prior year. This is another stock you should take a good look at this month if you are still underweighted but willing to put some money to work in this market environment. **ILMN is now a strong buy under $210 and a buy under $230.**

Luminex • LMNX

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$19.58	$19.06	$22.42	$17.68	43.3	$824.5

Not surprisingly, Luminex's stock has also tumbled a bit over the past few weeks, but, as has been discussed in the newsletter a number of times over the years, the slide has merely brought the stock back to the lower end of the trading range that the stock has been stuck in for quite some time now. Though the company will not be announcing its year-end numbers until Monday, I am very pleased to report that its board of directors recently declared a cash dividend for the first quarter of $0.06 per share, payable on April 13th to holders of record on March 23rd. We own "enough" Luminex for now in the Portfolios, but it is a "first buy" for those of you still building positions. **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	$2.61	$6.96	$0.6662	114.6	$299.1

Though things remain slow on the script front (something I'm not terribly concerned about at this stage of the company's existence), I am *extremely* pleased to report the company recently announced who its new Chief Medical Officer will be, and it will be none other than David Kendall, MD. Though that is hardly a household name, he is leaving a job as VP of Global Medical Affairs for Lilly Diabetes to join MannKind. Prior to working for Eli Lilly, Dr. Kendall was the Chief Scientific Officer for the American Diabetes Association, and the fact that he is willing to leave Lilly to join MannKind tells me that Castagna may finally have all the ducks in a row "to go places." **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	$232.08	$249.27	$95.17	632.0	$146,679.2

As has been the case since we first got into the stock back in 2002, NVIDIA’s stock has continued to march to its own drum, and, as you can see in the chart to the left, despite a very short-lived (but admittedly very dramatic!) sell-off early in the week, it is actually still tracing out a chart pattern that is among the most bullish looking in the newsletter this month. For 2017, NVIDIA reported revenues of $5.8 billion and net income of $3.0 billion, or $4.82 per share, as compared to revenues of just under $4.1 billion and net income of $1.7 billion, or $2.57 per share, in the previous year. With a reminder that the stock is likely to become even more volatile as time goes by, **NVDA is a strong buy under $210 and a buy under $230.**

NXP Semiconductors • NXPI

Originally Rec’d.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$24.26	$115.78	$121.50	$101.75	345.8	$40,036.7

After rallying to over $120, NXP’s stock finally fell into line with the rest of the market and spent all of the past week trending downwards; however, it should be noted that it is still trading $5 above the $110 price of Qualcomm’s tender offer. And, speaking of which, despite the fact that it is pretty clear most shareholders are not interested in selling at $110, Qualcomm has just extended its offer once again at that same price. For fiscal 2017, NXP reported revenues of $9.3 billion and net income of $2.2 billion, or $6.41 per share, as compared to revenues of just under $9.5 billion and net income of $200 million, or $0.58 per share, last year. For now, **NXPI remains 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	$26.21	$27.27	$16.35	15.0	$392.9

After sliding along with the rest of the market during the early stages of the decline, as you can see in the chart to the left, Perry Ellis’ stock gapped up nicely a few days ago on news that the company’s founder, George Feldenkreis, has launched a bid to take the company private after being ousted as Executive Chairman last year. He currently owns 11% of the stock, and with the help of a New York-based investment group is making an offer of $27.50 per share to acquire the rest of the company. While it remains to be seen how things play out in terms of final price, it ought to be interesting to watch, given that his son, Oscar, is still the CEO of the company. **PERY remains 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	$18.82	$20.76	$18.18	ETF	$663.4

On the one hand, shares of DBA managed to hold up very well during the recent round of “selling across the board” on Wall Street, but, on the other hand, the trend for ag commodity prices still seems to be down (or sideways, at best, if you want to take a more optimistic view). That being said, the longer things trade sideways rather than down, the more comfortable we will be able to feel about getting more aggressive with our purchases of this ETF… but that day isn’t here just yet. And, while shares of DBA managed to hold their own during the recent sell-off, as you can see in the chart below, after rallying nicely for the past several months, shares of DBC finally experienced *(continued under “DBC” below)* **DBA is a buy under $20.**

PowerShares DB Commodities • DBC

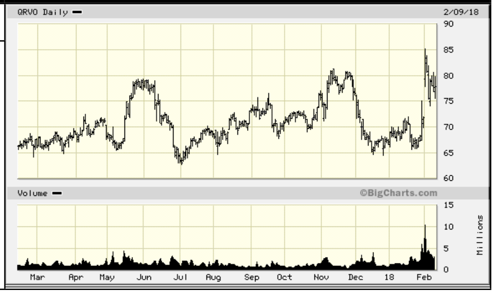
Originally Rec’d.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$35.30	$16.13	$17.29	$13.69	ETF	$2,500.0

(continuing from “DBA” above) a bit of a sell-off of their own as part of the recent market tumble. As discussed in the past, though we certainly have not seen much of it yet, I can’t help but think that, at some point, all of the printing of money that has gone on around the globe for the past several years (decades, really, but especially since the crisis in ‘08-’09) is eventually going to help spark a fairly serious bout of inflation (hence our decision to be involved with DBA and DBC… and GLD, for that matter, though “gold” has its own unique characteristics that make it attractive as an investment). With a reminder that neither of these ETFs be large positions at this point in time, **DBC is now considered a buy under $18.**

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

Qorvo • QRVO

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$8.29	$77.85	$85.24	$62.68	127.0	$9,889.3



Though I would have preferred to have seen Qorvo's stock hold above $80 after it popped a few weeks ago, given the tone of the overall market lately, I can't complain about the way the stock has been acting in the five weeks since last month's issue came out! For its third quarter, Qorvo reported revenues of $845.7 million and a net loss of $33.1 million, or $0.26 per share, as compared to revenues of $826.3 million and a net loss of $78.6 million, or $0.62 per share, in last year's third quarter. As discussed above, I am using the great relative strength of the stock as an excuse to add a few more shares to both Portfolios, and you are encouraged to follow my lead. **QRVO is a strong buy under $75 and a buy under $82.**

Skyworks Solutions • SWKS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$29.63	$102.64	$117.65	$90.53	185.7	$19,060.2

And, while the solid relative strength we have also seen in Skyworks' stock over the past weeks hasn't involved new 52-week highs the way Qorvo's had, I do consider the chart to the left to be another reason to think that perhaps the bull market may still be intact after all. For its first quarter, Skyworks reported revenues of just under $1.1 billion and net income of $70.4 million, or $0.38 per share, as compared to revenues of $914.3 million and next income of $257.8 million, or $1.38 per share, in last year's first quarter. I am adding a few more shares to both Portfolios this month, and the stock should definitely be on your list of potential "first buys" if you are a new subscriber. **SWKS is a strong buy under $98 and a buy under $110.**

SPDR Gold Trust • GLD

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$93.39	$124.77	$129.51	$114.02	ETF	$36,370.0

After gapping up into new 52-week high territory late last month, shares of GLD abruptly reversed course and have been trending lower ever since... and, as you can see in the chart to the right, the price of gold is continuing to move up and down in what I consider to be an eerily orderly fashion (talk about a picture perfect example of a "sawtooth" pattern!). Though gold has not yet been able to climb back towards its all-time highs, I continue to believe that the odds favor such a move sometime in the next few years, and if/when gold finally does starting hitting new all-time highs, it will be off to the races as everyone starts imagining "$5,000 an ounce!" Bought in small lots on a regular basis, **GLD is now a buy under $130.**

Tekla Life Sciences Investors • HQL

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$21.17	$19.20	$22.24	$18.15	20.1	$386.4

Yipes! As you can see in the chart to the left, though the volume was not at all out of the ordinary, shares of this closed-end biotech fund have been hit hard during the recent market sell-off. And, as discussed a number of times in the past, while the small size of the fund and the very low trading volume mean that we can't assign a whole lot of weight to the evidence it generates, I do believe the trading action of this fund can give us some useful insights into how investors feel about biotech stocks at any given point in time. As it stands, if the stock manages to hold above $18, it will be quite bullish, and if it falls below that level for more than a day or two, it will be a bearish sign. **HQL is a strong buy under $18 and buy under $22.**

Walt Disney • DIS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$13.00	$103.09	$116.10	$96.20	1,512.0	$155,872.1

After rallying nicely for several months, I am afraid (but not at all surprised!) that Disney's stock has tumbled sharply over the past two weeks along with the rest of the market. For its first quarter, Disney reported revenues of $15.4 billion and net income of $4.4 billion, or $2.91 per share, as compared to revenues of $14.8 billion and net income of $2.5 billion, or $1.55 per share, in the same period a year ago. Based on comments from CEO Bob Iger, I believe things are coming together for the company on all fronts, and given that he will be sticking around as CEO for awhile longer, I am taking advantage of the current sell-off to add a few more shares to both Portfolios. **DIS is now a strong buy under $100 and a buy under $110.**

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:

Electronic Arts (EA) – Though the stock couldn't help but get dragged down a bit by the overall market, this currently tracing out one of the more bullish patterns among those in the newsletter, so it is a natural choice as a "Top Pick" this month.

MannKind (MNKD) – As discussed above, between the way the stock has been acting during the recent market decline and the way the pieces of have been coming together over the past several months, it would not surprise me at all if the next piece of news out of the company proves to be the one that "finally gets the stock going" back towards a more realistic valuation.

Qorvo (QRVO) – Given the solid relative strength we have seen in Qorvo's stock during the recent market sell-off, it is also being named a "Top Pick" this month.

Outstanding Orders

For the reasons discussed above and below, the Model (Aggressive) Portfolio will **sell** 150 (500) Celgene, 200 (1,000) Cirrus Logic, and 100 NVIDIA, and will **purchase** 1,000 (5,000) Cleveland-Cliffs, 7,500 (100,000) MannKind, 100 (1,000) Qorvo, 50 (500) Skyworks Solutions, (250) SPDR Gold Trust ETF, and 50 (500) Walt Disney. We will use the closing prices on Monday, February 12th, 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	$32,400	-22.3%	25,000	$258,157	$202,500	-21.6%
Apple	750	$57,483	$117,308	+104.1%	4,500	$307,235	$703,845	+129.1%
Celgene	1,250	$122,942	$115,638	-5.9%	6,000	$588,101	$555,060	-5.6%
Cirrus Logic	1,200	$46,746	$50,856	+8.8%	7,000	$249,607	$296,660	+18.9%
Cleveland-Cliffs	7,000	$61,459	$46,340	-24.6%	35,000	$302,562	$231,700	-23.4%
Electronic Arts	1,000	$43,645	$120,640	+176.4%	6,500	$271,684	$784,160	+188.6%
First Solar	2,200	$95,940	$134,684	+40.4%	11,500	$509,166	$704,030	+38.3%
Illumina	750	$105,982	$162,893	+53.7%	4,000	$579,128	$868,760	+50.0%
Luminex	5,500	$106,783	$104,830	-1.8%	35,000	$681,107	$667,100	-2.1%
MannKind	52,500	$212,928	$137,025	-35.6%	1,000,000	$4,155,669	$2,610,000	-37.2%
NVIDIA Corp.	1,100	$19,103	$255,288	+1,236.4%	5,500	$93,368	$1,276,440	+1,267.1%
NXP Semiconductors	250	$13,617	$28,945	+112.6%	1,250	$63,741	$144,725	+127.1%
Perry Ellis	2,200	$48,051	$57,662	+20.0%	10,000	$226,081	$262,100	+15.9%
PowerShares DB Ag.	3,000	$65,259	$56,460	-13.5%	11,000	$244,979	$207,020	-15.5%
PowerShares DB Cmdties.	4,800	$76,237	$77,424	+1.6%	17,000	$278,574	$274,210	-1.6%
Qorvo	1,100	$54,432	$85,635	+57.3%	7,000	$290,959	$544,950	+87.3%
Skyworks Solutions	800	$53,604	$82,112	+53.2%	5,000	$313,678	$513,200	+63.6%
SPDR Gold Trust ETF	900	$107,464	$112,293	+4.5%	5,500	$662,612	$686,235	+3.6%
Tekla Life Sciences Investors	4,568.2	$42,258	$87,709	+107.6%	15,936.3	$153,096	$305,977	+99.9%
Walt Disney Co.	950	$71,184	$97,936	+37.6%	5,250	$409,763	$541,223	+32.1%
		Stocks:	$1,964,076			Stocks:	$12,379,894	
		Cash (Debit):	$11,826			Cash (Debit):	($6,015,656)	
		Total Value:	**$1,975,902**	**+1,875.9%**		**Total Value:**	**$6,364,238**	**+6,264.2%**

Orders Filled 1/8/18 (Aggressive Portfolio in parentheses)
Bought 50 (100) AAPL @ $174.35
Bought 50 (250) CELG @ $104.18
Bought 1,000 (5,000) CLF @ $8.11
Bought 250 (2,500) LMNX @ $20.68
Bought 2,500 MNKD @ $2.47
Bought 200 (2,000) PERY @ $25.23
Bought 300 (1,000) DBC @ $16.70
Bought 50 (250) DIS @ $110.02
credited $756 ($4,200) from DIS dividend 1/11/18
credited $315 ($1,950) from LMNX dividend 1/12/18

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