An Interactive Qualifying Project Report submitted to the Faculty of
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ABSTRACT

This project serves to create a thorough insight into the stock market world via intensive text research by reliable sources as well as virtual trading experience with a real time online trading simulator. This ten-week project provided us with an initial research into various trading methods and strategies, followed by the opportunity of investing with these different methods for the purpose of comparing and contrasting their effectiveness and assessing them carefully to gain proficient stock trading skills which will be useful in our future endeavors.

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1. Introduction

1.1 Project Scope and Goals

As mentioned earlier in the abstract, the ultimate goal of this project is to provide us with an in-depth and very valuable experience in the functioning of the stock market. The project will involuntarily and briefly introduce us to investing as a whole and various methods of investing. Since the stock market is one form; the need to comprehend and distinguish one form of investing from the other is advantageous and key to making us successful in whatever options we choose in the future.

First of all, we are well aware of the need to set a strong foundation to allow us to propel smoothly through the project and this requires us to go back to basics. In this case we intend on getting acquainted with basic knowledge on how the stock market operates, its history, reading bar charts, significant figures related to the growth of the stock market and also the relationship between the economy and the stock market. The mainstream entities responsible for listing and trading stocks namely; NYSE, NASDAQ and Amex will also be researched into to provide us with information on trends and noteworthy points that can aid us during the course of the project.

Our next goal will look strictly at the tools needed to prepare us for the investing and simulation period. We will start this by identifying the various methods of trading and the importance of fundamental analysis which is the analysis of a company's financial statements and its status in the economy as well as technical analysis which looks closely at forecasts irrespective of a company's prospected rate of growth. At this juncture we assume everyone is individually ready to select their own style of trading and

which companies they would prefer to invest in, therefore moving on to the simulation process.

1.2 Project Timetable

The timeline of the project basically encompasses the summer of 2008 which provides ample time for intensive and effective research on the basics of stock trading before the actual simulation period. The timetable of the project is shown below in table 1.2.1 below.

Weeks	Duration	Task
Week 1	May 26, 2008 - June 30, 2008	Individual research on stock market
Week 2	June 2, 2008 - June 6, 2008	Research on companies and group meetings on trading strategies to be employed
Week 3	June 9, 2008 - June 13, 2008	Launch Simulation
Week 4	June 16, 2008 - June 20, 2008	Simulation Period
Week 5	June 23, 2008 - June 27, 2008	Simulation Period
Week 6	June 30, 2008 - July 4, 2008	Simulation Period
Week 7	July 7, 2008 - July 11, 2008	Simulation Period
Week 8	July 14, 2008 - July 18, 2008	Simulation Period
Week 9	July 21, 2008 - July 25, 2008	Simulation Period
Week 10	July 28, 2008 - Aug 1, 2008	Simulation Period
Week 11	Aug 4, 2008 - Aug 8, 2008	Final Simulation Period
Week 12	Aug 11, 2008 - Aug 15, 2008	Compile results
Week 13	Aug 18, 2008 - Aug 22, 2008	Compile results and finalize paper

Table 1.2.1 – Timetable for project duration

From the table above, it can be seen that the first two weeks of the project have been reserved for research on the stock market which includes investigating the history of the stock market, identifying the various strategies and types of trading as well as the

history of each individual's prospective companies. Next, each investor will select the companies that they have researched to construct their portfolio in turn launching the 10 week simulation period. The project will then be finalized with a summary of the simulation period, a critical compare/contrast analysis on each investor's respective trading strategies and their end results which will all be submitted by August 22nd, 2008.

2. The Markets

2.1 History of the Stock Market

A stock market is basically a public or private market that facilitates the trading of company stocks and securities that are listed on an exchange. Existence of stock exchanges have dated as far back as the 11th century as suggested by historian Fernand Braudel and this took place among Muslim and Jewish merchants in Cairo, however Belgium is known to have established the world's first recognized stock exchange in 1531. Amsterdam would soon follow suit in the 16th century by introducing joint stock companies which allowed shareholders invest in business ventures and obtain shares of their profits and losses. The Amsterdam Stock Exchange also introduced most strategies still employed by investors today, like option trading and short selling as well as continuous trade.

Until 1792 when formal stock and bond trading was established in New York, Boston was the financial seat of the nation, bonds for infrastructural projects like roads and bridges construction as well as other commodities were mostly traded by dealers there but it was never appointed officially as a solace for business. In 1792, John Sutton, Benjamin Jay and 22 other financial executives put together a set of rules, regulations and fees to create the first stock exchange in New York in Castle Garden now known as Battery Park. Then in a building at 22 Wall Street, securities were auctioned every day beginning at noon, sold to the highest bidder. The seller paid the exchange a commission on each stock or bond sold (Griffis, 2004).

The stock market has since evolved through many events in the history of America to become what it is today. There was the infamous 1929 Stock Market Crash where the Dow dropped to a low 230 points, engineering the loss of many investments as

well as the wipeout of the fortunes of many people. This also instigated the Great Depression, the worldwide economic declination which had worse ramifications than that of the crash. The market eventually bottomed out in August of 1932 when the Dow went down to 63 points apparently all the way down to where the Dow began in 1896.

Today the stock market remains as one of the most important sources for companies to raise money due to the ability for the company to trade publicly or selling shares of ownership in a public market. It is also an important indicator of an economy's growth thus the constant monitoring by the Central Bank to facilitate a smoother running of the stock market and consequently, positive economic growth (*atozinvestments.com*).

2.2 More about Stocks
2.2.1 Returns

Returns are important to an investor they are the primary reason that we invest. It is important to note that in order to average out the variability of returns it will take holding on to common stock for long time periods. There are primarily two ways in which investors receive returns, capital gains and dividends.(Faerber, 2000) Capital gains or appreciation is when the selling price of a security is higher than that of the purchase price. Many small companies choose to retain their income instead of paying out dividends to stockholders. When that money is reinvested into the company the result is a higher share price benefiting the investor in the form of capital gains. Investors to measure companies expected earnings often use dividends. As a result the management of a corporation will often continue paying out dividends even when earnings decline. Investors who are considered speculators look for stock with the greatest rates of return even though the risk of losing the investment is high. Less risk adverse investors tend to buy what are known as blue chips stocks or income stocks, which pay out regular

dividends and are not as volatile. It is important to all types of investors that their rates of return exceed both the rate of inflation and the taxes paid otherwise they will lose purchasing power.

2.2.2 Long Term Investing

Investments in the stock market show greatest returns with longer time horizons. Over long periods of time common stocks have outperformed all other types of investments.(Faerber, 2000) There is a term known as market risk, which is a risk all investors are subjected to when investing in the stock market. Market risk is not easily avoided it is often caused by global news of any number of events unrelated to individual companies; a well-diversified portfolio is even subjected to market risk. The best way to reduce this risk is long term investing. It can be seen that these unpredictable event that affect the market could be disastrous for a short-term investor who might need their money when the market has declined. The longer the period of investment the less likely a down turn would affect your capital gains. It is inevitable that someone may have use for short term investing such as buying a car or maybe even college. When it is necessary to have access to an investment in a short period of time a savings account, Treasury bill or even money market mutual funds would be a wiser choice.

2.3 Stocks vs. Bonds
2.3.1 Bonds

If an investor retracts his or her money from the stock market in 3 years, the odds of that person losing money is 1 in 7 and if it's retracted in under a year the odds are greater than 1 in 4. The point here is that if an investor is not highly educated in the stock market, has not covered all their bases and has not done the needed research to make a short term investment, then investing in the stock market for a short term purposes is not

for them. These odds are very risky to betting your college, home or even retirement savings on. For these situations an investor may be looking for something more certain and less risky so that when they deposit their investment they will have peace of mind that they will at least get back their initial investment when the time comes to withdraw it. This is where bonds are a desirable investment; people who want to invest but only for a short period of time.

A bond is like an I-O-U, you are literally loaning out your money to a given company in which they will owe you the principle with interest, at a maturity date agreed upon. The bond itself is the contract and transcribed on it will be the information needed to satisfy both parties such as the date in which the investor will receive the loan principle back in full, the annual interest rate paid on the initial investment and how long the money will be borrowed for. With bonds, the investor's concerns do not lie on whether a company is doing excellent or mediocre, but rather if it is simply doing well enough to pay the investor back the principle of the loan and the interest accrued on it when the contract has been settled. These worries can all be relaxed with research just as if the investor was to invest into a stock. If the investor is going to get a bond for 3 years then they should see if that company is strong enough to survive for 3 years. If proper research is done then it can be seen that bonds are a great form of capital preservation (Lim, 2005).

Bonds are also a good way to diversify ones portfolio. Research has shown that when the market is bearish and most volatile that annual interest rates paid out on bonds goes up. So if the stock market is doing poorly and an investor has bonds in their portfolio then they would lose less money than if they had placed it all in equities. A rule

of thumb that can be used off hand to realize a good time to invest in bonds is that when interest rates rise, bonds fall and vice versa. This is why financial advisors have a client diversify their portfolio amongst a number of investments such as bonds, stocks, real estate, CDs etc. in order to balance for any type of economic changes. But there is always some risk and the more risk there is the higher the possible payout and the less risk means less money that can be earned (Lim, 2005).

2.3.2 Stocks

When purchasing a stock, an investor is actually purchasing a portion of a company even if it is a relatively small portion. With this portion of the company comes many opportunities and without the proper research, much risk.

Stocks and bonds are both great investments when researched properly but very different investments at that. The way an investor would go about buying a stock would be completely different that if they were to purchase a bond. An investor that is purchasing government or corporate debt which is essentially a bond is simply looking for this company to survive long enough to fulfill their end of the contract. A bond investor knows exactly how much money they are going to make and when they are going to get it because it is all worked out during the purchase of the bond. The investor that is purchasing the stock doesn't just want the company that they invest in to stay alive, this investor wants the company to grow and flourish which is where stock investor could do very well. But unlike the bond investor, the stock investor doesn't know how much money in capital gains or dividends they will earn of if the company will do well or die slowly reducing the price of the invested stock to nothing. There are many ways an investor could research a stock which can be seen from the research we have all done on

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this project but there is no guarantee (Lim, 2005). One can never be 100% on their investment unless they buy the entire company, change the management and make that company do well themselves like Warren Buffet has done with many companies amassing his great wealth.

Blue chip equities which are very stable stocks have on average earned gains of about 10.4% annually since 1926. This return rate is really good but is based over a long period of time. The stock market on average over a long period of time makes an upward trend but when that average becomes more specific over a shorter period of time the trend will look much more volatile. It is for this reason that one should diversify and invest for the long term in order to get the 10.4% on average gains (Lim, 2005). As said before, when an investor removes his or her money from the stock market in under 3 years the odds of them losing money is 1 and 7 and if that time span is dropped down to a year the odds drop to 1 and 4. This is why when someone invests their money, they are giving up their instantaneous gratification of spending money or receiving something for their money immediately in order to one day sees gains from work that their money has done for them. (Lim, 2005)

2.3.3 Dividends vs. Capital Appreciation

There are two ways that one can make money from a stock investment, which are dividends and capital appreciation. Dividends where overlooked for a while because many companies stopped issuing them in the 1990's due to the bullish market with capital appreciation gains over 20%. Companies would just reinvest that money back into the company and the investors weren't thinking about their 2% dividend payments when

their stocks were going through the roof. Today with the market and economy down, we are seeing more dividend payouts and the amount of companies doing it is rising.

Dividend income is an occasional payout that a company would make in order to show their worth to an investor which may be that extra push needed to get him or her to invest into the company. An example of this would be a company that is classified as value which means that something may have happened with this company either with management or competition that could have drove their price down and valued the company's stock less than what it is really worth. Yet a dividend payout can also reflect on the financial strength of a company. If companies can payout a dividend to its shareholders then it is a sign that more cash is flowing into the company than flowing out and the company doesn't need this money to meet its financial obligations. So if a company cut its dividend payouts then that would be a sign that its financial strength has weakened. This payout comes from the majority of the company's profits with an average payout for a value stock at about 1.4% and 2.4% for value large-cap stock (Lim, 2005). Growth stocks rarely pay out dividends because they are already established companies that are much more stable so when they do pay out dividends the percentages are much smaller.

What investors really look forward is the capital appreciation. This is the reason people invest for the long term or are glued to their computer or television screen watching every move of the market. Capital appreciation is the difference of the securities purchase price and current prices multiplied by how many shares that they own. This value is the total profit or lack thereof that the investor has made/lost at that point in time of the investment (Lim, 2005). A very powerful concept behind the capital

appreciation is what can make it grow so rapidly which is compound interest. Money has a time value to it and the longer it is left in a stock investment the more money your money can make. Compound interest is the interest made on the sum of the principle and already made interest. This is what makes investing in a stock so powerful (Lim, 2005). After it is all said and done, both dividends and capital appreciation are good forms of earnings. By adding the two values together an investor will find their total return at that point in time which will tell them if they have done well and made money on their investment or if they still have some research to do.

3. Materials Researched

3.1 Overview of Investopedia

Investopedia, founded in 1999 and acquired by Forbes in 2007, is a website based in Alberta, Canada primarily and entirely focused on financial and investing education. The website features over 1500 articles, 750 pages of tutorials, about 5000 dictionary entries and many prep exams in the field of accounting. However the most popular of its many website features and resources is the Stock Market Simulator.

The stock market simulator, as the name pertains, simulates the real stock market and provides up to date stock quotes on companies listed on any of the exchanges. It provides users with a real trading experience by providing a virtual amount of $100,000 to initiate a portfolio and execute trades with buying limits to encourage portfolio diversification as part of the investment learning process. The simulator also comes with tools for researching companies for historical price charts, financial statements and a ticker symbol lookup tool. One standard features is the 20 minute delayed data feedback from the stock exchange. That is, with delayed data, a quote you get now actually reflects the price of the stock 20 minutes ago. Real-time quotes could be obtained but exchanges charge a premium for this type of data and the website states that there are no plans to add real time quotes soon

3.2 Types of Stocks
3.2.1 Blue-Chip Stocks

Whenever an item or subject is deemed as a blue chip, it is usually the cream of the crop in that particular category. For example, in collegiate sports, an athlete classified as "blue chip" is usually the target of pro teams because of their proven worth amongst

every other competitor in their respective sport. This concept is no different in the stock market world and business circles.

Blue chip stocks are the common stock of large, well regarded and renowned US companies. These kinds of stocks are known in the UK as alpha stocks and the term "blue chip" was derived from casinos where they represent counters of the highest value. (Griffis, 2004). Blue chip stocks have garnered this prestigious reputation due to their longevity in the market and established consistent profit earning prowess. These stocks are usually less risky than other stocks and their price usually closely follows the S&P 500. It is also worthy to note that these blue chip stocks pay regular dividends irrespective of the economic climate or company's performance at that appoint in time and examples include Coca-Cola, Wal-Mart, Exxon-Mobil, etc.

3.2.2 Income Stocks

Income stocks are common stocks that pay dividends at a rate higher than the average, usually the largest portion of the stock's overall return. Even though these types of stocks are often steadily increasing, their future growth options may be limited and as a result require a lower level of ongoing capital investment. Unlike blue chip stocks, income stocks tend not to revalue and are usually preferred by conservative investors with limited interest in earning corporate profit growth. Companies in this category are usually the utility companies like American Electric Company (AEP), National grid (NGG) and some real estate companies.

3.2.3 Growth Stocks vs. Value Stocks

In the world of the stock market there are typically two different types of investors that are recognized, one of which is known as a growth investor. Growth

investors are investors that look for securities that show good performance or in other words are exhibiting good profit growth. A saying that goes hand in hand with growth investing is, "Stock prices eventually reflect earnings" which pretty much means that you get what you pay for. In this school of investors, stock prices are not important because they feel as though as long as the company in which they invest is earning, then over time it will push the stock price up. So basically a growth investor is interested in a company whose earnings and sales growth exceeds that of the market and is willing to pay for it. A good growth investor will also research the securities that they choose to invest very thoroughly. Income statements, balance sheets and a company's cash flow are all important to this type of investor in order to get the figures they need to make their final buy/sell decisions. With this information they can calculate and determine a company's revenue to find out if they have strong earnings and also find out how strong or weak the company's financial situation is as a whole. These investors will take this company's information and compare it to its leading competitor's earnings, the sectors average earnings and even the broad stock market (Lim, 2005).

The second type of investor is almost exactly opposite to that of the growth investor and they are called value investors. Value investors are more along the line of bargain shoppers who are just looking for securities for the best price. The stocks quality is not the primary concern here because the value investor believes that if they purchase the security below what it is really worth then one day its true value will surface in turn yielding a profit. Value investors rely on things such as company mismanagement, new competition to the company and mistakes made on Wall Street in calculating the company's earnings. These factors are what a company does not want to see but they

bring its stock price down and that's when the value investor makes his/her purchase. Value investors are willing to purchase shares of a security when the value of it is low and then wait it out for as long as they need to until the problem is corrected. A good example of a value investor is someone who is willing to purchase a rundown property because they see that it has a good location and if it is fixed, it will be worth well over what they paid for it. As more money is put into the house fixing its problems the value of the house goes up and then when the renovated property is ready to sell, the initial investment can be collected as well as a profit (Lim, 2005).

There is also what is known as blend investor which is simply an investor that looks for a security that is average or one that isn't quite a growth stock yet but not a value stock anymore. Whichever type of investor one chooses to be they all have the same common interest which is to purchase a security low and then sell it high; capital gains.

3.2.4 Cyclical Stocks

When diversifying your portfolio it is important to look at all types of investments including cyclical and non-cyclical stocks. As the name implies these two types of stocks are opposites and the difference relates to necessity and luxury. Cyclical stocks move with the state of the economy and non-cyclical stocks tend not to be affected by recession or expansion(Little, 2004). Companies such as homebuilders or auto companies would do poorly during an economic downturn because people tend to see these items as luxuries. Household non-durable goods such as soap or any other household item would still be purchased because they are necessities. These non-cyclical securities are also known as

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defensive stocks because they produce goods that will always be used such as food, power, and gas.

When purchasing securities for your portfolio it is best to know the state of the economy to avoid buying a type of stock at the wrong time. Cyclical stocks can be considered value stocks because an investor might buy them during a recession and hold onto them until the economy turns around. A combination of both cyclical and non-cyclical stocks can help diversify your portfolio while reducing some market risk.

3.2.5 Speculative Stocks

The stock market at times might be compared to gambling especially when it comes to speculative stocks but it is clear the opposite is true. When someone gambles they do it for the enjoyment of risk whereas speculation is performed because the investor believes that the venture will be a profitable risk.

Speculative stocks are typically new companies that do not offer past earnings records. The chances of these types of investments showing great loss are vast and showing enormous returns are slight. These companies often have promising ideas but they are currently in the development stages. Penny stocks are an example of a speculative stock (Little, 2004).

3.2.6 Market Capitalization

Also known as market value or "market cap," the market capitalization is simply what category, in terms of company value, a security is in which should not be confused with the actual price of the security. There are many different market caps to cover companies at all value levels. Large-caps refer to stocks that have a large market capitalization, typically in the values of $10 Billion or more where small-caps refer to

companies who have values of less than $1 Billion. Between those two market values is the mid-cap category which pertains to stocks that have a value between $10 Billion and $1 Billion. There are even smaller more precise market caps such as micro caps which refer to very small companies that are just starting off whose values are about $250 Million or less. If an investor was interested in finding a company's market value they would take the current stock price and multiply it by the number of shares outstanding (Lim, 2005).

When dealing with large-cap stocks, an investor is looking at larger more stable companies known as blue chip stocks. These stocks are considered to be safer investments but because they carry less risk, they are found to not have large returns. Companies that are just starting out also known as startups are typically in the small and micro- cap range. These companies carry much more risk but can also yield much higher returns over a long period of time. A good example of this would be a small computer company who comes to the table with an idea, this idea could flop sending the company to bankruptcy with the investor sustaining heavy losses or one day it could be a large-cap blue chip stock known as Microsoft making the investor tremendous returns. Small-cap stocks are also more difficult to predict than large-cap. Large-caps are watched by many Wall Street analysts and brokerage firms which makes these companies financial situations known in turn making it very hard to not see where these companies are heading. Small-cap stocks on the other hand have very few people analyzing them which can make it a lot easier for an unsuspecting investor miss various sell signals that would have normally been noticed (Lim, 2005).

When dealing with the market capitalization aspect of a security, it is also important to know that each market value runs in a cycle. Small-cap stocks tend to do well when the economy is heading from a recession to a recovery because they are already a company tying to grow so in most cases will have quicker potential for growth. Large-cap stocks tend to do well when the economy is in expansion mode and when it is showing the first signals of economic troubles because investors will send their money where they feel it will be the safest, large safe blue chip stocks. The trend seems to be that different market-caps trade leading the market with respect to the situation the economy may be in.

3.2.7 Preferred Stock

Preferred stock, also known as preferred shares or preference shares, is a type of issued by some companies in which the holder or investor is entitled to a dividend at a specified rate that is paid before a common stock dividend is paid. Preferred shareholders usually have little or no rights to place votes concerning company affairs and management but in the event of liquidation they must receive their indicated dividends and liquidation payments before any other payments can be meted out.

3.3   Investment Tools
3.3.1 Fundamental Analysis

The value of a company can be determined using fundamental analysis. This analysis involves analyzing financial statements such as the balance sheet and income statement. When choosing stocks an analyst might choose one of two ways a top-down approach or a bottom-up approach. Using the top-down approach an analyst would determine the state of the economy and find a sector that is doing well. Inside this sector they would analyze different securities until they found one that shows positive projected

earnings. Opposite from this strategy is the bottom-up approach, which involves finding a profitable company first amongst an industry. (Faerber, 2000)

There are clearly a number of different ways to choose promising securities but it is always important to look at the state of the economy before purchasing. After a prediction has been made about the economy a good place to start researching individual companies is with the financial statements. The Securities and Exchange Commission files annual reports and 10K reports.

The financial statements of greatest interest could possibly be the balance sheet, income statement, statement of changes in retained earnings and the statement of changes in cash. The balance sheet includes the assets, liabilities and shareholder's equity at a particular point in time. The income statement shows the earnings of a company over a period of time. This statement includes revenues, cost of goods sold and other expenses. The net income is then determined after all of the expenses are deducted from the sales. Net income is shown in the statement of changes to retained earnings and it associates the balance sheet to the income statement. The statement of changes in cash shows the uses of a company's cash over a period of time. The statement tracks the cash from operations, the changes in investing and the ways in which a company was financed. (Faerber, 2000)

3.3.2 Technical Analysis

One of the many strategies for investigating securities is called Technical Analysis. This particular way of examining a stocks behavior uses various graphs and mathematic formulas in order to estimate or predict a stocks behavior. Someone who is experienced with this tool will be able spot various trends and patterns that a stock may be displaying in the form of a graph or chart (Lim, 2005). A very useful tool to make this

job easier is the Moving Average Convergence/Divergence (MACD). This graph takes the difference between two exponential moving averages (EMA), takes the difference of the two and plots the sum which generates a buy, sell or hold indicator for an investor.

A simple moving average (SMA) lags the market and acts as an indicator for an investor. An SMA is found by taking a stock's closing price over an X number of days, adding the figures together and then dividing the sum over the total number of days. When this process is utilized over a period of time it will generate a number of figures that can then be plotted which will produce a graph that lags the movement of that security. This is helpful to an investor because this data combined with other data that will soon be discussed will generate various signals that can help an investor determine his or her next move. It can be seen from the chart below that a 50-day and 200-day moving average are plotted along side of the day's closing prices of a security over 2 years time. By using various types of SMAs, it can be seen that a relatively volatile stock's data can be smoothed out in order to recognize any tends in the security. The data over a shorter period of time will yield a more responsive, sensitive indicator but as that time is lengthened the data yielded will be slower avoiding large spikes (*http://stockcharts.com/school/*).

Figure 3.1 - 50-Day/200-Day SMA of Sun Microsystems

The exponential moving average (EMA) of a security just gives more weight to the most recent data so that there is less lag on the plot which will result in a smoother plot. While the focus is on the most current data the older data will become less noticeable over time but never fully disappear.

The MACD that is most typically used is the difference between the 26-day and 12-day exponential moving average (EMA), of a security. By using the 12-day EMA, the investor will get a sensitive more responsive indicator where as the 26-day EMA will be slower but will help avoid huge spikes seen in a volatile security picked up by the 12-day EMA. These spikes could trigger an investor to buy or sell at which those signals could quickly reverse providing a false signal known as a whipsaw. Plotted alongside the MACD line is a 9-day EMA which will act as a trigger line. This trigger line also known as the "signal line", acts as an indicator and generates buy and sell signals which will be

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discussed later on. Another piece of data found on this chart is the histogram which shows the difference between the MACD and the 9 day EMA. As the MACD rises above the trigger line the histogram will become positive and as it goes below the trigger line the histogram will become negative. By reading these movements the histogram can show false signals for what they really are and protect against the whipsaw effect. An example of a MACD graph has been given below which points out all of these data points.

Figure 3.2 MACD Graphs of Coca Cola Enterprises

The MACD graph can be very helpful exposing buy or sell signals as said before. Some of the buy signals also known as bullish signals are known as positive divergence, bullish average crossover and bullish centerline crossover. Separately these signals are not reliable but using each signal in conjunction with the other can expose a very reliable indication tool. Positive divergence happens when the MACD line shifts to an upward

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momentum while the security is still in a downward direction. The MACD may still be negative but is achieving higher lows while the security itself is hitting lower lows. This signal is not common but is the most reliable of the three signals. A bullish moving average crossover happens when the MACD line crosses the trigger line in the positive direction. This signal is the most common, least reliable signal and should be used with other technical analysis tools to confirm that it is a correct signal. If not used with other indications, moving on this signal could lead to a whipsaw. The final signal is the bullish centerline cross over which happens when the MACD line crosses the centerline into the positive territory. This signal shows that the momentum of the stock has changed from negative to positive but again should be used to confirm positive divergence in order to be sure it is a reliable signal. These signals also work the other way in the bearish direction to generate sell signals for an investor (*http://stockcharts.com/school/*).

The histogram is also a very powerful technical analysis tool but should also be used in conjunction with other tools. It was designed in order to detect when a moving average crossover or centerline crossover would occur. This data represents the difference between the MACD line and the trigger line so it can be seen that it lags them both which makes it a good indicator. The histogram, just as the MACD line, can form positive and negative divergence giving good signals of when a moving average crossover or center line crossover will occur. The histogram is also good because it can help detour an investor in moving on a false signal (*http://stockcharts.com/school/*).

It can be seen how technical analysis, when mastered, can be a very useful tool in determining when or where you might like to invest your money. Some may not mind sitting in front of income statements, balance sheets and reviewing a company's cash

flow but technicians prefer the use of math and charts to pick out trends and patterns in order to obtain the buy/sell information that they desire.

4. Portfolio 1 (Adam White)

4.1 Stock Selection and Analysis

We have all chose to invest in our own ways, the strategy that I am using is a buy and hold technique. From the research that I have conducted, I have found it is safer to have this strategy when you are well diversified. Annual returns from the stock market using the buy and hold strategy can potentially yield 7-10% with a well-diversified portfolio. Someone who feels they can beat the market by day trading would have to be correct 70% of the time in order to retain the earnings of a buy and hold investor. (Faerber, 2000)

In order to diversify myself I have chose to invest in value and growth stocks along with small and large capitalization stocks. I have been researching many different stocks in the market with the use of a stock screener by *Yahoo!* Using the stock screener I have been able to sort through stocks by their P/E ratios, capitalization values and the industry in which they reside. Due to the fact that the economy is headed towards a recession I have been looking at companies in industries that are stable primarily noncyclical. Initially I have chosen 18 different stocks using the $100,000 allotted by my account with *Investopedia*. An example of the fundamental analysis I have been done is shown in my following reports.

One way of analyzing the stock market is the top down approach. This type of analysis looks at the economy as a whole and then determines which industries might be profitable from the current economic standpoint. I used this approach when selecting my stocks. I thought it would be more efficient for me as a first time investor to use the top down approach because it was easier for me to decide upon industries that would do well in the current state of economy than researching individual companies and their projected

earnings going into a recession. The bottom up approach is opposite that of the top down in that individual companies are selected based upon their earnings and projected earnings. The industry that a company is in does not play a role in the selection of stocks.

Analyzing the economy is important in making financial decisions. When the economy is growing people are willing to spend their money because the rate of employment is up. Companies as a result will spend more money due to the increase in sales. They will invest more of their money in real estate and equipment to produce more goods to meet high demands. The current economic situation is in a downward trend. Unemployment rates are high and inflation is also up as a result the stock market is depressed. Knowing the state of the economy will help in the selection of industries that may not be affected by a slowing economy.

Cylindrical industries tend to follow the state of the economy very closely, as the economy falls these companies will see a reduction in sales.(Faerber, 2000) Investing in a cylindrical company such as an automobile manufacturer at a peak in the economy would not be wise because of the risk of a downturn. Currently we are entering a recession, which may not be a good time to invest in a cylindrical company, but if the expansionary period can be predicted high capital returns can be found in such companies.

Due to the current state of the economy it would be best to look into investing in stable industries such as food, beverage and retail companies. Based upon my economic analysis I have chose to invest in industry groups such as beverages, food, medical and health care. I have also looked at the energy sector and alternative energy such as solar because of the effect carbon is having on our climate.

4.1.1   *Company Profiles*

Anheuser-Busch Companies, Inc.
NYSE: BUD
Sector: Consumer/Non-Cyclical

Anheuser-Busch Companies, Inc. is the holding company of Anheuser-Busch, Incorporated; a beer brewer. This company primarily produces domestic beer which contributes 75% of net sales. Almost all of their sales are made here in the United States. The company produces beer under many different brand names which they distribute and sell. Budweiser, Bud Light, Budweiser Select and Bud Ice are the primary brand names sold in the US.

The company has a current market capitalization of $43.58B putting it in the large capitalization category of my stock selection. There is a price/book value of 13.21. The company's return on equity is 60.54%. The current ratio is 0.89 showing their current liabilities are not completely covered by their current assets. The P/E ratio for this company is 21.59, which I consider to be a value stock. (http://finance.google.com/finance?q=bud&hl=en)

Figure 4.1 - Anheuser-Busch Technical Chart

BUD experienced a crossover generating a buy signal at the end of May according to the simple moving average. This would have been an ideal time to buy this stock but I waited until June 6. At this time the Relative Strength Index (RSI) showed the stock was being over bought. The stock has yet to show signs of consolidation it has been oscillating around 70. There was a bearish crossover on June 23 but I decided to hold onto the stock, as of July 11 the MACD line crossed back over the 9-day EMA so I might still see more growth from this security.

General Mills Inc.
NYSE: GIS
Sector: Consumer/Non-Cyclical

General Mills is a manufacturer of consumer foods operating in the consumer foods industry. They primarily sell their goods in U.S. grocery stores and other retailers. Their biggest market is ready-to-eat cereals and other meals. They also have a Bakeries and Foodservice segment that in marketed throughout the U.S. The company currently manufactures food in the United States for export to other nations such as the Latin American markets.

General Mills is a large-cap company with a value of $21.01B.The price/book value is 3.52.The return on Equity is 20.68%.The current ratio is 0.64, which is low for its sector and industry. The P/E ratio is 17.59, low enough for me to consider it a value stock. (http://finance.google.com/finance?q=gis&hl=en)

Figure 4.2 - General Mills Technical Chart

This chart shows that I bought General Mills stock at the wrong time. Both the MACD and ROC Oscillators show negative divergence. It looks as though if I trade this stock on July 14, I will be able to make profit from it without further risking a downfall. I will continue to watch General Mills because food companies tend to do better during a recession.

Par Pharmaceutical Companies, Inc.
NYSE: PRX
Sector: Healthcare

Par Pharmaceutical Companies is in the business of manufacturing and distributing generic and branded drugs in the U.S. The generic segment has products representing 80 different drugs. The company markets branded drugs in order to create an association between the drug and the uses of that drug. This company develops and manufactures some of its own drugs along with having alliances with other chemical and pharmaceutical companies. The company is focusing on the commercialization of a drug called Megace ES. This drug is to help with the weight loss of AIDS patients.

The company has a current market capitalization of $577.04M making it a small cap company for my portfolio. There is a price/book value of 1.03, which is low for its industry. The company's return on equity is 2.66%, an average return for its sector. The current ratio is 1.69; this is a strong number for the size of the company. The P/E ratio for this company is 46.93. (http://finance.google.com/finance?q=prx&hl=en)

Figure 4.3 - Par Pharmaceutical Technical Chart

This stock should not have been purchased according to the Chaikin Money Flow

chart. The CMF shows that it was bearish at the time of purchase and it has continued to

follow this trend. At the time of purchase the MACD oscillator crosses over below zero indicating a sell not a buy. If I had done more technical analysis I would not have bought stock in Par Pharmaceutical.

Newell Rubbermaid Inc.
NYSE: NWL
Sector: Consumer/Non-Cyclical

Newell Rubbermaid is a global marketer of consumer and commercial products. Their products consist of cleaning, organization and décor, office products, tools and hardware, and home and family. They sell their consumer products primarily under the names, Rubbermaid, Roughnech, Brute and TakeAlongs. They sell their products in home centers, grocery stores and other distributers. Their office products consist of markers, art products and everyday writing utensils. Some of their trademarks include Sharpie, Paper Mate, Uni-Ball and many others. These products are sold directly to office supply distributors.

The market capitalization of this company is $5.14B. They have a price/book value of 2.36. The return on equity is 22.76%. The current ratio is 1.35. The P/E ratio is 11.26, which makes this a value investment for my portfolio. (http://finance.google.com/finance?q=nwl&hl=en)

Figure 4.4 -Newell Rubbermaid Technical Chart

This is another stock that I should not have purchased. There was not a strong

enough signal to buy. Both the CMF and the ROC showed slight crossovers but there was

a general downward trend that should have been paid closer attention along with the MACD, which was well below zero indicating it, was being over sold.

PetroChina Company Limited
NYSE: PTR
Sector: Energy

PetroChina Company Limited is one of the largest oil and gas producer and distributor in the world. This company is engaged in many different areas of the energy industry including exploration, refining, transporting, storing and marketing. Most of the production of their reserves resides in China. The proved oil reserves of this company at the end of 2007 included over 11 million barrels and over 57 billion cubic feet of natural gas. In order to continue expanding PetroChina has been constructing or renovating more refining projects. In 2007 alone they worked on 18 renovation projects.

The earnings per share of PetroChina have increased from 0.36 in 2005 to 0.44 in 2007 showing a strong increase in earnings. The market capitalization of this company is $234.41B. The price to book ratio is 2.20 and the return on equity average over the past five years is 25.13. The current ratio is 1.17 and the price to earnings ratio is 11.10. (http://finance.google.com/finance?q=ptr&hl=en)

Figure 4.5 - Petrochina Technical Chart

According to the MACD oscillator this stock was not purchased at a good time.

There was a centerline crossover that signaled a sell not a buy. This seemed to be a strong

signal because of the trend that followed. The CMF also indicated that the stock had too much accumulation at the time of purchase. This accumulation has begun to decline since the time of purchase so it is possible it will crossover the centerline soon making it a good time to sell.

USANA Health Sciences Inc.
NYSE: USNA
Sector: Consumer/Non-Cyclical

USANA develops and manufactures nutritional and personal care products. This company has two strategies that include direct selling and contract manufacturing. They sell products relating to nutritional supplements and skin care products. They sell their products directly to consumers along with distributors they call associates. Their distributors account for the majority of sales while their loyal preferred consumers make up 13% of net sales. USANA promotes itself by saying, health is the most important thing you have and their products should be at the top of your grocery list. Their business strategy seems to get their consumers involved in the business by letting them become dealers. USANA is operating in thirteen different markets around the world including the United Kingdom, Japan, Canada, Hong Kong and the United States.

The market capitalization for USANA is $441.12M; they have a price to book value of 8.86. The company's five-year average return on equity is 79.39. The current ratio for this stock is 1.35 and the P/E ratio is 10.78. (http://finance.google.com/finance?q=usna&hl=en)

Figure 4.6 - USNA Technical Chart

This stock was bought at an optimal time. The MACD oscillator showed it was

trading above its previous low and USNA was trading below its previous reaction low.

There was also a centerline crossover in both the MACD and ROC oscillators creating a buy signal. A third signal was the CMF crossing over the centerline. This stock has done well since it was purchased and I will continue to hold.

Cresud Inc.
NASDAQ: CRESY
Sector: Consumer/Non-Cyclical

Cresud is an Argentine-based company that is in the business of agriculture. They are raising cows for the production of milk and beef along with producing crops. The company also leases a large portion of its land for beef and crop production. They are invested in the Argentine real estate business by holding 34.4% of Inversiones y Representaciones. This company is mainly involved in the production of wheat, corn, soybean and sunflower. The production of cattle includes breeding and fattening of its own cattle along with cattle that is bought and sold at supermarkets. Much of its cattle also go to the production of milk where 3,300 cows are milked per day.

Cresud has a market capitalization of $744.14M which is small for my portfolio. The price to book ratio is 1.29, which is average for the industry. The average return on equity over the past five years is 8.27 and the current ratio is 3.39. (http://finance.google.com/finance?q=cresy&hl=en)

Figure 4.7 - Cresud Technical Chart

The only trend I can see in this stock is downward. Cresud was not purchased at a good time and I was forced to sell it at a loss.

SunPower Corp.
NASDAQ: SPWR
Sector: Technology

SunPower is a company that designs, manufactures and markets solar electric power technologies. They have recently acquired two other solar power companies, PowerLight and Solar Solutions. The company has two aspects, the components segment and the systems segment. The component segment includes products such as solar cells, solar panels and inverters. The company sells these components to installers and resellers on both the residential and commercial scale. They are currently producing 214 megawatts per year through their factories in the Philippines and third party manufacturers in China. The systems segment includes the sale of their products directly to the consumer. They are involving in the installation process, which would include development, engineering, retaining permits and as far as finding available financing. Their contracts include consumers from residential to commercial to government. The systems they sell are all inclusive so the consumer will not have to worry about additional component that might track the sun or monitor the energy being produced. They currently have many competitors in their market including BP Solar, Evergreen Solar, Kyocera and many more.

The market capitalization for SunPower is $5.64B. The price to book ratio is 6.76 and the return on equity is 2.69. The current ratio is 2.67 and the price to earnings ratio is 299.64 making it highly overvalued. (http://finance.google.com/finance?q=spwr&hl=en)

Figure 4.8 - SunPower Technical Chart

This stock was purchased during a period where investors started distributing

their shares according to CMF. June 26 would have been a good time for me to sell this

stock but I have waited in order for me to recoup some of my losses.

Skilled Healthcare Group Inc.
NYSE: SKH
Sector: Healthcare

Skilled Healthcare provides health services through its nursing facilities and rehabilitation centers. This company was incorporated three years ago and owns 69% of its facilities. They are mainly located in the western portion of the United States. They focus their business in large urban areas. The company is divided into two segments, long-term care and ancillary services. The long-term care facilities are focused toward individuals who need some assistance but are not in the need of a skilled nursing home. The ancillary services they provide include physical, occupational and speech therapy. They help both the terminally ill and their families with education and counseling.

The market capitalization for Skilled Healthcare is $497.41M. The price to book value is 1.30 and the current ratio is 1.82. The price to earnings ratio is 30.98, which is high enough that I considered it to be a growth stock for my portfolio. (http://finance.google.com/finance?q=skh&hl=en)

Figure 4.9 - Skilled Healthcare Technical Chart

Skilled Healthcare had a buy signal in the moving average less than a month

before it was purchased. It would have been more to my advantage if it had been bought

sooner.

Peet's Coffee and Tea Inc.
NASDAQ: PEET
Sector: Consumer/Non-Cyclical

Peet's markets specialty coffee through grocery stores, home delivery, office, restaurants and food service accounts. They are currently operating 166 retail stores in which people can go to order their specialty coffee and staff members are on hand to assist with questions such as the origin of the bean and also to grind the beans to the customers' specification. They operate in two segments, retail and specialty sales. The company has been expanding the number of retailers. They offer services such as shelving the product and rotating old bags out for fresh new bags. The company delivers to residential customers who order their product online. They offer customer support and other options to assist the customer in choosing a product. Loyalty is important to Peet's so they offer a Peetnik Loyalty Program to customers that buy their product on a regular basis. They also offer a delivery schedule so that orders are delivered on a consistent basis according to the consumers needs.

Peet's market capitalization is $276.82M. The price to book value is 1.84 and the average return on equity over the past five years is 7.14. The current ratio is 2.51 and the price to earnings ratio is 31.13. (http://finance.google.com/finance?q=peet&hl=en)
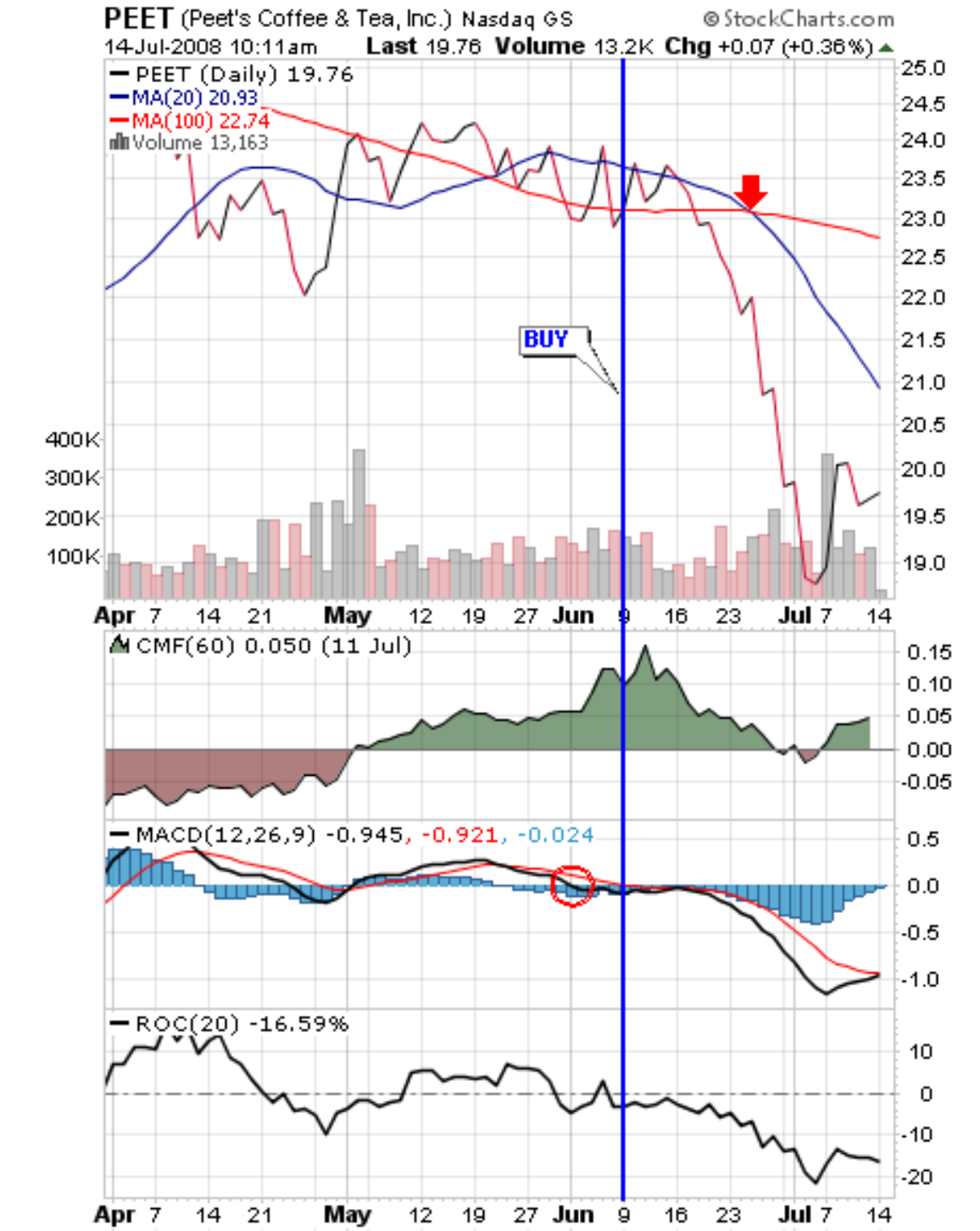
Figure 4.10 - Peet's Coffee Technical Chart

Peet's coffee was purchased when the MACD signaled for a sell with a bearish

crossover. The CMF was showing that this stock had been accumulating for over a month

before the day of purchase. The simple moving average signaled for a sell on June 25, I would have been wise to sell at this point.

ICF International, Inc.
NASDAQ: ICFI
Sector: Services

ICF International provides services to the government as a consultant. They specialize in improving economic, social, and national security issues. They currently work on projects involving energy and climate change, environment and infrastructure, health and homeland security and defense. Their project services include advisory, implementation and evaluation and improvement services. ICF International has over 230 climate change specialists to provide public and private sector solutions. They provide defense services such as logistics, finance, planning, and policy development. This company provides tools such as strategy, analysis, advisory services and implementation to energy companies in the Americas, Europe, and Asia. ICF International was ranked by the Washington Business Journal as the second largest environmental consultant in Washington D.C. They provide services that strive to improve the quality of life by taking on society's largest issues.

The market capitalization of ICF International is $261.82M. The price to book ratio is 1.57 and the return on equity is 29.10. The current ratio is 1.23 and the price to earnings ratio is 6.74 making this a value investment for my portfolio. (http://finance.google.com/finance?q=icfi&hl=en)

Figure 4.11 - ICF International Technical Chart

ICF International formed positive divergence in early July. ICFI has continued to

trade below its previous low and MACD is trending upward. I probably bought this stock

a little too early but overall it was a good investment.

Dynacq Healthcare, Inc.
NASDAQ: DYII
Sector: Healthcare

Dynacq Healthcare develops and manages hospitals that provide specialized surgeries. These surgeries include bariatric, orthopedic and neuro spine surgeries. Their hospitals are specialized and include operating rooms, pre- and post-operative space, intensive care units, nursing units, and diagnostic facilities. Most of the surgeries that are done by Dynacq are covered by workers' compensation insurance or by commercial insurers. The surgeries performed are pre-certified by the insurance companies; as a result their per-procedure revenue is higher than other hospitals.

The market capitalization of Dynacq Healthcare is $98.88M, which is a small cap stock. The price to book ratio is 1.47 and the return on equity is 19.09. The current ratio is 3.446 and the price to earnings ratio for this stock is 6.38. (http://finance.google.com/finance?q=dyii&hl=en)

Figure 4.12 - Dynacq International Technical Chart

I purchased Dynacq during a bullish crossover in MACD but according to the CMF investors were accumulating this stock. The negative divergence that began to form

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in MACD forced me to sell this stock.

Genzyme Corp.
NASDAQ: GENZ
Sector: Healthcare

Genzyme is a leader in biotechnology with over 10,000 employees located all over the world. They work to help people with debilitating diseases through a number of breakthrough treatments. Their products help patients in over 90 countries around the world. They have headquarters in Cambridge Massachusetts where they continue to improve existing therapies and treatments. They focus on six different types of medicine, Lysosomal Storage Disorders, Renal Disease, Orthopedics / Biosurgical specialties, Transplant and Immune Diseases, Oncology and Genetics.

The market capitalization of Genzyme is $19.37B. The price to book ratio is 2.79 and the return on equity is 7.25%. The current ratio is 1.88 and the price to earnings ratio is 43.05. (http://finance.google.com/finance?q=genz&hl=en)

Figure 4.13 - Genzyme Technical Chart

Early in June, MACD formed positive divergence for Genzyme. GENZ was

trading below previous lows and MACD was trending upward. MACD did not actually

crossover the centerline until late June showing a strong buy signal. I have sold these stocks after I began to see a downturn in MACD.

Wimm-Bill-Dann Foods
NASDAQ: WBD
Sector: Consumer/Non-Cyclical

Wimm-Bill-Dann Foods manufactures food products in Russia. This company primarily markets dairy products, baby food, juices, water, nectars, and still drinks. The dairy products include pasteurized milk, butter and cream, and sour milk products. They also market beverage products such as juice drinks and bottled water. They sell their products through distributors, wholesalers, supermarkets and grocery stores.

The market capitalization for Wimm-Bill-Dann Foods is $4.40B. The price to book ratio is 6.00 and the return on equity is 23.39. The current ratio is 1.21 and the price to earnings ratio is 29.33. (http://finance.google.com/finance?q=wbd&hl=en)

Figure 4.14 - Wimm-Bill-Dann Foods Technical Chart

Wimm-Bill-Dann Foods was forming negative divergence before it was bought a

strong signal that it was purchased at a bad time. MACD also crossed over the centerline

soon after it was purchased. There were other signals to sell in the simple moving average and the CMF so this stock was sold for a loss.

Morgan Stanley Municipal Premium Income Trust
NYSE: PIA
Sector: Financial

This premium income trust is a diversified, closed-end management investment company. The investments it takes part in are tax exempt. The portfolio of which it is comprised of contains educational facilities, electricity, hospital, multifamily mortgage, single-family mortgage, public facilities and transportation. The market capitalization of this income trust is $137.86M, making it small capitalization investment for my portfolio. (http://finance.google.com/finance?q=pia&hl=en)
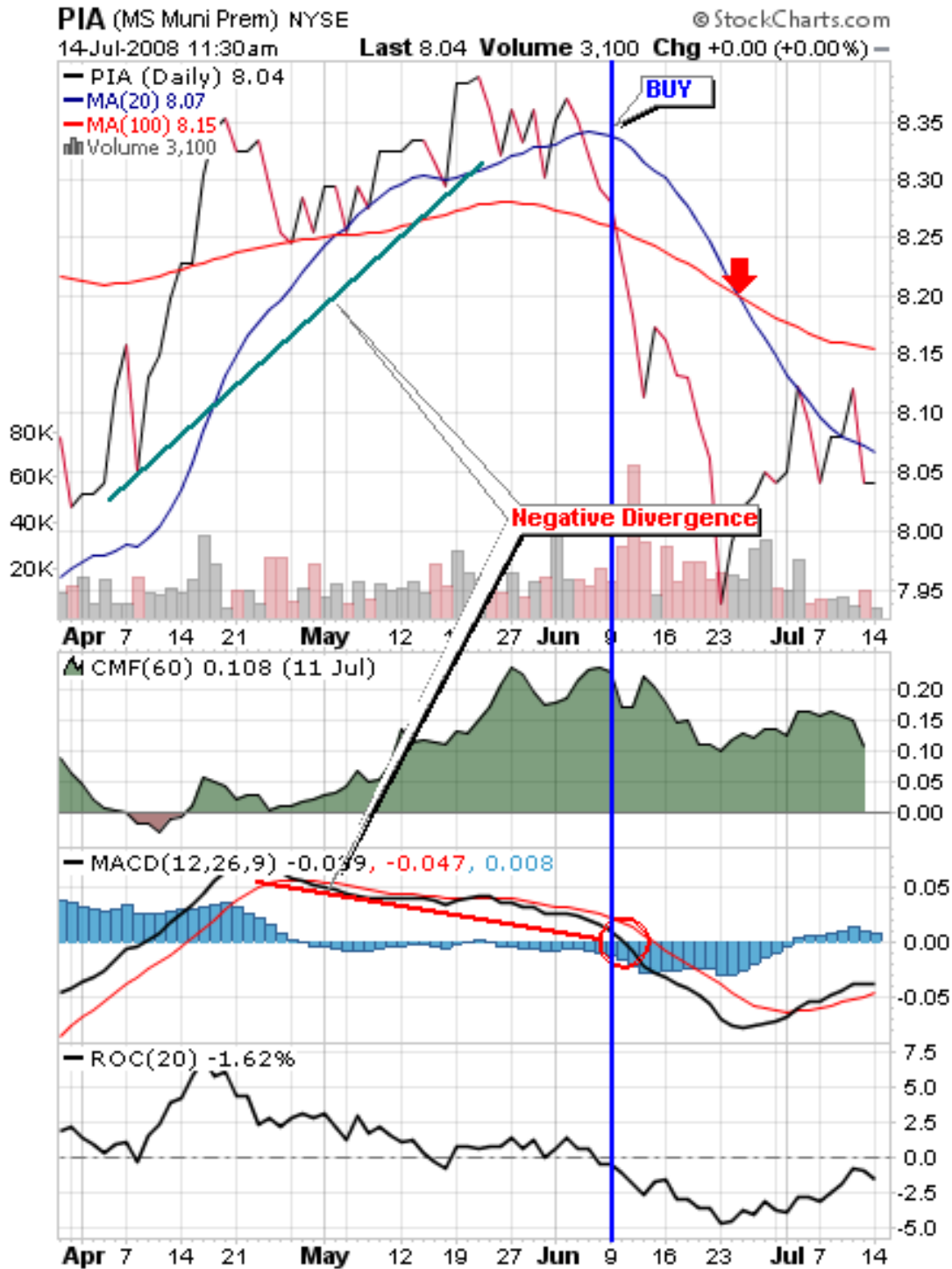
Figure 4.15 - Morgan Stanley Municipal Technical Chart

For Morgan Stanley, the MACD was showing negative divergence before it was

purchased. There was a sell signal in MACD as it crossed over the centerline soon after it

was purchased. Not long after the MACD sell signal the simple moving average also signaled for a sell.

Coca-Cola Bottling Co.
NYSE: COKE
Sector: Consumer/Non-Cyclical

Coca-Cola Bottling Co. manufactures markets and distributes products of the Coca-Cola Company. The Coca-Cola Company owns 27.2% of the bottling company. They produce sparkling beverage products, which accounts for the majority of their sales and also noncarbonated products such as PowerAde and Minute Maid. They also distribute other products such as Cinnabon Premium Coffee. The bottling company packages their products mainly in plastic bottles and aluminum cans but they also distribute fountain products to restaurants. The area of distribution is located in southern US in states such as North Carolina, South Carolina and West Virginia.

The market capitalization for Coca-Cola Bottling Co. is $307.67M. The price to book ratio is 2.70 and the return on equity is 10.32. The current ratio is 1.17 and the price to earnings ratio is 28.31. (http://finance.google.com/finance?q=coke&hl=en)

Figure 4.16 - Coca-Cola Bottling Technical Chart

Before the date of purchase COKE was showing signals to sell in both the MACD

and the CMF oscillators. After the centerline crossover in MACD the stock has continued

to trend downward and was sold for a loss.

Suntech Power Holdings Co Ltd.
NYSE: STP
Sector: Utilities

Suntech Power is a solar energy company that designs, develops, manufactures and markets photovoltaic cells and modules. These modules are used in both commercial and residential applications in various markets. They market their products in the US, Germany, China, Japan, Italy and South Korea. Their cells have reached efficiencies of over 16%, using a new technology the company hopes to manufacture cells that produce between 18% and 19% efficiency. The modules they produce are used in both on and off grid power generation. These modules can produce up to 240 watts in power, which Suntech hopes to increase in the near future.

The market capitalization of Suntech Power is $5.32B. The price to book ratio is 5.52 and the return on equity is 24.31. The current ratio is 3.12 and the price to earnings ratio for this stock is 29.34. (http://finance.google.com/finance?q=stp&hl=en)

Figure 4.17 - Suntech Power Technical Chart

Suntech Power showed signals to sell, as both the MACD and the CMF crossed

over the centerline, not long before it was purchased. This was another stock that was

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purchased at the wrong time and was sold for a loss.

Seneca Foods Corp.
NASDAQ: SENEB
Sector: Consumer/Non-Cyclical

Seneca Foods is in the business of food processing operations. The primary segment they market in is the processing and sale of fruits and vegetables. Their vegetable processing department accounts for 80% of the food operation, and the fruit processing accounts for 19% of Seneca's food operation. Their products are sold under the branded name Libby's canned fruit and vegetable products. This company divides the US into four major marketing sections: Eastern, Southern, Northwestern and Southwestern. They have production plants in states with major vegetable production and fruit production.

The market capitalization for Seneca Foods is $161.31M. The price to book ratio is 0.77 and the return on equity is 2.41. The current ratio is 4.21 and the price to earnings ratio for this stock is 32.46. (http://finance.google.com/finance?q=seneb&hl=en)

Figure 4.18 - Seneca Foods Technical Chart

Seneca Foods was purchased soon after a bullish crossover in MACD. CMF was

showing a downward trend after a centerline crossover and it appears to be showing

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evidence of distribution as this oscillator deteriorates. I took the centerline crossover in

MACD to be a sell signal because stockholders were distributing their shares of SENEB

James River Coal Co.
NASDAQ: JRCC
Sector: Energy

James River Coal mines, processes and sells coal in eastern Kentucky and in southern Indiana. This company has 15 underground mines, 11 surface mines and 10 preparation plants. They use integrated rail load out and other common load out facilities. In 2007 the company produced 11.2 million tons of coal and purchased another 880,000 tons for resale. The majority of the sales are generated from coal sales to electric utility companies. Georgia Power Company and South Carolina Public Service Authority were its largest customers in 2007.

The market capitalization for James River Coal is $1.11B. The price to book ratio is 10.75 and the return on equity is -68.93. The current ratio is 1.14. (http://finance.google.com/finance?q=jrcc&hl=en)

Figure 4.19 - James River Coal Technical Chart

James River Coal seems to be trending strongly upward. There was a bullish crossover in MACD a few days before it was purchased.

4.2	*WEEK 1 (6/2/2008 – 6/13/2008)*

4.2.1	*Stocks Researched*

This is my first week of the stock market simulation. I have researched a number of stocks with respect to my investment style; the table in this section summarizes my actions for the week.

While researching stocks my goal is to find different stocks that will fit into large and small capitalization categories along with value and growth stocks. With the use of the Yahoo! Stock screener I was able to find a number of stocks to fit my criteria. Anheuser-Busch (BUD) is a company that fits well into a large-cap, value stock. BUD resides in a non-cyclical sector, a sector that should resist the effects of a threatening recession. I researched General Mills (GIS) for the same reasons I researched BUD, it is a large-cap, value, non-cyclical security. Par Pharmaceutical (PRX) resides in the health care sector and I looked into it because it is a small-cap, growth stock. Newell Rubbermaid (NWL) is another large-cap, value stock that was researched for my portfolio.

With the rising energy costs I thought it would be a good idea to invest in an energy company so I looked into PetroChina (PTR), one of the largest energy companies in China. PTR was also researched because it is a large-cap, value stock. I also looked into another non-cyclical company, USANA Health Science (USNA), which resides in the small-cap value portion of my portfolio. This week I have filled in a good portion of my large-cap value section of my portfolio, but I need to focus on the large-cap growth portion in order to diversify myself well enough to avoid large amounts of volatility in the market.

I am looking for small-cap growth stocks and Cresud (CRESY) is a non-cyclical company that fits into this part of my portfolio. In order to keep up with current trends I have looked into SunPower (SPWR) a technology company that designs photovoltaics and fits into my large-cap growth category. I am also interested in the healthcare sector because older generations are living longer than ever and they will be in need healthcare. Skilled Healthcare (SKH) is in the business of healthcare facilities and fits into the small-cap growth portion of my portfolio. I also looked into companies that are a part of people's everyday lives such as coffee companies. Peet's Coffee and Tea (PEET) filled my small-cap growth portion. I thought companies that hold government contracts would do well even going into a recession so I looked at ICF International (ICFI). This company offers a wide variety of consulting services for the government and they fit into my small-cap value section. Another healthcare company I looked into, Dynacq Healthcare is considered to be small-cap value stock. Biotechnology is another industry that seems to be exploding in the 21st century so I looked into a Massachusetts based company, Genzyme, which falls into the large-cap growth portion of my portfolio. I tried to think of other necessities in our society's everyday lives and of course the food processing industry falls into that category. Wimm-Bill-Dann Foods is a non-cyclical company that falls into the large-cap growth portion of my portfolio. The financial sector has not been doing so well do to the sub-prime crisis but I decided to invest in a financial trust that is involved in non-cyclical investments. Morgan Stanley Municipal Trust (PIA) falls into the small-cap value portion of my portfolio. The beverage industry seems to be resistant to a falling economy so I looked into Coca Cola Bottling Company (COKE). This non-cyclical company is a part of small-cap growth companies that will help me diversify.

The use of electricity seems to be increasing every year so I thought the investment into electric utilities would be a smart investment. Suntech Power is a large-cap growth company that seems to be very innovative in their business strategy. Another small-cap value stock I found, Seneca Foods, was part of the food processing industry. Later on in the week I decided I should invest more into energy so I found James River Coal Company, which is a small-cap value stock in the coal industry.

4.2.2   *Course of Action*

After developing a course of action for investing and then researching my stocks, this week I purchased several stocks for my portfolio. These stocks include Anheuser-Busch, General Mills, Newell Rubbermaid, PetroChina, USANA Health Science and Par Pharmaceutical, Cresud, SunPower, Skilled Healthcare, Peet's Coffee and Tea, ICF International, Dynacq Healthcare, Genzyme, Wimm-Bill-Dann Foods, Morgan Stanley Municipal Trust, Coca Cola Bottling Company, Suntech Power, Seneca Foods, James River Coal. The stocks and their purchase prices are shown below in the table.

Date	Symbol	Buy/Sell	Price ($)	Shares	Net Cost/Proceeds ($)	Profit/Loss ($)	Total Cash ($)
6/1/08	Interest	n/a	n/a	n/a	98.36	98.36	100,098.4
6/6/08	BUD	BUY	57.41	100	5,760.99	n/a	94,337.41
6/6/08	GIS	BUY	62.61	100	6,280.99	n/a	88,056.42
6/6/08	PRX	BUY	16.97	100	1,716.99	n/a	86,339.43
6/6/08	NWL	BUY	19.54	100	1,973.99	n/a	84,365.44
6/6/08	PTR	BUY	138.38	100	13,857.99	n/a	70,507.45
6/6/08	USNA	BUY	24.85	100	2,504.99	n/a	68,002.46
6/9/08	CRESY	BUY	15.43	100	1,562.99	n/a	66,439.47
6/9/08	SPWR	BUY	80.05	100	8,024.99	n/a	58,414.48
6/9/08	SKH	BUY	13.32	100	1,351.99	n/a	57,062.49
6/9/08	PEET	BUY	23.01	100	2,320.99	n/a	54,741.5
6/9/08	ICFI	BUY	17.74	100	1,793.99	n/a	52,947.51
6/9/08	DYII	BUY	6.15	100	634.99	n/a	52,312.52
6/9/08	GENZ	BUY	67.82	100	6,801.99	n/a	45,510.53
6/9/08	WBD	BUY	125.00	100	12,519.99	n/a	32,990.54
6/9/08	PIA	BUY	8.33	100	852.99	n/a	32,137.55
6/9/08	COKE	BUY	46.10	100	4,629.99	n/a	27,507.56
6/9/08	STP	BUY	40.79	100	4,098.99	n/a	23,408.57
6/9/08	SENEB	BUY	21.45	100	2,164.99	n/a	21,243.58
6/12/08	JRCC	BUY	47.13	100	4,732.99	n/a	16,510.59

Table 4.2.2.1 – Week 1 Action

4.2.3   Results

The result at the end of this week was a loss of $311.64. All of the profits or losses are calculated using Friday's closing prices compared to the purchased price. My biggest loser was PetroChina with a loss of $839. The results are shown in the table below.

Date	Symbol	Price ($)	Profit/Loss ($)	Total Profit ($)
6/13/08	BUD	61.12	371.00	469.36
6/13/08	GIS	62.27	-34.00	435.36
6/13/08	PRX	16.71	-26.00	409.36
6/13/08	NWL	19.17	-37.00	372.36
6/13/08	PTR	129.99	-839.00	-466.64
6/13/08	USNA	25.97	112.00	-354.64
6/13/08	CRESY	15.29	-14.00	-368.64
6/13/08	SPWR	77.75	-230.00	-598.64
6/13/08	SKH	13.66	34.00	-564.64
6/13/08	PEET	23.69	68.00	-496.64
6/13/08	ICFI	17.00	-74.00	-570.64
6/13/08	DYII	7.00	85.00	-485.64
6/13/08	GENZ	68.74	92.00	-393.64
6/13/08	WBD	125.46	46.00	-347.64
6/13/08	PIA	8.13	-20.00	-367.64
6/13/08	COKE	45.09	-101.00	-468.64
6/13/08	STP	41.10	31.00	-437.64
6/13/08	SENEB	21.20	-25.00	-462.64
6/13/08	JRCC	48.64	151.00	-311.64

Table 4.2.3.1 – Week 2 Course of Action

4.3   WEEK 2 (6/16/2008 – 6/20/2008)

4.3.1   Stocks Researched

This week I did not research any stocks I wanted to see if my strategy of buy and hold would be profitable.

4.3.2   Course of Action

The course of action this week was to wait and see how my existing portfolio would perform.

4.3.3   Results

This week showed some signs that my portfolio would be profitable. My biggest gainer was James River Coal with a profit this week of $1,283 from when it was purchased. I am still seeing a loss this week of $275.64 but this loss is not as great as last weeks. The table below shows the performance of each stock.

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Date	Symbol	Price ($)	Profit/Loss ($)	Total Profit ($)
6/20/08	BUD	60.67	326.00	-356.64
6/20/08	GIS	62.58	-3.00	-325.64
6/20/08	PRX	16.28	-69.00	-368.64
6/20/08	NWL	18.16	-138.00	-469.64
6/20/08	PTR	133.48	-490.00	-120.64
6/20/08	USNA	28.34	349.00	116.36
6/20/08	CRESY	15.05	-38.00	92.36
6/20/08	SPWR	81.36	131.00	453.36
6/20/08	SKH	13.12	-20.00	399.36
6/20/08	PEET	22.54	-47.00	284.36
6/20/08	ICFI	16.55	-119.00	239.36
6/20/08	DYII	6.79	64.00	218.36
6/20/08	GENZ	68.92	110.00	236.36
6/20/08	WBD	111.07	-1,393.00	-1,202.64
6/20/08	PIA	8.02	-31.00	-1,213.64
6/20/08	COKE	42.24	-386.00	-1,498.64
6/20/08	STP	41.31	52.00	-1,477.64
6/20/08	SENEB	21.90	45.00	-1,407.64
6/20/08	JRCC	59.96	1,283.00	-275.64

Table 4.3.3.1 – Week 2 Results

4.4   WEEK 3 (6/23/2008 – 6/27/2008)

4.4.1   Stocks Researched

Continuing with the buy and hold strategy no stocks were researched this week.

4.4.2   Course of Action

I resisted making any action this week in hopes that my portfolio would perform do to its diversified nature.

4.4.3   Results

This week I am seeing tremendous losses in my portfolio. This week showed a loss of $3,658.39. I only had six stocks that showed any gain this week, BUD, USNA, DYII, GENZ, SENEB and JRCC. Morgan Stanley Municipal trust did pay out a small dividend but otherwise this week was almost a total loss. The performance of this week is

shown in the table below.

Date	Symbol	Price ($)	Profit/Loss ($)	Total Profit ($)
6/27/08	BUD	62.26	485.00	-116.64
6/27/08	GIS	59.45	-316.00	-429.64
6/27/08	PRX	16.08	-89.00	-449.64
6/27/08	NWL	16.98	-256.00	-567.64
6/27/08	PTR	127.94	-1,044.00	-1,121.64
6/27/08	USNA	26.05	120.00	-1,350.64
6/27/08	CRESY	14.48	-95.00	-1,407.64
6/27/08	SPWR	72.71	-734.00	-2,272.64
6/27/08	SKH	13.23	-9.00	-2,261.64
6/27/08	PEET	20.93	-208.00	-2,422.64
6/27/08	ICFI	16.48	-126.00	-2,429.64
6/27/08	DYII	6.30	15.00	-2,478.64
6/27/08	GENZ	72.55	473.00	-2,115.64
6/27/08	WBD	108.93	-1,607.00	-2,329.64
6/27/08	PIA	8.01	-32.00	-2,330.64
6/27/08	COKE	38.89	-721.00	-2,665.64
6/27/08	STP	36.53	-426.00	-3,143.64
6/27/08	SENEB	21.77	32.00	-3,156.64
6/27/08	JRCC	54.83	770.00	-3,669.64
6/27/08	PIA	7.88	11.25	-3,658.39

Table 4.4.3.1 – Week 3 Results

4.5   WEEK 4 (6/30/2008 – 7/3/2008)

4.5.1   Stocks Researched

No stocks were researched this week in hopes my portfolio would turn around and start profiting.

4.5.2   Course of Action

I did not take any action this week in order to stay consistent in my buy and hold strategy.

4.5.3   Results

The results of this week's performance are not good; there was a total loss of $8,405.94. This week would probably have been a good time to either unload some stocks or at least use some of my left over cash to buy some more stock. I earned $81.45 in interest from the cash, which I have held onto. The performance of each stock is shown

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below.

Date	Symbol	Buy/Sell	Price ($)	Profit/Loss ($)	Total Cash ($)	Total Profit ($)
7/3/08	BUD	n/a	61.67	426.00	n/a	-3,717.39
7/3/08	GIS	n/a	60.32	-229.00	n/a	-3,630.39
7/3/08	PRX	n/a	15.81	-116.00	n/a	-3,657.39
7/3/08	NWL	n/a	16.14	-340.00	n/a	-3,741.39
7/3/08	PTR	n/a	123.89	-1,449.00	n/a	-4,146.39
7/3/08	USNA	n/a	26.41	156.00	n/a	-4,110.39
7/3/08	CRESY	n/a	13.76	-167.00	n/a	-4,182.39
7/3/08	SPWR	n/a	64.32	-1573.00	n/a	-5,021.39
7/3/08	SKH	n/a	13.15	-17.00	n/a	-5,029.39
7/3/08	PEET	n/a	18.79	-422.00	n/a	-5,243.39
7/3/08	ICFI	n/a	15.66	-208.00	n/a	-5,325.39
7/3/08	DYII	n/a	6.10	-5.00	n/a	-5,345.39
7/3/08	GENZ	n/a	73.03	521.00	n/a	-5,297.39
7/3/08	WBD	n/a	95.45	-2,955.00	n/a	-6,645.39
7/3/08	PIA	n/a	8.05	-28.00	n/a	-6,641.39
7/3/08	COKE	n/a	33.65	-1245.00	n/a	-7,165.39
7/3/08	STP	n/a	34.51	-628.00	n/a	-7,367.39
7/3/08	SENEB	n/a	21.25	-20.00	n/a	-7,419.39
7/3/08	JRCC	n/a	44.15	-298.00	n/a	-8,487.39
7/3/08	INTEREST	n/a	n/a	81.45	16,603.29	-8,405.94

Table 4.5.3.1 – Week 4 Results

4.6   WEEK 5 (7/7/2008 – 7/11/2008)

4.6.1   Stocks Researched

After the past week's performance I decided to look in to some additional stocks. Johnson & Johnson (JNJ) is a large-cap value stock that is part of the Healthcare sector. I thought that JNJ would be a good investment because they sell many products that our society will continue to use even through a recession. I also thought it would be a good idea to invest in more energy stock so I looked into Schlumberger Limited (SLB). SLB is a large-cap value stock that is in the industry of oil well services.

4.6.2   Course of Action

This week's course of action was the purchase of two additional stocks, JNJ and

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SLB. The rest of my portfolio will be held onto for the time being. The result of this week's action is shown in the table below.

Date	Symbol	Buy/Sell	Price ($)	Shares	Net Cost/Proceeds ($)	Profit/Loss ($)	Total Cash ($)	Total Profit ($)
7/7/08	JNJ	BUY	65.43	100	6,562.99	n/a	10,040.3	n/a
7/7/08	SLB	BUY	99.00	100	9,919.99	n/a	120.31	n/a

Table 4.6.2.1 – Week 5 Course of Action

4.6.3   Results

This week has made considerable improvement from the previous few weeks. I have regained some faith in the buy and hold strategy but I still think it might be time to unload some of my underperforming stocks. The total loss this week is up to $5,071.94. This week's results are shown in the table below.

Date	Symbol	Price ($)	Profit/Loss ($)	Total Profit ($)
7/11/08	BUD	66.50	909.00	-7,922.94
7/11/08	GIS	63.14	53.00	-7,640.94
7/11/08	PRX	16.06	-91.00	-7,615.94
7/11/08	NWL	15.82	-372.00	-7,647.94
7/11/08	PTR	126.86	-1,152.00	-7,350.94
7/11/08	USNA	27.94	309.00	-7,197.94
7/11/08	CRESY	13.72	-171.00	-7,201.94
7/11/08	SPWR	71.83	-822.00	-6,450.94
7/11/08	SKH	14.00	68.00	-6,365.94
7/11/08	PEET	19.69	-332.00	-6,275.94
7/11/08	ICFI	16.17	-157.00	-6,224.94
7/11/08	DYII	6.19	4.00	-6,215.94
7/11/08	GENZ	75.67	785.00	-5,951.94
7/11/08	WBD	99.67	-2,533.00	-5,529.94
7/11/08	PIA	8.00	-33.00	-5,534.94
7/11/08	COKE	33.84	-1,226.00	-5,515.94
7/11/08	STP	34.24	-655.00	-5,542.94
7/11/08	SENEB	21.53	8.00	-5,514.94
7/11/08	JRCC	47.59	46.00	-5,170.94
7/11/08	JNJ	66.26	83.00	-5,087.94
7/11/08	SLB	99.16	16.00	-5,071.94

Table 4.6.3.1 – Week 5 Results

4.7 *WEEK 6 (7/14/2008 – 7/18/2008)*

4.7.1 *Stocks Researched*

This week I found Marten Transport, a small-cap growth stock, which is in the trucking industry. They specialize in transporting goods that need to be temperature-controlled such as food. I thought that this company would be resistant to the high prices in fuel because of the goods they specialize in. I noticed a positive trend in the gold and silver industry as a result I decided to invest in a large-cap value company called Gold Fields Limited. Companies exhibiting positive divergence have a good chance to turn positive returns. One company that I found showing multiple buy signs was Northwest Airlines (NWA). NWA has not only shown positive divergence but it also has shown a bullish crossover and has crossed over the centerline in the MACD oscillator. Clorox Co (CLX) is also showing positive divergence and a bullish crossover in the MACD. CLX has not yet crossed over the centerline but I am hoping it will show positive returns regardless. Axsys Technologies (AXYS) has recently crossed over the MACD centerline, but the CMF has shown that its investors are accumulating this stock. I believe I jumped on the bandwagon on this stock and will be watching closely for downturns in price. This week I have also decided to buy another 100 shares of Genzyme because it has been doing so well but this could have been a mistake because there was not enough evidence for a buy signal.

4.7.2 *Course of Action*

This week I have decided it was time to unload a good portion of my stocks. I have also purchased six new stocks with the proceeds. All of the stocks I have sold this week were sold at a loss, but I believe holding onto them would have only resulted in further losses. The trading that I have done this week is shown in the table below.

Date	Symbol	Buy/Sell	Price ($)	Shares	Net Cost/Proceeds ($)	Profit/Loss ($)	Total Cash ($)	Total Profit ($)
7/14/08	STP	Sell	34.71	100	3,490.99	-608.00	3,611.3	-5024.94
7/14/08	COKE	Sell	32.31	100	3,250.99	-1379.00	6,862.29	-5177.94
7/14/08	PIA	Sell	8.03	100	822.99	-30.00	7,685.28	-5174.94
7/14/08	WBD	Sell	99.87	100	10,006.99	-2513.00	17,692.27	-5154.94
7/14/08	PEET	Sell	19.69	100	1,988.99	-332.00	19,681.26	-5154.94
7/14/08	SPWR	Sell	71.85	100	7,204.99	-820.00	26,886.25	-5152.94
7/14/08	CRESY	Sell	13.89	100	1,408.99	-154.00	28,295.24	-5135.94
7/14/08	PTR	Sell	128.85	100	12,904.99	-953.00	41,200.23	-4936.94
7/14/08	NWL	Sell	15.97	100	1,616.99	-357.00	42,817.22	-4921.94
7/14/08	PRX	Sell	15.93	100	1,612.99	-104.00	44,430.21	-4934.94
7/16/08	JRCC	Sell	45.61	100	4,580.99	-152.00	49,011.2	-5132.94
7/16/08	MRTN	BUY	18.71	100	1,890.99	n/a	47,120.21	n/a
7/16/08	SLB	Sell	95.63	100	9,582.99	-337.00	56,703.2	-5485.94
7/16/08	GFI	BUY	13.53	100	1,372.99	n/a	55,330.21	n/a
7/16/08	DYII	Sell	4.30	100	449.99	-185.00	55,780.2	-5674.94
7/17/08	USNA	Sell	24.82	100	2,501.99	-3.00	58,282.19	-5986.94
7/17/08	NWA	BUY	8.06	100	825.99	n/a	57,456.2	n/a
7/17/08	CLX	BUY	53.82	100	5,401.99	n/a	52,054.21	n/a
7/17/08	AXYS	BUY	62.64	100	6,283.99	n/a	45,770.22	n/a
7/17/08	GENZ	BUY	79.36	100	7,955.99	n/a	37,814.23	n/a

Table 4.7.2.1 – Week 6 Course of Action

4.7.3   Results

It seems as though the trading I have done this week has paid off. My total loss
has increases to $2,801.94 as a result. Some of my new purchases such as GFI and
MRTN have not yet shown any positive returns but I will hold onto them until I see some
strong sell signals. The results of week 7 are shown in the table below.

Date	Symbol	Price ($)	Profit/Loss ($)	Total Profit ($)
7/14/08	BUD	67.11	970.00	-5,925.94
7/14/08	GIS	63.48	87.00	-5,891.94
7/14/08	SKH	13.96	64.00	-5,736.94
7/14/08	ICFI	17.59	-15.00	-5,379.94
7/14/08	GENZ	78.23	1,041.00	-3,186.94
7/14/08	SENEB	21.21	-24.00	-3,519.94
7/14/08	JNJ	67.82	239.00	-3,109.94
7/14/08	GFI	12.90	-63.00	-2,350.94
7/14/08	MRTN	18.12	-59.00	-2,477.94
7/14/08	NWA	8.18	12.00	-2,133.94
7/14/08	CLX	53.75	-7.00	-1,983.94
7/14/08	AXYS	63.48	84.00	-1,903.94
7/14/08	GENZ	78.23	-113.00	-2,801.94

Table 4.7.3.1 – Week 6 Results

4.8.1   Stocks Researched

This week I looked into a transportation company called UAL Corporation (UAUA). This company caught my attention do to the positive divergence the MACD formed in mid July. The MACD had risen above its previous lows while the price of UAUA continued to fall. Both MACD and CMF have recently crossed the centerline, this sign along with the positive divergence signaled me to purchase stock in UAUA. I also looked at another company, MEDTOX Scientific, Inc. (MTOX), which is a small-cap value stock in the healthcare sector. MTOX has continued to fall in price while MACD rose above previous lows forming a positive divergence, this sign along with the centerline crossover in both MACD and CMF created a strong buy signal. Orexigen Therapeutics, Inc. (OREX) was another small-cap stock in the healthcare sector that was researched this week. MACD formed positive divergence in early July along with a centerline crossover that created a strong buy signal. I researched National City Corporation (NCC) in the regional bank industry. NCC has not yet crossed over the centerline in MACD but has formed positive divergence signaling for a buy after a bullish crossover. Consolidated Water Co. Ltd. (CWCO) is in the seawater desalination business, a business that will be in high demand in the near future with the ever-increasing demand for fresh water. CWCO has also formed positive divergence in MACD and recently crossed over the centerline. Corus Bankshares, Inc. (CORS) primarily lends to commercial real estate, which I hope to see turn around in the near future. The financial sector is at all time lows do to the subprime crisis, now seems to be a good time to buy while the prices of these securities are low. MACD has formed positive divergence in early July and I hope to see a centerline crossover before the

month is over. A centerline crossover in CMF and the positive divergence was a strong enough signal for me to buy. TierOne Corporation (TONE) is a small-cap financial company that provides agricultural customers with management services. This company caught my attention because in mid July MACD formed positive divergence reaching a higher low while the price continued to decline.

4.8.2   Course of Action

This week my course of action was to sell GFI, a gold company purchased only a week ago that had a bearish crossover in MACD and looks as if it will cross below the centerline in the next few days. I also sold all of my GENZ stock this week because I thought this was as high as this stock would go before the simulation is over. I made seven purchases this week; I bought 100 shares of, UAUA, MTOX, OREX, NCC, CWCO, CORS and TONE.

Date	Symbol	Buy/Sell	Price ($)	Shares	Net Cost/Proceeds ($)	Profit/Loss ($)	Total Cash ($)	Total Profit ($)
7/23/08	GFI	Sell	12.01	100	1,181.01	-152.00	38,995.24	-5,608.94
7/23/08	UAUA	BUY	9.73	100	992.99	n/a	38,002.25	n/a
7/23/08	MTOX	BUY	14.14	100	1,433.99	n/a	36,568.26	n/a
7/23/08	OREX	BUY	8.75	100	894.99	n/a	35,673.27	n/a
7/25/08	GENZ	Sell	76.08	100	7,588.01	-328.00	43,261.28	-6049.94
7/25/08	GENZ	Sell	76.08	100	7,588.01	826	50,849.29	-6264.94
7/25/08	NCC	BUY	4.80	100	499.99	n/a	50,349.3	n/a
7/25/08	CWCO	BUY	19.00	100	1,919.99	n/a	48,429.31	n/a
7/25/08	CORS	BUY	4.13	100	432.99	n/a	47,996.32	n/a
7/25/08	TONE	BUY	5.11	100	530.99	n/a	47,465.33	n/a

Table 4.8.2.1 – Week 7 Course of Action

4.8.3   Results

After the transactions that were made this week I turned a profit in most of my securities. I am still retaining a loss of $4,930.94. I have turned to a strategy of looking for stocks that only show strong buy signals in the form of positive divergence in MACD and centerline crossovers. This has proven to be profitable and I only regret not using this

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tactic from the beginning. The results at the end of this week are shown in the table below. This table is not complete because it only shows the progress that has been made since the securities were purchased.

Date	Symbol	Price	Profit/Loss	Total Profit
7/25/08	BUD	67.58	1,017.00	-6,217.94
7/25/08	GIS	63.98	137.00	-6,167.94
7/25/08	SKH	13.80	48.00	-6,183.94
7/25/08	ICFI	19.61	187.00	-5,981.94
7/25/08	SENEB	22.23	78.00	-5,879.94
7/25/08	JNJ	69.03	360.00	-5,758.94
7/25/08	MRTN	19.98	127.00	-5,572.94
7/25/08	NWA	8.72	66.00	-5,518.94
7/25/08	CLX	53.85	3.00	-5,508.94
7/25/08	AXYS	70.04	740.00	-4,852.94
7/25/08	UAUA	7.65	-208.00	-5,060.94
7/25/08	MTOX	13.96	-18.00	-5,078.94
7/25/08	OREX	9.19	44.00	-5,034.94
7/25/08	NCC	5.10	30.00	-5,004.94
7/25/08	CWCO	19.46	46.00	-4,958.94
7/25/08	CORS	4.11	-2.00	-4,960.94
7/25/08	TONE	5.41	30.00	-4,930.94

Table 4.8.3.1 – Week 7 Results

4.9   *WEEK 8 (7/28/2008 – 8/1/2008)*

4.9.1   Stocks Researched

This week I did not research any stocks, I thought it would be best to leave my portfolio as it is because it is producing positive returns.

4.9.2   Course of Action

The course of action this week was to hold onto my securities. They all show they will be producing positive returns according to the MACD indicator.

4.9.3   Results

Holding onto my securities this week turned out to be a good plan. Going into the week my portfolio still saw a loss of $4930.94 but by the end of the week I was able to reduce that loss by over $600. UAUA has shown over $150 loss from when it was

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purchased but I predict it will begin showing positive returns. MTOX has begun to show positive returns this week up almost $300 from last week. Overall I believe my strategy of choosing stocks with positive divergence in MACD seems to be paying off.

Date	Symbol	Price	Profit/Loss	Total Profit
Week 8				
7/28-8/1				
8/1/08	BUD	67.40	999.00	-4948.94
8/1/08	GIS	64.35	174.00	-4911.94
8/1/08	SKH	15.35	203.00	-4756.94
8/1/08	ICFI	18.84	110.00	-4833.94
8/1/08	SENEB	21.96	51.00	-4860.94
8/1/08	JNJ	68.10	267.00	-4953.94
8/1/08	MRTN	20.58	187.00	-4893.94
8/1/08	NWA	9.33	127.00	-4832.94
8/1/08	CLX	54.46	64.00	-4771.94
8/1/08	AXYS	71.81	917.00	-4594.94
8/1/08	UAUA	8.20	-153.00	-4539.94
8/1/08	MTOX	14.79	65.00	-4456.94
8/1/08	OREX	9.10	35.00	-4465.94
8/1/08	NCC	5.05	25.00	-4470.94
8/1/08	CWCO	20.36	136.00	-4380.94
8/1/08	CORS	4.04	-9.00	-4387.94
8/1/08	TONE	5.23	12.00	-4405.94
8/1/08	GIS Dividend		40.00	-4365.94
8/1/08	Interest		73.42	-4292.52

Table 4.9.3.1 – Week 8 Results

4.10   *WEEK 9 (8/4/2008 – 8/8/2008)*

4.10.1 Stocks Researched

No stocks were researched this week.

4.10.2 Course of Action

The course of action this week was to hold onto my securities. They have all been performing beyond expectations.

4.10.3 Results

This week outperformed all the other weeks throughout the summer. At the beginning of the week my portfolio was showing a loss of over $4000, by the end of this week I was able to reduce that loss by just under $2000. Clearly the analysis I have been

performing on my stocks has considerably improved throughout the term. Each individual stock in my portfolio is now showing positive returns. A phenomenon I have not seen all summer.

Date	Symbol	Price	Profit/Loss	Total Profit
Week 9				
8/8/08	GIS	67.08	447.00	-4019.52
8/8/08	SKH	16.23	291.00	-3931.52
8/8/08	ICFI	19.02	128.00	-3913.52
8/8/08	SENEB	22.50	105.00	-3859.52
8/8/08	JNJ	71.55	612.00	-3514.52
8/8/08	MRTN	21.30	259.00	-3442.52
8/8/08	NWA	11.22	316.00	-3253.52
8/8/08	CLX	58.83	501.00	-2816.52
8/8/08	AXYS	72.61	997.00	-2736.52
8/8/08	UAUA	11.13	140.00	-2443.52
8/8/08	MTOX	14.83	69.00	-2439.52
8/8/08	OREX	9.08	33.00	-2441.52
8/8/08	NCC	5.12	32.00	-2434.52
8/8/08	CWCO	20.80	180.00	-2390.52
8/8/08	CORS	4.34	21.00	-2360.52
8/8/08	TONE	5.42	31.00	-2341.52

Table 4.10.3.1 - Week 9 Results

5.   Portfolio 2 (Kojo Asenso)

5.1   Stock Selection and Analysis

As a result of intensive research and the need to invest in methods that suits the lifestyle of the investor, this investor decided to invest utilizing a combination of the growth and value stocks strategy.

The growth type of trading involves the investor fishing out companies that have the potential to increase earnings at a much quicker rate than the average industry rate. These stocks appreciate in value and yield a high return on equity (ROE) which measures how well a company is doing for its shareholders. Characteristics of growth stocks include strong growth rate of a company and this may be historic figures or projected growth rate as a result of a company's present performance. Usually a 10% and above growth rate for the past five years is preferred for smaller companies and a 5% - 7% for larger companies. Another feature to look at is the projected stock price in the next five years. If the company has the ability to double its stock price within five years, it can be deemed a growth stock.

A stock may not meet all of the criteria above, for example startup companies since they do not have the operating history for a five-year look but then a good look at the company's present place in its industry and its performance amongst its competitors can give some idea on its future place in a new and booming industry

Value stocks are stocks that have been termed as undervalued and are selling much cheaper than they are supposed to and the investor tries to get in before the market price is corrected. This method has been well employed by famous investors like Warren Buffet and most of the time been successful. A stock is usually classified as value stock if:

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- The price earnings ratio (P/E) is in the bottom 10% of all companies.

- A price to earnings growth ratio (PEG) is less than 1, which indicates the company is undervalued.

- There should be at least as much equity as debt.

- Current assets at twice current liabilities.

- Share price at tangible book value or less.

My intention to incorporate both methods of trading is due to the advantages of diversifying a portfolio. The time frame of this project does not really favor the idea of growth stocks so limiting my portfolio to just growth stocks would put me at a loss but having value stocks as well prevents my portfolio from following just one type of trend and well balances its performance.

A careful look at the economy at the moment shows an inclination towards a recession and this is fundamental in figuring out which kind of stocks an investor wants to get into. The economy is in the earliest part of a recession and usually at this point consumer expectations fall more sharply and productivity levels as well as interest rates start to drop. During this part, utilities and finance sector stocks are the most likely to see rising prices because owning them involves less risk and they pay higher dividends so some of my stocks will be geared towards this industry. Investors usually advise not to invest in automobile stocks during an economy in which we are experiencing due to downturn risks but I intend on taking the risk to invest in Toyota. My reason for this is as a result of the record breaking high gas prices on the market right now. Consumers are looking to switch to alternative fuel sources and Toyota being the leader in hybrid car

sales and automobile green energy development has the potential to increase sales in the next couple of months.

Apart from that, a closer look into Toyota's financial history indicates a P/E ratio of 19.0 meaning that the willingness-to-pay for a Toyota stock is 19 times its earnings for the stock. Its earnings per share (EPS), a quick way to evaluate a company's performance stands at 5.40. The EPS indicates faster rate of growth in earnings of the company.

5.1.1 Company Profiles

Toyota Motor Corp. Ads
NYSE: TM
Sector: Consumer Cyclical

Toyota Motor Corporation is a Japan-based company primarily engaged in the automobile business. The Company is engaged in the manufacture of sedans, mini-vans, sports utility vehicles (SUVs), trucks and related parts and products. Additionally, the Company also constructs houses. Headquartered in Aichi Prefecture, the Company has 522 subsidiaries and 222 associated companies.

Figure 5.1 – Toyota Technical Chart

Toyota is now the world's largest automaker in terms of net worth, revenue, and profits. The company's revenue stands at $202.86B with a net income of $13.93B. Its market capitalization stands at $144.87B and has a price to earnings (P/E) ratio of 9.09. The company also has its return on investment (ROI) at 7.62 and its return on equity (ROE) being 14.49. (*http://finance.google.com/finance?q=tm*)

ATP Oil & Gas Corporation
NASDAQ: ATPG
Sector: Energy

ATP Oil & Gas Corporation (ATP) is engaged in the acquisition, development and production of oil and natural gas properties in the Gulf of Mexico and the United Kingdom and Dutch Sectors of the North Sea. At December 31, 2007, the Company owned leasehold and other interests in 76 offshore blocks, 40 platforms and 127 wells, including 19 subsea wells, in the Gulf of Mexico. It operates 109 (86%) of these wells, including all of the subsea wells, and 78% of offshore platforms. It also had interests in 10 blocks and two Company-operated subsea wells in the North Sea. The Company's average working interest in these properties was approximately 82%. ATP had leasehold interests located in the Gulf of Mexico and North Sea covering approximately 447,910 gross and 372,386 net acres, of which 276,374 gross acres were developed and 206,322 net acres were developed.

Figure 5.2 – ATP Oil & Gas Corp Technical Chart

The company's growth chart has shown constant increasing growth since 2002 with a little decline to begin 2008. The company's market capitalization is $1.3B and at the moment its P/E ratio stands at 18.75 and its Earning per share (EPS) is at $1.95. It has an ROI of 3.97 and an ROE of 32.86.

(http://www.reuters.com/finance/stocks/companyProfile?rpc=66&symbol=ATPG.O)

Energy Conversion Devices
NASDAQ: ENER
Sector: Technology

Energy Conversion Devices, Inc. (ECD) commercializes materials, products and production processes for the alternative energy generation, energy storage and information technology markets. The Company's principal commercial products are its thin-film solar (photovoltaic (PV)) modules. ECD sells its PV modules globally. The Company also commercializes materials, products and production processes through third-party relationships, such as licenses and joint ventures. It has two principal joint ventures that are commercializing technologies invented by ECD: Cobasys LLC, which manufactures and sells rechargeable nickel metal hydride (NiMH) batteries primarily for transportation and stationary applications, and Ovonyx, Inc., which is commercializing phase-change memory devices through licensing and joint development agreements. ECD operates its business in two segments: United Solar Ovonic and Ovonic Materials.

Figure 5.3 – Energy Conversion Devices Technical Chart

The company has had a very drastic increase in growth to start the year 2008 and this is obviously as a result of the sudden surge in green energy application with solar power being a major factor. Its market capitalization is about $2.59B which makes it mid-cap and it has an ROI of -3.41 and an ROE of -3.61. With the current increase in oil prices and the desire to go green, I expect to see steady growth as more and more people will continue to pursue options in solar energy.

(http://finance.google.com/finance?q=ener&hl=en)

China Life Insurance Company Ltd.
NYSE: LFC
Sector: Financial

China Life Insurance Company Limited (China Life) is an insurance company in the People's Republic of China. The Company's main businesses include individual life insurance, group life insurance and short term insurance. Its products and services include individual life insurance, group life insurance, accident and health insurance. The Company is a provider of annuity products and life insurance for both individuals and groups, and a provider of accident and health insurance in China. As of December 31, 2007, the Company had over 93 million individual and group life insurance policies and annuities, and long-term health insurance policies in force. It also provides both individual and group accident and short-term health insurance policies, as well as services. The Company's main business segments are Individual life insurance business; Group life insurance business; Accident and health insurance business, and Corporate and other.

Figure 5.4 – China Life Insurance Technical Chart

This company is in the large-cap category due to its market capitalization of $92. 509B. Its earnings per share (EPS) is $3.38 as well as a P/E ratio of 14.54. With an ever increasing Chinese population, this stock should fare well on a long term basis as more and more people would venture into securing some sort of insurance in one way or the other

Chesapeake Energy Corporation

NYSE: CHK
Sector: Energy

Chesapeake Energy Corporation is a producer of natural gas in the United States (first among independents). It owns interests in approximately 38,500 producing oil and natural gas wells that are producing approximately 2.2 billion cubic feet equivalent (bcfe), per day, 92% of which is natural gas. Its operations are located in the Mid-Continent region, which includes Oklahoma, Arkansas, southwestern Kansas and the Texas Panhandle; the Forth Worth Basin in north-central Texas; the Appalachian Basin, principally in West Virginia, eastern Kentucky, eastern Ohio and southern New York; the Permian and Delaware Basins of West Texas and eastern New Mexico; the Ark-La-Tex area of East Texas and northern Louisiana, and the South Texas and Texas Gulf Coast regions. In July 2007, the Company announced the acquisition of Kerr-McGee Tower from Anadarko Petroleum Corporation and subsequent sale of the tower to SandRidge Energy, Inc**.**

Figure 5.5 – Chesapeake Energy Technical Chart

Chesapeake Energy's market capitalization is $36.087B making it a large cap company and its P/E ratio is 37.74. The company has an ROI of 4.02 and an ROE of 8.70 with its earnings per share (EPS) at $1.77. Chesapeake has experienced steady growth since the beginning of the 21st century and as a common feature of present day oil companies, they will continue to experience growth for a while as oil prices continue to surge.

CISCO Systems, Inc
NASDAQ: CSCO
Sector: Technology

Cisco Systems, Inc. designs, manufactures and sells Internet protocol (IP)-based networking and other products related to the communications and information technology industry, and provides services associated with these products and their use. It provides a line of products for transporting data, voice and video within buildings, across campuses and around the world. Its products, which include primarily routers, switches and products that the Company refers to as its advanced technologies, are installed at enterprises, public institutions, telecommunications companies, commercial businesses and personal residences.

It conducts its business globally and manages it geographically in five segments: the United States and Canada; European Markets; Emerging Markets; Asia Pacific, and Japan. In November 2007, the Company acquired Securent, Inc. In December 2007, it acquired Navini Networks, Inc. In May 2008, the Company acquired Nuova Systems.

(http://www.reuters.com/finance/stocks/companyProfile?symbol=LFC.N&rpc=66)

Figure 5.6 – CISCO Systems Technical Chart

Presently with a market cap of $136.573B and annual revenue of $35billion, it is still considered one of the most valuable companies in the world. It has a P/E ratio of 18.06, its return on investment (ROI) at 19.78 and also it's ROE at 25.85. In late March 2000, at the height of the dot-com boom, Cisco was the most valuable company in the world, with a market capitalization of more than US$500 billion.

Telefonos de Mexico, S.A.
NYSE: TMX
Sector: Services

Telefonos de Mexico, S.A.B. de C.V. also known as TELMEX owns and operates telecommunications system in Mexico. It is a nationwide provider of fixed-line telephony services, as well as fixed local and long-distance telephone services. It also provides other telecommunications and telecommunications-related services. It offers voice, data and Internet services in Brazil, Argentina, Chile, Colombia and Peru. In addition, it provides cable television services in Brazil (through an affiliate) and in Colombia, and telecommunications services in Ecuador. In April 2007, it acquired TV Cable S.A. and TV Cable Comunicaciones S.A. E.S.P. On March 12, 2007, the Company acquired Ecuador Telecom S.A., a company that provides telecommunication services to corporate clients and to small- and medium-size companies in Guayaquil, Ecuador. On March 9, 2007, the Company acquired BogaComunicacionesS.A, a cable television provider with operations in the cities of Lima and Chiclayo.

(http://www.reuters.com/finance/stocks/companyProfile?symbol=TMX.N&rpc=66)

Figure 5.7 – Telefonos de Mexico Technical Chart

The company currently has a market cap of $22.763B and annual revenue of close to $20billion. It has a P/E ratio of 9.04 and its ROI and ROE standing at 15.78 and 33.80 respectively. Telmex has made strides in the telecom industry through acquisitions of other telecom companies in major parts of South America and continue to expand even into parts of the United States.

5.2 WEEK 1 (6/9/2008 – 6/13/2008)

5.2.1 Stocks Researched

This was officially the first week of simulation and through stocks researched previously, this investor decided a very good way to start a portfolio would be to examine current economic situations and purchase stocks in companies that would be perceived as solutions for the near future. A good example is Toyota, with rise in oil prices and a buzz in green technology, this investor projected a rise in Toyota stocks since they are the leaders in hybrid automobile technology. Also increasing oil prices had a lot of oil companies attracting this investor as well.

5.2.2 Course of action

I purchased 100 stocks in Toyota, Energy devices as well as other companies to begin the week and ended the week with purchases in Cisco Systems, China Life Insurance Ltd, Chesapeake Energy and Telmex. The table below provides a quick look at the investor's first week ending portfolio.

Date	Symbol	Buy/ Sell	Price ($)	Shares	Net Cost/ Proceeds ($)	Profit/ Loss ($)	Total Cash	Total Profit
06/06/2008	n/a	n/a	n/a	n/a	n/a	n/a	100,000	n/a
06/09/2008	TM	buy	102.42	100	10,261.99	n/a	89,738.01	n/a
06/09/2008	ATPG	Buy	45.26	100	4,545.99	n/a	85,192.02	n/a
06/09/2008	ENER	Buy	64.71	100	6490.99	n/a	78,701.03	n/a
06/09/2008	LFC	Buy	56.28	100	8,959.99	n/a	69,741.04	n/a
06/09/2008	CHL	Buy	70.89	250	17,742.49	n/a	51,998.55	n/a
06/13/2008	CHK	Buy	59.60	150	8,959.99	n/a	43,038.56	n/a
06/13/2008	CSCO	Buy	26.51	100	2,670.99	n/a	40,367.57	n/a
06/13/2008	TMX	Buy	23.91	100	2,410.99	n/a	37,956.58	n/a

*Net cost/Proceeds includes commission of $19.99

Table 5.2.2.1 – Week 1 Transactions

5.2.3 Results

The week ended with a net percent change of 1.37 and a net gain of $801 which was not a bad way to start at all. While predictions with Toyota didn't go as expected, the

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oil companies did fairly well for their first week except for ATPG with a drastic drop of 8.31%. CHL also proved to be a poor investment but I am optimistic that these stocks will pick up in the subsequent weeks.

Symbol	Quantity	Purchase Price	Current Price	% Change	Gain/ Loss ($)
TM	100	102.42	102.15	-0.26	-27.00
ATPG	100	45.26	41.50	-8.31	-376.00
ENER	100	64.71	77.98	20.51	1327.00
LFC	100	56.28	55.24	-1.85	-104.00
CHL	250	70.89	69.16	-2.44	-432.50
CHK	100	59.60	68.39	6.36	568.50
CSCO	100	26.51	25.52	-3.73	-99.00
TMX	100	23.91	23.35	-2.34	-56.00
Total				**1.37**	**$801**

Table 5.2.3.1 – Week 1 portfolio with %change and gain/loss

5.3 Week 2 (June 16, 2008 – June 20, 2008)

5.3.1 Stocks Researched

This being the second week, I have decided not to make any trades and will pay close attention to companies like CHL and ATPG to observe any improvement or deterioration in the respective company's stocks. Meanwhile I am also looking at other companies to help in diversifying his portfolio.

5.3.2 Course of action

No action was taken this week as far as buying and selling were concerned, stocks were just observed to implement decision for subsequent weeks. There were no transactions posted this week.

5.3.3 Results

Even though net gain standing at $991.50 was better than that of last week's, CHL stocks showed no improvement and kept plummeting taking the position of the biggest

contributor to losses of the investor's portfolio. Without a doubt, I have decided to sell CHL when the market opens next week to avoid further ramifications. On the other hand, ENER and CHK stocks are doing well as expected of oil companies except for ATPG, which has proven to be a bad investment since the day it was purchased. TM took a huge turn for the worse as well and will be followed closely when the market opens next week.

Symbol	Quantity	Purchase Price	Current Price	% Change	Gain/ Loss ($)
TM	100	102.42	102.15	-4.46	-457.00
ATPG	100	45.26	41.50	-6.83	-309.00
ENER	100	64.71	77.98	25.28	1636.00
LFC	100	56.28	55.24	-4.30	-242.00
CHL	250	70.89	69.16	-3.41	-605.00
CHK	100	59.60	68.39	13.74	1228.50
CSCO	100	26.51	25.52	-7.39	-196.00
TMX	100	23.91	23.35	-2.68	-64.00
Total				**1.69**	**$991.50**

Table 5.3.3.1 – Week 2 portfolio with %change and gain/loss

5.4   Week 3 (June 23, 2008 – June 27, 2008)

5.4.1   Stocks Researched

This week CHL showed no signs of recovery and TM was also following suit with its stocks going downhill. Other stocks in the consumer sector like Anheuser Busch were also being researched on to explore buying opportunities in the future.

5.4.2   Course of Action

CHL which had been a big loser since week 1 was sold at $69.16 for a loss of $472.98 to hopefully alleviate the amount of portfolio losses. TM was not looking good as the investor thought it would be by the third week and the investor decided to hold it for about a week or two due to his optimism and the hope that it would pick up

Date	Symbol	Buy/ Sell	Price ($)	Shares	Net Cost/ Proceeds ($)	Profit/ Loss ($)	Total Cash	Total Profit
06/25/2008	CHL	sell	69.16	250	17,270.01	-472.48	55,226.59	-472.48

Table 5.4.2.1 – Week 3 Transaction Table

5.4.3   Results

After two straight weeks of week ending gains, the investor experienced his first loss of $669.50 and came down 1.64%. The investor is still optimistic after selling off CHL and might consider selling TM due to its poor performance so far. ATPG is also not doing well and CSCO is not putting up impressive numbers. CHK and ENER are the only two companies with positive consistency and there is that urge to purchase more shares in these companies.

Symbol	Quantity	Purchase Price	Current Price	% Change	Gain/ Loss ($)
TM	100	102.42	102.15	-7.90	-809.00
ATPG	100	45.26	41.50	-10.10	-457.00
ENER	100	64.71	77.98	10.21	661.00
LFC	100	56.28	55.24	-7.21	-406.00
CHK	100	59.60	68.39	7.53	673.50
CSCO	100	26.51	25.52	-10.94	-290.00
TMX	100	23.91	23.35	-1.76	-42.00
Total				**-1.64**	**-$669.50**

Table 5.4.3.1 – Week 3 portfolio with %change and gain/loss

5.5   Week 4 (June 30 – July 4)

5.5.1   Stocks Researched

With the performance of my energy companies since the beginning of investing, there was that itch to get some more energy companies due to their success in recent weeks in the stock market. I decided to take a look into potential suitors in the energy industry that I could add to my portfolio as well as other companies.

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5.5.2 Course of Action

With my research I gained interest in PTEN an oil drilling company and GDP, a petroleum company and I proceeded to buy 150 and 300 stocks respectively in both companies. Also after much contemplation over Toyota's performance, I decided to let it go and sold all 100 shares at 94.48 each. I also bought 100 shares in BUD due to the company's usual success during the summer season and also to help a bit in portfolio diversification.

Date	Symbol	Buy/ Sell	Price ($)	Shares	*Net Cost/ Proceeds ($)	Profit/ Loss ($)	Total Cash	Total Profit
6/30	TM	Sell	94.48	100	9,428.01	-833.98	64,654.5	-1306.96
6/30	GDP	Buy	80.40	300	24,139.99	n/a	40,514.51	n/a
7/1	BUD	Buy	61.68	100	6,187.99	n/a	34,326.52	n/a
7/1	PTEN	Buy	35.85	150	5397.49	n/a	28,929.03	n/a
7/3	BHP	Buy	78.00	100	7819.99	n/a	21,109.04	n/a

*Net cost/Proceeds includes commission of $19.99

Table 5.5.2.1 – Week 4 Transaction Table

5.5.3 Results

This week ended with a percentage change of 0.47% and a gain of $310.51 which is a subpar performance as compared to the previous weeks. A lot of trades took place this week and I hope these trades serve their purpose of improving my portfolio as time goes on.

Symbol	Quantity	Purchase Price	Current Price	% Change	Gain/ Loss ($)
GDP	300	80.40	80.49	0.11	27.00
PTEN	150	35.85	36.02	0.47	25.50
BUD	100	61.68	61.94	0.42	26.00
ATPG	100	45.26	40.78	-9.90	-448.00
ENER	100	64.71	68.20	5.39	349.00
LFC	100	56.28	51.61	-8.30	-467.00
CHK	100	59.60	67.36	13.02	1164.00
CSCO	100	26.51	23.15	-12.67	-336.00
TMX	100	23.91	23.61	-1.25	-30.00
TOTAL:				0.47	$310.50

Table 5.5.3.1 - Week 4 portfolio with %change and gain/loss

5.6   Week 5 (July 7 – July 11)

5.6.1   Stocks Researched

After a couple of trades last week, I decided not to trade any stocks this week and just watch my portfolio. I also realized the need to revise my strategies because after all this talk of diversifying my portfolio, I noticed my portfolio was concentrated with energy related companies and most of them were causing big losses.

5.6.2   Course of Action

No actions were taken but a couple of decisions were made and would definitely be put into effect next week.

5.6.3   Results

This week ended in losses, my stocks were down 3.81% with a loss of $2818.50. My portfolio took a major turn as a result of the numerous trades I had the previous so this week's poor performance doesn't come as a surprise to me. However, I expect significant gains in the next couple of weeks to come.

5.7 Week 6 (July 14 – 18)

5.7.1 Stocks Researched

Companies that are most of the time immune to economic slowdowns and recessions are those in the food and health sectors because no matter what happens the individual is constantly consuming food and there is always the need for healthcare. I therefore decided to look closely at some pharmaceutical companies and also at which companies I was going to let go to allow the purchase of some medical stocks.

5.7.2 Course of Action

Due to their performance in recent weeks I decided to sell ATPG, GDP and CHK to ease up my energy infested portfolio and purchased 100 stocks in Teva Pharmaceuticals, the world's biggest maker of generic drugs. I chose Teva due to their recent bid to purchase Barr Pharmaceuticals, a move which will expand their market in Europe as well as a quarter of the U.S. market. The company's stock has risen pretty well in the month of July and I perceive the growth of this stock on a long term basis. I also bought 50 more stocks in ENER due to its consistency in my portfolio since the first time I purchased a 100 of them

Date	Symbol	Buy/ Sell	Price ($)	Shares	*Net Cost/ Proceeds ($)	Profit/ Loss ($)	Total Cash	Total Profit
7/16	ATPG	Sell	33.60	100	3,340.01	-1,205.98	24,449.05	-2,512.94
7/16	GDP	Sell	69.51	300	20,833.01	-3,306.98	45,282.06	-5,819.92
7/18	CHK	Sell	54.67	150	8,180.51	-779.48	53,462.57	-6599.40
7/18	TEVA	Buy	43.18	150	4,337.99	n/a	49,124.58	n/a
7/18	ENER	Buy	67.04	50	3371.99	n/a	45,752.59	n/a

*Net cost/Proceeds includes commission of $19.99

Table 5.7.2.1 – Week 6 Transaction Table

5.7.3 Results

At the end of the week, my portfolio was down -3.81% but then I was most definite, the trades I made this week will yield positive results to by the middle of next

week and as time goes on will improve. CSCO has not done very well which I would deem as a bad investment on my part, I will still follow closely and likely make some decisions soon enough.

5.8 Week 7 (July 21 – July 25)

5.8.1 Stocks Researched

Roche, a world leading healthcare company based in Switzerland, made a proposition to acquire California based pharmaceutical company Genentech (DNA) for US$43.7 billion. Apart from the upcoming negotiations, a look at DNA's technical charts showed bullish territory for it 50-day Simple Moving Average as well as its MACD. Apart from DNA, I also explored other options in healthcare, including Johnson & Johnson, Merck & Co. and Pfizer to find out which company stocks would be a god buy.

Another prospective company was CNH Global N.V. (CNH), a company specialized in the manufacturing of agricultural and construction equipment. CNH had just released its latest quarter earnings and recorded 52% increase in earnings as farmers worldwide are being encouraged to buy new tractors and farm equipment due to surging commodity prices. (Reuters)

5.8.2 Course of Action

This week was set as the final phase for reducing my energy stock thus I went ahead and sold off all my shares in BHP and PTEN due to their poor performances since being purchased. I will admit BHP was not a good move because since peaking at $95.61 in May, it has steadily dropped and my optimism in what should be a resurgence of BHP shares due to its acquisition of Anglo Potash and two other projected acquisitions have rather resulted otherwise.

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I purchased 250 shares in DNA at $93.59 each in the aftermath of my research and 150 shares each in Pfizer (PFE) and CNH Global (CNH) at $19.08 and $39.31 respectively.

Date	Symbol	Buy/ Sell	Price ($)	Shares	*Net Cost/ Proceeds ($)	Profit/ Loss ($)	Total Cash	Total Profit
7/21	DNA	Buy	93.59	250	23,417.49	n/a	22,335.1	n/a
7/23	PTEN	Sell	30.80	150	4,600.01	-797.48	26,935.11	-7,396.88
7/23	PFE	Buy	19.08	250	4,789.99	n/a	22,145.12	n/a
7/23	CNH	Buy	39.31	150	5,916.49	n/a	16,228.63	n/a
7/25	BHP	Sell	69.59	100	6,939.01	-880.98	23,167.64	-8277.86

*Net cost/Proceeds includes commission of $19.99

Table 5.8.2.1 - Week 7 Transaction Table

5.8.3 Results

The week ended on a good note and probably a forecast of a profitable couple of weeks to come. The constantly budding Anheuser Busch (BUD) shares were up almost 10% at week's end amounting to a gain of $590. Teva Pharmaceuticals, one of the many trades I made last week, quickly rose up 6.95% which could be as a result of its acquisition plans for Barr Pharmaceuticals. ENER stocks fell for the first time in a while about 3% but this looked short term and their stocks might be up as early as next week. CSCO continued in its state of free-fall and this time as low as 15.39%.

5.9 Week 8 (July 28 – August 1)

5.9.1 Stocks researched

Since I was nearing my last week of trading, I decided I would not make any trades apart from selling off all my CSCO stocks due to its appalling performance since its purchase in week 1.

5.9.2 Course of Action

I eventually sold CSCO at $22.60 which amounted to about a $450 loss, which could have ended worse the more I held onto it and this seemed it like it would be my last major trade since I was going into my final week of trading.

Date	Symbol	Buy/ Sell	Price ($)	Shares	*Net Cost/ Proceeds ($)	Profit/ Loss ($)	Total Cash	Total Profit
7/30	CSCO	Sell	22.60	100	2,240.01	-430.98	20,927.63	-8,708.84

Table 5.9.2.1 - Week 8 Transaction Table

5.9.3 Results

This trading week ended with just nine companies after my sale of Cisco Systems and my portfolio experienced a much needed improvement by closing at a profit of 2.27% which amounted to $1414.50. BUD continued in its profit gaining consistency and TEVA was the second top gainer.

Symbol	Quantity	Purchase Price	Current Price	% Change	Gain/ Loss ($)
ENER	100	64.71	68.41	5.72	370.00
LFC	100	56.28	57.32	1.85	104.00
TMX	100	23.91	24.84	3.89	27.00
TEVA	100	43.18	46.09	6.74	291.00
BUD	100	61.68	67.77	9.87	609.00
ENER	50	67.04	68.41	2.04	68.50
DNA	250	93.59	95.35	1.88	440.00
PFE	250	19.08	18.60	-2.52	-120.00
CNH	150	39.31	36.37	-7.48	-441.00
TOTAL:				2.27	$1414.50

Table 5.9.3.1 - Week 8 portfolio with %change and gain/loss

5.10 Week 9 (August 4 – August 8)

5.10.1 Stocks researched

This week was officially my last week of trading and as stated last week, I will not involve in any research or trades and observe how my portfolio turns out by the end of the week.

5.10.2 Course of Action

There were no transactions made this week since this was the last week

5.10.3 Results

This was another good week with signs of near future success. ENER, which has been anchoring my portfolio for a while, experienced a slight drop of about 2.66% and TMX is continuously rising since experiencing positive change in the week ending July 25th. BUD stocks are also on the rise which is no surprise at all due to its patronage during the hot summer season and recent plans by InBev to acquire Anheuser Busch.

Symbol	Quantity	Purchase Price	Current Price	% Change	Gain/ Loss ($)
ENER	100	64.71	62.99	-2.66	-172.00
LFC	100	56.28	55.79	-0.87	-49.00
TMX	100	23.91	25.61	7.11	170.00
TEVA	100	43.18	47.28	9.50	410.00
BUD	100	61.68	68.11	10.42	643.00
ENER	50	67.04	62.99	-6.04	-202.50
DNA	250	93.59	96.95	3.59	840.00
PFE	250	19.08	19.84	3.98	190.00
CNH	150	39.31	36.09	-8.19	-483.00
TOTAL:				2.19	$1346.50

Table 5.10.3.1 - Week 9 portfolio with %change and gain/loss

6. Portfolio 3 (Gene Abbascia)

6.1 Stock Selection and Analysis

Before selecting the stocks that I would construct my portfolio with, I had to come up with a game plan that best fit my investment situation. The situation at hand is investing over a short period of time and earning over that time period. The time constraint is definitely the main issue here because the probability of losing money in a portfolio his at its highest when any stocks are bought and then sold under a year. In short periods of time these poor odds make this investment more along the lines of gambling unless the security has been well researched, but over longer periods of time these odds become better for the investor making it an investment.

With such a short time period allowed in this simulation to watch the stocks behave, I feel strong portfolio that is well diversified will be needed in order to gain successful earnings. I have balanced out my portfolio among value, blend and growth stocks and in the market capitalization ranges of large cap, mid cap and small cap. I have allotted approximately $4000.00 to each company which left me with some cash remaining in case a company goes south and I need to find a better investment. So in theory, where there may be some losses in one area of the portfolio the other areas should compensate. The table below displays my portfolio and shows in detail how it covers all aspects of the market which achieve an even diversification.

MARKET CAP	Stock Symbol	Description	Qty	Purchase Price
		VALUE		
Large Cap: $ > 5B	CCE	Coca-Cola Enterprises Inc.	208	19.24
	PBG	The Pepsi Bottling Group, Inc.	130	30.7
Mid Cap: 1B > $ > 5B	CU	Compania Cervecerias Unidas S.A.	119	33.67
	PAS	PepsiAmericas, Inc.	178	22.42
Small Cap: $ < 1B	ABP	Abraxas Petroleum corp	833	4.86
	HOGS	ZHOGPIN Inc.	326	12.28
		BLEND		
Large Cap: $ > 5B	TXT	Textron Inc.	68	58.44
	UTX	United Technologies Corporation	58	68.48
Mid Cap: 1B > $ > 5B	CRL	Charles River Labratories	62	63.79
	CEDC	Central European Distribution	53	75.22
Small Cap: $ < 1B	FCFS	First Cash Financial Services Inc.	250	15.93
	AAON	AAON Inc.	190	21.07
		Growth		
Large Cap: $ > 5B	GENZ	Genzyme Corporation	59	67.69
	AAPL	Apple Inc.	23	173.37
Mid Cap: 1B > $ > 5B	ADS	Alliance Data Systems Corporation	66	59.91
	TECH	Techne Corporation	53	75.43
Small Cap: $ < 1B	SAM	Boston Beer Company, Inc.	98	40.87
	GCA	Global Cash Access Holdings Inc.	537	7.44

Table 6.1.1 - Gene's Portfolio

The economy is also in rough shape with unemployment at over 5.5% and ultra high gas prices it can be safe to say that people may not be traveling as much this summer and staying at home to save money. This would not only include heading out on vacation but possibly cutting back on dining out and bringing a lunch to work. Investing for the summer time where we may see a lot of barbeques in the nice weather and block parties,

food and beverage companies may do well under the economic circumstances. As far as the large unemployment rate, it's possible that financial based companies may do well with people who are trying to supplement their lost income.

With the online resources available such as Google Finance, Yahoo Finance, Shea & Poor, Stockcharts and many other sites it isn't hard to find information and professional insight to guide me in my investing. By utilizing these web sites I can find balance sheets, income statements and cash flow information on each stock I invest in. With this information, there are also graphs showing the stocks growth over a given time span and information on the company itself that all will be very useful to make my choice decisions. I will also take advice from the professional analysts by taking advantage of the information and suggestions that their firm posts on the finance websites. At this point I have read and researched the stock market and learned most of the fundamentals needed to have a basic knowledge to start my simulation. I will continue to further my knowledge during the simulation time to try and better my chances of earning a decent profit.

6.1.1   Company Profiles

Coca Cola Enterprises Inc.
NYSE: CCE
Sector: Consumer/Non-Cyclical

Coca-Cola Enterprises Inc. markets, produces and distributes non-alcoholic beverages to a market of over 414 million consumers and represents 18% of the total Coca-Cola product volume globally. The company buys all of its concentrates and syrups from The Coca Cola Company and then distributes the finished product through retailers and wholesalers. The commonly known products distributed in the U.S. are Coca Cola

Classic, Diet Coke, Sprite, Dasani and PowerAde. The company's direct competition are PepsiCo, Inc., Cadbury Schweppes, Nestle S.A., GroupeDanone S.A., Kraft Foods Inc., Pepsi Bottling Group, Inc. and PepsiAmericas, Inc.

The company's current market capitalization is $8.3B which places this security in the large market capitalization category of my profile. The stock has a price to book value of 1.45 which is about average for its industry. The return on equity (ROE) for the stock is 13.74 which are slightly above the industry's ROE. The current ratio is 0.76 which shows that the company isn't in the best financial position to cover its short term debt obligations. The P/E Ratio for the company is 11.77 which will place it in the value category of my portfolio (*http://finance.google.com/finance?q=cce*).

Figure 6.1 - Coca Cola Enterprises, Inc. MACD Graph

After reviewing the MACD chart for CCE it can be seen that the price has been on a steady decline since well before it was purchases in June. This stock shows no technical signals that it will rise in the near future which concurs with fact that it was purchased at $19.24 and is now below $17.00. This stock has lost approximately 12.5%

of its value since its purchase and had I performed technical analysis on it at that time I would not have purchased this security.

Pepsi Bottling Group Inc.
NYSE:PBG
Sector: Consumer/Non-Cyclical

Pepsi Bottling Group Inc. is the manufacturer, seller and distributor of Pepsi-Cola beverages. This company also has the right to manufacture, sell and distribute other brands such as Dr. Pepper and Squirt. The commonly known products that are distributed in the U.S. are Pepsi, Diet Pepsi, Wild Cherry Pepsi, Mountain Dew, Diet Mountain Dew, AMP, Aquafina, Lipton, Sierra Mist, Tropicana juice drinks, MUG Root Beer, SoBe, Dole and Starbucks Frappuccino. The company distributes their product through a network of retailers, food services and wholesalers earning approximately 76% of its net revenues in the U.S. in 2007.

The company's current market capitalization is $6.24B which places this security in the large market capitalization category of my profile. The stock has a price to book value of 2.57 which is about average for its industry. The return on equity (ROE) for the stock is 24.09 which is above the industry's ROE. The current ratio is 0.85 which shows that the company isn't in the best financial position to cover its short term debt obligations. The P/E Ratio for the company is 12.49 which will place it in the value category of my portfolio (*http://finance.google.com/finance?q=pbg&hl=en*).

Figure 6.2 - Pepsi Bottling Group Inc. MACD Graph

It can be seen from the MACD chart that Pepsi Bottling Group Inc. has followed the same trend as Coca Cola Enterprises. Just as CCE, PBG has had downward momentum since it was purchased in June. The MACD has made a bullish moving average crossover which has been annotated as seen in the chart above, but it seems to be a false signal triggered by its most recent high made in the second week of July. This

stock was purchased at $30.70 and it is now just below $28.00. This stock has lost approximately 9.3% of its value since its purchase and had I performed technical analysis on it at that time I would not have purchased this security.

CU – Compania Cervecerias Unidas S.A.
NYSE: CU
Sector: Consumer/Non Cyclical

Compania Cervecerias Unidas S.A. is a beverage company operating predominately in Chile and Argentina. The Company's product mix includes beer, soft drinks, mineral water, wine, pisco and nectars. In addition, CCU is engaged in the production and sale of plastic bottles. Through the company's subsidiary, Fabrica de Envases PlasticosS.A., the Company owns and operates a plastic bottle factory. Compania Cervecerias Unidas also distributes Heineken and Budweiser beers throughout Argentina and Chile.

The company's current market capitalization is $1.82B which places this security in the mid market capitalization category of my profile. The stock has a price to book value of 2.18 which is about average for its industry. The return on equity (ROE) for the stock is 20.23 which are above the industry's ROE but slightly below its sector. The current ratio is 2.59 which displays that the company has good short term financial strength. The P/E Ratio for the company is 11.03 which will place it in the value category of my portfolio (*http://finance.google.com/finance?q=cu&hl=en*).

Figure 6.3 –Compania Cervecerias Unidas MACD Graph

After reviewing the MACD graph for Compania Cervecerias UnidasS.A., it was found that this security has also had downward momentum since its purchase date. There was a bearish moving average crossover on June 8th followed by downward momentum until it hit its record low on July 8th. The MACD line seems to have changed its momentum and looks as though it's going to make a bullish moving average crossover as of July 9th and will be watched actively in order try and sell at a high in order to gain

back some of the losses. This stock was purchased at $33.67 and is now at about $29.50. This stock has lost approximately 12.5% of its value since its purchase and had I performed technical analysis on it at that time I would not have purchased this security.

PepsiAmericas, Inc.
NYSE: PAS
Sector: Consumer/Non-Cyclical

PepsiAmericas, Inc. manufactures, distributes and markets an assortment of beverage products in the United States, Central Europe and the Caribbean, and has expanded its distribution to include snack foods and beer in certain markets. This company distributes multiple brands of products under the Pepsi Co. license. PepsiAmericas' largest brands in terms of volume are Pepsi, Diet Pepsi and Mountain Dew and are all distributed through a network of retail and wholesale stores from super markets to cafeterias. http://finance.google.com/finance?q=pas&hl=en

The company's current market capitalization is $2.5B which places this security in the mid market capitalization category of my profile. The stock has a price to book value of 1.36 which is slightly lower than its industry average. The return on equity (ROE) for the stock is 12.90 which is above the industry's ROE but slightly below its sector. The current ratio is 0.98 which displays that the company has just about enough finances to cover short term obligations. The P/E Ratio for the company is 11.56 which will place it in the value category of my portfolio (*http://finance.google.com/finance?q=pas&hl=en*).

Figure 6.4 - PepsiAmericas, Inc. MACD Graph

After reviewing the MACD graph for PepsiAmericas, Inc., it was found that this security has followed almost the exact same trend as Compania Cerveceriasz Unidas S.A. The MACD has had bearish momentum since its purchase, but has seemed to have changed its momentum and looks as though it will make a bullish moving average crossover as of July 9th. This stock was purchased at $22.42 and is now just below $20.00

and will be watched actively in order try and sell at a high in order to gain back some of the losses. PAS has lost approximately 11.5% of its value since its purchase and had I performed technical analysis on it at that time I would not have purchased this security.

Abraxas Petroleum Corp.
AMEX: ABP
Sector: Energy

Abraxas Petroleum Corporation is an independent energy company primarily engaged in the development and production of natural gas and crude oil. The company primarily operates in south and west Texas and east central Wyoming owning approximately 105,000 acres of matured fields.

The company's current market capitalization is $235.68M which places this security in the small market capitalization category of my profile. The stock has a price to book value of 4.98 which is slightly higher than its industry average. The return on equity (ROE) for the stock is 399.60 which is significantly above the industry's ROE showing that the company relies on its equity for operation. The current ratio is 0.29 which displays that the company is not in a good financial standing. The P/E Ratio for the company is 4.46 which will place it in the value category of my portfolio (*http://finance.google.com/finance?q=abp&hl=en*).

Figure 6.5- Abraxas Petroleum Corp. MACD Graph

After reviewing the MACD graph for ABP, a big disappointment was discovered. It can be seen in the graph that a text book example of negative divergence took place and preceding that was a bearish moving average crossover. Negative divergence is clear here with the 12 and 26-day moving averages reaching higher highs and the MACD reaching lower lows and then it can be seen that the security dropped about $1.50 in price in about a week. When negative divergence and a bearish moving average crossover are

both present it is almost a sure indicator to sell and to add insult to injury the third indicator was also present on July 8th which is the bearish centerline crossover, but it was missed on my part and my portfolio has suffered for it. This security was purchased for $4.86 and is now at about $4.00 losing about 16.25% of its value. This doesn't seem like a big loss but over 800 shares of this stock were purchased and that adds up to over $650.00 in losses. If I had known how to use these technical analysis tools earlier in the simulation then the bearish signals would have been noticed and I would have sold at the beginning of July at about $5.40 making almost $0.80 profit on each share. I will now sell all of the shares in this stock because it looks as though it won't be going up any time soon.

ZHOGPIN Inc.
NASDAQ:HOGS
Sector: Consumer/Non-Cyclical

Zhogpin is a meat processing company based in the People's Republic of China. The company's products include over 270 meat products that are sold through a network of wholesale and retail stores under the Zhogpin name brand. Among that it also has 15 processing lines with an aggregate moving approximately 960 metric ton each day (8 hour work day) and also has contracts with farms to sell fruits and vegetables. Through its contacts it distributes more than 20 categories of fruits and vegetables.

The company's current market capitalization is $292.7M which places this security in the small market capitalization category of my profile. The stock has a price to book value of 1.85 which is average with its industry. The return on equity (ROE) for the stock is 17.53 which is above the industry's ROE but about half its sectors. The current ratio is 1.21 which displays that the company has enough finances to cover its short term

obligations. The P/E Ratio for the company is 13.33 which will place it in the value category of my portfolio (*http://finance.google.com/finance?q=hogs&hl=en*).

Figure 6.6 -ZHOGPIN Inc. MACD Graph

Again sure sell signs were missed on my part as seen by the annotations made on the ZHOGPIN Inc. MACD graph shown above. Negative divergence seems a little subtle but can be confirmed by both a bearish centerline and moving average crossover which have been annotated with the arrows in the graph. This is another case where the

technical analysis sell indicators were present but the skill to pick them out was not. In this situation when negative divergence was confirmed on approximately July 8th, the stock would have been sold at approximately $11.50 but now it will be sold at $10.94. This security was purchased at $12.28 and hit highs of $13.50 while it was owned but unfortunately that chance has been lost along with about 11% of the securities value since it was purchased.

Textron Inc.
NYSE: TXT
Sector: Conglomerates

Textron is spread throughout 34 countries and operates the business in 4 segments. Of the 4 segments, three are its manufacturing businesses which are called Bell, Cessna, and Industrial. And the fourth is its finance business. The Bell segment is made up of Bell Helicopter and Textron Systems. Cessna has four major product lines which consist of Citation business jets, Caravan single engine turboprops, Cessna single engine piston aircraft and aftermarket services. The Industrial segment includes the Company's Kautex, Fluid & Power, Greenlee, E-Z-GO and Jacobsen businesses. The finance segment consists of Textron Financial Corporation, a diversified commercial finance company.

The company's current market capitalization is $11.9B which places this security in the large market capitalization category of my profile. The stock has a price to book value of 3.32 which is double with its industry. The return on equity (ROE) for the stock is 30.45 which is above the industry's ROE and its sectors. The current ratio is 3.32 which displays that the company is very liquid. The P/E Ratio for the company is 12.78

which will place it in the blend category of my portfolio. (http://finance.google.com/finance?q=txt&hl=en).

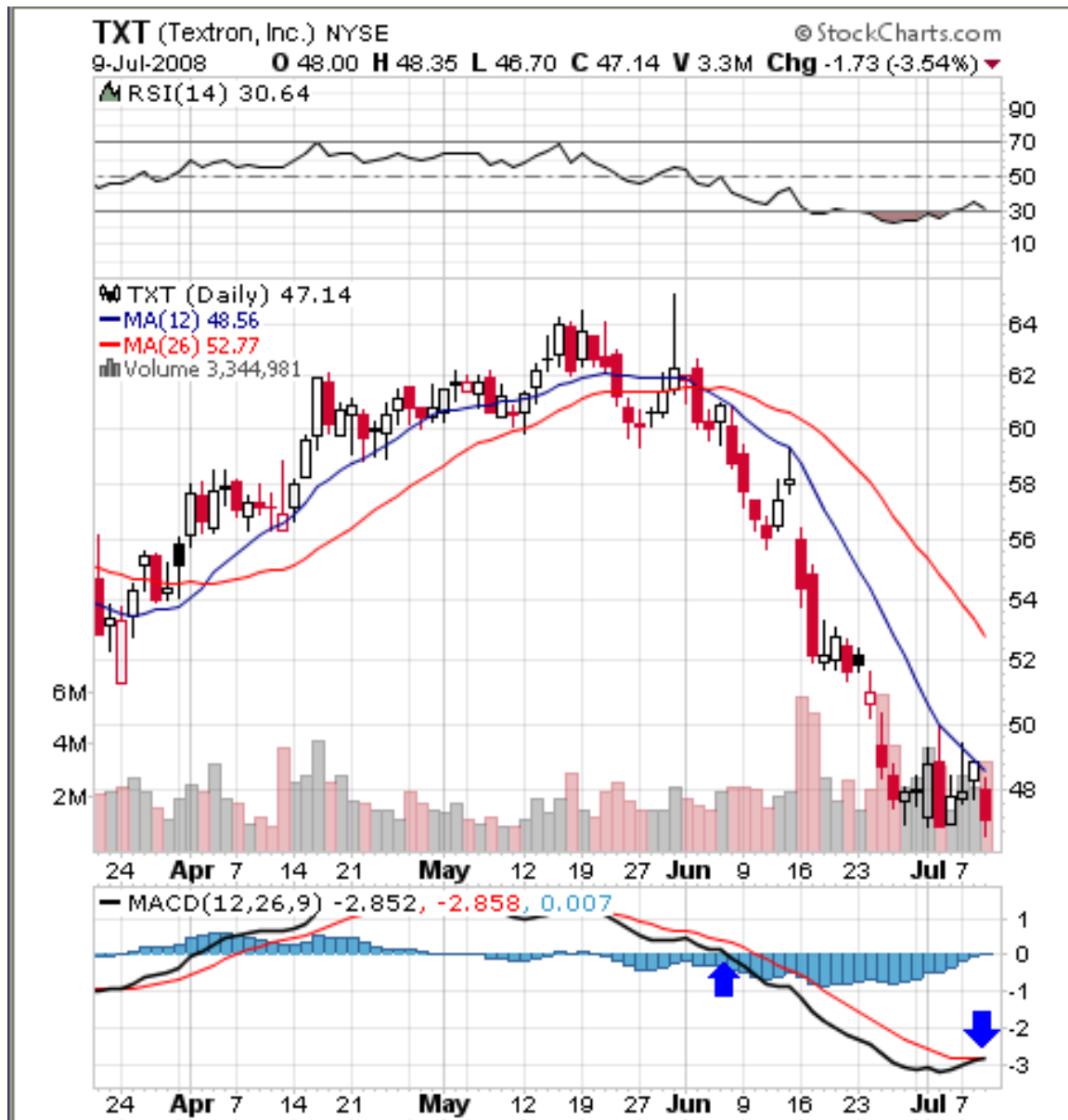*Figure 6.7 - Textron Inc. MACD Graph*

TXT has inflicted the most damage to the profile so far dropping from the purchase price of $58.44 to below $48.00 which is almost a 20% loss since its purchase in June. It can be seen clear that this stock was purchased right after a bearish centerline crossover and it has continued to drop to the present day. The MACD shows that there

has been a shift in momentum for the better and that the security may make a bullish moving average crossover which could recover some of the losses sustained to the profile by this poor investment. I will continue to hold on to this security and watch it actively until I feel as though I have recovered as much lost earnings possible.

United Technologies Corp.
NYSE: UTX
Sector: Conglomerates

United Technologies Corporation provides high-technology products and services to the building systems and aerospace industries. The Company conducts its business through six segments which are called Otis, Carrier, UTC Fire & Security, Pratt & Whitney, Hamilton Sundstrand and Sikorsky. Otis' services include elevators, escalators, moving walkways and services. Carrier's service includes residential, commercial and industrial heating, ventilating, air conditioning (HVAC), refrigeration systems and equipment, food service equipment, building automation and controls, HVAC and refrigeration components and installation, retrofit and aftermarket services. UTC F&S offers fire and special hazard detection and suppression systems and firefighting equipment, electronic security, monitoring and rapid response systems and service and security personnel services. Pratt & Whitney includes commercial, general aviation and military aircraft engines, parts and services, industrial gas turbines and space propulsion. Hamilton Sundstrand includes aerospace products and aftermarket services. Sikorsky offers military and commercial helicopters, aftermarket helicopter, and aircraft parts and services.

The company's current market capitalization is $59.4B which places this security in the large market capitalization category of my profile. The stock has a price to book

value of 2.75 which is average with its industry. The return on equity (ROE) for the stock is 22.20 which is above the industry's ROE and its sectors. The current ratio is 1.22 which displays that the company can afford its short term obligations. The P/E Ratio for the company is 13.65 which will place it in the blend category of my portfolio (http://finance.google.com/finance?q=utx&hl=en).

Figure 6.8 - United Technologies Corp. MACD Graph

When UTX was purchased back in June there was a slight rise in the stock's price followed by a bullish moving average crossover. Soon thereafter the security made a bearish moving average crossover where the price dropped to lows below $60.00. This was another poor investment if going by the rules of technical analysis because there were no buy signs present for the security and the small rise in price after purchase was soon corrected by a steep price drop. UTX was purchased for $68.48 and is now just above $61.00 at which the stock will be sold in order to cut losses.

Charles River Laboratories
NYSE: CRL
Sector: Services

Charles River Laboratories International, Inc. is a global provider of solutions that advance the drug discovery and development process, including research models and associated services, and outsourced preclinical services. The Company provides the animal research models required in research and development for drugs, devices and therapies. Charles River's clientele includes global pharmaceutical companies, a range of biotechnology companies, as well as government agencies, hospitals and academic institutions worldwide. The Company operates approximately 60 facilities, including its production and warehousing facilities, in 15 countries worldwide. The Company has two segments: Research Models and Services and Preclinical Services. On January 4, 2007, the Company acquired the remaining 15% of Charles River Laboratories Japan, Inc.

The company's current market capitalization is $4.28B which places this security in the mid market capitalization category of my profile. The stock has a price to book value of 2.25 which is about half its industry. The return on equity (ROE) for the stock is 9.32 which is above the industry's ROE and its sectors. The current ratio is 2.13 which

displays that the company has good short term financial strength. The P/E Ratio for the company is 26.33 which will place it in the blend category of my portfolio (*http://finance.google.com/finance?q=crl&hl=en*).
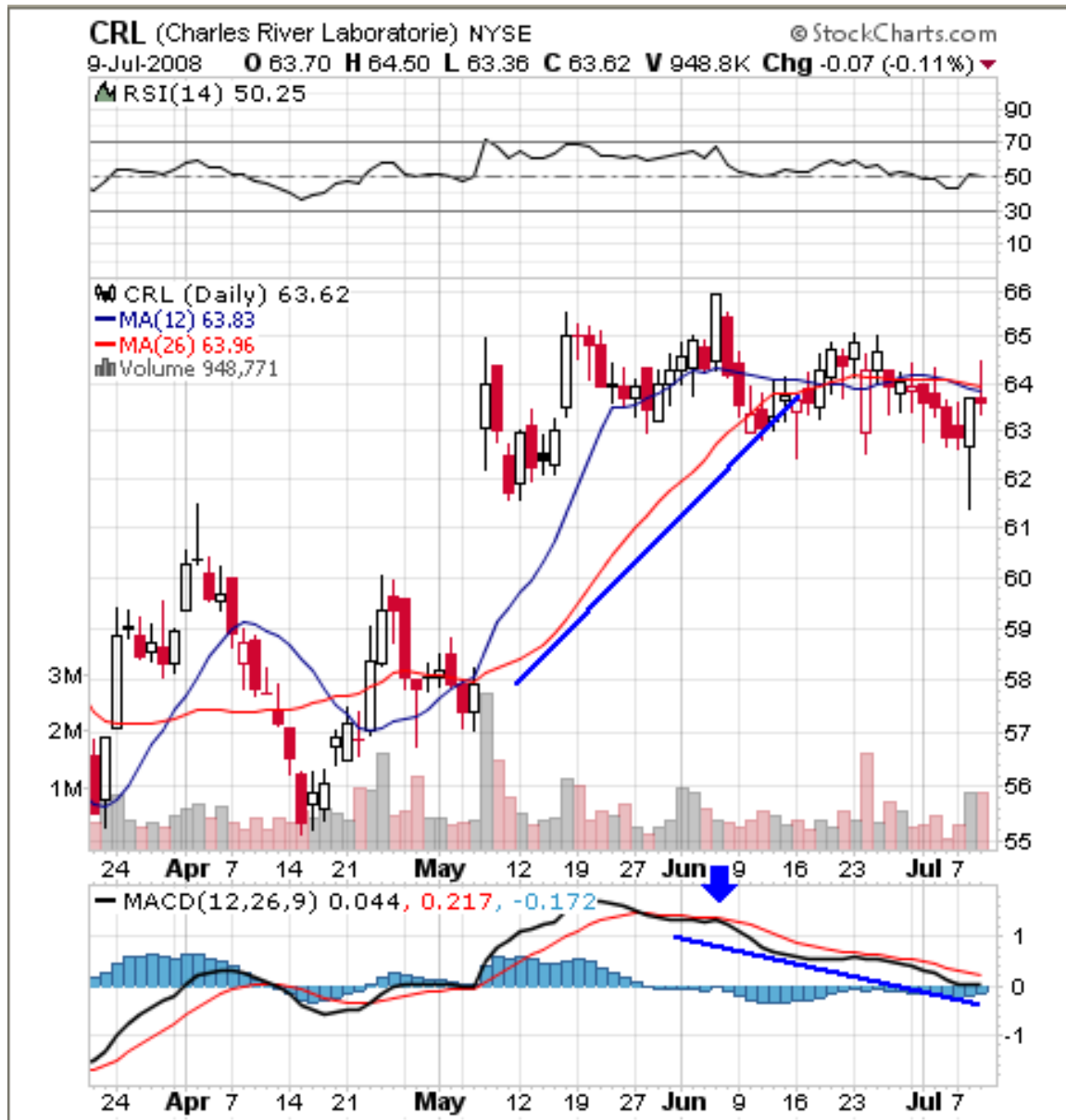

Figure 6.9 - Charles River Laboratories MACD Graph

After reviewing the MACD graph for CRL, action can be taken to minimize losses to an almost negligible proportion. This security is showing multiple indications that the CRL stock is going to be moving in a bearish fashion any day. It has been

annotated on the graph above where it looks to be negative divergence after a bearish moving average crossover and it also seems as though the MACD is about to make a bearish centerline crossover within the next day or so. With these signs present, all shares of CRL will be sold off for just under the purchase price sustaining negligible losses.

Central European Distribution Corporation
NASDAQ: CEDC
Sector: Consumer/Non-Cyclical

Central European Distribution Corporation is a distributor of alcoholic beverages. It produces vodka at its distilleries in Poland and also is an importer of spirits, wine and beer also sold in Poland. The company also exports with a 700 brand selection and sells over 9 million 9-liter cases of vodka a year.

The company's current market capitalization is $3.06B which places this security in the mid market capitalization category of my profile. The stock has a price to book value of 3.06 which is above its industry. The return on equity (ROE) for the stock is 13.00 which is above the industry's ROE but less than half its sectors. The current ratio is 1.39 which displays that the company can afford its short term obligations. The P/E Ratio for the company is 29.23 which will place it in the blend category of my portfolio (*http://finance.google.com/finance?q=cedc&hl=en*).

Figure 6.10 - Central European Distribution Corp. MACD Graph

Again technical analysis is going to indicate me to get out of a security suffering only minimal losses. In the Central European Distribution Corporation MACD graph above, signs of negative convergence can be seen with 12 and 26-day EMAs hitting higher highs and the MACD hitting lower lows. Preceding this indication is a bearish moving average crossover which makes the negative convergence indication that much

more concrete. Just like the CRL scenario, I am going to sell off my shares of this security at just under its purchase price only suffering small losses.

First Cash Financial Services Inc.
NASDAQ: FCFS
Sector: Services

First Cash Financial Services, Inc. is a provider of consumer financial services and related specialty retail products. The company has over 475 locations in 13 U.S. states and 11 states in Mexico. The company's pawn stores engage in both consumer finance and retail sales activities. First Cash operates stand-alone short-term loan stores in six U.S. states and seven states in Mexico. These stores provide consumer financial services products, including short-term loans, credit services, check cashing, money orders, money transfers and prepaid card products. The Company operates automobile dealerships focused on the buy-here/pay-here segment of the used-vehicle sales and financing industry. These automotive dealerships sell used vehicles and earn finance charges from the related vehicle financing contracts.

The company's current market capitalization is $438.44M which places this security in the small market capitalization category of my profile. The stock has a price to book value of 2.25 which is significantly below the industry. The return on equity (ROE) for the stock is 15.04 which is also significantly below the industry's ROE and the sectors. The current ratio is 5.35 which displays that the company is liquid. The P/E Ratio for the company is 16.75 which will place it in the blend category of my portfolio (*http://finance.google.com/finance?q=fcfs&hl=en*).

Figure 6.11 - Central First Cash Financial Services Inc. MACD Graph

After reviewing the Central First Cash Financial Services Inc. MACD graph, it has been found that there are a couple sell indications present. There seems to be negative divergence and a bearish moving average crossover. There is also a bearish centerline crossover but the MACD shifts its momentum upward right after making a bullish centerline crossover and then a bullish moving average crossover. The security was purchased $15.93 and is now just over $16.50. At this point I will watch this security

actively to make sure it doesn't shift its momentum again and see if it will continue to generate earnings for my portfolio.

AAON Inc.
NASDAQ: AAON
Sector: Capital Goods

AAON Inc. is engaged in the manufacture and sale of air-conditioning and heating equipment consisting of standardized and custom rooftop units, chillers, air-handling units, make-up air units, heat recovery units, condensing units, coils and boilers. The company's products serve the commercial and industrial new construction and replacement markets. The company has many different types of units and covers all aspects of this field in terms of products.

The company's current market capitalization is $324.66M which places this security in the small market capitalization category of my profile. The stock has a price to book value of 3.24 which is double the industry. The return on equity (ROE) for the stock is 23.45 which is also above the industry's ROE and the sectors. The current ratio is 2.27 which displays that the company has good short term financial strength. The P/E Ratio for the company is 14.56 which will place it in the blend category of my portfolio (*http://finance.google.com/finance?q=aaon&hl=en*).

Figure 6.12 - AAON Inc. MACD Graph

AAON Inc. is another example of a poor buy choice according to technical analysis. This security was purchased right when the MACD line made a bearish moving average crossover and soon thereafter made a bearish centerline crossover. This stock was pretty much showing the signal to sell and I did the complete opposite due to my lack of knowledge at the time in these analysis tools. Now the stock is reaching record

lows with no sign of shifting its direction which is going to push me to sell in order to reinvest and try to cut my losses. This security was purchased at $21.07 and is now below $17.50 losing approximately 17.5% of its value since its purchase.

Genzyme Corporation
NASDAQ: GENZ
Sector: Healthcare

Genzyme Corporation is a biotechnology company that operates in six units. Renal develops, manufactures and distributes products that treat patients suffering from renal diseases, including chronic renal failure. Therapeutics develops, manufactures and distributes therapeutic products, with a focus on products to treat patients suffering from genetic diseases and other chronic debilitating diseases. Transplant develops, manufactures and distributes therapeutic products that address pre-transplantation, prevention and treatment of graft rejection in organ transplantation and other hematologic and auto-immune disorders. Biosurgery develops, manufactures and distributes biotherapeutics and biomaterial products, with an emphasis on products that meet medical needs in orthopedics and broader surgical areas. Genetics provides testing services for the oncology, prenatal and reproductive markets. Oncology develops, manufactures and distributes products for the treatment of cancer, with a focus on antibody- and small molecule-based therapies.

The company's current market capitalization is $19.5B which places this security in the large market capitalization category of my profile. The stock has a price to book value of 2.81 which is half the industry. The return on equity (ROE) for the stock is 7.25 which is above the industry's ROE and the sectors. The current ratio is 1.88 which displays that the company almost has good short term financial strength. The P/E Ratio

for the company is 43.37 which will place it in the growth category of my portfolio (*http://finance.google.com/finance?q=genz&hl=en*).
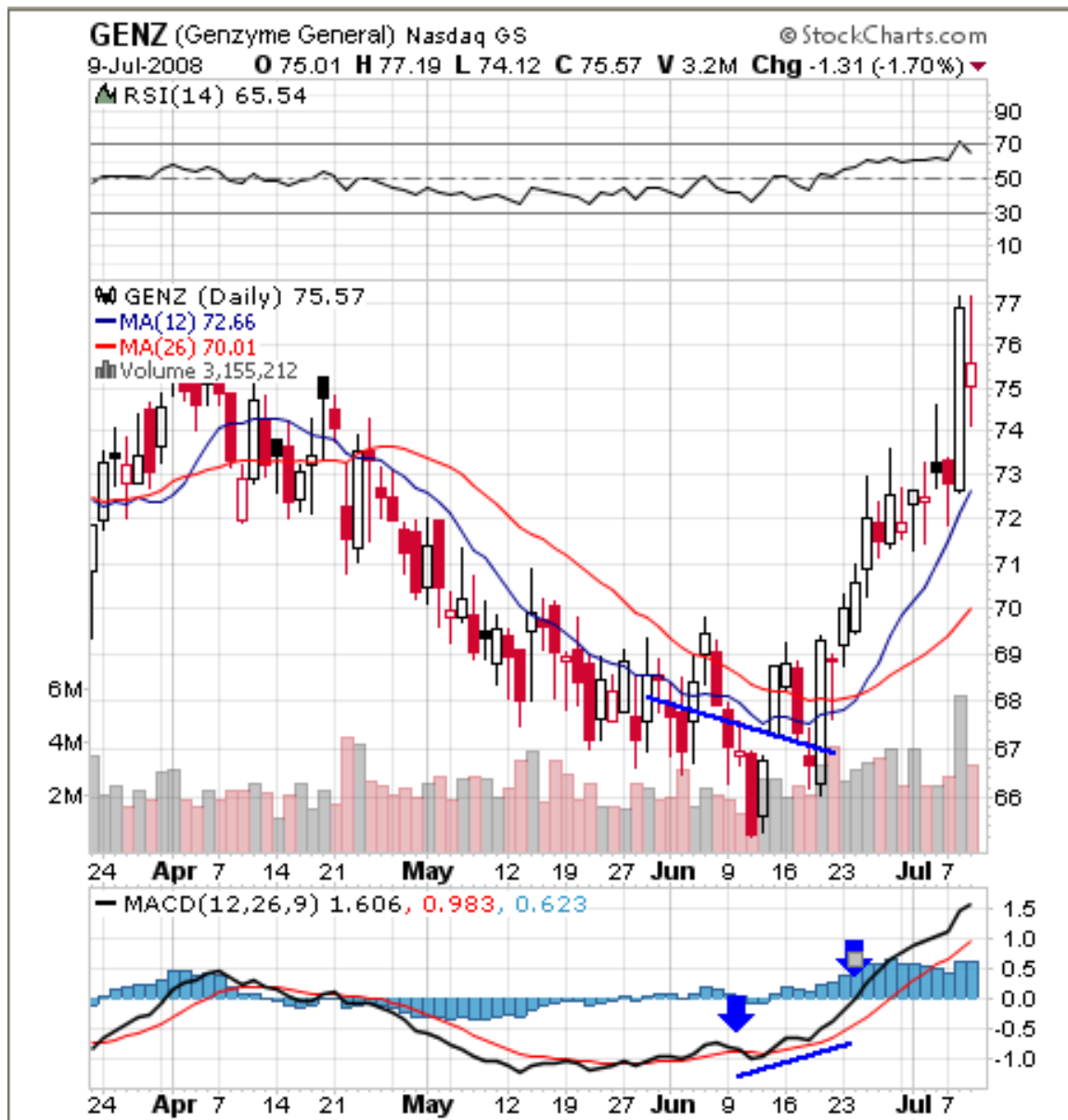

Figure 6.13 - Genzyme Corporation MACD Graph

After reviewing the Genzyme Corporation MACD graph, it was found that a profitable investment was made. It can be seen that while the 12 and 26-day EMAs were making lower lows, the MACD was making higher highs. This fact shows that positive divergence is present and along with this indication was the bullish moving average

crossover and bullish centerline crossover which confirms the buy signal. Once the MACD crossed the centerline, I should have purchased more of this security but lack of knowledge left me in the dark on that fact. This stock was purchased at $67.69 and is now over $75.50 with gains of over 11.5%. Looking at the positive trend of this security will lead me to investing more money into it.

Apple Inc.
NASDAQ: AAPL
Sector: Technology

Apple Inc. designs, manufactures, and markets personal computers, portable digital music players, and mobile communication devices and sells a variety of related software, services, peripherals, and networking solutions. The Company sells its products worldwide through its online stores, its retail stores, its direct sales force, and third-party wholesalers, resellers, and value-added resellers. In addition, the Company sells a variety of third-party Macintosh (Mac), iPod and iPhone compatible products, including application software, printers, storage devices, speakers, headphones, and various other accessories and peripherals through its online and retail stores. The Company sells to education, consumer, creative professional, business and government customers.

The company's current market capitalization is $148.98B which places this security in the large market capitalization category of my profile. The stock has a price to book value of 8.31 which is above the industry. The return on equity (ROE) for the stock is 28.69 which is above the industry's ROE and the sectors. The current ratio is 2.78 which displays that the company has good short term financial strength. The P/E Ratio for the company is 35.11 which will place it in the growth category of my portfolio (http://finance.google.com/finance?q=aapl&hl=en).

Figure 6.14 - Apple Inc. MACD Graph

After reviewing the Apple Inc. MACD graph, it can be seen that this stock wasn't purchased at the greatest time. Right after the stock was purchased the MACD line made a bearish centerline crossover but around July 8th made a bullish moving average crossover. The momentum of the security and the MACD seems to have shifted upward and may continue this trend. The stock is currently just over the price it was purchased at and I plan on holding on to it to see if this bullish trend will continue.

Alliance Data Systems Corporation
NYSE: ADS
Sector: Technology

Alliance Data Systems Corporation is a provider of data-driven and transaction-based marketing and customer loyalty solutions. The Company offers a portfolio of integrated outsourced marketing solutions, including customer loyalty programs, database marketing services, marketing strategy consulting, analytics and creative services, permission-based e-mail marketing and private label retail credit card programs. ADSC focuses on facilitating and managing interactions between its clients and their customers through multiple distribution channels, including in-store, catalogs and online. The Company operates in three business segments which include Marketing Services, Credit Services and Transaction Services. In 2007, the Company acquired Abacus, a provider of data and multi-channel direct marketing services. In November 2007, the Company sold its Mail Services business.

The company's current market capitalization is $4.30B which places this security in the large market capitalization category of my profile. The stock has a price to book value of 3.43 which is about average with the industry. The return on equity (ROE) for the stock is 14.90 which is above the industry's ROE and the sectors. The current ratio is 1.62 which displays that the company almost has good short term financial strength. The P/E Ratio for the company is 25.72 which will place it in the growth category of my portfolio (http://finance.google.com/finance?q=ads&hl=en).

Figure 6.15 - Alliance Data Systems Corp MACD Graph

After reviewing the ADS MACD graph, it can be seen that this security was not a good purchase. According to technical analysis this security was indicating sell signals such as the bearish moving average crossover which happened shortly after the purchase date and a bearish centerline crossover after that. This stock was purchased at $59.91 and is currently down below $54.00 with a loss of over 10.5% since it was purchased. This

security shows no indications that it will shift momentum any time soon so I will sell all shares of this stock in order to reinvest into a better idea.

Techne Corporation
NASDAQ: TECH
Sector: Healthcare

Techne Corporation and its subsidiaries are engaged in the development and manufacture of biotechnology products and hematology calibrators and controls. These activities are conducted through its company owned subsidiary, Research and Diagnostic Systems, Inc. Through R&D Systems Europe Ltd., its company owned subsidiary, the company distributes biotechnology products throughout Europe. R&D Europe has a sales subsidiary, R&D Systems GmbH, in Germany and a sales office in France. Techne Corporation has three operating segments which are biotechnology, R&D Systems Europe and hematology. The biotechnology segment consists of R&D Systems' Biotechnology Division, Fortron Bio Science, Inc.,BiosPacific Inc. and R&D Systems China Co. Ltd., which develop, manufacture and sell biotechnology research and diagnostic products world-wide. R&D Systems Europe distributes Biotechnology Division products throughout Europe. The hematology segment develops and manufactures hematology controls and calibrators for sale world-wide. R&D Systems is engaged in ongoing research and development in all of its product lines: controls and calibrators (hematology) and cytokines, antibodies, assays and related products (biotechnology). In 2007 the company established R&D China, in Shanghai, China, to distribute biotechnology products throughout China.

The company's current market capitalization is $3B which places this security in the mid market capitalization category of my profile. The stock has a price to book value

of 6.45 which is above average to the industry. The return on equity (ROE) for the stock is 22.57 which is above the industry's ROE and the sectors. The current ratio is 12.86 which displays that the company is liquid. The P/E Ratio for the company is 30.94 which will place it in the growth category of my portfolio (*http://finance.google.com/finance?q=tech&hl=en*).

Figure 6.16 -Techne Corporation MACD Graph

After reviewing the Techne Corporation MACD graph, it has been found that there are some bearish signals present in the data. There seems to be negative divergence present with the 12 and 26-day moving averages hitting higher highs and the MACD hitting lower lows. Another signal present is the bearish moving average crossover which indicates that I should sell this stock before it drops in value. At this point the stock has generated earnings I will watch it actively so that I can sell it at the optimum price.

Boston Beer Company, Inc.
NYSE: SAM
Sector: Consumer/ Non-Cyclical

The Boston Beer Company, Inc. is engaged in the business of producing and selling low-alcoholic beverages throughout the United States and in selected international markets. During 2007, Boston Beer sold 1,848,000 barrels of its products and brewed 28,000 barrels under contract for third parties. During 2007, the Company sold over 20 beers under the Samuel Adams or the Sam Adams brand names, five flavored malt beverage products under the Twisted Tea brand name, and one hard cider product under the HardCore Cider brand name. Boston Beer produces malt beverages and hard cider products at Company-owned breweries and under contract arrangements at other brewery locations. The Company-owned breweries are located in Cincinnati, Ohio and Boston, Massachusetts. During 2007, the Company brewed beer under contract at breweries located in Eden, North Carolina, Rochester, New York, Latrobe, Pennsylvania and La Crosse, Wisconsin.

The company's current market capitalization is $569.45M which places this security in the small market capitalization category of my profile. The stock has a price to book value of 4.74 which is above average to the industry. The return on equity (ROE)

for the stock is 10.90 which is above the industry's ROE and 1/3 the sectors. The current ratio is 1.94 which displays that the company almost has good short term financial strength. The P/E Ratio for the company is 46.87 which will place it in the growth category of my portfolio (*http://finance.google.com/finance?q=sam&hl=en*).

Figure 6.17 - Boston Beer Company, Inc. MACD Graph

After reviewing the Boston Beer Company, Inc. MACD graphs, it can be seen that this stock has steady upward momentum which started right around the purchase date. There are some small buy signals present such as the bullish moving average crossover and the bullish centerline crossover. With the data collected from this analysis I feel comfortable investing more money into this security because I believe it has not finished earning yet.

Global Cash Access Holdings Inc.
NYSE: GCA
Sector: Financial

Global Cash Access Holdings, Inc. is a provider of cash access products and related services to the gaming industry in the United States and several international markets. The company's products and services provide gaming establishment patrons access to cash through a variety of methods, including automated teller machine (ATM) cash withdrawals, credit card cash advances, point-of-sale debit card transactions, check verification and warranty services and money transfers. Its cash access products and services enable three primary types of electronic payment transactions: ATM cash withdrawals, credit card cash advances and POS debit card transactions. GCA customer solutions consist of cash access products and services, information services, cashless gaming products and credit card servicing.

The company's current market capitalization is $467.36M which places this security in the small market capitalization category of my profile. The stock has a price to book value of 3.50 which is above average to the industry. The return on equity (ROE) for the stock is 15.98 which is above the industry's ROE and the sectors. The current ratio is 2.00 which displays that the company has good short term financial strength. The

P/E Ratio for the company is 22.20 which mistakenly places it into the blend category of my profile not my growth where I had wanted to invest (*http://finance.google.com/finance?q=gca&hl=en*).

Figure 6.18 - Global Cash Access Holding MACD Graph

After reviewing the GCA MACD graph, it can be seen that there were many bearish signals present but due to the lack of knowledge at the time of purchase, they were missed. There seems to be negative divergence present along with a bearish moving

average and centerline crossover to confirm it. These sell signals were present at the time of purchase making this a poor short term investment. The purchase price of this security was $7.44 and is now below $6.50 losing over 18.5% of its value since its purchase. This security doesn't show any indications of it changing momentum in the near future so all shares will be sold.

6.2 WEEK 1 (6/2/2008 – 6/13/2008)

6.2.1 Stocks Researched

Beginning this simulation seemed a bit difficult due to the fact that I have never invested in the stock market in the past, so the confidence which one can only obtain from experience was not present. This fact made the launch of this simulation difficult because I wasn't quite sure where I should start as far as stock selection. The preparation for this simulation was work done on my own such as reading various texts, online research and collaborating with my partners, but when it all comes down to it, the research taught me the basics but trial & error was the only way to make this happen. With that said I started with the plan I set for myself at the beginning based on the type of investor I would be and creating a diversified portfolio in which would be able to cover the market as a whole and hopefully earn a profit in these poor times and by the end of the simulation period. As I said earlier I would allot approximately $4,000.00 to each category in my portfolio which consists of value, blend and growth stocks and in the market capitalization ranges of large cap, mid cap and small cap. To help me get my hands on some actual securities that fit the description of each category in my portfolio I used the stock screener which is offered on *Yahoo!* The stock screener allowed me to simply submit the various details of each stock I was interested in and it would display various securities of that description. Some of the qualities I was interested in when

conducting this screening were the P/E ratios, market capitalizations, and industries the securities were located. These details were important to helping me fulfill the requirements I had initially set for the foundation of my portfolio. After each requirement of my portfolio was satisfied, I simply set up an account on Investopedia and purchased the securities that I had selected.

6.2.2   Course of Action

After researching many different stocks to fit the description of my diversified pick and hold portfolio, 18 securities were found and approximately $4,000.00 was invested into each. It can be seen by the table below how many of each stock was purchased and the price at which they were purchased for.

Date	Symbol	Buy/Sell	Price ($)	Shares	Net Costs/ Proceeds ($)	Profit/ Loss ($)	Total Cash ($)	Total Profit ($)
6/13/08	n/a	n/a	n/a	n/a	n/a	n/a	100,000.00	n/a
6/13/08	CCE	BUY	19.24	208	4,021.91	n/a	95,978.09	n/a
6/13/08	PBG	BUY	30.70	130	4,010.99	n/a	91,967.10	n/a
6/13/08	CU	BUY	33.67	119	4,026.72	n/a	87,940.38	n/a
6/13/08	PAS	BUY	22.42	178	4,010.75	n/a	83,929.63	n/a
6/13/08	ABP	BUY	4.86	833	4,068.37	n/a	79,861.26	n/a
6/13/08	HOGS	BUY	12.28	326	4,023.27	n/a	75,837.99	n/a
6/13/08	TXT	BUY	58.44	68	3,993.91	n/a	71,844.08	n/a
6/13/08	UTX	BUY	68.48	58	3,991.83	n/a	67,852.25	n/a
6/13/08	CRL	BUY	63.79	62	3,974.97	n/a	63,877.28	n/a
6/13/08	CEDC	BUY	75.22	53	4,006.65	n/a	59,870.63	n/a
6/13/08	FCFS	BUY	15.93	250	4,002.14	n/a	55,868.49	n/a
6/13/08	AAON	BUY	21.07	190	4,023.29	n/a	51,845.20	n/a
6/13/08	GENZ	BUY	67.69	59	4,013.70	n/a	47,831.50	n/a
6/13/08	AAPL	BUY	173.37	23	4,007.50	n/a	43,824.00	n/a
6/13/08	ADS	BUY	59.91	66	3,974.05	n/a	39,849.95	n/a
6/13/08	TECH	BUY	75.43	53	4,017.78	n/a	35,832.17	n/a
6/13/08	SAM	BUY	40.87	98	4,025.25	n/a	31,806.92	n/a
6/13/08	GCA	BUY	7.44	537	4,015.27	n/a	27,791.65	n/a

Table 6.2.1 - Gene's Portfolio (Week 1)

6.2.3   Results

Now that a diversified portfolio has been constructed, it will be watched and it will hopefully earn. Again, in theory where there is any losses in one end of this portfolio the other end should compensate in turn preventing any losses. Next week I will watch my portfolio and see how it performs for its first full week on the market.

6.3   WEEK 2 (6/16/2008 – 6/20/2008)

6.3.1   Stocks Researched

This week the market has been pretty stable with most of the stock prices in my portfolio growing which is a good sign for the first week. The two biggest disappointments in my portfolio at this point are TXT and CEDC which have both gone into the red.

6.3.2   Course of Action

This is the first full week the stocks that I have purchased have been subject to the market and they seem to be doing okay. TXT is down approximately $7.50 which is a significant amount and CEDC is trailing right behind losing about $4.50 since its purchase. Other than these two let downs my portfolio is up approximately 2% at this point which hopefully is a sight for things to come.

6.3.3   Results

At this point in the simulation I will stick with the original buy and hold plan. My portfolio seems to be doing okay for this first week of simulation with a few exceptions which were TXT and CEDC. It wouldn't be smart at this point to sell off my shares in these securities because then the potential profit that could have been had will now just be a loss in the first week. Next week I will continue to watch my portfolio and hopefully it will continue to do well.

6.4 WEEK 3 (6/23/2008 – 6/27/2008)

6.4.1 Stocks Researched

This week the stock market has been down and things are not looking good as far as my investments. The majority of the securities that I have invested in are now in the red which is a bad sign for only having this portfolio for 2 full weeks. This diversified portfolio is losing on all sides of the spectrum which means that it isn't certain aspects of the market that are not performing, but the market is doing poorly as a whole.

6.4.2 Course of Action

This is the second week that the securities I have bought have been on the market. As I said earlier the market is horrible right now but through the storm there are a few stocks that are performing well in my portfolio which are GENZ and TECH. GENZ is up approximately $5.00 and TECH is up about $3.00 which is good in these poor economic times. From the looks of things my portfolio isn't doing as bad as it could be only being down about 6.5% in these poor economic times.

6.4.3 Results

This is only the second week that my portfolio has been exposed to the market so I feel that at this point it wouldn't be wise to take any action. The market is performing poorly at this point in time so I feel that letting the securities sit for a couple more weeks may allow my portfolio to have a chance to correct itself.

6.5 WEEK 4 (6/30/2008 – 7/4/2008)

6.5.1 Stocks Researched

This week the stock market has been following the same downward trend as it has been heading since this simulation has started and my portfolio as a whole has also been following that same trend. All of the securities that I have purchased with the exception

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of GENZ and TECH have been on a steady pace south losing more and more by the day. GENZ and TECH have surprisingly been heading in the opposite direction as the rest of the portfolio and are the only securities holding it together at this point.

6.5.2   Course of Action

This is third week that my diversified portfolio has been subject to this bearish market and nearly every security is in the red. Of the two stocks doing well, GENZ has earned over $5.50 more per share since its purchase and TECH has earned $2.50 more per share since its purchase. The portfolio as a whole has lost approximately 9% of its value since its purchase and doesn't look like it will correct itself in the near future.

6.5.3   Results

This is the third consecutive week that the market has been performing poorly and my portfolio has suffered due to it. It would be nice to let this portfolio sit and hopefully correct itself one day but this simulation time constraint will not allow for that so it is time to come up with another game plan. It is clear that the majority of my portfolio has to be sold and reinvested in order to actually earn a profit by the end of this project. For next week I would like to learn the basics of technical analysis so that I can select a new and improved portfolio by the following week.

6.6   WEEK 5 (7/7/2008 – 7/11/2008)

6.6.1   Stock Researched

We are now in the fourth week of the simulation and the market is just as poor as it was last week. GENZ and TECH are the only securities in my portfolio that are not in the red at this point so selling most of my portfolio off is my only option at this point to earn a profit before the simulation is over. This week I have also studied the fundamentals of technical analysis in hopes of educating myself further and enabling

myself to predict the momentum of each individual security in my profile. After applying the technical analysis strategy to the securities that are in my profile I was excited to the results but also disappointed at the same time. What was found was that the technical analysis strategy that I applied seemed to work and make it allot easier to predict in which direction the stocks that I have purchased would head. Yet, that also lead to disappointment because many poor purchases were made that could have been prevented if I had this knowledge earlier in the project.

6.6.2   Course of Action

This week I have selected approximately half of the securities in my portfolio to sell off into the stock market. The reason for selecting each of the stocks that were sold was because they have shown a multitude of sell signals which I have explained in detail in the technical analysis portion of my report. When selling off the selected securities, I actually made a mistake that wasn't caught for a few days and purchased the exact amount of the stock ABP that I wanted to remove from my portfolio. ABP was purchased for $4.12 which is $0.74 less than what it was originally purchased for at the beginning of the simulation. I have also kept certain stocks in my portfolio that are in the red because through my technical analysis I have made the prediction that they may reverse and go back up in price. These predictions were also explained in the fundamental analysis portion of my report and the stocks that were selected will be watched carefully. The table displayed below shows the transactions made during this week.

Date	Symbol	Buy/Sell	Price ($)	Shares	Net Costs/ Proceeds ($)	Profit/ Loss ($)	Total Cash ($)	Total Profit ($)
7/10/08	Balance	n/a	n/a	n/a	n/a	n/a	27,791.65	n/a
7/10/08	CEDC	SELL	74.04	53	3,904.13	102.52	31,695.78	102.52
7/10/08	AAON	SELL	17.33	190	3,272.71	750.58	34,968.49	853.10
7/10/08	HOGS	SELL	10.95	326	3,549.71	473.56	38,518.2	1,326.66
7/10/08	GCA	SELL	6.08	537	3,244.97	770.30	41,763.17	2,096.96
7/10/08	ADS	SELL	53.22	66	3,492.53	481.52	45,255.70	2,578.48
7/10/08	ABP	BUY	4.12	833	3,451.95	n/a	41,803.75	n/a
7/10/08	CRL	SELL	63.55	62	3,920.11	54.86	45,723.86	2,633.34
7/10/08	UTX	SELL	61.12	58	3,524.97	466.86	49,248.83	3,100.2
7/10/08	PBG	SELL	27.67	130	3,577.11	433.88	52,825.94	3,534.08
7/10/08	CCE	SELL	16.59	208	3,430.73	591.18	56,256.67	4,125.26

Table 6.6.2.1 - Gene's Portfolio Progress (Week 5)

6.6.3   Results

At this point I will watch the stocks that remain in my portfolio carefully with plans to reinvest more money into the securities that seem to be doing well and the ones that show visible buy signals. For next week I plan to watch the market and see if my predictions are correct which will tell me if it is wise to reinvest in some of the securities that I already have. Now that I have the skills needed to perform basic technical analysis I can make better purchases/trades in future transactions.

6.7   WEEK 6 (7/14/2008 – 7/18/2008)

6.7.1   *Stocks Researched*

This is the fifth week of stock market simulation and my new improved portfolio seems to be doing better. Stocks that I have kept due to my technical analysis predictions seem to be heading north such as FCFS, PAS, and CU. There are still some stocks that need to be removed due to poor performance such as AAPL which should have been sold

last week but I wanted to try and cut my losses. The market itself is still doing poorly but I hope with my new strategy I can beat it and earn a profit in these bad times.

6.7.2   Course of Action

This week I have just sat back and watched how the stocks that I have selected to keep from last week have performed and how good or bad my predictions have been. So far everything seems to be going better than it has been the past month. The mistake I made last week with the accidental purchase of ABP has actually worked out to my benefit. If I had sold that stock it would have sold for about $4.12 losing about $0.74 per share, but instead I bought more of this security at $4.12. Now I have sold the stock for $4.54 and made a profit on the shares bought for $4.12 but also cut what would have been $0.74 per share in losses to only $0.32 per share. Besides that blessing in disguise, it seems that the technical analysis that I performed has also worked out to my benefit. From last week, CU is up about $1.25 per share, PAS is up $0.40 per share, FCFS is up $1.08 per share and $2.96 since its purchase. Without technical analysis, I would have sold off all of the stocks previously mentioned and lost what has now been gained. TXT is one of the stocks that have been doing very poorly but technical analysis is showing signs of a reversal which could lead to me reinvesting into this security. AAPL is also doing very poorly losing $8.17 since its purchase and I may have to just cut my losses and sell this security soon before it can do anymore damage. The table displayed below shows all transactions made for this week.

Date	Symbol	Buy/Sell	Price ($)	Shares	Net Costs/ Proceeds ($)	Profit/ Loss ($)	Total Cash ($)	Total Profit ($)
7/16/08	Balance	n/a	n/a	n/a	n/a	n/a	56,256.67	4,125.26
7/16/08	ABP	SELL	4.54	1666	7,543.65	23.33	63,800.32	4,148.59

Table 6.7.2.1 - Gene's Portfolio Progress (Week6)

6.7.3 Results

At this point I feel as though I have more control on how my portfolio will perform rather than when I first started this simulation where I was just making educational guesses. Although my portfolio has lost money at this point, I feel confident that I can change that before the simulation period is finished. This upcoming week I will again watch the market to prepare myself for any stocks that will be either sold or reinvested into and I will also look into some new securities that I can purchase.

6.8 WEEK 7 (7/21/2008 – 7/25/2008)

6.8.1 Stocks Researched

This is the sixth week of the simulation period and now that I have made adjustments to my portfolio and watched it over some time, my confidence in how I will invest for my final weeks has strengthened. It is pretty clear at this point we are in a bearish market so as a first time investor it will be harder to make money during this period than it normally would be. I feel that within my most recent transactions I have made the right buy/sell decisions, with the exception of AAPL, after I had learned the strategy of technical analysis.

6.8.2 Course of Action

This week I have again just watched the performance of the stocks that remain in my portfolio and have noted which of those I would like to remain, reinvest or sell. For

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portfolio progress, CU is up $2.70 since last week ($3.95 since the week before), PAS is now out of the red and up $0.91 since its purchase, TXT is up $1.21 since last week and SAM is up $3.74 since last week. AAPL has turned out to be a bad investment for this point in time moving further in the red $3.03 and GENZ is showing technical analysis sell signals as well as the price being down $3.04 from last week. FCFS has made a nice move out of the red in the past 3 weeks and turned up a profit but is showing possible sell signals by technical analysis.

6.8.3   Results

At this point my portfolio is showing multiple signs of progress and I will now try and further that progress by what I believe to be improving with various trades. CU and PAS have both made bullish centerline and moving average crossovers recently and I feel as though they will be good stocks to reinvest more money into for this week. Even though TXT has continuously shown losses since its purchase it may become a candidate for reinvestment soon because of certain technical analysis buy signals it has displayed recently which could regain losses and turn up a profit. FCFS is showing sell signals such as a bearish moving average crossover, so I will watch this stock closely this week with the potential for sale. GENZ has also displayed sell signals which have also made their way to the security's price as a loss which will lead me to sell this stock. AAPL has been performing horribly and should have been sold 2 weeks ago instead of being greedy and trying to wait it out. On the other hand TECH and SAM are both performing well and look as though they will continue this trend which will lead me to reinvest more into these particular stocks.

6.9   WEEK 8 (7/28/2008 – 8/01/2008)

6.9.1   Stocks Researched

This week many transactions have executed from last week's analysis including the selling of AAPL and GENZ and the purchase of additional shares in CU, TECH, SAM, and PAS. PAS and TECH have continued to do well as predicted but SAM and CU haven't kept the momentum that I had hoped for.

6.9.2   Course of Action

With the new transactions made I am happy to see that my portfolio is slowly coming out of the red from this poor market. Last week's technical analysis led me to purchase additional shares in stocks that I already own. PAS and TECH have already grew approximately $1.00 in value since the most recent purchase but CU and SAM are just below their most recent purchase price. The sale of GENZ made a profit of $465.06 which pulled my portfolio slightly out of the red but the poor AAPL investment sent it back into the red $293.67. The table displayed below shows all transactions made for this week.

Date	Symbol	Buy/Sell	Price ($)	Shares	Net Costs/ Proceeds ($)	Profit/ Loss ($)	Total Cash ($)	Total Profit ($)
7/28/08	Balance	n/a	n/a	n/a	n/a	n/a	63,800.32	4,148.59
7/28/08	CU	BUY	32.97	606	19,999.81	n/a	43,800.51	n/a
7/28/08	GENZ	SELL	76.25	59	4,478.76	465.06	48,279.27	3,683.53
7/28/08	TECH	BUY	79.97	63	5,058.10	n/a	43,221.17	n/a
7/28/08	SAM	BUY	45.00	222	10,009.99	n/a	33,211.18	n/a
7/28/08	PAS	BUY	23.33	434	10,145.21	n/a	23,065.97	n/a
7/28/08	AAPL	SELL	162.34	23	3,713.83	293.67	26,779.80	3,977.20

Table 6.9.2.1 - Gene's Portfolio Progress (Week 8)

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6.9.3   Results

We are coming close to the end of the simulation period and my portfolio is in the red about $4,000.00 (this figure does not include the money to be made or lost with stocks that are still invested in). With next week being the last week for investing I am going to have to take some action in order to have some sort of gains at the end of this simulation. FCFS has made a bearish moving average crossover and looks as though it may drop in price so I will sell it at the beginning of next week. CU and SAM need to both be watched because of their unexpected momentum change. TXT looks as though it is showing signs of positive divergence which is where I am going to take a chance and invest some money into it. At this point TXT has lost over $1,000.00 in my portfolio and I hope this investment will make some of that money back.

6.10   WEEK 9 (8/04/2008 – 8/08/2008)

6.10.1 Stocks Researched

This week all of my securities have been sold in order to determine the total profit/loss for the simulation. Some stocks were sold sooner than others because of various signals that they displayed but the remainder were sold on 8/08/2008. As a result of the poor economic times, it was very hard to invest for the short term and yield a profit especially for an amateur investor but with that said, I didn't lose as much as I thought I would have. I followed through with the game plan that I set for myself at the end of last week and for the most part it seemed to have pulled my portfolio out of the hole that I dug for myself at the beginning of the simulation. The action that was taken for this week consisted of purchasing more shares of TXT and selling the rest of FCFS, the next day I

sold SAM because of its bearish momentum and the following day I sold off all of my securities.

6.10.2 Course of Action

The final transactions of this investment simulation were conducted this week and I have found that the overall losses were not has much as I had thought they would be. The first transaction made this week was the purchase of TXT. I already had a good amount of shares in TXT that I had purchased from the beginning of the simulation and it had dropped since its purchase. After looking at this stock through technical analysis I decided that I would not sell it but instead purchase more because of the positive divergence it seemed to be displaying. The same day I sold off the remaining shares of FCFS because it had showed me sell signals and I felt though it was at its peak making me a profit of $822.87. The following day I sold SAM because its momentum shifted for the worse and technical analysis showed that it wasn't going to change direction. On 8/8/08 I sold off the remainder of my portfolio and for the most part made a profit on the last four stocks. Of the last four securities was TXT which I had purchased more of at the beginning of the week. This move turned out to be a good one because the additional shares that were purchased made close to $1,000.00 which almost cancelled out the losses of the TXT stock completely. If I had sold TXT on impulse because of its immediate loss then I would have lost over $1,000.00 but because I used technical analysis and moved on the buy signal, I shrunk my losses to a mere $225.00. Overall, my portfolio lost $2,196.65 which isn't that bad due to this poor economic period. It can be seen from the table below that the total remaining cash is $97,850.01 which is less than a loss of the $2,196.65. That loss is from the fees that had to be paid on purchases and sales

of the securities. The table below also displays all of the transactions made from this past week.

Date	Symbol	Buy/Sell	Price ($)	Shares	Net Costs/ Proceeds ($)	Profit/ Loss ($)	Total Cash ($)	Total Profit ($)
8/6/2008	Balance	n/a	n/a	n/a	n/a	n/a	26,779.80	3,977.20
8/6/2008	BUY	TXT	41.73	475	19,841.74	n/a	6,938.06	n/a
8/6/2008	SELL	FCFS	19.38	250	4,825.01	822.87	11,763.07	3,154.33
8/7/2008	SELL	SAM	41.41	320	13,221.25	813.99	24,984.32	3,968.32
8/8/2008	SELL	TXT	43.52	543	23,611.37	224.28	48,595.69	4,192.60
8/8/2008	SELL	CU	34.65	725	25,101.26	1074.73	73696.95	3,117.87
8/8/2008	SELL	PAS	24.00	612	14,668.01	512.05	88,364.96	2,605.82
8/8/2008	SELL	TECH	81.94	116	9,485.05	409.17	97,850.01	2,196.65

Table 6.10.2.1 - Gene's Portfolio Progress (Week 9)

6.10.3 Results

The beginning of this simulation did not look very promising as far as making a profit by the end of the trading period. I actually just got to the point of trying to minimize how much I lost rather than control how much I made. After more research I found that technical analysis is a very powerful investment tool and it actually became the foundation of my investment decisions. From this powerful tool I was able to take my portfolio which was down at one point about -10% and make educated buy and sell transactions that with a little more practice seemed to be guaranteed. There is always some risk with investing because if there wasn't there would be no money to be made. By researching securities properly and having analysis tools, an investor such as I can shrink the risk down to a point that it would be riskier to not invest in the stock market.

7.   Comparison of Trading Strategies

At the beginning of this project each member of the group was in the same position which was having very little knowledge of the stock market and trading. Each of us set off to assess this problem by strengthening our knowledge in the stock market and various methods of training. At that point we each read different books and reviewed different websites to build up a game plan on which route we would take when the time had come to invest. When the week of trading began our group met and had a discussion on what we all had learned from our research and it was clear at that point that we each had a different outlook on how we wanted to invest. Though the materials we had read were similar and gave us all a good foundation for what you need to know to invest, our personalities were not the same so we found that various types of securities appealed to us differently. Each of us had an idea of which path we were going to take on our investment journey and no two paths were identical.

As each of us researched for this project we each started favoring certain details from the very beginning. Large cap growth stocks are going to appeal to a person who wants a safer less riskier security which will also depict their personality. Someone who lives more on the edge and takes risks is going to be drawn to small cap value stocks or highly volatile start-up companies which can also yield more earnings.

When Gene was researching for this project he was interested in the whole spectrum. Growth, value, small-cap and large-cap were all appealing and each had their pros and cons. He developed a portfolio that he felt would hold up in bad economic times such as the ones we are in today. To do this he allotted an equal amount of money in each type of security which yielded a perfectly diversified portfolio. In theory this method

should do well because when one side of the portfolio loses money the other side should compensate for that loss and balance it out. Over time it should produce average steady gain of interest an earn money. Adam's approach was similar to that of Gene's where his goal was to diversify the best that he could. To do this he used a stock screener to find large and small cap, growth and value stocks. His strategy was to buy 20 different securities at 100 shares each. The idea was to buy and hold in order to reduce commission fees as much as possible fees that might erode profits. Kojo was looking more on focusing on startup companies and as a result was presumed as a growth investor, so the initial plan was purchase these stocks and hold onto them for a while in hopes of significant profits in the long run. He also considered the importance of diversification and decided to get a few stocks other than growth, more like stocks thriving in the present economic downturn that could yield some immediate profits. This also initiated a bit of value stocks and day trading in his investing style.

As time passed each member of the group was gaining more knowledge on other market strategies such as fundamental and technical analysis which we did not have at the beginning of this project. These new strategies changed the way we would invest and for some of us made us realize that we made some poor investments from the very beginning. When Gene learned the basics of technical analysis and performed it on each individual stock in his profile he found that he had made some poor investment decisions. The buy and sell signals were painted all over the MACD charts that were easily accessible from the very beginning of this project but he didn't have the knowledge to take advantage of them. The idea of having a well diversified portfolio just wasn't enough during these poor economic times and his portfolio sustained many losses. After

technical analysis skill was obtained he made trades in hopes to recover any losses up to that point. After his corrections were made and all the dead weight was cut from his portfolio he decided to reinvest in what he already knew rather than going out and trying to find completely new securities with such a short period of time left. The stocks he had in his portfolio had already been researched and watched for 4-5 weeks so he felt that looking for new securities at this point would be a waste of time. After he determined his new strategy based on his technical analysis he reinvested into stocks he already had with hopes to realize a profit by the end of the simulation period.

Adam has issues with his portfolio as well. The diversified approach simply was not working. After a few weeks passed he also gained experience with technical analysis. He quickly learned that many of the investments he had made were at the wrong time. As a result many securities were sold off and new ones were purchased. The newly purchased stocks were only bought when they exhibited strong buy signals such as positive divergence with the combination of centerline crossovers and bullish crossovers in MACD. This strategy worked almost flawlessly helping to increase the value of his portfolio.

Kojo based all of his initial stock purchases on the present look of the economy which introduced a lot of issues from the onset. Little attention was paid to technical analysis to analyze trends and figure out the best time to buy what type of stock. His portfolio fell into the non diversification trap at a point in time when most of his stocks appeared to be oil, petroleum and energy. It was very profitable when all these companies were doing well but their improvement was short lived and his portfolio went tumbling right down with the sudden poor performance of these companies and after a much

needed revision of strategy, he managed to acquire stocks in other sectors as well. With

the state of the economy in mind, he averted to stocks that are usually not affected by the

state of the economy be it good or bad and yielded positive returns in the long run.

8. Conclusion

8.1 *Overall Performance*

During the course of the simulation period, each investor experienced a transition of strategies from what they began with. Obviously we each had insufficient knowledge on the stock market and trading strategies and our decisions from the onset and our decisions were based on our personalities and dictated by the research completed at that point in time. After we each individually initiated our own simulation, time led us to find different strategies and notice different trends that can only be discovered from experience. We all found out that our game plan from the very beginning was not the profitable one but as time went on we revised our strategies and were able to analyze and recognize stocks with a different perspective.

Towards the end of the simulation period, our portfolios portrayed a boost in confidence in our investment styles. We made real educated decisions as opposed to the student we each were at the beginning of the project. Each security that was purchased finally looked like an investment rather than the gamble that it did at the beginning and portfolios began to look more diverse and profitable as time went on. The economy at the time also proved as a formidable adversary to challenge our decisions and we all agree that time is the biggest factor in overcoming market risk.

8.2 *Evaluation of Investopedia*

Overall, investopedia has played its part effectively in initiating us into the realms of stock trading. It is usually known only for its stock market simulator but our experiences so far with investopedia revealed accurate updates on company information including trade histories, end of year incomes and revenue, etc. In terms of its accuracy

with the real stock market, it has proven to be an up to date way on gaining insight into the present performance of companies.

As a group we have acknowledged the many risks of getting involved in stock trading especially as a novice with little to no sufficient knowledge on trading. However we feel one of the many ways to reduce some of these many risks is to test the waters with investopedia where all transaction are virtual and the biggest setback of losing real money is not a concern. This way new investors are able to recognize the employment of successful trading strategies and when ready can apply it in the real world.

We will conclude by recommending the investopedia simulator and the website as a whole as an excellent tool and valuable resource to all who would like to get in to stock trading and exploit the many trading strategies to reap successful yields.

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