

Markets at a glance

Trendspotter

Signals (click on links to obtain up to-date signal)

[Dow Jones \(DJ\)](#)

[S&P 500 \(SP\)](#)

[FTSE 100 \(X\)](#)

[DAX \(DY\)](#)

[£/US\\$ \(BP\)](#)

[US Dollar Index \(DX\)](#)

[Crude Oil \(CL\)](#)

[Gold \(GC\)](#)

[Coffee \(KC\)](#)

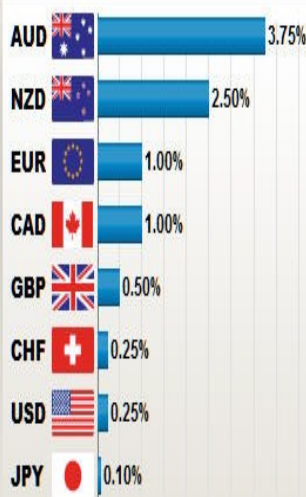
[Orange Juice \(OJ\)](#)

[Sugar \(SB\)](#)

[Wheat](#)

[Cotton](#)

[Rough Rice](#)



The Insider Trader

Issue 80

December 2012

A Very Profitable Year – Was I lucky?

With just a few trading days to go I have to say 2012 has been very kind to my investments, today my account(s) stand at near record levels. Most reading this have also had a great year, in fact a great few years. With all the doom and gloom headlines and the calls for the “end of the world” - the last few years have offered some outstanding investment opportunities both long and short without having to be glued to a screen all day.

I remain very humble and grounded as I know the markets can give and take just as easily. As you know I am a big fan of Professor Richard Wiseman and his work on “Luck” so when I use the word “Lucky” it is not necessary in the context most think. Richard gave a great presentation back at my May seminar (on DVD2) in brief:

1. Lucky people are good at creating chance opportunities
2. They are good at thinking lucky
3. They are good at feeling lucky
4. They believe in denying fate

So it is in that context that I class myself as Lucky, Woody Allen once said “**Eighty percent of success is showing up**” those that showed up and took the opportunities, came to my seminar, checked the site daily, put some study time in and remained focused even during a few dark moments have made money.

Those that could have, would have, should have are frankly time wasters and they did not make money this year, last year and they will not make money in 2013 either. The same people will say that they will change or do things differently in 2013



Lucky people **consistently encounter chance opportunities** and meet people who have a very beneficial effect on their lives. In contrast, unlucky people rarely have these sorts of experiences, or they meet people who have a negative effect on their lives.



Lucky people **make good decisions** without knowing why. Unlucky people's decisions tend to result in failure and despair.



Lucky people's **dreams, ambitions, and goals have an uncanny knack of coming true.** Unlucky people are the exact opposite.



Lucky people **have an ability to turn their bad luck into good fortune.** Unlucky people lack this ability and their bad luck causes nothing but upset and ruin.

but the truth is they will revert back to their old habits very quickly and this of course is in all areas not just investing. You can download an Ebook outline of the Luck Factor here in pdf format if you don't already have it. <http://www51.zippyshare.com/v/26684113/file.html>

It's well worth spending some time over the Christmas break working on your skills and really focus on how you can make yourself more "lucky" in the next year in all aspects of your life, I assure you that you will feel much better and more relaxed and better prepared to deal with setbacks.. Remember the two Caroline's video - its here: <http://youtu.be/ojcM76QLt78>

Crystal Balls

No one can tell you for certain what will happen in 2013, traditionally, it's that time of the year where analysts come out with their "crystal balls" and make predictions; most are as relevant and accurate as the horoscope in the Sun!



What I can say is that we are in a good place and have a successful platform to build on, we know everything will not go smoothly but if we "show up," stay grounded and focused on the risks and opportunities, we have a good chance of making money again in 2013 and "creating those chance opportunities" I believe US stocks and ETFs continue to offer the best opportunities both on the long and a few short trades.

Rather than focus on "the market" the opportunities will again be in individual shares and sectors. With another year of zero interest rates companies and individuals will be forced to move more money into the stockmarket. Government bonds and even corporate bonds are now paying such low rates that money needs to find an alternative. The US property market has really had a great 2012 and this should continue

to stabilise. An area I would be very careful of in 2013 is Gold and Silver; personally I think at best they will go sideways, you get no dividend and you will make more in stocks. Many US companies have large cash surpluses and I see some of that money being used to make acquisitions which bodes well for higher stock prices.

Danone - A core investment for 2013 and beyond
(Euronext: BN) US: DANOY



Regular readers will know I have been a Nestle shareholder for over 12 years and it remains one of my favourite core holdings. I have looked at Danone many times in the last few years but it's never been as appealing but the last few months I have taken another look and my interest was refuelled by billionaire investor Nelson Peltz taking a 1% stake in the company. I have now bought shares via the US listing.

Danone operates in similar markets as Nestle and offers a very respectable 3% dividend. Danone operate in areas including health & wellness products including yogurt, water and baby food. Brands include Evian, Volvic, Badiot, Cow & Gate, Actimel and Activia to name a few.



Some key facts:

- 40% of EBIT comes from yogurt (Activa is a dominant brand)
- 37% is baby food & medical – Cow & Gate is a leading global brand.
- Bottled water 17 percent of EBIT (and margins can be improved in this segment)
- Sales are geographically diverse with 52% in emerging markets. 94 percent of world population growth will come from emerging markets.

Danone's margins in their emerging markets are above margins in the developed markets. They have some good joint ventures in China, Indian and the Middle East.

I believe the company is being undervalued because of the misconception of it being European and listed in France. The stock does have an ADR listed in the US but is not really that well followed, however, you can buy and sell fairly easily (chart does not appear in sharescope) as it's not a fully listed US ADR is sponsored. You will find charts on Bloomberg.com

With Nelson Peltz now taking an interest and for those that don't know he was a major shareholder in Cadbury Schweppes and forced management to spin off Schweppes and helped Cadbury get taken over. Peltz will no doubt have some ideas on how to streamline Danone and make it more profitable, I don't think this is a short term turn around but it's one worth considering for a longer term portfolio. The ADR is currently trading at \$12.95 and you can buy the stock via an US online broker such as Schwab, Optionsexpress or TDwaterhouse. You can also buy the Paris Euro listed stock via Swissquote or tdwaterhouse

At the current price the P/E is just 15 and for what is a "health and wellness" business it's rated far too low and the ADR at nearer \$20 would be more in line.



AmerisourceBergen (NYSE: ABC) \$42



ABOUT: AmerisourceBergen Corporation (AmerisourceBergen) is a pharmaceutical services company, with operations primarily in the United States and Canada, servicing both healthcare providers and pharmaceutical manufacturers in the pharmaceutical supply channel.

For the last 18 months the share price has really been in a big trading range (see chart) however, I believe we are finally starting to break out to a new all-time high and I am expecting a good 2013 for AmerisourceBergen. The stock is fairly valued on a P/E of 15.8 and reducing to a P/E of 12. The company pays a dividend giving a yield of 2%. As I wrote in my last newsletter I am looking for selected healthcare stocks to do well from the "obamacare" bill and this company can benefit. I would look for a price target of \$50+ in the next 12 months. A similar business which I have owned for some years is McKesson Corp (NYSE:MCK) which also continued to do well.

Best stocks so far in 2012

With a few more trading days to go in 2012 this list may change slightly but you can see where the big profits have been made this year and that's Healthcare, same as in 2011. We also see a high concentration of home construction exposed stocks such as USG – Which is plasterboard, Builders Firstsource which offer structural building products as well as homebuilders Hovnanian and Pulte. Whilst some of the gains seem massive such as HOV up 270% it must be remembered that these stocks had been severely beaten up in the housing crash so are coming from very depressed levels.

Note: Schiff has been taken over by Reckitt Benckiser at \$42

We will continue to look for new potential smaller companies in 2013 and if you check the 100% buy list each day that is a good place to start. Every one of these names has been list at some stage.

That's it for this month's edition and let me wish you a wonderful Christmas and looking forward to a successful 2013.



Risk Warning All trading and investing involves risk and you should only invest what risk capital that you can afford to lose. These trading ideas are based on buying Exchange Trading Funds or stocks outright, should you decide to spread bet then other risks will be present. Only speculate with money you can afford to lose. Spread betting may not be suitable for all readers, therefore ensure you fully understand the risks involved. Past performance is not necessarily a guide to future performance. Ultimately all investment decisions are made by you. Insider Trader does not advise when to open or close a transaction. If you choose to open a transaction it is based on your own judgement and research and at your own risk. It is the responsibility of visitors to this Site to ascertain the terms of and comply with any local law or regulation to which they are subject.

Best Performing Russell 3,000 YTD

Stock	Company	Sector	Price	YTD % Chg
BDSI	BioDelivery Sciences International	Health Care	4.30	432.84
ARNA	Arena Pharmaceuticals Inc	Health Care	9.16	390.11
ELLI	Ellie Mae Inc	Technology	25.31	348.14
PATK	Patrick Industries Inc	Industrials	17.38	323.06
PGTI	PGT Inc	Industrials	4.31	315.53
SNSS	Sunesis Pharmaceuticals Inc	Health Care	4.80	310.26
SHF	Schiff Nutrition International Inc	Cons. Staples	41.95	292.06
HOV	Hovnanian Enterprises Inc	Cons. Discret.	5.47	276.55
AFFY	Affymax Inc	Health Care	24.48	270.20
THLD	Threshold Pharmaceuticals Inc	Health Care	4.51	268.03
PCYC	Pharmacyclics Inc	Health Care	53.48	261.47
BONT	Bon-Ton Stores Inc	Cons. Discret.	11.56	242.73
HW	Headwaters Inc	Materials	7.54	239.41
REGN	Regeneron Pharmaceuticals Inc	Health Care	184.36	232.91
BXG	Bluegreen Corp	Cons. Discret.	9.33	231.67
DDD	3D Systems Corp	Technology	47.33	228.78
SNTS	Santarus Inc	Health Care	10.15	206.95
LL	Lumber Liquidators Holdings Inc	Cons. Discret.	53.51	202.55
RPRX	Repros Therapeutics Inc	Health Care	14.48	200.83
OREX	Orexigen Therapeutics Inc	Health Care	4.79	197.21
WSBF	Waterstone Financial Inc	Financials	5.50	191.01
TREE	Tree.com Inc	Financials	16.23	189.80
INFI	Infinity Pharmaceuticals Inc	Health Care	24.51	178.62
PHM	PulteGroup Inc	Cons. Discret.	17.29	174.01
HCI	Homeowners Choice Inc	Financials	21.39	168.24
USG	USG Corp	Industrials	27.06	166.34
BLDR	Builders FirstSource Inc	Industrials	5.39	164.41
AWRE	Aware Inc	Technology	6.47	159.41
XOMA	XOMA Corp	Health Care	2.95	156.52
SSYS	Stratasys Inc	Technology	77.93	156.45
LCC	US Airways Group Inc	Industrials	12.99	156.21
CONN	Conn's Inc	Cons. Discret.	28.06	152.25
KBALB	Kimball International Inc	Industrials	12.78	151.87
AVD	American Vanguard Corp	Materials	33.50	151.05
OCN	Ocwen Financial Corp	Financials	36.03	148.96
AHS	AMN Healthcare Services Inc	Health Care	11.04	148.94
AOL	AOL Inc	Technology	37.49	148.15
PRKR	Parkervision Inc	Technology	2.15	147.67
ECYT	Endocyte Inc	Health Care	9.28	146.81
NTK	Nortek Inc	Industrials	63.90	143.43
S	Sprint Nextel Corp	Telecom	5.69	142.74
SWHC	Smith & Wesson Holding Corp	Cons. Discret.	10.60	142.52
LEDR	Market Leader Inc	Technology	6.68	141.82
CVI	CVR Energy Inc	Energy	45.34	141.43
FCAL	First California Financial Group Inc	Financials	7.85	140.49
GGC	Georgia Gulf Corp	Materials	46.47	138.58
DYAX	Dyax Corp	Health Care	3.23	137.50
MHO	M/I Homes Inc	Cons. Discret.	22.80	137.08
VAC	Marriott Vacations Worldwide Corp	Cons. Discret.	40.65	136.42
CLDX	Celldex Therapeutics Inc	Health Care	6.12	135.38