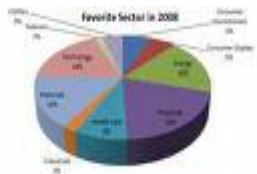




Strategic International Securities Research Inc.

An Independent Research Firm



## The SISR Model Portfolio\*

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United States Equity Markets

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### Adding Long/Short QQQQ/SPY Removing CMED

#### I. Introduction

The committee at SISR has decided that in principle we are satisfied with the portfolio we currently have. The portfolio is overweight in what we would consider the recovery trade, with overweight in Construction and High Tech Consulting. In construction we currently have such companies as: Granite Construction (GVA), Texas Industries Inc. (TXI), Jacob Engineering (JEC), Vulcan Materials (VMC) and Caterpillar (CAT). In high tech consulting we have included Infosys (INFY) and Accenture (ACN). In retail we similarly feel adequately represented with such names as Coach (COH), Abercrombie (ANF), and Nordstrom (JWN), but are not nearly as optimistic regarding this space. We would consider our view on this space between overweight and neutral, or a positive neutral.

The one area that we feel a bit underrepresented may be in Technology which we believe is a likely overweight to the S&P. The S&P is very balanced and several sectors are likely to underperform the market, like stables, some financials, health care, utilities, whereas the QQQQ's while still down over 70% from its all time high, is likely to show greater appreciation, as soon as industries start to invest in new technology and begin to attempt to improve productivity.

We are removing China Medical with a small loss after they reported good earnings but made a management decision to divest its tumor therapy division and concentrate on its diagnosis business. They took a major write down and ever since the company has not been performing very well.

Currently the portfolio is up 15.45% since inception in October 18, 2008 while the S&P 500 is down 0.2%. Since the beginning of the year the S&P 500 is up 4.11% while the portfolio as of the close on July 17, 2009 is up 19.72%. We have significantly outperformed the S&P 500 since we started this portfolio.

Figure I: Performance Table of Performance of the SISR Recommended List Since Inception

Companies, Initiation Date and Price and Percentage Change												
#	Company	Initiation Date	Initiation Price	Initial Purchase	Initial Purchase Sold	# of Shares	Date of Sale	Sale Price	Closing Price July 17	Percent Change	Current Value	Profit/ Loss
1	The Mosaic Company (MOS)	Oct. 18, 2008	\$33.66		\$50,000.00	1485.44	April 8, 2009	\$45.61		35.50%	\$0.00	\$17,751.04
2	Holly Corporation (HOC)	Oct. 23, 2008	\$16.75		\$50,000.00	2985.07	May 7, 2009	\$25.25		50.75%	\$0.00	\$25,373.13
3	Abercrombie (ANF)	Nov. 3, 2008	\$28.96	\$50,000.00		1726.52			\$25.08	-13.40%	\$43,301.10	
4	Aeropostale (ARO)	Nov. 3, 2008	\$24.18		\$50,000.00	2067.82	May 5, 2009	\$37.22		53.93%	\$0.00	\$26,964.43
5	Harris (HRS)	Jan. 25, 2009	\$42.80		\$50,000.00	1168.22	May 7, 2009	\$28.58		-33.22%	\$0.00	-\$16,612.15
6	Caterpillar (CAT)	Jan. 28, 2009	\$32.32	\$50,000.00		1547.03			\$33.99	5.17%	\$52,583.54	\$0.00
7	Accenture (ACN)	Feb. 4, 2009	\$33.11	\$50,000.00		1510.12			\$34.43	3.99%	\$51,993.36	
8	Polo Ralph Lauren (RL)	Feb. 18, 2009	\$36.97		\$50,000.00	1352.45	May 7, 2009	\$52.00		40.65%	\$0.00	\$20,327.29
9	Darden Restaurants (DRI)	Mar. 16, 2009	\$28.78	\$50,000.00		1737.32			\$33.71	17.13%	\$58,564.98	\$0.00
10	Cheesecake Factory Inc. (CAKE)	Mar. 16, 2009	\$9.48		\$50,000.00	5274.26	April 30, 2009	\$17.37		83.23%	\$0.00	\$41,613.92
11	Applied Materials (AMAT)	Mar. 16, 2009	\$10.43	\$50,000.00		4793.86			\$12.67	21.48%	\$60,738.26	\$0.00
12	L-3 Communication Holdings (LLL)	Mar. 16, 2009	\$61.29		\$50,000.00	815.79	May 7, 2009	\$77.04		25.70%	\$0.00	\$12,848.75
13	Wells Fargo & Co. New (WFC)	Mar. 16, 2009	\$13.70		\$50,000.00	3649.64	May 7, 2009	\$24.76		80.73%	\$0.00	\$40,364.96
14	Bank of America (BAC)	Mar. 16, 2009	\$6.18		\$50,000.00	8090.61	April 30, 2009	\$8.93		44.50%	\$0.00	\$22,249.19
15	Lowe's Companies Inc. (LOW)	Mar. 19, 2009	\$17.19	\$50,000.00		2908.67			\$20.42	18.79%	\$59,395.00	\$0.00
16	J.B. Hunt Transport (JBHT)	Mar. 31, 2009	\$23.61	\$50,000.00		2117.75			\$27.09	14.74%	\$57,369.76	\$0.00
17	Infosys Technologies (INFY)	Apr. 17, 2009	\$27.98	\$50,000.00		1786.99			\$37.74	34.88%	\$67,441.03	
18	China Life Insurance (LFC)	Apr. 17, 2009	\$54.72	\$50,000.00		913.74			\$60.27	10.14%	\$55,071.27	
19	Granite Construction Inc. (GVA)	Apr. 17, 2009	\$40.12	\$50,000.00		1246.26			\$34.61	-13.73%	\$43,133.10	
20	Texas Industries Inc. (TXI)	Apr. 17, 2009	\$31.81	\$50,000.00		1571.83			\$33.91	6.60%	\$53,300.85	
21	China Medical Technology (CMED)	Apr. 20, 2009	\$19.28		\$50,000.00	2593.36	July 17, 2009	\$18.83		-2.33%	\$0.00	-\$1,167.01
22	Nokia (NOK)	Apr. 30, 2009	\$14.14	\$50,000.00		3536.07			\$13.39	-5.30%	\$47,347.95	
23	Hewlett Packard (HPQ)	Apr. 30, 2009	\$35.98	\$50,000.00		1389.66			\$39.98	11.12%	\$55,558.64	
24	Coach Inc. (COH)	May 5, 2009	\$25.42	\$50,000.00		1966.96			\$26.63	4.76%	\$52,380.02	
25	Nordstrom Inc. (JWN)	May 5, 2009	\$23.90	\$50,000.00		2092.05			\$22.00	-7.95%	\$46,025.10	
26	Jacob Engineering (JEC)	May 5, 2009	\$41.57	\$50,000.00		1202.79			\$39.99	-3.80%	\$48,099.59	
27	S&P Dep Receipts (SPY) - Short	May 7, 2009	\$90.86		-\$600,000.00	-6603.57	June 5, 2009	\$94.02		3.48%	\$0.00	-\$20,867.27
28	Exxon Mobil Corp (XOM)	May 11, 2009	\$70.80	\$50,000.00		706.21			\$68.52	-3.22%	\$48,389.83	
29	Petroleo Brasileiro (PBR)	May 11, 2009	\$40.00	\$50,000.00		1250.00			\$40.02	0.05%	\$50,025.00	
30	Schlumberger Limited (SLB)	May 11, 2009	\$56.53	\$50,000.00		884.49			\$56.01	-0.92%	\$49,540.07	
31	Baker Hughes Inc. (BHI)	May 11, 2009	\$39.20	\$50,000.00		1275.51			\$38.55	-1.66%	\$49,170.92	
32	Occidental Petroleum Corp (OXY)	June 6, 2009	\$68.56	\$50,000.00	\$50,000.00	729.29	June 12, 2009	\$68.97		0.60%	\$0.00	\$299.01
33	FPL Group Inc. (FPL)	June 6, 2009	\$55.22	\$50,000.00		905.47			\$56.82	3.93%	\$51,448.75	
34	Woodward Governor Co. (WGOV)	June 6, 2009	\$23.12	\$50,000.00		2162.63			\$18.62	-19.46%	\$40,268.17	
35	Vulcan Materials Company (VMC)	June 6, 2009	\$46.09	\$50,000.00		1084.83			\$42.18	-8.48%	\$45,758.30	
36	Holly Corporation	June 14, 2009	\$20.72	\$50,000.00		2413.13			\$19.12	-7.72%	\$46,139.00	
37	WellPoint (WLP)	June 22, 2009	\$48.82	\$50,000.00		1024.17			\$49.99	2.40%	\$51,198.28	
38	United Health (UNH)	June 22, 2009	\$24.56	\$50,000.00		2035.83			\$25.09	2.16%	\$51,078.99	
39	S&P Dep Receipts (SPY) - Short	July 17, 2009	\$94.13	-\$500,000.00		-5311.80					-\$500,000.00	
40	QQQQ	July 17, 2009	\$37.56	\$500,000.00		13312.03					\$500,000.00	
	Total Equity			\$1,350,000.00							\$1,335,320.84	
	Cash			-\$180,854.69							-\$180,854.69	
	Total Realized Gain/Loss											\$169,145.31
	Total Value of Account										\$1,154,466.15	
	Original Asset Value										\$1,000,000.00	
	Total Return Since Inception Oct 2008						S&P	-0.02	SISR	15.45%	\$154,466.15	
	Total Return 2009						S&P	4.11	SISR	19.72%		

Source: Reuters, SISR

July 19, 2009

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I, Philip L. Miller (or any research analysts at SISR Inc.) certify/certifies that the views expressed in this report accurately reflect my personal views about the subject companies and securities. In addition no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

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- 1 – Recommended List – The stock has our highest recommendation and is expected to outperform the average equal weighted expected total return of the overall Market irrespective of sector. Our investment horizon is 12 – 18 months except as specified by the reporting analyst.
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- 5 – Rating Suspended – The rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when SISR Inc. is acting in an advisory capacity in a merger or strategic transaction involving the company.

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