



The SISR Model Portfolio*

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United States Equity Markets

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Closing the S&P Short Cover Keeping the QQQQ, Purchasing AA

I. Introduction

Cover the SPY Short

The committee at SISR decided to remove the S&P short cover keeping the QQQQ long in the SISR Model Portfolio, and purchase Alcoa Inc. (AA). Our expectation is that the nonfarm payroll number tomorrow will be better than expected and if so there will be some significant follow-through for the next few weeks. There are several reasons for this belief:

1. Initial claims have been stable which has been the most disappointing factor in our calculation.
2. In past recessions when the number of lost jobs began to decline claims were declining but were still often in the 400 to 500 range, and were not declining as quickly as one would have expected.
3. On Monday the Commerce Department indicated that new job listings on line were up 169K or about 5% which was the first significant increase of this recession. Monster reported comparable results.
4. Job losses had been coming down strong from the mid 700 range to the mid 200 range without much help from claims. What normally happens is that individuals are still losing jobs during the early recovery but others are hiring at a slightly faster rate. Even in the best of times we have 280K new claims each week.

Purchase Alcoa Inc. (AA)

We have decided to Purchase Alcoa based on several factors:

1. Shipments and new orders have been strong
2. Aluminum prices have been rising over the past couple of months.

II. Portfolio Changes

We have decided to make 6 changes to the portfolio:

- 1) **Buy to Cover** S&P Depository Receipts (SPY) \$100.65; Sale Price \$94.19
- 2) **Buy Alcoa Inc. (AA)** Purchase Price \$12.01

We are keeping the QQQQ of this trade long.

The last update of the portfolio is in the Appendix based on the close of trading on July 31, 2009. The current portfolio value is essentially the same as the last report, down less than 1%. We will be updating the portfolio soon. We slightly underperformed for the month by about 1%, being cautious, but are still up about 36% YTD. These transactions will get us back to be slightly more than fully invested. We had been hold 44% cash in the portfolio prior to these transactions.

Figure I: Performance Table of Performance of the SISR Recommended List Based on the (July 31, 2009) Close

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 24	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			\$28.59	-1.28%	\$49,361.19	
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			\$44.06	36.32%	\$68,162.13	\$0.00
7	Accenture (ACN)	Feb. 4, 2009	\$33.11	\$50,000.00		1510.12			\$35.07	5.92%	\$52,959.83	
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			\$32.39	12.54%	\$56,271.72	\$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			\$13.80	32.31%	\$66,155.32	\$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	Lowes Companies Inc. (LOW)	Mar. 19, 2009	\$17.19	\$50,000.00		2908.67			\$22.46	30.66%	\$65,328.68	\$0.00
16	J.B. Hunt Transport (JBHT)	Mar. 31, 2009	\$23.61	\$50,000.00		2117.75			\$27.95	18.38%	\$59,191.02	\$0.00
17	Infosys Technologies (INFY)	Apr. 17, 2009	\$27.98		\$50,000.00	1786.99	July 22, 2009	\$40.50		44.75%	\$0.00	\$22,373.12
18	China Life Insurance (LFC)	Apr. 17, 2009	\$54.72	\$50,000.00		913.74			\$66.56	21.64%	\$60,818.71	
19	Granite Construction Inc. (GVA)	Apr. 17, 2009	\$40.12	\$50,000.00		1246.26			\$33.88	-15.55%	\$42,223.33	
20	Texas Industries Inc. (TXI)	Apr. 17, 2009	\$31.81	\$50,000.00		1571.83			\$45.50	43.04%	\$71,518.39	
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	July 22, 2009	\$13.00		-8.06%	\$0.00	-\$4,031.09
23	Hewlett Packard (HPQ)	Apr. 30, 2009	\$35.98		\$50,000.00	1389.66	July 27, 2009	\$41.72		15.95%	\$0.00	\$7,976.62
24	Coach Inc. (COH)	May 5, 2009	\$25.42	\$50,000.00		1966.96			\$29.59	16.40%	\$58,202.20	
25	Nordstrom Inc. (JWN)	May 5, 2009	\$23.90	\$50,000.00		2092.05			\$26.44	10.63%	\$55,313.81	
26	Jacob Engineering (JEC)	May 5, 2009	\$41.57	\$50,000.00		1202.79			\$40.98	-1.42%	\$49,290.35	
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			\$70.39	-0.58%	\$49,710.45	
29	Petroleo Brasileiro (PBR)	May 11, 2009	\$40.00	\$50,000.00		1250.00			\$41.32	3.31%	\$51,655.00	
30	Schlumberger Limited (SLB)	May 11, 2009	\$56.53		\$50,000.00	884.49	July 27, 2009	\$57.34		1.43%	\$0.00	\$716.66

#	Company	Initiation Date	Initiation Price	Initial Purchase	Initial Purchase Sold	# of Shares	Date of Sale	Sale Price	Closing Price July 24	Percent Change	Current Value	Profit/ Loss
31	Baker Hughes Inc. (BHI)	May 11, 2009	\$39.20		\$50,000.00	1275.51	July 27, 2009	\$41.46		5.77%	\$0.00	\$2,882.64
32	Occidental Petroleum Corp (OXY)	June 6, 2009	\$68.56		\$50,000.00	765.46	June 12, 2009	\$68.97		0.60%	\$0.00	\$2,793.78
33	FPL Group Inc. (FPL)	June 6, 2009	\$55.22	\$50,000.00		905.47			\$56.67	3.93%	\$51,312.93	
34	Woodward Governor Co. (WGOV)	June 6, 2009	\$23.12	\$50,000.00		2162.63			\$19.64	-15.05%	\$42,474.05	
35	Vulcan Materials Company (VMC)	June 6, 2009	\$46.09	\$50,000.00		1084.83			\$47.48	3.02%	\$51,507.92	
36	Holly Corporation	June 14, 2009	\$20.72	\$50,000.00		2413.13			\$21.27	2.65%	\$51,327.22	
37	WellPoint (WLP)	June 22, 2009	\$48.82	\$50,000.00		1024.17			\$52.64	7.82%	\$53,912.33	
38	United Health (UNH)	June 22, 2009	\$24.56	\$50,000.00		2035.83			\$28.06	14.25%	\$57,125.41	
39	S&P Dep Receipts (SPY) - Short	July 17, 2009	\$94.13	-\$500,000.00		-5311.80			\$98.81	4.97%	-\$524,859.24	
40	QQQQ	July 17, 2009	\$37.56	\$500,000.00		13312.03			\$39.45	5.03%	\$525,159.74	
41	BEBE	July 22, 2009	\$6.50	\$50,000.00		7692.31			\$7.27	11.85%	\$55,923.08	
42	AECOM Technology Group	July 27, 2009	\$32.99	\$50,000.00		1515.61			\$32.40	-1.79%	\$49,105.79	
43	Louisiana Pacific Corp	July 27, 2009	\$3.78	\$50,000.00		13227.51			\$4.22	11.64%	\$55,820.11	
	Total Equity			\$1,200,000.00							\$1,324,971.47	
	Cash			\$1,558.03							\$1,558.03	
	Total Realized Gain/Loss											\$201,558.03
	Total Value of Account										\$1,326,529.50	
	Original Asset Value					07/31/09					\$1,000,000.00	
	Total Return Since Inception Oct 2008			S&P Oct 18 08	940.55	987.48	S&P	4.99	SISR	32.65%	\$326,529.50	
	Return 2009			S&P Jan 1, 09	903.25	987.48	S&P	9.33	SISR	34.21%		

Source: Reuters, SISR

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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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Price Chart:

A price chart, with changes of ratings and price targets in prior periods, is included above, for all securities covered in this report.

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