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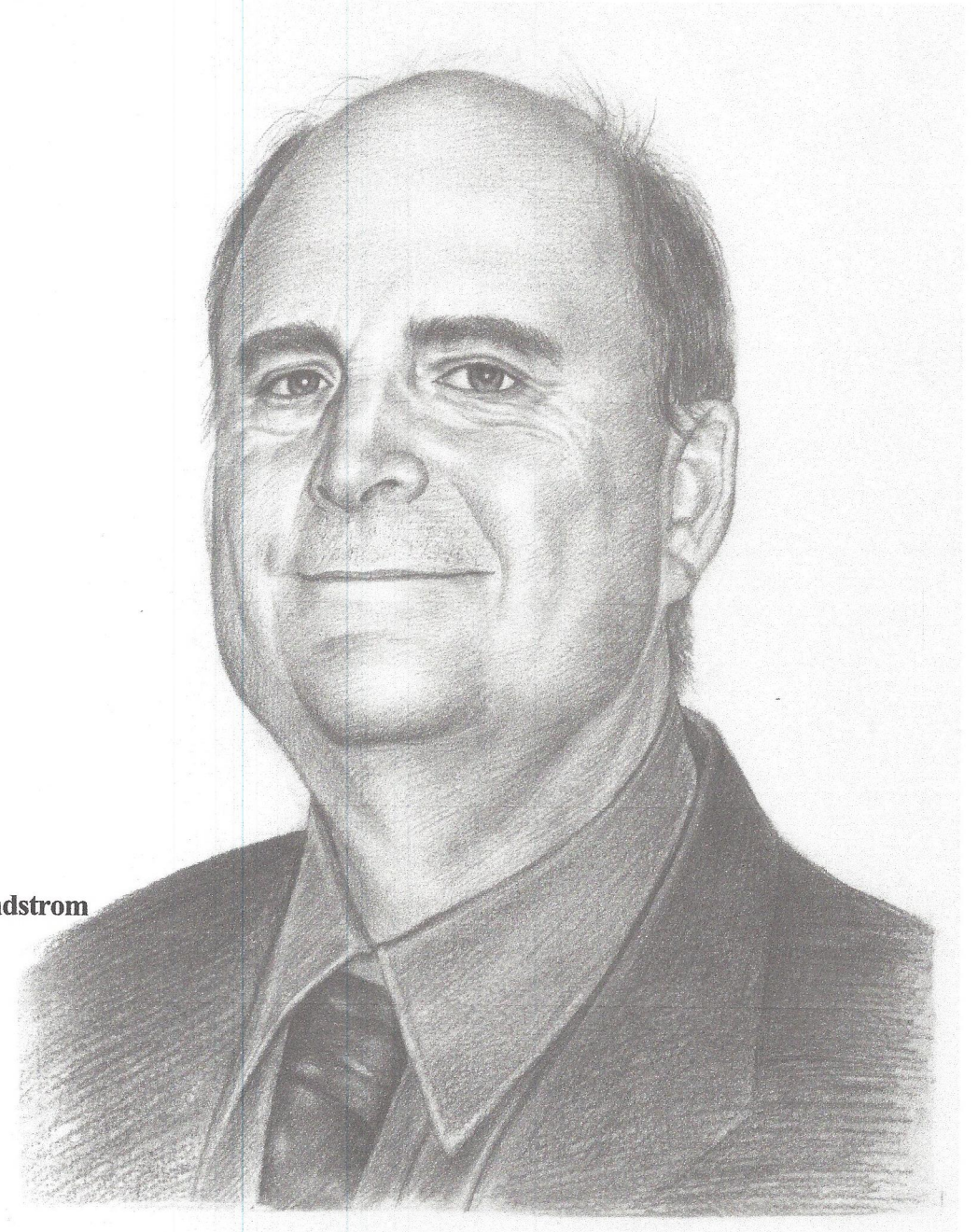

Kirk Lindstrom

Kirk Lindstrom's Investment Letter

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S&P: 1964.58 DJIA: 16,805.41

TOP TEN TIMERS

ONE YEAR - FROM: 10/24/2013 TO: 10/24/2014

			CURRENT	SINCE	INDEX
1					117.08
2					114.34
3	*				112.13
4	*				112.13
5	*KIRK LINDSTROM Kirk Lindstrom's Investment Ltr		Bull		112.13
6	*				112.13
7	*				112.13
8					
9					
10					

As of 10/27/14, Kirk Lindstrom's Investment Letter was tied for third place

Name and results for the others here were redacted per request of Timer Digest. Part of their service is regular updates on what their top timers are saying in our newsletters.

*Tied.

Featured Advisor

Kirk Lindstrom's Investment Letter

Kirk Lindstrom, editor of "Kirk Lindstrom's Investment Letter" and several web sites including http://kirklindstrom.com began his investing career as a child collecting stamps and coins. During the first week of high school algebra, Kirk learned about the power of compounding and decided he should save some of everything he earned to get an early start. Kirk observed that his family seldom had extra money to buy stocks but when they did, he would then track their returns. Sadly, most would buy near the peak of excitement only to see it fall and under perform for years after. Kirk won many awards for math and science in high school, lettered in soccer and varsity tennis then graduated as salutatorian and went to UC Berkeley to study engineering.

While at UC Berkeley, Kirk made the dean's list every quarter and graduated with honors and a 3.7 GPA with a BS in Electrical Engineering and Computer Science. Kirk worked as a summer intern in 1978 at Hewlett Packard or HP. Kirk invented a new way to do an optical detector so he was given his own project soon after graduation from UC. Kirk was heavily recruited by IBM but chose to work at HP's research and development department in the new field of optical communications. HP's excellent stock purchase plan along with the potential to have a larger impact and higher stock price gains if successful were key factors in selecting HP.

While at HP, Kirk took device physics and other graduate courses at Stanford plus numerous HP internal classes for project leaders. Kirk's first project with his invention was a huge success so HP offered a promotion to management but he decided to remain a technical expert in the newly emerging field of fiber optics. By the time he left HP after 20 years, Kirk was a recognized expert in low noise optical receiver design with a patent on one of his designs that allowed HP to have a dominant (95%) market share for wireless infrared communication. HP ran new projects like startups where project leaders had to show a business reason for funds with regular pitches to internal VCs. Kirk was one of the first inside HP R&D to bypass the cost accounting department to estimate the profits of a new design by building new product cost models on the office computer in UNIX. When spreadsheets became available, Kirk converted his models to Lotus123 then Excel which cut weeks from the old cost accounting cycle. It was a huge advantage for project leaders as they could design with cost as a key variable up front. As a project leader, Kirk was also one of the first to make extensive use of email to manage his new project teams with less reliance on support staff. Kirk was promoted to "engineer/scientist" a position usually reserved for those with a Ph.D.

In the early 1990s Kirk foresaw how the use of computers would migrate from the engineering lab to the desks of everyone to manage business as he did. In 1993, Kirk started to invest in stocks like Intel and Microsoft that would benefit directly from the computer revolution. After he built core positions, he started investing in companies that made "picks and shovels" for those who would use computers, mostly semiconductor capital equipment companies. By the time he left in late 1998, Kirk's stock portfolio was gaining value at a rate several times more per year than his annual salary.

After 20 years and company reorganization in 1998, Kirk had the opportunity to change departments but decided to try something extra challenging, using his investments to fund his own ideas working with the emerging internet. Kirk learned from HP that the way to get good at something was to teach others so teaching others to invest should improve his own returns. Kirk started a stock portfolio in September 1998 with five stocks he felt would benefit from the coming tech revolution.

Kirk went to work at Suite101.com for stock options and a share of what they sold. Suite101.com 's "personal finance and investing" group was one of the first investment web sites designed to have articles about investing where Kirk would answer questions to help others. Those who wanted his specific help could subscribe to his newsletter. Kirk said the internet stocks didn't make money so he advised buying Federal Express to benefit from what now seems obvious. Kirk eventually left Suite101 in 2007 to make his own for profit internet sites which he still owns today.

In 1998 and 1999, Kirk's Explore portfolio gained 57% and 117% respectively. Kirk was worried the valuations for growth stocks were sky high so he advised taking significant profits. He used some of his profits to buy value stocks and a strip zero Treasury bond fund. As one of the very few in the Silicon Valley warning people to take some off the table, he was brought in as analyst at a local firm where he and the VP convinced the president to take significant profits and buy value stocks then use cash to pay off home loans of clients so they had something if their tech stocks collapsed. He even convinced his parents to sell some of their precious GE stock which he calculated was overvalued relative to the market by a factor of two.

After the internet bubble crashed, Kirk had plenty of funds in the portfolio to buy technology stocks again at good value. In 2003, the portfolio gained 77%. During the housing bubble advance, Kirk continued to take profits which hurt performance as the market peaked but he had plenty of cash to put into stocks near the lows to outperform the market again in 2009 and 2010. Recently he's taken profits to have about two thirds in equities. He trades around core positions for added return to get roughly market returns with a large safety margin in cash. Since inception in 1978 through Q3, 2014, Kirk's Explore Portfolio gained 551% compared to the S&P500 up 159%. Kirk uses his engineering expertise to select stocks he feels will benefit from emerging trends, applies his business experience to screen them for fundamentals then uses many proprietary technical analysis methods to select opportune times to buy new stocks and add to positions. Likewise, he'll take profits based on technical and fundamental indicators and only sell completely when he thinks a company has lost the edge. Kirk publishes his price targets for buying and selling in advance and the monthly newsletter explains how he arrives at some of these levels. Kirk also recommends "core portfolios" made with index funds or their ETF equivalents.

***Note: Timer Digest does not monitor the performance of this letter's individual portfolios.**
Data provided by Mr. Lindstrom.

For more information, contact:
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Newsletter: http://kirklindstrom.com/Newsletter.html
Newsletter – Monthly with special email alerts between issues when appropriate.
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