N A T E ' S N O T E S

Nate's Notes

Winning Ideas for the Individual Investor

Inside this issue

I think you have to learn that there's a company behind every stock, and that there's only one real reason why stocks go up – companies go from doing poorly to doing well, or small companies grow to large companies.

\- Peter Lynch

	Since Last Issue	Year To Date	Since Inception 10/31/97
Model	+4.5%	+8.6%	+1,701.2%
Aggressive	+8.9%	+3.5%	+4,227.6%
DJIA	+1.2%	+5.7%	+180.9%
NASD	+4.1%	+13.7%	+284.1%

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Looking Back... To Help Us Look Ahead

As you can see in the performance numbers above, our Portfolios finally managed to gain a little traction on an issue-to-issue basis (though, as was hinted might happen in the Inter-Issue Commentary that was put out roughly three weeks ago, MannKind definitely did its part to stretch the rubber band in the downwards direction before rebounding sharply this week)!

That being said, since I know many of you are quite anxious about the situation, I want to start this month's issue by reminding you of two of our favorite mantras in the newsletter, namely, "trends often go on for (far) longer than seems reasonable… and our job is to position our portfolios based on what the market is actually doing, not on what we think (or are worried) it *might* do."

Though there have been pockets of noticeable weakness here and there during the rally that got underway after Trump was elected, I think it is fair to say that the market as a whole is pretty clearly in an uptrend at this point in time… and the chip stocks, in particular, have absolutely been on fire lately!

In addition, I also want to remind you that not only are stocks in "rally mode" at the moment (suggesting it is wiser to buy/hold them than it is to sell them), history also suggests they are rallying as part of what chartists like to call the "frothy, blow-off phase" that almost always occurs at the end of bull markets… and it should be noted that it is this phase of a bull market that often produces the most wealth for investors who are able to successfully navigate it.

Of course, "navigating it" is easier said than done, and though I know many of you are going to be tempted to start trading the wild swings that are starting to appear as volatility increases in many of our stocks, I want to remind you that part of how the newsletter has risen to the top of Hulbert's long-term rankings is by simply "sitting tight" during this phase.

By all means, if some of your positions have grown to a size that makes you feel anxious when you're lying in bed at night ("what if it drops 20% tomorrow – I'll feel like such a dummy for not taking profits when I had the chance"), please do not hesitate to sell down to what we call "the sleeping point" in the newsletter; however, in an ideal world, you will also be as patient as you can possibly be when

Nate's Latest Stock Recommendations (as of 5/12/17)

CORE STOCKS

Company	Symbol	Originally Rec'd. @	Closing Price	Strong Buy ≤	Buy ≤	New Orders^ (Aggressive Portfolio in parentheses)	First Buys
Apple	AAPL	$0.97	$156.10	$140*	$160*		✔
Celgene	CELG	$0.44	$119.32	$118	$130		✔
Illumina	ILMN	$17.92	$182.38	$170*	$190*		✔
NVIDIA Corp.	NVDA	$4.49	$127.89	$100*	$125*	Sell 200 (1,000)	✔
Perry Ellis	PERY	$8.67	$18.90	$16*	$20*		
Tekla Life Sciences Investors	HQL	$21.17	$20.17	$19*	$22*	Buy 275 (1,580)	✔
Walt Disney Co.	DIS	$13.00	$109.69	$105*	$112*		✔
AS Ranger Equity Bear	HDGE	$10.56	$8.99	$8	$10		
Cirrus Logic	CRUS	$38.39	$63.98	$60	$68		✔
Cliffs Natural Resources	CLF	$11.15	$6.03	$4*	$6*	Sell 1,500 (5,000)	
Electronic Arts	EA	$17.01	$109.09	$95*	$105*		✔
First Solar	FSLR	$60.91	$36.38	$33*	$39*	Buy 250 (1,500)	✔
Luminex	LMNX	$19.58	$20.83	$17	$21		✔
MannKind	MNKD	$42.55	$1.12	$5	$10	Buy 5,000 (100,000)	✔
NXP Semiconductors	NXPI	$24.26	$106.87	$90	$105		
PowerShares DB Ag.	DBA	$36.90	$20.18	--	$22		
PowerShares DB Cmdties.	DBC	$35.30	$14.62	--	16*		
Qorvo	QRVO	$8.29	$67.80	$64*	$72*		✔
Skyworks Solutions	SWKS	$29.63	$102.52	$98	$105		✔
SPDR Gold Trust ETF	GLD	$93.39	$116.83	--	$120*		✔

*changes since last issue ^we will use closing prices 5/15/17 for all transactions it comes to taking profits (but please do keep your eye on the Eyebrows Level table below for signs that tide might be turning, as it could happen at any time!).

<u>MannKind</u>

As you might imagine, I have been asked a lot of questions about the MannKind story via email and on various message boards over the past couple of years… and though I could probably fill a book if I attempted to answer all of them, I believe the following two questions are especially relevant and worth discussing as part of this month's issue (and I hope you find my answers to be both entertaining and enlightening as you ponder your positions in ALL of the stocks being recommended in the newsletter, as the same philosophy I am applying to the MannKind situation also holds true for the rest of the stocks as well, even if they have not been as "controversial" or taken as long to start proving themselves).

Why are you so obsessed with MannKind, Nate?

In a nutshell (and to clarify), what I have actually been "obsessed" with is helping my subscribers feel confident about the investments I have gotten them into… and because the MannKind story has hardly been playing out in the manner I originally thought it would, I have felt an obligation to keep my subscribers updated as the story has continued to unfold.

However, along with this desire (and willingness!) to "own" the story rather than run away from it and pretend it doesn't exist, the other reason I have spent so much time discussing the story is that ***I am also "obsessed" with outperforming not only the market, but the rest of my peers in the newsletter industry as well…*** and though you'd never guess it from the price action in the stock over the past three years, MannKind has actually fit the bill as a leading candidate among those in the newsletter to help achieve this goal whenever I have sat down to write a new issue almost every month since Afrezza was approved back in June 2014.

Of course, as those of you who have been involved with the story since then (or even earlier) know all too well, the stock has become one of the most extreme examples I have ever seen of what is called an "inefficient market," and though the parallels I am about to draw between Celgene and MannKind in no way guarantee MannKind will go on to become a success, I hope they do help you better understand why I remain so optimistic about the MannKind/Afrezza story.

I've heard you say it before, Nate, but it's still not really clear to me – how does the MannKind story compare with the Celgene story?

As just mentioned, though I cannot promise you that MannKind will go on to be a big winner for us the way Celgene has, I do want to point out that Celgene also brought many years of heartache and misery for us before it finally managed to get off the ground… and then soar to such amazing heights for us.

In particular (and to give you some background on the company that most folks probably aren't aware of since it is known today as "a leading pharmaceutical company"), I want to take you back to 1988 when I first got interested the stock market, met Jim McCamant (the Founder and Editor of both *The Medical Technology Stock Letter (MTSL)* and *The AgBiotech Stock Letter (ABSL)),* and started working for Jim.

Whereas *MTSL* was focused exclusively on the still relatively small industry of biotechnology as it related to healthcare, *ABSL* was focused on the even smaller and more obscure universe of companies that were using the tools of biotechnology in areas outside of human healthcare… and one of the companies in the basket of stocks that we followed in *ABSL* that especially caught my eye from my very earliest days of working for Jim was Celgene.

At that point in time, Celgene was focused on becoming a leader in the field of "bioremediation" (using microbes to clean up toxic waste), but it also had a small division that excelled at producing chirally-pure versions of certain molecules that come in left- and right-handed versions (I'll leave it to you to google the topic if you're interested in learning more)… and, as fate would have it, as part of having this tiny presence in the world of pharmaceuticals (at least it's how I remember the story), the company became aware of some interesting research that was being done at Rockefeller University in which the infamous drug thalidomide was being used – quite successfully – to treat certain types of cancers.

Nate Pile

After learning more about the research, Celgene announced out of the blue one afternoon that it was going to be shifting gears from being a bioremediation company to becoming a full-fledged pharmaceutical company based on the rights it had secured related to the new research on thalidomide (which was a compound that had already been around for years, albeit it with a horrible reputation – as those of you who are old enough to remember will recall, this drug had been prescribed to women in Europe to treat morning sickness… until it was discovered that even a single dose could cause extreme birth defects in babies!!).

Naturally, though Wall Street had never been terribly excited about the potential of bioremediation in the first place, the idea that Celgene was now going to try to break into the oncology industry… using thalidomide as its lead product… and attempt do so *without a marketing partner* (virtually unheard of for a small, start-up biotech company at the time)… made the stock the butt of many jokes around Wall Street (including the early versions of internet "bulletin boards" that were starting to pop up n the early and mid-90s), and it was virtually impossible to for the company to raise money on reasonable terms (and launching a new drug always requires cash "no matter what"!).

In fact, while looking through old issues to refresh myself on what was actually going on back then, I was amused to discover that in the April 1998 issue (we had been in the stock for roughly 2 1/2 years at that point), I wrote *"I remain concerned about the large amount of stock that has been sold in the last eighteen months* [shares outstanding had almost doubled in that time period] *and am therefore sticking with the current buy limits for now. Perhaps I am being too cautious, having personally chased this stock into the mid-teens at least twice since 1990, only to see it fall back to $6 again, but I do not feel the need to apologize for taking a "better safe than sorry" attitude with the stock."*

Of course, as time went by, it turned out that my assessment of thalidomide had been correct… the "massive dilution" proved to be *de minimis* relative to the size of the markets Celgene was going after… and, in hindsight, we should have been aggressively adding shares rather than playing it safe at that point in time (though the stock was trading around $10 at the time, that number would now be roughly $0.40 thanks to all the splits that have taken place).

No, there was no massive short position in the stock the way there is with MannKind today, but based on how that story has turned out… along with many others that have "tried our patience

New To The Newsletter?

Here are a few guidelines to help you get started:

- Decide how much of your overall portfolio you'd like to allocate to the ideas in *Nate's Notes*... and then plan on investing it in roughly equal amounts each month over a period of several months.
- Make your initial purchases based on the "first buys" that are check-marked in the table on the front page of the newsletter (note that you do not have to buy all of them each month!), as well as in the commentary found in the company write-ups.
- Try to invest slightly more money in "core stocks" vs. "non-core stocks" (60%-40%, respectively, is a reasonable ratio to aim for when first starting out).

You can read more on this topic in the May 2013 issue of the newsletter online.

before paying off" over the years… I have learned to stick with common sense and remain patient during prolonged periods of "market inefficiency" rather than abandon my position in a stock.

Though I have made the observation before, in the case of MannKind, not only do I feel even more confident that Afrezza is truly superior to its competitors than I did about thalidomide relative to the existing oncology drugs it was hoping to dethrone, I also feel more confident that, because we are talking about an already known and understood drug (insulin) that is being used in a patient population that already has extensive networks and support groups built-in to its culture, it really is just a matter of time until Afrezza becomes the drug of choice among diabetics (both T1s and T2s… and pre-diabetics as well, for that matter!).

Of course, this brings us to the question that is on everyone's mind, namely, "does MannKind actually have "enough" time to achieve success?"… and, as discussed a number of times in recent issues, though I do not know exactly what CEO Matt Pfeffer has planned to make sure he keeps the lights on "long enough," I can tell you that whenever I have spoken with him… and CCO Mike Castagna… I have not come away with the sense that they are worried about running out of money.

Naturally, the most obvious way to raise money is to sell more stock, and it should come as no surprise that our friends on the short side have been taking every opportunity they can find lately to warn us on message boards, blogs, etc. about the "imminent dilution" that is coming our way… and all I can do is tell you that it will NOT be the end of the world if MannKind ends up selling more stock. The evidence is continuing to grow that Afrezza really is all Al Mann claimed it would be (and perhaps even more), and if you're worried about "all the dilution," just go back re-read the passage I excerpted from the April '98 issue… and then ask yourself if you wish you would have loaded up on Celgene at that point in time "despite the lack of clarity about where money was going to come from" – great pharmaceutical products are worth every penny management spends to get them across the finish line, and given that Afrezza, at least in theory, is an even more "sure thing" than thalidomide was, I really do want you to stop worrying what even a "massive" 50% dilution would ultimately mean for your investment!

That being said, there are plenty of other ways Matt could also raise money besides selling stock, but again, I want you to focus on the product itself and remember the corollary to what was just stated above, namely, there will always be folks willing to put capital up in exchange for the opportunity to participate in a great pharmaceutical product… especially one that has already passed clinical trials, been approved by the FDA, and proven itself in the real world (as Afrezza has done and is doing).

And, speaking of real world situations, as many of you undoubtedly noticed, for the first time in a great while, MannKind's stock was not only "up big," but up big ***on big volume as well*** earlier this week. In fact, volume was close to 30% of the outstanding shares, and though I can't promise you that this means some of our friends on the short side have finally changed their minds, I can tell you that the volume certainly suggests that the tide may finally be turning. As discussed many times before, though the first round of short-sellers to cover will be able to lock-in some profits on their short position, those who are slower to cover will be lucky to keep their profits… and those who are slowest to cover will likely learn the hard way what a "short squeeze" actually looks like.

No, we are not out of the woods yet, but with MannKind finally talking about gearing up to start selling Afrezza on an international level, a new collaboration agreement being put in place with a startup diabetes management company called One Drop (who, coincidentally, recently signed an agreement to provide its services to the government health agency in the United Arab Emirates), sponsorship of a reality TV show focused on managing diabetes, regular TV ads getting ready to air in select markets, and the company moving forward with enrollment in a number of different clinical trials involving Afrezza, I feel comfortable once again pounding the table in this month's issue to remind you that whereas it was unlikely we would ever "get another Celgene" out of MannKind starting from a market cap of $2 billion, for example, I do feel extremely confident telling you that from the current market cap of just over $100M, it IS absolutely possible that we might eventually get a 300-bagger here too if the stock does turn the corner and start heading higher from here (and, to be honest, if the stock does manage to turn the corner, I think the path to success may even be an easier one than the one Celgene had to take).

As always, please do not own more than you can comfortably sleep with at night (or afford to lose, if it comes to that), but my gut is telling me that sometime in the next month or two, we are going to find out that either the company is going out of business… or is on its way back towards fair value ($1-$3 billion for this stage of its existence?) as part of a move that history suggests should also take it well past "fair value" and deep into overvalued territory as part of the normal fear-greed cycle that normally drives stock prices (especially those in the biopharma space!). Stay tuned!

"Eyebrow Levels"

(used to help us gauge the overall health of the market*)

Index	Current	One Eyebrow	Two Eyebrows
DJIA	20,897	18,500	17,000
Nasdaq	6,121	5,150	4,800
S&P 500	2,391	2,050	1,950
BTK	3,621	3,200	2,750
SOX	1,045	850	750

**As long as all five indices are trading above their "one eyebrow" levels, it is a sign that the current uptrend is still intact; however, if the indices start to dip below those levels, it will cause me to raise an eyebrow and wonder if the trend my be coming to an end... and if both eyebrows go up, it will mean that things are deteriorating in a hurry (if you see eyebrow levels being broken, start looking for a "Special Alert" from me in your email box).*

N A T E ' S   N O T E S

AdvisorShares Ranger Equity Bear • HDGE

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$10.56	$8.99	$11.30	$8.59	ETF	$163.0

Shares of this "short ETF" have rallied a bit in recent weeks as earnings have started to come in for many of the companies that it is short, and though its small size means we cannot rely too heavily on this ETF for guidance about where the market might be heading next, we'll always take every piece of information we can get when it comes to staying on top of investor sentiment… and if shares happen to climb back up to $9.50 (or above!) in the weeks ahead, be sure to keep your eyes on the Eyebrow Levels table as well for additional signs that the market might be weakening. Reminder: this ETF is mainly just for those of you with more aggressive (i.e. "riskier") appetites! **HDGE is a strong buy under $8 and a buy under $10.**

Apple • AAPL

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$0.97	$156.10	$156.42	$91.50	5,261.7	$821,351.4

As you can see in the chart to the left, shares have Apple have continued to rally nicely in the five seeks since last month's issue went to press… and though the trend could reverse itself at any time, it is hard to call the current situation anything but "bullish!" For its second quarter, Apple reported revenues of $52.9 billion and net income of $11.0 billion, or $2.10 per share, as compared to revenues of $50.6 billion and net income of $10.5 billion, or $1.90 per share, in the same period a year ago. In addition, the company also announced that is is expanding its share repurchasing program and raising the dividend to $0.63 per share. Even if only a few shares at a time, **AAPL is considered a strong buy under $140 and a buy under $160.**

Celgene • CELG

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$0.44	$119.32	$127.64	$94.42	801.5	$95,635.0

After spending a couple of months bumping up against the $125 barrier without finding much success in breaking through, I am afraid that Celgene's stock has taken a bit of a tumble over the past week or so. That being said, the stock can trade back to $110 (or thereabouts) without doing too much damage from a chartist's perspective, and so, for now, you are encouraged to maintain a bullish outlook on the stock. For its first quarter, Celgene reported revenues of $2.96 billion and net income of $941 million, or $1.16 per share, as compared to revenues of just under $2.5 billion and net income of $801 million, or $0.99 per share, in last year's first quarter. **CELG remains a strong buy under $118 and a buy under $130.**

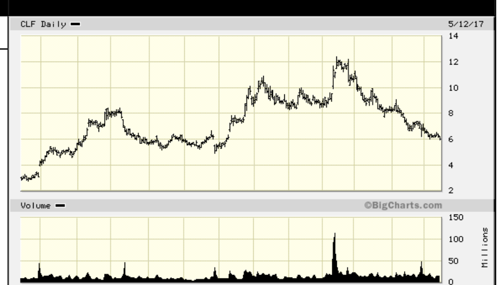
Cirrus Logic • CRUS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$38.39	$63.98	$66.28	$31.39	66.7	$4,270.6

No, it has not managed to break through $65 in a convincing manner yet, but, as you can see in the chart to the left, Cirrus' stock has been bumping up against that level for a little over a month now… and though there are never any guarantees, based on what is going on with the rest of the sector, I would not be at all surprised if we see the stock start to push into new all-time high territory as the start of another leg up sometime in the next few weeks. For its fiscal 2017, Cirrus reported revenues of $1.5 billion and net income of $261.2 million, or $3.92 per share, as compared to revenues of just under $1.2 billion and net income of $123.6 million, or $1.87 per share, in the prior year. **CRUS is a strong buy under $60 and a buy under $68.**

Cliffs Natural Resources• CLF

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$11.15	$6.03	$12.37	$2.77	265.1	$1,598.6



As you can see in the chart to the right, Cliffs' stock has continued to tumble in the five weeks since last month's issue went to press, and though my gut is telling me it is probably a solid buy at current prices, because I am less confident about the outlook for iron ore versus insulin, for example, I am taking a more cautious approach and lightening up a bit on our positions in both Portfolios this month. For its first quarter, Cliffs reported revenues of $461.6 million and a net loss of $29.8 million, or $0.11 per share, as compared to revenues of $305.5 million and net income of $108.0 million, or $0.62 per share, in the same period last year. Provided you already own plenty of other stocks, **CLF is now a strong buy under $4 and a buy under $6.**

Core Stocks shown in orange • Charts courtesy of BigCharts.com • All prices shown are as of the publication date

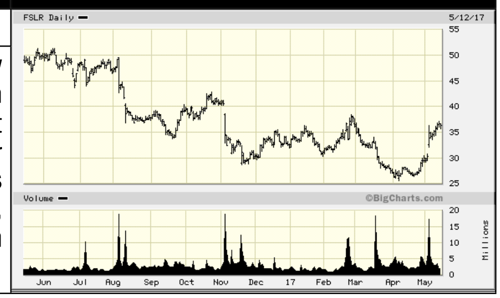
Electronic Arts • EA

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$17.01	$109.09	$110.61	$71.01	315.0	$34,363.4

As you can see in the chart to the left, EA's stock gapped up nicely a few days again in response to a strong earnings report and guidance from the company! For its fiscal 2017, EA reported revenues of $4.8 billion and net income of $967 million, or $3.08 per share, as compared to revenues of $4.4 billion and net income of just under $1.2 billion, or $3.50 per share, in the prior year (which, it should be noted, included a $453 million tax credit). At some point, the stock will likely experience a sell-off of some sort; however, it is hard to call the current price action anything but "bullish," and you are encouraged to buy on any pullbacks that may present themselves. **EA is now a strong buy under $95 and a buy under $105.**

First Solar • FSLR

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$60.91	$36.38	$51.33	$25.56	103.7	$3,772.6



Though I would really like to see First Solar above $40 to feel more confident that a new uptrend may, in fact, be getting under way for the stock, I do find it encouraging that in response to the company's most recent earnings report, not only did the stock gap up, but it has also continued to power higher since then as well. For its first quarter, First Solar reported revenues of $891.8 million and net income of $9.1 million, or $0.09 per share, as compared to revenues of $876.1 million and net income of $195.6 million, or $1.90 per share, in the same period a year ago. Since First Solar is still one of our smallest positions, I am adding a few shares this month. **FSLR is a strong buy under $33 and a buy under $39.**

Illumina • ILMN

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$17.92	$182.38	$189.48	$119.37	147.8	$26,955.8

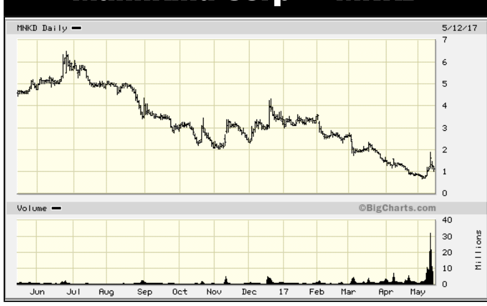
After briefly rallying into new 52-week high territory following the release of its first quarter results late last month, Illumina's stock has pulled back a bit. For the first quarter (which included a number of one-time items), Illumina reported revenues of $598 million and net income of $372 million, or $2.52 per share, as compared to revenues of $592 million and net income of $90 million, or $0.60 per share, in last year's first quarter. Along with many of our other "big name" recommendations, this is another situation where you are encouraged to patiently build a position as time goes by, even if it means only buying a couple of shares at a time due to the "high" stock price. **ILMN is a strong buy under $170 and a buy under $190.**

Luminex • LMNX

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$19.58	$20.83	$23.75	$17.64	43.0	$895.3

Yep – as you can see in the chart to the right, Luminex's is yet another of our recommended stocks that gapped up nicely in response to a positive earnings report and guidance a few weeks ago! For its first quarter, Luminex reported revenues of $77.8 million and net income of $9.2 million, or $0.21 per share, as compared to revenues of just under $63 million and net income of $8.8 million, or $0.21 per share, in the same period a year ago. Both Portfolios already own "enough" Luminex, but those of you who are still underweight the stock in your own portfolios are encouraged to add a few more shares as part of a longer-term game plan to slowly build a position. **LMNX remains a strong buy under $17 and a buy under $21.**

MannKind Corp. • MNKD



Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$42.55	$1.12	$6.50	$0.6662	100.0	$112.0

Though it certainly applies to all stocks, I chose this month's quote because Peter Lynch is absolutely correct that those are really the only two reasons (even if he calls them one) stocks ever generate truly sizable returns for investors… and, in my book, MannKind is on the verge of qualifying on both fronts (with Sanofi's efforts counting as the "poorly run" piece of the puzzle). As it stands, due to what I believe is an extreme inefficiency in the pricing of the stock that has been created by short-sellers, I am taking advantage of the current price to increase the size of our Aggressive position by 20% while only increasing the cost by 3.5%… and you are encouraged to join me! **MNKD is a strong buy under $5 and a buy under $10.**

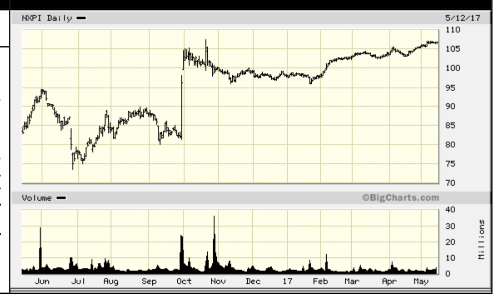
NVIDIA Corp • NVDA

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$4.49	$127.89	$130.43	$40.54	653.0	$83,514.7

Though it is admittedly still quite a ways behind Celgene and Apple, I think it is far to say that NVIDA is currently next in line when it comes to stocks in the newsletter that are doing an especially good job of reminding us just how practical Peter Lynch's approach to beating the market actually was (and still is!)... and what's especially exciting is that even though our initial recommendation was at roughly $4.50, many of our subscribers who were involved back then also got to buy it at even lower prices as well! Though the trend could change tomorrow, you are encouraged to view the recent price action as an excuse to buy/hold rather than sell... and so, with patience, **NVDA is now a strong buy under $100 and a buy under $125.**

NXP Semiconductors • NXPI

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$24.26	$106.87	$107.54	$73.62	251.2	$26,841.5



As we have been counting on all along (even if it took a little longer to manifest itself than I originally expected), NXP's stock has continued to climb in a slow-but-steady fashion towards the $110 price target implied by the tender offer that is currently on the table from Qualcomm (QCOM – $55.32). Though the deal is likely to go through, for those of you still keeping tabs of the quarterly results "just in case NXP doesn't become part of Qualcomm," for its first quarter, NXP reported revenues of $2.2 billion and net income of $1.5 billion, or $3.79 per share, as compared to revenues of $2.2 billion and a net loss of $587 million, or $1.16 per share, in last year's first quarter. **NXPI is a strong buy under $90 and a buy under $105.**

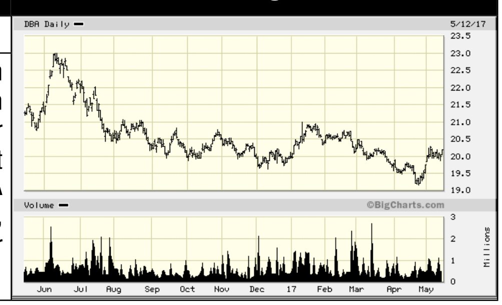
Perry Ellis • PERY

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$8.67	$18.90	$29.00	$16.24	15.0	$283.3

Ugh – as you can see in the chart to the left, Perry Ellis' stock has done nothing but slide for the past six months! Of course, as discussed a bit in last month's issue, the most likely reason for the selling pressure is the fact that department stores and major retail brands have been throwing in the towel left and right over the past year in response to the massive shift in retail shopping habits that is taking place around the globe; however, as also mentioned last month, though the outlook for the industry as a whole does not look terribly bright, consolidation and "buyouts" are a natural part of the process... and Perry Ellis would make a great takeover candidate. **PERY is now a strong buy under $16 and a buy under $20.**

PowerShares DB Agriculture • DBA

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$36.90	$20.18	$23.01	$19.16	ETF	$816.6



Though the chart of DBA looks the most promising relative to CLF and DBC on a shorter-term basis, I will be the first to admit that none of them is actually that bullish-looking at this point in time. Naturally, this suggests that you may want to focus your energies looking at other recommendations in the newsletter, but if you're still working on building out a somewhat diversified portfolio and have zero commodity exposure yet, the charts suggests that DBA ought to be your first purchase among the three. Looking further out on the time horizon, however, I continue to believe that, at some point in the not-too-distant future, the odds favor a fairly sizable and prolonged move *(continued under "DBC" below)* **DBA is a buy under $22.**

PowerShares DB Commodities • DBC

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$35.30	$14.62	$16.08	$13.96	ETF	$2,530.0

(continuing from "DBA" above) higher in commodity prices, and so those of you who have already established meaningful positions in most of the other stocks being recommended may want to consider taking advantage of the current weakness in both of these broad-based commodity ETFs to start small positions in each of them "just in case the next move is higher." That being said, please also recognize that "strength often begets strength"... and, currently, there is much better strength being generated elsewhere (and, of course, as a contrarian play, I don't think you'll ever get a better "high flyer" opportunity than what's being presented with MannKind's current share price!). With patience, **DBC is a buy under $16.**

Core Stocks shown in orange • Charts courtesy of BigCharts.com • All prices shown are as of the publication date

Qorvo • QRVO

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$8.29	$67.80	$72.42	$45.00	132.3	$8,969.9

Though Qorvo's stock is admittedly down a bit from where it was when last month's issue went to press, I am actually quite content with the pattern that is being traced out in the chart to the right (especially when looked at in the context of what's going on with the rest of the sector… and the market as a whole). For its fiscal 2017, Qorvo reported revenues of just over $3 billion and a net loss of $16.6 million, or $0.13 per share, as compared to revenues of $2.6 billion and a net loss of $28.8 million, or $0.20 per share, in fiscal 2016. We currently own "enough" Qorvo in both Portfolios, but it should definitely be among your list of "first buys" if you are new to the newsletter. **QRVO is a strong buy under $64 and a buy under $72.**

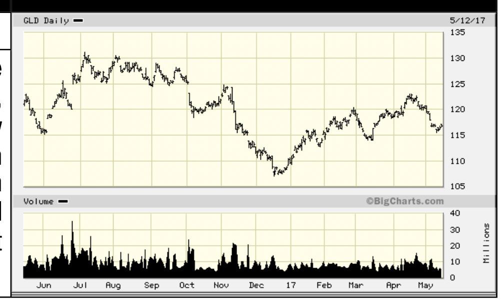
Skyworks Solutions • SWKS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$29.63	$102.52	$105.34	$57.11	187.3	$19,202.0

As you can see in the chart to the left, Skyworks' stock is continuing to trace exactly the sort of slow-but-steady uptrend we like to see if we are looking for confirmation that we're in a bull market… but probably not close to the end of it just yet (in which case, the stock would be "going parabolic" rather than trending higher in a linear fashion, for those of you keeping score at home). For its second quarter, Skyworks generated revenues of $851.7 million and net incomes of $224.9 million, or $1.20 per share, as compared to revenues of $775.1 million and net income of 208.1 million, or $1.08 per share, in the prior year's second quarter. Provided you're scaling-in over time, **SWKS remains a strong buy under $98 and a buy under $105.**

SPDR Gold Trust • GLD

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$93.39	$116.83	$131.15	$107.00	ETF	$31,150.0



On the one hand, it is somewhat discouraging that the price of gold has pretty much done nothing but slide in the five weeks since last month's issue went to press; on the other hand, however, a) the slide has been fairly gentle, b) shares of this ETF have still not broken below $110 (which is a point at which I will start to become more concerned), and c) based on everything that is going on the world, I can argue that most signs are still pointing towards an eventual "period of worry" on the part of investors around globe… and whether that period gets underway on Monday – or not for another year or two – I do believe very strongly that once it does, the price of gold is going to soar! Consequently, **GLD is a buy under $120.**

Tekla Life Sciences Investors • HQL

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$21.17	$20.17	$20.73	$15.85	20.1	$405.9

As you can see in the chart to the left, shares of HQL finally managed to clear $20 as April came to end; however, they have since pulled back to just above that level… but given what is going on with the rest of the sector, I believe the odds favor a move higher in the weeks ahead. Consequently, I am adding a few mores shares to both Portfolios this month, but please don't try to read too much into the "odd lots" I am buying in each of the Portfolios (or at least in the Aggressive), as I am simply choosing numbers that bring us back to roughly a round number in each Portfolio. In addition, please note that this move is most definitely a vote of confidence in "biotech." **HQL is now a strong buy under $19 and buy under $22.**

Walt Disney • DIS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$13.00	$109.69	$116.10	$90.32	1,762.0	$193,273.8

Unfortunately, though most of Disney's business units are doing fairly well, investors have (not surprisingly) chosen to focus on "the ESPN situation" when it comes to the outlook for Disney… and, as you can see in the chart to the right, the stock has fallen in semi-dramatic fashion in the week-and-a-half that have passed since earnings were reported. For its second quarter, Disney reported revenues of $13.3 billion and net income of just under $2.4 billion, or $1.50 per share, as compared to revenues of just under $13.0 billion and net income of $2.1 billion, or $1.30 per share, in last year's second quarter. In small purchases as part of disciplined game plan, **DIS is considered a strong buy under $105 and a buy under $112.**

Top Picks (for new money this month)

All else being equal (i.e. you already own "pretty much everything" in the newsletter), my top picks for you this month are:

Cirrus Logic (CRUS) and **Skyworks Solutions (SWKS) –** Chips stocks are still on fire, and both of these stocks are tracing out patterns that suggest they may be getting ready for another push into new-high territory.

Illumina (ILMN) – Though the stock has pulled back a bit from its recent high, the sector seems to be heating up… and if this stock can clear $200 in the months ahead, it ought to run nicely for us.

MannKind (MNKD) – What else can I say that hasn't been said before (and spelled out as clearly as possible in this month's issue)? I really do believe we are finally approaching an inflection point for both the Afrezza prescriptions and the stock price, and you are encouraged to place your bets accordingly!

Outstanding Orders

For the reasons discussed above and below, the Model (Aggressive) Portfolio will **sell** 1,500 (5,000) Cliffs Natural Resources and 200 (1,000) NVIDIA and **purchase** 250 (1,500) First Solar, 5,000 (100,000) MannKind, and 275 (1,580) Tekla Life Sciences. We will use the closing prices on Monday, May 15th, for all transactions.

Nate Pile, Editor

POSITION	PORTFOLIO #1: MODEL				PORTFOLIO #2: AGGRESSIVE			
Company	Shares owned	Total Cost	Today's Value	Total % Change	Shares owned	Total Cost	Today's Value	Total % Change
AS Ranger Equity Bear	4,000	$41,695	$35,960	-13.8%	23,000	$240,745	$206,770	-14.1%
Apple	700	$48,678	$109,270	+124.5%	4,400	$289,626	$686,840	+137.1%
Celgene	800	$70,580	$95,456	+35.2%	3,700	$330,287	$441,484	+33.7%
Cirrus Logic	1,650	$62,234	$105,567	+69.6%	8,000	$273,488	$511,840	+87.2%
Cliffs Natural Resources	4,500	$47,788	$27,135	-43.2%	20,000	$207,070	$120,600	-41.8%
Electronic Arts	1,100	$48,010	$119,999	+149.9%	7,000	$292,583	$763,630	+161.0%
First Solar	1,000	$41,673	$36,380	-12.7%	5,500	$236,452	$200,090	-15.4%
Illumina	600	$77,724	$109,428	+40.8%	3,100	$403,084	$565,378	+40.3%
Luminex	4,500	$85,967	$93,735	+9.0%	25,000	$472,022	$520,750	+10.3%
MannKind	25,000	$165,003	$28,000	-83.0%	500,000	$3,227,984	$560,000	-82.7%
NVIDIA Corp.	1,800	$31,259	$230,202	+636.4%	9,000	$152,784	$1,151,010	+653.4%
NXP Semiconductors	500	$27,234	$53,435	+96.2%	2,500	$127,481	$267,175	+109.6%
Perry Ellis	2,700	$57,990	$51,030	-12.0%	10,000	$218,896	$189,000	-13.7%
PowerShares DB Ag.	3,000	$65,259	$60,540	-7.2%	11,000	$244,979	$221,980	-9.4%
PowerShares DB Cmdties.	4,500	$71,177	$65,790	-7.6%	16,000	$261,707	$233,920	-10.6%
Qorvo	1,500	$74,226	$101,700	+37.0%	9,000	$374,091	$610,200	+63.1%
Skyworks Solutions	1,100	$73,706	$112,772	+53.0%	5,600	$353,645	$574,112	+62.3%
SPDR Gold Trust ETF	700	$83,085	$81,781	-1.6%	4,400	$528,507	$514,052	-2.7%
Tekla Life Sciences Investors	4,025.1	$36,625	$81,186	+121.7%	13,420.7	$120,733	$270,696	+124.2%
Walt Disney Co.	900	$62,113	$98,721	+58.9%	5,000	$365,893	$548,450	+49.9%
		Stocks:	$1,698,087			Stocks:	$9,157,977	
		Cash (Debit):	$36,149			Cash (Debit):	($4,830,403)	
		Total Value:	**$1,734,236**	**+1,634.2%**		**Total Value:**	**$4,327,574**	**+4,227.6%**

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Orders Filled 4/10/17 (Aggressive Portfolio in parentheses)
Sold 200 (2,000) NVDA @ $97.77
Bought (200) CELG @ $125.92
Bought 500 (4,000) CLF @ $7.88
Bought 500 (1,000) LMNX @ $18.48
Bought 5,000 (100,000) MNKD @ $1.26
Bought 25 (100) GLD @ $119.46
Bought 100 (300) DIS @ $112.43
credited $240 ($1,440) from LMNX dividend 4/14/17

The Model and Aggressive Portfolios are designed to hypothetically track the results of our recommendations over time. The Model Portfolio was started with $100K in February 1995. The Aggressive Portfolio was started with $100K in October 1997 and is designed for investors with a shorter time horizon and higher tolerance for risk (due to regular use of margin). For the purposes of tracking performance, a commission of 1% is charged on all stock transactions. All realized gains are reinvested in their respective Portfolios. Dividends are credited only if they yield over 1% annually on the Portfolio's original investment.