

Weekly Update: Week ending February 17, 2012

Economy

Recovery on an individual level is yet to be seen. 2008 knocked out most Americans down to the ground. Just having a sense of stability seems like recovery, but its not positive growth that we knew pre-2008. We just went through one of the most difficult period in half a century, so to anticipate a full recovery in 2-3 years is somewhat irrational. A lot of the gunk in the system needs to be flushed out and innovation needs to take place for a positive growth economy. Facebook, Zynga are not innovations. They are great social mediums, but they don't put food on the plate for the millions of users. Sustainable energy, new oil extraction processes like fracking, supplementing meat for soybean, will reduce waste, improve usage efficiency of our current resources.

An Industrial Revolution 2.0, needs to sprout up. A revolutionary industry needs to be fully adopted, which will help 1) increase agricultural output, 2) create more products with same resources, 3) use different resources that are plentiful and renewable like the sun, ocean water, sands in desert.

Pumping cash into the system, adding more debt to pay off debt, fudging numbers here and there, is lipstick on a pig. We need fundamental change, and focusing on stimulus policies and bailouts will only aggravate our current predicament. They are short term resolutions, but we must focus on a change because by 2050, 9 billion people will be on planet earth, and we will have less resources to drive this global economy.

Portfolio Performance

The portfolio's performance since inception and YTD, is 10.81% and 8.77%, respectively. Based off SN Valuation's trigger points, the performance since inception is 6.89%, which is underperforming the XLK, Spyder Technology sector benchmark by 5.35%. XLK was able to perform in the midst of the short retreat following the delay of the Greece bailout meeting by European officials to this coming Monday. Our portfolio is composed of 40% technology related companies. The portfolio is undperforming both the S&P's 8.28% and Wilshire 5000 at 9.02%.

Zerohedge.com revealed Greece may not give into Germany's demands and calls the ECB oriented austerity measures "fiscal feudalism", or a stripping of Greece's sovereignty. Similar thing happened to Korea during IMF, when banks were closed down, foreign investors swooped in and purchased many distressed assets. Foreigners had a greater say in the activities of Korea. As a Korean-American, it was difficult to hear of such news. A decade later, Korea is better off economically. However, at what cost? I wonder many times whether the policies set out by the government is a truly sovereign voice, or influenced by other interests.

Therefore, we may not see a bailout, and see an "orderly" default, or debt swap. Market ralled on Thursday. Gut feeling, I think the market will rebound sharply on Monday. If bailout is not approved, a default will knock out Greece for years and cause a larger short-term catastrophe. The domino will fall on to the other PIIGS. We are hoping for a 2nd bailout because this market needs a little breather.

Sung Nam
SN VALUATION

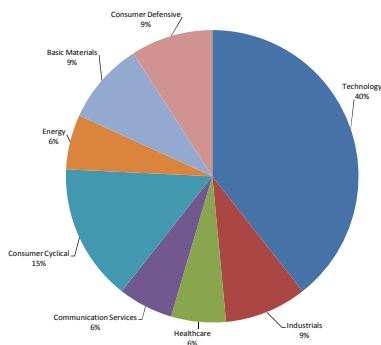
Name	Ticker	Sector	Industry	Date of Report	Weighting	Market Price on Report	Suggested 1 Year Return	Suggested Price in 12 months	Suggested 5 Year Return	Suggested Price in Year 5	Today's Price	Change Yesterday	Action	Exit Price	Exit Date	Ex-Dividend Date	Dividend Date	Annual Dividend	Holding Period Performance	Portfolio Weighted
Huntsman Corp	HUN	Specialty Chemicals	Basic Materials	2011-10-24	3%	\$10.31	14.2%	\$11.77	94.0%	\$20.00	\$13.99	7.70%	SOLD	\$12.94	2011-10-28	Mar 13, 2012	Mar 29, 2012	2.86%	25.51%	0.00%
Computer Sciences Corp	CSC	Information Technology Services	Technology	2011-10-25	3%	\$30.90	12.2%	\$34.68	78.0%	\$55.00	\$33.26	0.88%	Leave in portfolio			Dec 21, 2011	Jan 12, 2012	2.41%	7.64%	0.22%
Limelight Networks Inc	LMT	Cloud Computing	Technology	2011-10-26	3%	\$11.17	6.1%	\$11.85	34.3%	\$15.00	\$12.37	1.64%	SOLD	\$12.21	2012-01-11	Nov 28, 2011	Dec 14, 2011	5.50%	9.31%	0.00%
Excel Maritime Carriers Ltd	EXM	Shipping & Ports	Industrials	2011-10-28	3%	\$2.77	7.6%	\$2.98	44.4%	\$4.00	\$2.13	3.90%	Buy more positions			Nov 18, 2008	Dec 4, 2008	0.00%	-23.10%	-0.68%
Big Lots Inc	BIG	Discount Stores	Consumer Defensive	2011-10-31	3%	\$37.64	8.3%	\$40.75	48.8%	\$56.00	\$43.86	1.25%	SOLD	\$41.32	2011-11-07	Aug 29, 2011	N/A	0.00%	9.78%	0.00%
Kindred Healthcare Inc	KND	Long-Term Care Facilities	Healthcare	2011-11-01	3%	\$11.65	11.4%	\$12.98	71.7%	\$20.00	\$11.99	2.74%	SOLD	\$12.85	2011-12-06	N/A	N/A	0.00%	10.30%	0.00%
Volatility Index	VXX	VIX Short Term Futures	N/A	2011-11-10	3%	\$48.52	23.7%	\$60.00	N/A	N/A	\$28.02	0.00%	SOLD	\$40.00		N/A	N/A	0.00%	0.00%	0.00%
Newmont Mining Corp	NEM	Gold	Basic Materials	2011-11-25	3%	\$64.21	9.0%	\$70.00	51.8%	\$97.50	\$60.43	1.39%	Buy more positions			Dec 6, 2011	Dec 29, 2011	2.32%	-5.89%	-0.17%
Constar Inc	CSTR	Specialty Retail	Consumer Cyclical	2011-12-02	3%	\$42.69	7.1%	\$45.74	41.2%	\$60.29	\$56.87	0.96%	SOLD	\$47.45	2011-12-09	N/A	N/A	0.00%	11.15%	0.00%
L.B. Foster Co	FSTR	Industrial Distribution	Industrials	2011-12-05	3%	\$28.17	5.4%	\$29.69	30.0%	\$36.62	\$33.37	2.49%	SOLD	\$29.86	2012-01-12	Dec 7, 2011	Dec 22, 2011	0.30%	6.00%	0.00%
Murphy Oil Corp	MUR	Oil & Gas Integrated	Energy	2011-12-05	3%	\$54.78	5.8%	\$57.94	32.3%	\$72.50	\$62.63	-0.02%	SOLD	\$58.11	2012-01-04	Feb 10, 2012	Feb 29, 2012	1.76%	6.08%	0.00%
Domtar Corp	UFS	Paper & Paper Products	Basic Materials	2011-12-08	3%	\$79.06	10.3%	\$87.19	63.2%	\$129.00	\$94.43	1.40%	SOLD	\$87.68	2012-01-20	Dec 13, 2011	Jan 16, 2012	1.48%	10.90%	0.00%
Telenav Inc	TNAV	Scientific & Technical Instruments	Technology	2011-12-13	3%	\$8.24	20.0%	\$9.89	148.8%	\$20.50	\$7.63	2.55%	Buy more positions			N/A	N/A	0.00%	-7.40%	-0.22%
Full House Resorts Inc	FLL	Resorts & Casinos	Consumer Cyclical	2011-12-15	3%	\$2.50	28.0%	\$3.20	244.0%	\$8.60	\$2.88	-0.34%	Buy more positions			N/A	N/A	0.00%	15.20%	0.45%
MKS Instruments Inc	MKSI	Diversified Industrials	Industrials	2011-12-15	3%	\$25.93	6.8%	\$27.69	38.8%	\$36.00	\$31.90	1.82%	SOLD	\$28.03	2011-12-21	Nov 29, 2011	Dec 15, 2011	1.88%	8.10%	0.00%
Kulicke And Soffa Industries Inc	KLIC	Semiconductor Equipment & Materials	Technology	2011-12-15	3%	\$8.56	19.7%	\$10.24	145.3%	\$21.00	\$11.35	1.43%	SOLD	\$10.32	2012-01-09	Jun 10, 1985	N/A	0.00%	20.56%	0.00%
Joe's Jeans Inc	JOEZ	Apparel Manufacturing	Consumer Cyclical	2011-12-19	3%	\$0.52	15.1%	\$0.60	101.9%	\$1.05	\$0.66	3.13%	SOLD	\$0.58	2012-01-13	N/A	N/A	0.00%	11.54%	0.00%
Kemet Corp	KEM	Electronic Components	Technology	2011-12-19	3%	\$6.75	15.7%	\$7.81	107.4%	\$14.00	\$9.95	1.32%	SOLD	\$7.95	2012-01-18	N/A	N/A	0.00%	17.78%	0.00%
Digital Generation Inc	DGIT	Communication Equipment	Technology	2011-12-23	3%	\$11.95	18.2%	\$14.13	131.0%	\$27.60	\$10.82	-20.38%	SOLD	\$14.27	2012-02-02	N/A	N/A	0.00%	19.41%	0.00%
Omega Protein Corp	OME	Packaged Foods	Consumer Defensive	2011-12-28	3%	\$7.13	11.0%	\$7.91	68.3%	\$12.00	\$8.65	1.05%	SOLD	\$8.23	2012-01-19	N/A	N/A	0.00%	15.43%	0.00%
Crown Crafts Inc	CRWS	Apparel Manufacturing	Consumer Cyclical	2011-12-29	3%	\$3.28	11.9%	\$3.67	75.3%	\$5.75	\$4.10	-1.20%	SOLD	\$3.70	2012-01-06	Dec 14, 2011	Jan 5, 2012	3.90%	12.80%	0.00%
Online Resources Corp	ORCC	Software - Infrastructure	Technology	2011-12-30	3%	\$2.30	9.4%	\$2.52	56.5%	\$3.60	\$2.75	-3.51%	SOLD	\$2.51	2012-01-04	N/A	N/A	0.00%	9.13%	0.00%
Pro-Dex Inc	PDEX	Medical Instruments & Supplies	Healthcare	2011-12-31	3%	\$2.46	28.1%	\$3.15	245.5%	\$8.50	\$1.95	-2.01%	Buy more positions			N/A	N/A	0.00%	-20.73%	-0.61%
Mad Catz Interactive Inc	MCZ	Computer Systems	Technology	2012-01-01	3%	\$0.51	16.2%	\$0.59	111.8%	\$1.08	\$0.54	-1.82%	SOLD	\$0.63	2012-01-11	N/A	N/A	0.00%	23.53%	0.00%
Neutral Tandem Inc	IQNT	Telecom Services	Communication Services	2012-01-02	3%	\$10.69	13.2%	\$12.10	86.2%	\$19.90	\$12.41	2.14%	SOLD	\$12.29	2012-02-01	N/A	N/A	0.00%	14.97%	0.00%
GameStop Corp	GME	Specialty Retail	Consumer Cyclical	2012-01-03	3%	\$24.13	10.4%	\$26.64	64.1%	\$39.60	\$23.04	1.01%	Buy more positions			Feb 16, 2012	Mar 11, 2012	2.60%	-4.52%	-0.13%
Network Engines Inc	NEI	Software - Application	Technology	2012-01-09	3%	\$1.26	11.8%	\$1.41	74.6%	\$2.20	\$1.41	3.68%	SOLD	\$1.41	2012-02-17	N/A	N/A	0.00%	11.90%	0.00%
Amtech Systems Inc	ASYS	Semiconductor Equipment & Materials	Technology	2012-01-10	3%	\$10.11	16.4%	\$11.77	113.6%	\$21.60	\$9.02	5.13%	Buy more positions			N/A	N/A	0.00%	-10.78%	-0.32%
inTest Corp	INTT	Semiconductors	Technology	2012-01-11	3%	\$2.98	11.1%	\$3.31	69.5%	\$5.05	\$3.65	-0.08%	SOLD	\$3.50	2012-02-03	N/A	N/A	0.00%	17.45%	0.00%
Smithfield Foods Inc	SFD	Packaged Foods	Consumer Defensive	2012-02-07	3%	\$22.99	6.0%	\$24.36	33.5%	\$30.70	\$22.72	1.66%	Buy more positions			Oct 30, 1996	N/A	0.00%	-1.17%	-0.03%
Power One Inc	PWER	Electronic Components	Technology	2012-02-15	3%	\$5.45	13.6%	\$6.19	89.0%	\$10.30	\$5.05	3.06%	Buy more positions			N/A	N/A	0.00%	-7.34%	-0.22%
IDT Otd Shs Class B	IDT	Telecom Services	Communication Services	2012-02-10	3%	\$8.70	17.4%	\$10.21	123.0%	\$19.40	\$9.26	4.87%	Buy more positions			Sep 29, 2011	Jan 4, 2012	9.94%	6.44%	0.19%
Gran Tierra Energy Inc	GTE	Oil & Gas E&P	Energy	2012-02-16	3%	\$5.79	18.1%	\$6.84	129.7%	\$13.30	\$5.85	1.04%	Buy more positions			N/A	N/A	0.00%	1.04%	0.03%
Emerson Radio Corp	MSN	Consumer Electronics	Technology	2012-01-31	3%	\$1.73	27.8%	\$2.21	241.0%	\$5.90	\$1.96	-2.00%	Buy more positions			Mar 25, 2010	Mar 23, 2010	0.00%	13.29%	0.39%

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Sold Companies	Initiation Price	Exit Price	Return	Holding Period (Days)
HUN	10.31	12.94	25.51%	4
BIG	37.64	41.32	9.78%	7
KND	11.65	12.85	10.30%	35
CSTR	42.69	47.45	11.15%	7
MKSI	25.93	28.03	8.10%	6
MUR	54.78	58.11	6.08%	30
ORCC	2.30	2.51	9.13%	5
CRWS	3.28	3.70	12.80%	8
KLIC	8.56	10.32	20.56%	25
MCZ	0.51	0.63	23.53%	10
RIMG	11.17	12.21	9.31%	77
FSTR	28.17	29.86	6.00%	38
JOEZ	0.52	0.58	11.54%	25
KEM	6.75	7.95	17.78%	30
OME	7.13	8.23	15.43%	22
UFS	79.06	87.68	10.90%	43
INTT	2.98	3.50	17.45%	23
NEI	1.26	1.41	11.90%	39
DGIT	11.95	14.27	19.41%	41
IQNT	10.69	12.29	14.97%	30
20		Average	13.58%	25

Number of Companies	
Gains	25
Gain is less than 5%	1
Gain is greater than 5%, but less than 10%	8
Gain is greater than 10%	16
No Change	0
Losses	8
Loss is less than -5%	2
Loss is greater than -5%, but less than -10%	3

Industry	Number of Companies
Technology	13
Industrials	3
Healthcare	2
Communication Services	2
Consumer Cyclical	5
Energy	2
Basic Materials	3
Consumer Defensive	3
Total	33



Days since Initiation	116
Weighted Performance of Unsold Companies	-1.10%
Weighted Performance including gain/loss of Sold Companies	6.89%
Weighted Performance of all Companies	10.81%
S&P 500 Performance Since Initiation	8.28%
Portfolio Alpha During Period of Unsold Companies	-9.38%
Portfolio Alpha During Period Including Sold Companies	-1.39%
Portfolio Alpha During Period of all companies	2.53%
*Tech SPDR (XLK) Since Initiation	12.24%
Portfolio Alpha During Period of Unsold Companies	-13.34%
Portfolio Alpha During Period Including Sold Companies	-5.35%
Portfolio Alpha During Period of all companies	-1.43%
*Wilshire 5000 Performance Since Initiation	9.02%
Portfolio Alpha During Period of Unsold Companies	-10.11%
Portfolio Alpha During Period Including Sold Companies	-2.12%
Portfolio Alpha During Period of all companies	1.79%

Bear/Bull Market? Bull

*VXX is held in the portfolio in the event we have a Bear market sentiment.