



## Morning Comments September 22, 2009

I increasingly feel like I am playing for the last couple of bucks in the basket approach to long tech that we have been using. It seems time to put the shotgun down and pick up the rifle. In late February we went long a basket of small and mid cap tech companies which we later swapped for large and mega cap tech in mid June. This has served us well as we were able to participate in the initial high beta surge off the lows with the smaller caps and then sleep peacefully with liquidity and stability long in mega caps but now we think its time to get more focused. A number of the names in the XLK are deep into our target areas or are quite extended even as relative performance has converged with the SPX and pushed this trade towards a market call. Also we signs of growing rotation in the marketplace and respect the performance lead initiative out of tech into lesser performing areas with large market representation (think energy.)

In general we have a primary goal of outpacing the market while striving for low levels of correlation and large/ mega cap tech no longer fits this framework broadly speaking. So let's liquidate the XLK strategy. I am putting up a couple of charts that I think are representational with respect to the above views, CSCO and HPQ are a good demonstration of playing for the last couple of bucks, I think. Performance convergence is readily observable at the index level. I have attached my note of 5/29/09 where we recommended this swap out of smaller names and into larger.

In addition to working out of the XLK I wanted to update and address some of our specific single stock recommendations we have been in print on this morning as well. CSC which we went long around the 40 level back on May 22 has achieved our price target and should be sold. ORCL has been disappointing and I will liquidate that name on strength back into its catalytic earnings driven gap down. CSCO has moved towards our price target and we will liquidate on strength realizing 26 may still be achievable (the last couple bucks.) We are maintaining our longs in ADI NSM LLTC ALTR as we think the markets move towards leading strength in heavy industrial names like GE continue to augur well for industrial levered semis. These names have been flirting with support along the 50dMA lines generally and so they need to begin to come on immediately or we will stop out on definitive breaks of this support. I continue to recommend JBL for mid teens in line with thinking on the industrial semis. CHKP is my favorite intermediate/long term tech investment and I will stay with this until shown fundamentally a reason to believe otherwise.

A few oddball names we have had on for quite some time, COH achieving price objectives since we recommended in low 20s back in May should now be liquidated. DIS is trading fabulously and I wouldn't sell a share up to 35, note the massive surge in tertiary names in the space!! Media is strong, TV and radio especially coming on with ferocious strength!!

I attach notes referencing the above actions.

# Technical Analysis & Strategy

**HPQ** US \$ C **46.15** +.44 N 46.14/46.15 260x17 Equity**GPC**  
 As of Sep18 Vol 19,919,296 Op 45.95 D Hi 46.50 T Lo 45.73 N

HPQ US EQUITY **Show** GPC - Candle Chart Page 1/31



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000

**CSCO** US \$ Market **↓ .0000 / .0000** 0x0 Vol 53,797,478 Prev 23.4 Equity**GPC**

CSCO US EQUITY **Show** GPC - Candle Chart Page 1/31

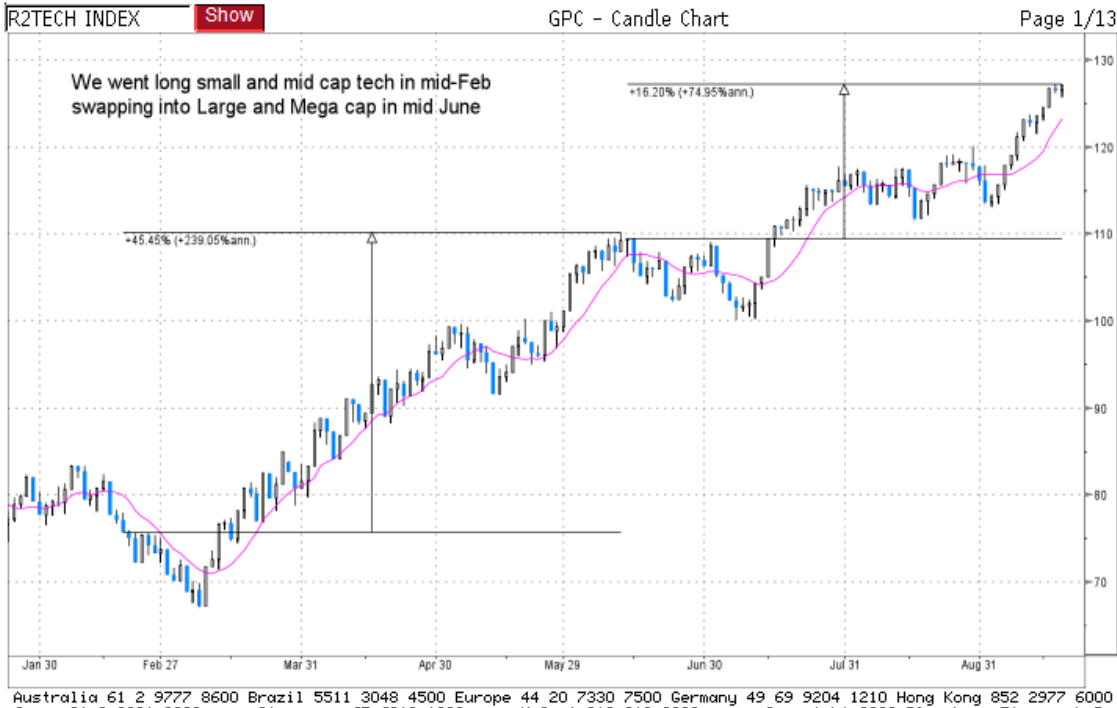


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Technical Analysis & Strategy

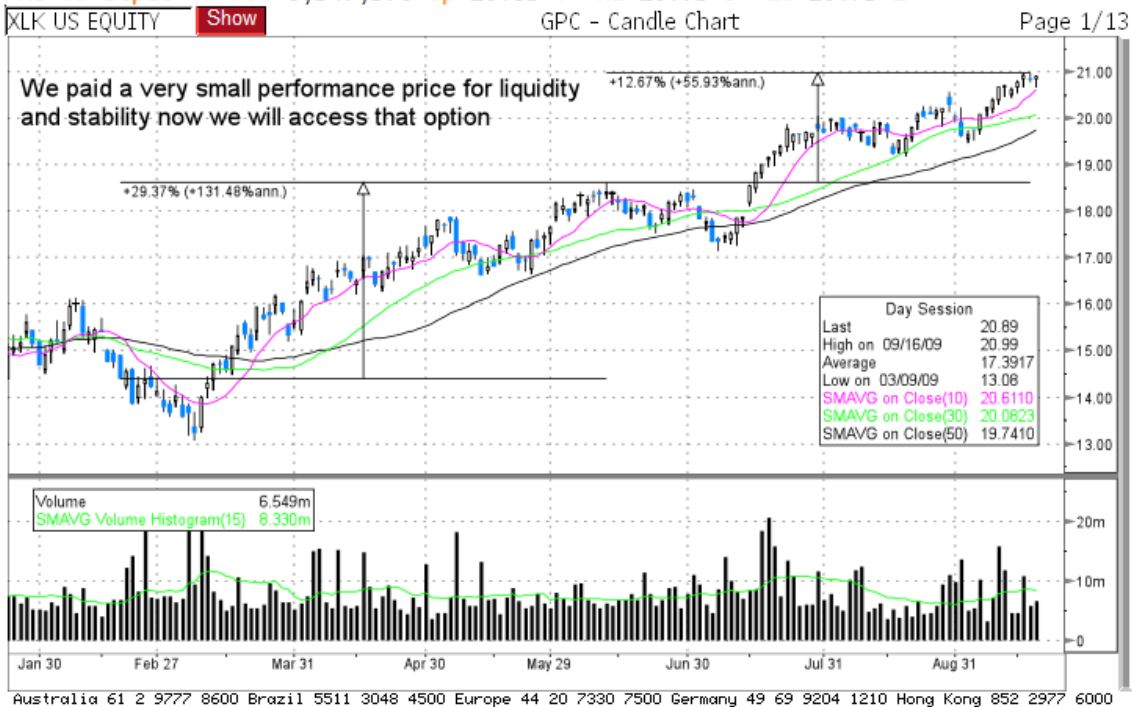
R2TECH 127.10Y as of close 9/18

Index GPC



XLK US \$ C 20.89 +.05 P --x--  
As of Sep18 Vol 6,549,396 Op 20.85 T Hi 20.93 D Lo 20.73 Z

Equity GPC



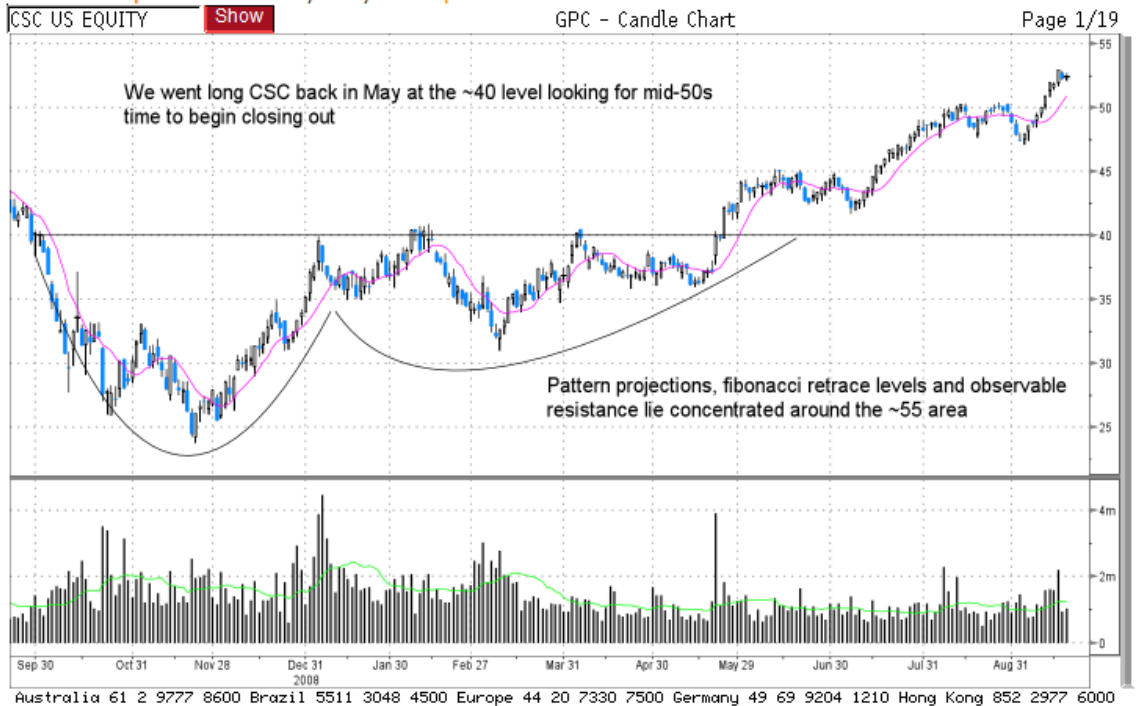
SPX 1064.66Y as of close 9/21

Index GPC



CSC US \$ C 52.40 +.15 N 52.40/52.41 308x16  
As of Sep18 Vol 1,035,016 Op 52.38 T Hi 52.72 T Lo 52.22 N

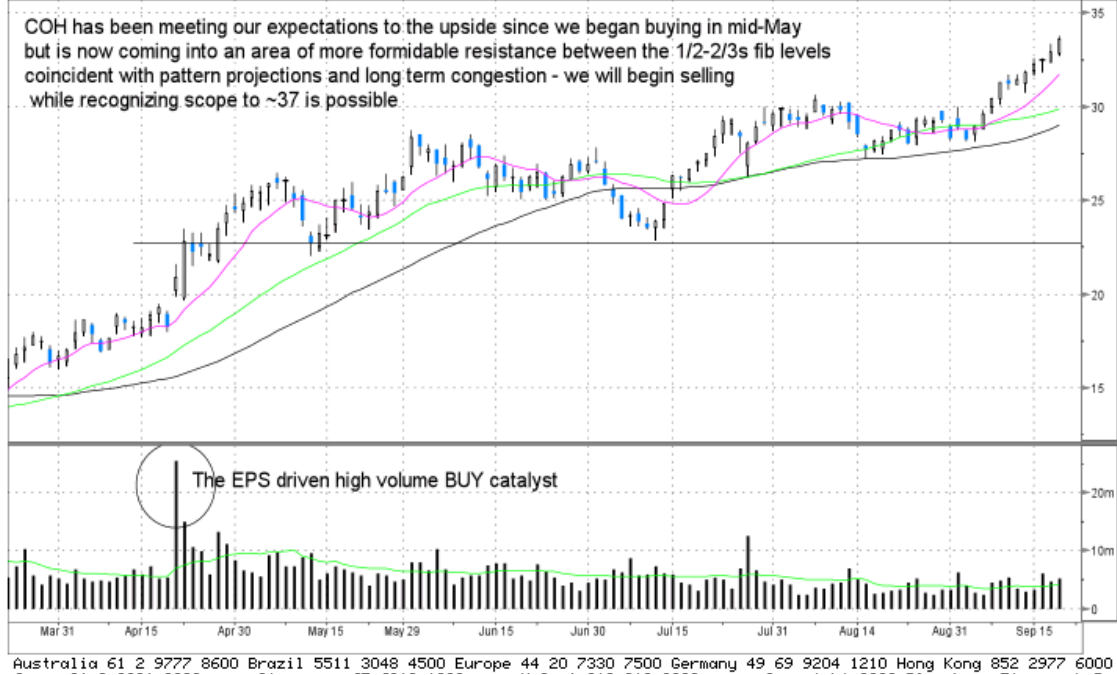
Equity GPC



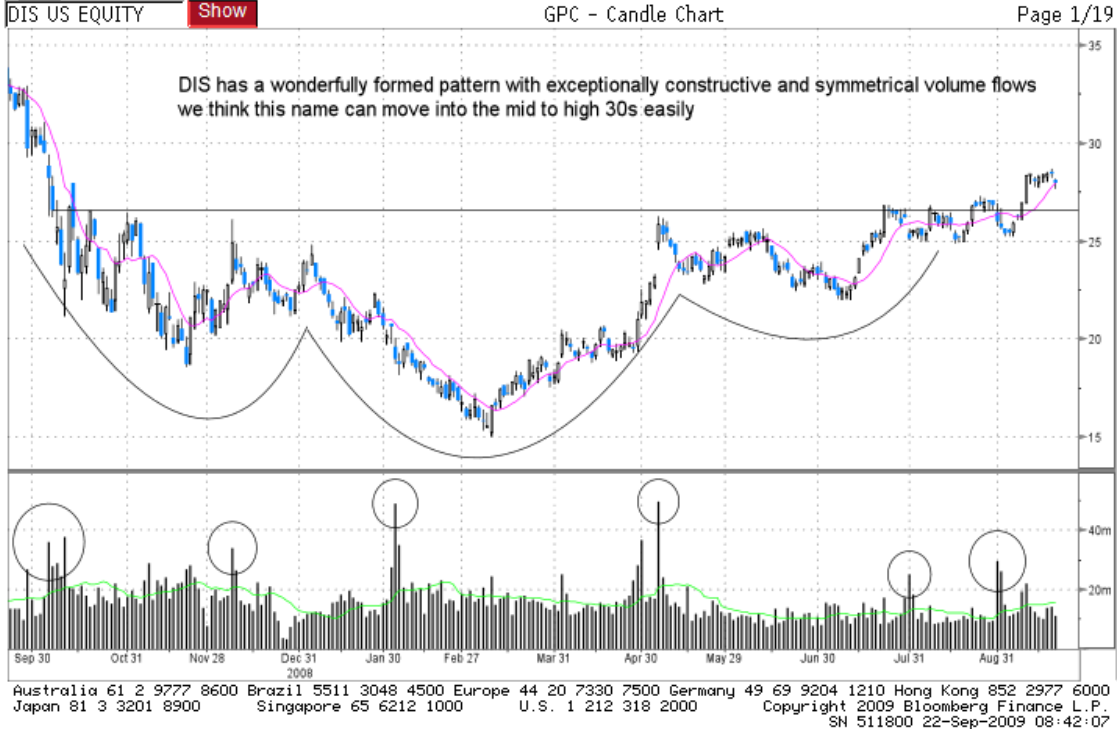
# Technical Analysis & Strategy

COH US \$ C **33.63** +.73 N 33.59/33.61 252x92 EquityGPC  
 As of Sep18 Vol 5,183,988 Op 32.87 T Hi 33.80 N Lo 32.81 P

COH US EQUITY **Show** GPC - Candle Chart Page 1/10



DIS US \$ Market P**28.02/28.10P** 1x200 Prev 28.00 EquityGPC  
 DIS US EQUITY **Show** GPC - Candle Chart Page 1/19



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# Technical Analysis & Strategy

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