

Stealth Stocks

MARK'S COMMENTARY:

Stealth Stocks is one of three investment letters published by Dennis Slothower. One of the other two—*Dennis Slothower's On The Money*—focuses exclusively on mutual funds, and has been published for more years. The third letter—which is newest, having been created in early 2005—is entitled *Stealth Stocks Daily Alert*; its “Trading Portfolio” used to be one of the model portfolios recommended by *Stealth Stocks*.

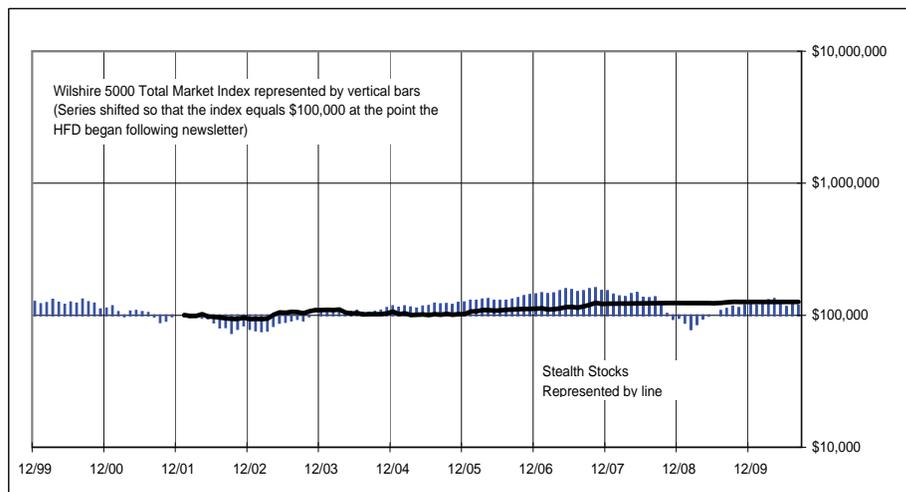
By “stealth stocks,” Mr. Slothower has in mind stocks that “aren’t household names, ... aren’t mentioned on CNBC or the evening news, and rarely will your broker even know about them.” After eliminating from consideration these widely followed stocks, he seeks out those that are exhibiting the greatest “relative strength, relative performance, relative growth and stability of earnings.”

In addition to picking individual stocks, Mr. Slothower also analyzes the overall market to determine what portion of his portfolios ought to be invested in equities in the first place.

Mr. Slothower translates his advice into four clearly-defined model portfolios: “Income”, “Growth & Income,” “Moderate,” and “Aggressive.” On the whole, they have been quite conservative, incurring on average 64% less volatility than the Wilshire 5000.

Beating market

Over the 8+ years for which the HFD has tracked this letter, the newsletter’s average portfolio has outperformed the Wilshire 5000. (In calculating this average, the HFD took into account the re-



PERFORMANCE (THROUGH 8/31/10)

	Lifetime*	1 yr	3 yrs	5 yrs	8 yrs	10 yrs	15 yrs
% GAIN/LOSS**							
Letter's Average	+26.2(2.7)	+0.8	+8.1(2.6)	+25.3(4.6)	+32.9(3.6)	n/a	n/a
Wilshire 5000	+17.9(1.9)	+5.7	-22.5(-8.1)	-2.6(-0.5)	+44.5(4.7)	-10.2(-1.1)	+147.1(6.2)
ADJUSTED FOR RISK***							
Letter's Average	+0.04	+0.23	+0.16	+0.17	+0.08	n/a	n/a
Wilshire 5000	+0.02	+0.12	-0.09	-0.02	+0.07	-0.03	+0.07

*Over entire period tracked by HFD. **Annualized equivalents are shown in parentheses.

***Average monthly % performance per unit of risk. The higher the number, the better.

PORTFOLIO ANALYSIS—8/31/10 (AVERAGE OF ALL PORTFOLIOS)

Composition: Long: 0%; cash: 100%

Number Of Securities Held: 0

Avg. Holding Period of Current Positions: n/a

Volatility vs Wilshire last 12 Months: 95% less

Over entire period followed: 64% less

Largest 12-Month Loss: -9.4% (vs. -43.3% for Wilshire)

Dennis Slothower
1844 Coney Island Avenue
P.O. Box 290708
Brooklyn, NY 11229
800-524-4832
www.stealthstocksonline.com

Subscription: \$198/year
Frequency: Monthly
Hotline? Yes
Manages money? No
Investment focus: Stocks
HFD data since: 12/31/2001

turns of each of the newsletter’s current portfolios as well as that of the “Trading Portfolio” that is no longer part of this service.) This average shows a gain of 2.7% annualized through 8/31/10, beating the 1.9% annualized return for the Wilshire 5000, in the process also beating the market on a risk-adjusted basis. For the trailing five-year period, furthermore, this service is in second

place for risk-adjusted returns among the 145 newsletters the HFD tracked.

More light on Mr. Slothower’s performance is shed by the record of his mutual fund service, which the HFD has tracked since the end of 1994. From then until 8/31/10, according to the HFD, this other letter equalled the Wilshire 5000 on an unadjusted basis and beat it on a risk-adjusted basis.

READ MORE AT

<http://bit.ly/9YBFTL>