



Trade Alert

November 24, 2013

SPECULATIVE PORTFOLIO

Action: **Sell Silicon Motion Technology**

Ticker Symbol: SIMO

Buy Price: At the Market

Dear Member,

As I mentioned over the past few weeks in my Weekly Market Commentaries, recent readings on numerous economic indicators suggest that economic conditions in the United States will weaken and that the pace of economic growth in the U.S. will slow over the next few months.

Although individual investors are either unaware of or have been ignoring those economic statistics, institutional investors have apparently been monitoring many of the same statistics that I follow. I say that because those investors reduced their holdings in cyclical and growth stocks, and increased their holdings in defensive sectors of the market, for the third consecutive month during October.

With the recent trading action in **Silicon Motion Technology (SIMO)** indicating that the company's stock is extended in price and due for a pullback, I advise those of you who hold SIMO to sell it in accordance with the trade instructions outlined above.

In the event that SIMO were to pull back considerably and to then consolidate near a major price-support level, I would likely advise those of you who follow our Speculative Portfolio to buy back this stock. That's because the longer-term outlook for the company and its stock seems to remain very favorable.

As a reminder, Silicon Motion Technology develops semiconductor products for the household multimedia electronics market, including controllers used in mobile storage media (i.e. flash memory cards and USB flash drives) and multimedia systems-on-a-chip that are used in devices such as digital still cameras, MP3 players, PC cameras, and broadband multimedia phones. The company's customers include Lexar Media and Samsung Electronics.

As of today's close, SIMO was up approximately 7.1% from the price at which I recommended it for purchase on October 16, 2012.

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