

2011 Annual Performance Review for Baby Boomer Portfolio

This Special Report will provide an analysis of our investment performance for the Baby Boomer Portfolio (BBP) for 2011.

Briefly, the BBP's objective is to provide safe, high cash flow for baby boomers and retired investors.

Baby Boomer Total Return Comparisons

Total return includes: appreciation/depreciation, option writing, short and long-term profits and dividends. The major market returns do include dividends.

	2011
BABY BOOMER	25.05%
BABY BOOMER CASH FLOW	10.57%
MAJOR INDEXES	
DJIA	8.38%
SPX	2.11%
NASDAQ	-0.10%
SHORT-TERM %	
C.D. 6 MONTH	0.20%
	0.267%
2 YR TR	
10 YR TR	2.01%

We dramatically beat the major market indexes on a total return, and especially on a cash flow basis (to be analyzed and explained later).

Open Positions

Here are the open positions in the BBP:

Stock Symbol	Price Bought (#SHARES)	COST BASIS W/OPTN WRTNG	Date Bought	12/31/10 PX / BUY PX	12/31/10 OR BUY VALUE	SOLD OPT	'11 COST BASIS	DVDND	12/30/11 PX	\$ AMOUNT (WITH OPTION STRK PRICE)	DOLLAR PROFIT + DIV.
ADP	42 (100)	27.38	JUL 08	47	4700	465	4235	144	54.01	\$5,000.00	909.00
GE	22.97 (300)	23.65	JUN 08	18	5400	141	5259	174	17.91	\$5,191.00	106.00
JNJ	56.15 (100)	47.54	OCT 08	62.25	6225	406	5819	222	65.58	\$6,558.00	961.00
PGH	8.02 (118)	6.27	JUNE 09	12.87	1287	175	1112	99.8	10.53	\$1,242.54	230.34
PWE	12.97 (100)	10.65	JUNE 09	19.02	1902	195	1707	109.74	19.8	\$1,980.00	382.74
SYX	24.85 (100)	21.03	AUG 09	28.57	2857	290	2567	104	29.33	\$2,750.00	287.00
T	26.82 (200)	23.18	SEP 09	24.19	4838	192	4646	344	30.24	\$5,924.00	1622.00
CAG	24.64 (100)	22.54	APR 10	23.32	2332	240	2092	92	26.4	\$2,600.00	600.00
SDY	49.1 (100)	43.20	MAY 10	45.14	4514	495	4019	173.8	53.87	\$5,200.00	1354.80
MMP	42.46 (100)	45.95	JUN 10	46.75	4675	200	4475	311.3	68.88	\$6,500.00	2336.30
EPD	32.66 (100)	29.56	JUN 10	35.37	3537	275	3262	240.6	46.38	\$4,400.00	1378.60
CLX	65.26 (100)	57.38	JUL 10	65.26	6526	660	5866	230	66.56	\$6,656.00	1020.00
GIS	34.27 (100)	32.64	SR 30	34.27	3427	37	3390	177	40.41	\$4,000.00	787.00
KMB	62.43 (100)	57.96	ALERT 135	62.43	6243	277	5966	280	73.56	\$7,250.00	1564.00
NLY	17.37 (100)	15.77	SEP 11	17.37	1737			120	15.96	\$1,596.00	
TOTALS					\$60,200.00	\$4,048.00	\$54,415.00	\$2,822.24		\$65,251.54	\$13,538.78

Let's review the above table/spreadsheet:

- The total value of the portfolio was \$60,200.
- Call option sales totaled \$4,048. This lowered our cost basis to \$54,415.
- The portfolio dividends collected were \$2,822.24.
- We did sell some of our long-term positions during 2011, details below.

2010 Short-Term Profits

[Click here](#) to review the closed short-term positions for 2011. The closed 2011 short-term positions are at the beginning of the table.

We generated \$2,323 in short-term profits.

Most of the profits came from either expired/profits taken from our short put recommendations. We did write a special report on the short put sale strategy. [Click here](#) to study the Special Report. This is an important strategy for us, so try to take advantage of these recommendations. We are basically being paid to buy a stock.

Long-term Closed Positions

[Click here](#) to review the closed long-term positions for 2011. The closed 2011 long-term positions are toward the end of the spreadsheet.

Total long-term profits taken were \$7,548.33. The figure includes dividends and option premiums.

We did close six positions because of the rising risks from Europe, and also to make room for more recommendations, details below.

Details of Calculation of GEA Portfolio Performance and Cash Flow

Below is a breakdown of the GEA portfolio's performance for 2011.

PORTFOLIO VALUE 12/31/10 AND NEW							\$86,994.00	
CASH (2011 NET SELLS \$37,010 - \$1,737 BUYS)							\$35,273.00	
TOTAL VLU PRTFLO + CASH 12/31/11							\$95,473.00	
APPRECIATION/DEPRECIATION ALL OPEN							\$5,051.54	
OPTION WRITING PREMIUMS (LONG & SHORT-							\$4,048.00	
SHORT TERM PROFITS							\$2,323.00	
LONG-TERM PROFITS							\$7,548.33	
DVDNDS							\$2,822.24	
TOTAL S-T, L-T PROFITS, OPTION WRITING PREMIUMS,							\$21,793.11	
TOTAL RETURN (\$21,793.11 divided by GEA PORTFOLIO VALUE 2010 \$86,994)							25.05%	
CASH FLOW								
	OPTION PREMIUMS					\$4,048.00		
	DIVIDENDS					\$2,822.24		
	SUBTOTAL					\$6,870.24	7.90%	
	SHORT TERM PROFITS					2,323.00		
	TOTAL CASH FLOW					\$9,193.24	10.57%	
	CASH DISTRIBUTION (\$20,000 CASH REMAINING)					\$15,273.00		
	END 2011 PORTFOLIO VALUE + CASH - CASH DISTRIBUTION					\$85,251.54		

Let's review the details of the table:

- The total return was 25.05% based on appreciation/depreciation of open positions, plus dividends, option premiums, short-term profits totaling \$21,793.11 divided by the value of the portfolio on 12/30/10, \$86,994.
- At the end of 2011 we had \$35,273 in cash from short and long-term profits and dividends. We will distribute \$15,273 of the cash, and keep \$20,000 for new recommendations.
- Total cash flow was \$9,193.24 yielding 10.57%. This number is very understated because we are using the value of the portfolio versus invested capital. Invested capital is closer to \$70,000 versus \$86,994. We are meeting our goals of providing cash from invested capital in the 10% range. In the future we will calculate cash flow from invested capital.

Since option writing, selling short puts, and short-term profits are the main source of our cash flow, we will continue to focus on these strategies.

Again, one of the main objectives of the portfolio is to generate enough safe cash flow from a portfolio to fund a retired couple's retirement.

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