

Stock Selections & Timing

Watercourse Way Holdings, LLC

P.O. Box 830396
 Richardson, TX 75083-0396
 972-680-2366

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 Volume 5
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Trends Away

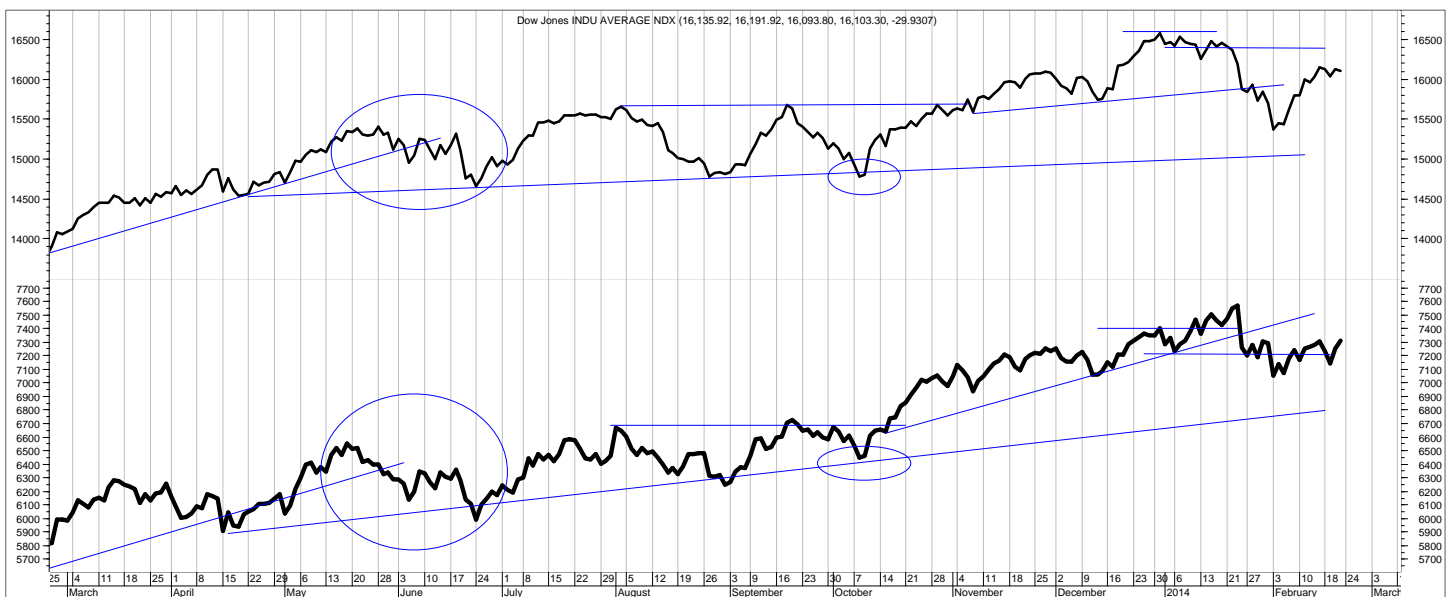
Today's rally, apparently strong though it may look, doesn't really solve anything to put things back "in gear" to the upside. The rally is basically setting up further negative divergences between major indexes within the ongoing

background of an overbought, overvalued, and over bullish market.

As mentioned last week, however, just like with a new trend down, with a new trend up, we just never know how far up it will rally. It could stop

here or it could rally 50% or somewhere in between. It is similar to the final bubble top in 2000. The market kept rallying long after all fundamental and "rational" indicators were flashing sell. Just don't know the

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This is the daily chart of the Dow Industrials (upper) and Dow Transports (lower).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	4.4%	20.3%	10.4%	5.3%	3.3%	0.6%
Dow30 Portfolio	0.4%	3.3%	0.4%	0.4%	0.4%	-0.1%
Index						
S&P 500 TR	0.0%	23.5%	11.5%	2.3%	2.8%	0.0%
Dow Industrials	-2.3%	15.0%	7.3%	0.2%	1.4%	-0.3%

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Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		2/21/2014						
Action Dates	Action Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 1/20	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total		
27-Jan	buy TAXI	13.22	600	7,942	GENC			9.75	7.56	11.01	2,278	25,080.78	14.2%		
this would be about 5% of total portfolio															
3-Feb	sell FULL	7.70	1,000	7,690											
3-Feb	sell IRET	>8.49	950												
3-Feb	sell O	39.92	300	11,966											
12-Feb	sell IRET	8.52	950	8,084	MCGC	10.8%		4.80	4.79	4.44	3,300	14,652.00	8.3%		
					NGPC	8.7%		7.15	7.04	7.63	2,000	15,260.00	8.7%		
18-Feb	buy GOOD	17.45	500	8,735	MVC	3.8%		14.50	12.71	14.69	1,200	17,628.00	10.0%		
this would be about 5% of total portfolio															
					PKY	4.3%		18.00	17.75	17.95	500	8,975.00	5.1%		
					GOOD	8.6%		17.70	17.45	17.45	500	8,725.00	4.9%		
					TAXI						600	8,736.00	5.0%		
Above in green shows end price still below buy limit.															
Shown below is watch list for potential purchase at or below buy limit.															
Dividends												9,316.13	5.3%		
Money Market												1.00	67,893	67,893.00	38.5%
Total Valuation=												176,265.91	100.0%		

REVIEW since last issue

2/24 No changes.

2/18 IRET was sold and I'll buy GOOD as noted above. GENC is finally getting some recognition. I raised the buy limit, though the stock is still north of it. Their q1 report was hugely positive. Infrastructure rebuild in USA and Canada here we come. May have to raise the value too from \$12.50 to north of \$15.00.

2/10 Two of the three positions were sold last week. IRET still needs to rally above the sell limit.

Incredible that WTT has made it north of \$3.50. Sold too soon evidently.

2/3 Take further profits as noted above. I'm raising cash.

1/27 WTT soared further, and we're out. Buy TAXI as noted above.

1/20 We'll attempt to take final profits out of WTT. It's been a nice ride, but appears fully valued now.

We'll buy FULL. They recently issued new stock and the price has fallen below that level. This will probably be a trade.

	2010	2011	2012	2013	ytd 2014
Stock Portfolio	12.3%	21.4	5.0	15.8	4.4
S&P 500 TR	15.0%	1.9	14.1	28.7	0.0

This shows the returns of previous years, year to date (ytd), and from inception (incptn). It also shows standard deviation (SD).

Dow 30 Portfolio

ACTION FOR		PORTFOLIO DETAILS				Value as of date: 2/21/2014							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 2/18	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
10-Feb	buy	GE	25.04	200	5,018								0.0%
10-Feb	buy	IBM	177.14	30	5,324	IBM	181.00		177.14	182.52	30	5,475.60	5.0%
10-Feb	buy	JPM	56.66	95	5,393	JPM	57.00		56.66	57.58	95	5,470.10	5.0%
10-Feb	buy	TRV	82.35	65	5,363	TRV	83.00		82.35	83.79	65	5,446.35	5.0%
19-Feb	sell	GE	25.18	200	5,026								
			close below stop of 25.50										
19-Feb	buy	VZ	46.53	110	5,128	VZ	45.40		46.53	47.40	110	5,214.00	4.8%
						TO BE ADDED, IF ABOVE:		BUY STOP					
						KO	36.75		37.20		140		
						TO BE ADDED, IF BELOW:		BUY LIMIT					
						Money Market			1.00		87,799	87,799.00	80.3%
						Total Valuation=						109,405.05	100.0%

For this portfolio, we seek to outperform the Dow Industrials using proprietary timing and weighting formulas of the underlying thirty stocks of the Dow Industrials . We also will use the ETF that tracks the same. The symbol is DIA.

We monitor the underlying individual stocks for buys and sells in order to overweight the portfolio to what is expected to outperform and underweight the portfolio with what is expected to underperform.

REVIEW since last issue

2/24 KO has set itself up for a potential buy, if it closes above the buy stop as noted above.

2/18 No new buys, except for potentially VZ for this week to watch for.

2/10 I'll be the first to admit we are in a tricky situation. The timing model is on a sell signal as noted in the front page article, but there are some individual trades getting set up. I will opt to trade them as noted above. Watch the stops carefully. These, more than likely, will be trades, rather than long-term holds.

Once bought, the portfolio will be about 20% invested and 80% in cash.

2/3 Potential trades are getting set up. Will watch for reversals.

1/27 With the market's pullback, trades are now getting set up. Depending on market action, we may be sending emailed Hotline reports between the weekly issues.

New recommendations

GOOD. See page 2.

(Continued from page 1)

future or the foibles of investors.

So today, after the steep correction in January, the market has reversed course and is heading higher. Again, however, the background is negative and the rally is setting up further negatives.

The bottom line is simply to hang on and watch the stop levels carefully.

In the meantime, see the portfolios for more information.

Descriptions & Disclosures

PORTFOLIO DESCRIPTIONS (pages 2 and 3)

Our guiding goal is to provide the most return with the least risk.

The two portfolios were started on 1/1/10 with \$100,000. Beginning in 2012 (12/31/11), the official portfolio for measuring the newsletter performance is the Stock Portfolio only.

Portfolio changes will usually be made at the close on Monday (the day this eNewsletter is posted), or if a position is stopped out, the close that day, unless otherwise noted.

Portfolios are updated through the preceding Friday's close.

Stock dividends are paid in cash. Interest is assumed to be zero for the money market (cash) position. Commission costs to buy and sell are assumed to be \$10.00 per trade.

The S&P 500 TR (total return) includes dividend reinvestment.

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