

Stock Selections & Timing

Watercourse Way Holdings, LLC

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

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Technicals and Fundamentals

Investor sentiment is getting downright bearish simply because it is so bullish. The latest readings coming in from over the weekend show investors and advisors are more and more bullish, reaching into the extreme levels

in nearly every case.

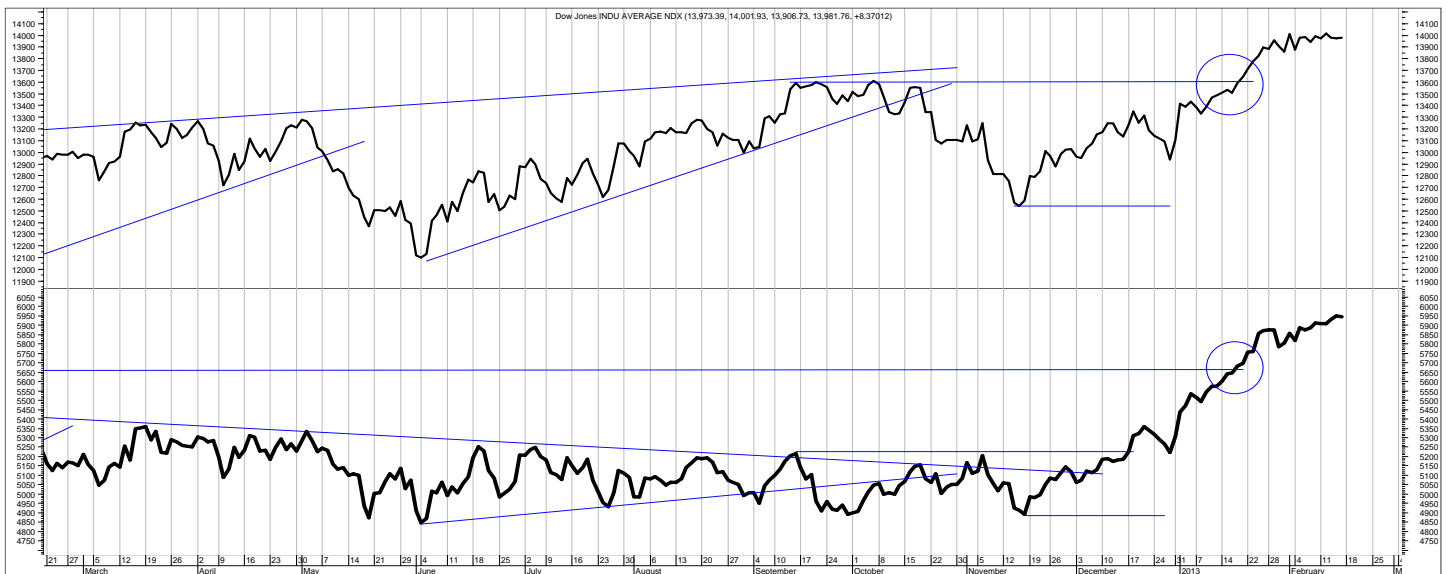
This is typical. As the market climbed higher the past two months, as the fear that the train left the station increased, bullish sentiment increased.

This bullishness, however, is a contrary indicator. With

everyone bullish, who is left to buy? So, it suggests a near term top will be forming.

At the same time, there really are no negative divergences forming to speak of. The NYSE advance/decline line, the Dow

(Continued on bottom left on page 4)



This is the daily chart of the Dow Industrials (top) and Transports (bottom).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	2.3%	2.1%	0.9%	1.9%	0.1%	-0.8%
Dow30 Portfolio	2.9%	-2.4%	1.6%	1.6%	0.4%	-0.1%
S&P 500 TR	8.5%	13.4%	8.7%	8.2%	1.1%	-0.1%
Dow Industrials	8.2%	7.8%	6.4%	7.6%	0.7%	0.1%

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Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS						Value as of date: 2/22/2013			
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 9/7	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total	
4-Dec	buy	SILU	1.40	500	710	GENC			8.00	7.56	7.24	2,278	16,492.72	11.3%	
						WTT			1.00	0.87	1.33	9,000	11,970.00	8.2%	
	sell	SILU	>1.58			OPLK			13.00	12.84	15.31	600	9,186.00	6.3%	
10-Dec	buy	TAXI	11.36	600	6,826	ANIK			11.50	10.63	10.70	700	7,490.00	5.1%	
14-Dec	sell	SILU	1.59	500	785										
28-Jan	watch the potential buy on SILU					MCGC		12.9%	4.40	4.38	4.54	1,500	6,810.00	4.6%	
						NGPC		8.7%	7.15	7.04	7.20	2,000	14,400.00	9.8%	
						MVC		3.8%	13.00	12.80	12.68	600	7,608.00	5.2%	
4-Feb	buy	ANIK	10.63	700	7,451	GAIN		8.0%	7.55	7.48	7.53	1,000	7,530.00	5.1%	
			about 5%			SILU		4.2%	1.46	1.46	1.44	5,000	7,200.00	4.9%	
8-Feb	buy	SILU	1.46	5,000	7,310	TAXI		7.0%	11.40	11.36	13.00	600	7,800.00	5.3%	
WATCH LIST FOR POTENTIAL PURCHASE AT OR BELOW BUY LIMIT from 1/25/13															
												Dividends	4,411.50	3.0%	
												Money Market	1.00 45,580	45,580.00	31.1%
												Total Valuation=	146,478.22	100.0%	

REVIEW since last issue

2/25 No changes.

2/19 WTT appears to be breaking higher.

2/11 GENC reported a poor Q1 today due to late signings, but factories now are operating at full capacity.

I'm holding. No change to OPLK.

2/4 OPLK was hit by a less than expected earnings report. I'll let the dust settle and then decide to buy more or sell.

Please note the new buy ANIK.

1/28 Watch for the potential buy on SILU. OPLK may be breaking out to the upside.

1/21 Surprising that the dividend payers haven't rallied more.

1/14 No changes.

1/7 Big rallies in a couple of holdings, like TAXI and OPLK, for the week, along with the market. Keep collecting the dividends.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	2.3	46.5
S&P 500 TR	na	na	14.1	8.5	45.0

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: 2/22/2013						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 12/10	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
10-Dec	buy	DD	43.22	241	10,435								
10-Dec	buy	INTC	20.08	519	10,435	INTC	18.27		20.08	20.42	519	10,597.98	10.0%
10-Dec	buy	MRK	44.48	234	10,435								
10-Dec	buy	MSFT	26.94	387	10,435	MSFT	24.95		26.94	27.76	387	10,743.12	10.1%
10-Dec	buy	T	33.73	309	10,435	T	31.07		33.73	35.68	309	11,025.12	10.4%
17-Dec	buy	WMT	69.20	150	10,390								
17-Dec	buy	KO	37.50	278	10,435	KO	35.63		37.50	38.34	278	10,658.52	10.1%
26-Dec	sell	MRK	41.34	234	9,664								
28-Jan	sell	DD	48.15	241	11,594								
19-Feb	sell	WMT	68.76	150	10,304								
						Money Market			1.00		62,910	62,910.00	59.4%
								Total Valuation=				105,934.74	100.0%

Company	Symbol
Alcoa	AA
American Express	AXP
Boeing	BA
Bank of America	BAC
Catepillar	CAT
Cisco	CSCO
Chevron	CVX
DuPont	DD
Disney	DIS
GE	GE
Home Depot	HD
Hewlett Packard	HPQ
IBM	IBM
Intel	INTC
Johnson & Johnson	JNJ

Company	Symbol
JP Morgan	JPM
Kraft	KFT
Coca-Cola	KO
McDonalds	MCD
3M Company	MMM
Merck	MRK
Microsoft	MSFT
Pfizer	PFE
Proctor & Gamble	PG
ATT	T
Travelers	TRV
United Technologies	UTX
Verizon	VZ
Wal-Mart	WMT
Exxon Mobil	XOM

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

2/25 No changes for now.

2/19 Sell WMT as noted above.

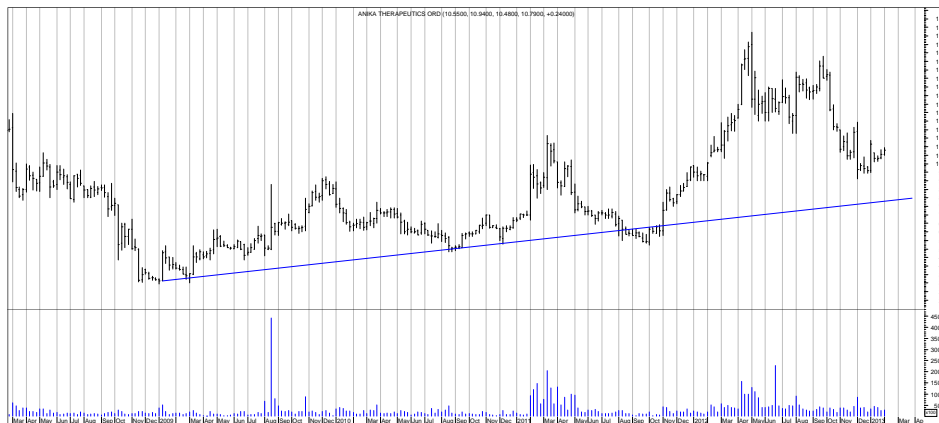
Feature Company (reiteration)

ANIKA THERAPEUTICS (ANIK)

I've been in and out of ANIK a number of times over the past eight years. Right now the price has pulled back, while the fundamentals are improving.

ANIK manufactures therapeutic products for tissue health. From their website (anikatherapeutics.com):

Headquartered in Bedford, Mass., [Anika Therapeutics, Inc.](http://AnikaTherapeutics.Inc) develops, manufactures and commercializes therapeutic products for tissue protection, healing, and repair. These products are based on [hyaluronic acid \(HA\)](#), a naturally occurring, biocompatible polymer found throughout the body. Anika's products range from orthopedic/joint health solutions led by [Orthovisc®](#), a treatment for osteoarthritis of the knee; to surgical aids in the [ophthalmic](#) and [anti-adhesion](#) fields. The company also offers [aesthetic dermal fillers](#) for the correction of facial wrinkles. Anika's Italian subsidiary, Anika Therapeutics, S.r.l, provides complementary HA products in orthopedic/joint health and anti-adhesion, as well as therapeutics in new areas such as advanced wound treatment and ear, nose and throat care. Its regenerative tissue technology advances Anika's vision to offer therapeutic products that go beyond pain relief to protect and restore damaged tissue.



(Continued from page 1)

Industrials, the Dow Transports, the S&P 500, NASDAQ Composite, and Russell 2000 are all hitting recovery highs. It is the international markets that have started to lag again. EEM (emerging markets etf) and EFA (Europe, Far East, Asia etf) both failed to hit recovery highs in the last couple of weeks.

So, technically we have a mixed bag of bullishness that is still in gear to the upside.

On a fundamental basis, the big news is still the upcoming budget battle, the so-called sequester, in Congress. Everyone's taxes went up, will they cut spending now?

It's interesting to watch the whining that they have to cut 2.4% of their budget on average

in order to help the country over the long-term. Individuals and businesses have done the same, so what's the problem? Cut \$85 billion from a \$3.54 trillion dollar budget. Waste and fraud and misapplications of the nature of government alone should more than cover the cuts.

The next fundamental problem is Washington hitting the spending cap at March's end. They want to push that out 9 months, rather than, again, solve the actual problem (spending more in peacetime than taking in).

If I might climb back on the soapbox a minute and ask, is this any way to run a country?

So, the market's ascent seems to be more a reaction to the Federal Reserve's low interest

rate policy, than the Federal Government actions of higher rates and reduced spending.

At the same time, this is not to say the market's ascent is completely unhinged from other fundamentals. Corporate earnings (S&P 500 company) are at the highest levels ever. Dividends paid (S&P 500) are at the highest levels ever. The PE ratio is around 14. Not cheap, but not expensive either.

So, my projection is the market continues to steadily advance until some negative divergences form at which point bullishness should be even more pronounced.

Please see the individual portfolio pages for any changes.

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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