

# Stock Selections & Timing

Watercourse Way Holdings, LLC

P.O. Box 830396

Richardson, TX 75083-0396

972-680-2366

February 27, 2012 (data through previous Friday's close)

Volume 3

Issue 5

## All's Well that Ends Well

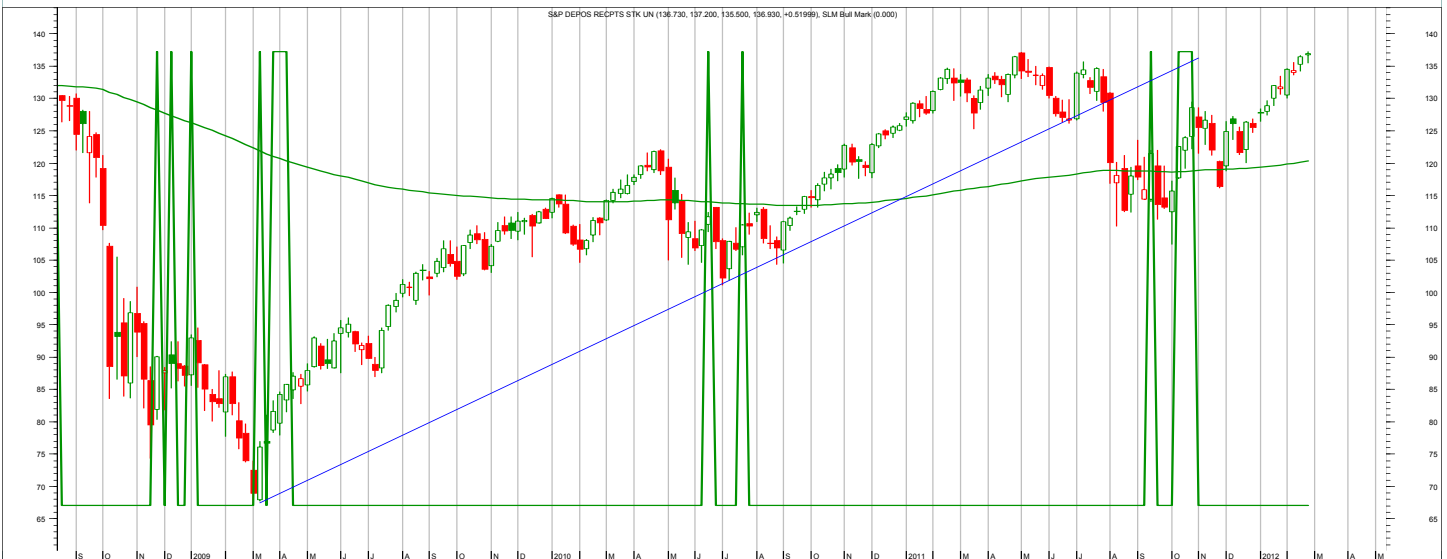
Are the world economies and bankers and investors finally closing the books on the 2008 financial implosion? It certainly appears so, given the stock market rallies and positive economic news. Central Banks around the globe really did learn the lesson from the US's Great Depression and

from Japan's ongoing real estate crisis of the Nineties. In those instances, not enough money was released into the system to keep it afloat, to keep it liquid, to maintain buying and selling. In the situation of the last few years to the contrary, the Fed has maintained quantitative easing programs in the form of

keeping short-term rates about zero and bringing long-term rates down to about 2-3%. Plenty of liquidity has been pumped into the system without a corresponding increase in inflation.

Even the recent situation focused on Greece has been met

*(Continued on bottom left on page 4)*



This is the weekly chart of SPY (S&P 500 index). The green spikes show potential buying areas.

### SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	5.2%	13.7%	17.2%	8.4%	1.5%	-1.0%
Dow30 Portfolio	2.4%	-2.0%	0.2%	4.6%	-0.3%	-0.6%
Wilshire 5000 TR	9.9%	5.0%	17.8%	19.4%	4.1%	0.3%
Dow Industrials	6.3%	7.0%	15.0%	15.3%	2.5%	0.2%

### CONTENTS

Page 2...Stock  
 Page 3...Dow 30  
 Page 4...Featured  
 Page 5...Disclaimers

# Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date:		2/24/2012						
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 1/30	Yield at buy	Start Price	Ending Price	# of Shares	Current Value	Percent of Total		
19-Dec	sell	MCGC	3.85	2,000	7,690	DRAD			1.90	1.88	1,500	2,820.00	2.0%		
23-Dec	sell	GLAD	>7.7	1,000											
23-Dec	sell	GLAD	7.71	1,000	7,700	GENC			7.53	6.98	2,078	14,504.44	10.1%		
23-Dec	sell	ANIK	>8.95	600		WTT			0.87	1.21	11,000	13,310.00	9.3%		
23-Dec	sell	ANIK	9.00	600	5,390	SIMG			5.49	5.35	1,500	8,025.00	5.6%		
3-Jan	buy	DRAD	<1.90	1,500	<3000										
			1.90	1,500	2,860										
						FULL		11.9%	7.69	7.94	900	7,146.00	5.0%		
30-Jan	buy	FULL	<7.70	900											
			7.690	900	6,931										
						MRVL	15.00		13.28	15.47	900	13,923.00	9.7%		
13-Feb	sell	ANIK	10.92	600	6,542	ACAS	8.40		6.58	8.79	900	7,911.00	5.5%		
			>10.90												
13-Feb	buy	SIMG	5.49	1,500	8,245										
			<5.50												
13-Feb	buy	DRAD	<2.00												
23-Feb	sell	PSEC	11.080	1,200	13,286										
											Dividends	2,568.92	1.8%		
											Money Market	1.00	73,221	73,221.00	51.1%
											Total Valuation=	143,429.36	100.0%		

## REVIEW since last issue

2/27 Sold PSEC for a nice gain. It is offering new stock. Generally speaking, I still find the business development companies attractive.

2/13 Take final profits from ANIK. Raise the buy level on DRAD to 2.00. Accumulate SIMG. See page 4 for some details.

1/30 Accumulate FULL below \$7.70. Please note the tight stop raises on MRVL and ACAS.

1/17 No changes.

1/3 Reenter DRAD as noted above.

12/19 GENC reported flat earnings. Still trading below net cash. Monitor the trades as noted above.

12/5/ Subscribers should have received the emailed Hotline notifying you to buy MRVL and ACAS on 11/28 as mentioned above. Now, however, given the market's rally back to resistance area (previous tops), it is time to lighten up and take profits on a couple of positions as noted above. The prices are sell limits; for example, sell 300 shares of ANIK at \$8.40 or better. As well, WTT has gained so much as to require sells to bring it back in line; we don't want to be that over weighted in the stock.

	2010	2011	ytd 2012	Incptn	SD
Stock Portfolio	12.3%	21.4	5.2	43.4	13.8
W5000 TR	17.7%	0.5	9.9	30.0	9.9

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:		2/24/2012				
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 2/27	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
28-Nov	buy	DIA	114.84	500	57,430	DIA							0.0%
8-Dec	sell	DIA	119.94	500	59,960								
23-Dec	buy	AA	<9	1,300		AA	10.00		8.86	10.43	1,300	13,559.00	12.5%
23-Dec	buy	AA	8.86	1,300	11,528	HPQ	28.50						
						JNJ	61.00				200		0.0%
17-Jan	buy	HPQ	26.45	400	10,590	VZ	37.50				300	-	0.0%
23-Feb	sell	HPQ	27.05	400	10,810								
27-Feb	buy	VZ	<40	300	about 10%								
27-Feb	buy	JNJ	<65	200	about 10%								
						Money Market			1.00		94,997	94,997.00	87.5%
												Total Valuation=	108,556.00 100.0%

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

2/27 Make the portfolio changes noted above. HPQ was stopped out.

2/13 No changes.

1/17 Buy HPQ as noted above.

1/3 No changes.

# Feature Company



## REITERATION

### Silicon Image (SIMG)

This company provides wireless and wired HD connection solutions. Revenues last year were \$221 million up from \$191 million the year before. The company is at roughly breakeven. But I expect this to improve over the next year.

The stock appears cheap according to our measurements and should be accumulated. The stock price appears to have discounted the economic slowdown. If any positive traction shows up, the stock will reflect this.

*(Continued from page 1)*

with similar actions whereby additional funds are provided to what is otherwise an insolvent situation.

Or take another example like General Motors. They received Government funding, without which they would have gone under. But this additional capital and management changes resulted in a GM recovery to again claim the number one spot of selling the most cars worldwide. It also created some jobs along the way.

So, all's well that ends well. Crisis averted. Liquidity provided. Insolvency ignored.

But unlike a play, the world moves on. There is no such thing as an end. It keeps going. It is like the stock market in a way. It closes at 3pm central time, but opens again the next day. Pull up a chart and it never ends.

\$82 billion on the GM bailout. Add it to our debt. And this is the next point.

2013, after the elections when politicians are settled in, is when they will be forced to address our domestic situation. Our national debt is projected to rise to 100% of GDP by then. Add in future entitlement spending and it is worse than that.

Cut spending or raise taxes

will be necessary. Neither of those things will be good for the economy.

So, the financial implosion appears over, but the cost thereof is ongoing.

In the meantime as mentioned the last week, the stock market is tracing out a major long-term divergence where the Industrials are at recovery highs, but the Transports aren't. Perhaps this is a signal to what's ahead.

# 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, 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 Wilshire 5000 TR (total return) includes dividend reinvestment.

---

**SUBSCRIPTIONS:** To receive *Stock Selections & Timing*, you may subscribe in one of three ways. You may subscribe on the web site InvestmentST.com using PayPal or call 1-800-800-6563 for credit card orders (Discover, American Express, Visa, Mastercard) or send a check to the address on the front page. Subscriptions may be tax deductible.

The recurring monthly subscription is \$49.00. An annual subscription is \$395.00. Subscribers receive this bi-weekly eNewsletter. There is no mailed issue. Subscribers retrieve the current issue at the web site InvestmentST.com by logging in using a log in name and password. There may be emailed hotline reports between issues.

Unless otherwise noted, the weekly eNewsletter is posted by 1:35 PM central time every other Monday, except for holidays and then on Tuesday. It may contain actionable, specific buy or sell advice to take that day or during the week. Symbols, rather than names, are the official identification used for activity.

**GUARANTEE:** Subscriptions may be cancelled at any time. Annual subscriptions are refundable for the term remaining with a one month minimum charge of \$49, using a 12-month count. A monthly subscription just expires.

**PUBLISHER:** Watercourse Way Holdings, LLC publishes this newsletter.

**REPRINTS:** This eNewsletter is intended for subscribers only, reprints are not permitted. Please do not share.

**DISCLAIMER:** The information contained herein is assembled from sources who are believed reliable, but the accuracy of data or advice cannot be guaranteed. Past performance does not guarantee future performance. Portfolio values include a commission of \$10/trade, dividends in cash. The Wilshire 5000 TR is a broad based equity index and may or may not be useful in comparing returns. Security values fluctuate. Information is provided without consideration for your personal situation. Watercourse Way Holdings, LLC its members and associates may or may not invest identically to or at the same time as portfolios or advice shown herein. They may or may not own company shares mentioned herein and may or may not buy and sell at any time.

**COPYRIGHT:** Copyright, 2010-2012, Watercourse Way Holdings, LLC. All rights reserved.