

Stock Selections & Timing

Watercourse Way Holdings, LLC

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

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So Close

Technically the Dow Industrials never closed above its previous high and thus did not make a new confirming high on the recent rally. The previous high was 16,576.66 on 12/31/14. A few days ago it closed at 16,573.00.

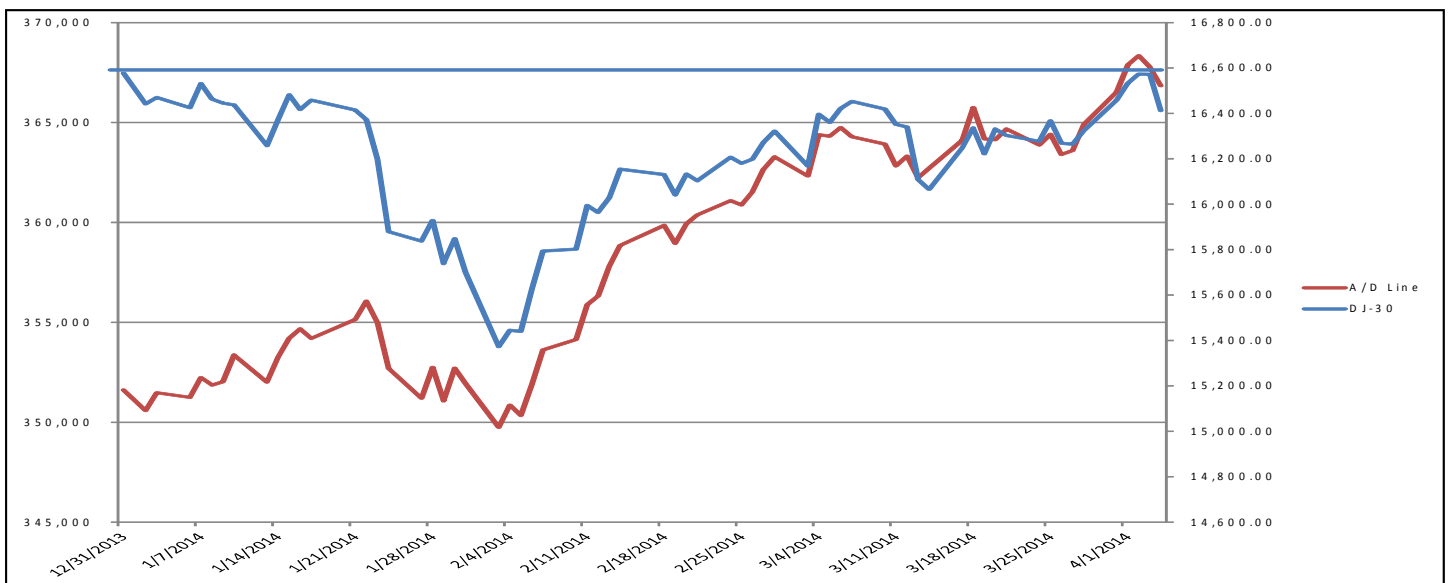
It is now off about 300 points from there.

This non-confirmation, however, really is only confirmed if the market closes below previous lows set before the non-confirmation. In this case the Dow Industrials would need

to close below 15,365 and Transports below 7,049.

The NYSE advance-decline line, for its part, keeps rallying. The Dow Transportation Index on that same rally did notch a new closing high. The strength

(Continued on bottom left on page 4)



This is a daily chart of the Dow Jones Industrial Average (blue, left scale) and NYSE advance/decline line (red, right scale).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	0.8%	10.5%	3.2%	0.9%	-1.2%	-0.1%
Dow30 Portfolio	0.4%	1.5%	0.4%	0.4%	-0.2%	-0.3%
Index						
S&P 500 TR	1.4%	22.0%	11.0%	1.9%	-1.0%	0.5%
Dow Industrials	-0.4%	12.7%	8.9%	-0.3%	-0.2%	0.6%

CONTENTS

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

Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		4/4/2014					
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	10.28	2,278	23,417.84	13.8%
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%	3.00	4.79	3.80	3,300	12,540.00	7.4%
this would be about 5% of total portfolio														
18-Feb	buy	GOOD	17.45	500	8,735	MVC		3.8%	14.50	12.71	13.39	1,400	18,746.00	11.0%
this would be about 5% of total portfolio														
						PKY		4.3%	18.00	17.75	18.18	500	9,090.00	5.3%
						GOOD		8.6%	17.70	17.45	17.51	500	8,755.00	5.1%
17-Mar	sell	NGPC	7.41	2,000	14,810	TAXI		6.9%	14.00	13.22	13.08	1,250	16,350.00	9.6%
31-Mar	buy	MVC	13.55	200	2,720	Above in green shows end price still below buy limit.								
this would be about 2% of total portfolio														
31-Mar	buy	TAXI	13.21	650	8,597	Shown below is watch list for potential purchase at or below buy limit.								
this would be about 5% of total portfolio														
7-Apr	sell	PKY	> 18	500										
												Dividends	10,022.88	5.9%
												Money Market	1.00 71,386	71,386.00 41.9%
												Total Valuation=	170,307.72	100.0%

REVIEW since last issue

4/7 Raise a bit of cash by selling PKY.

3/31 As noted above, I will add to a couple of positions that have sold off, yet remain fundamentally sound.

3/24 No changes.

3/17 Take profits in NGPC as noted above.

3/10 MCGC announced it was cutting its dividend. The stock has sold off hard. But it is still cheap in our estimation. We'll let things settle down and then reappraise. No other changes.

3/3 No changes.

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.

	2010	2011	2012	2013	ytd 2014
Stock Portfolio	12.3%	21.4	5.0	15.8	0.8
S&P 500 TR	15.0%	1.9	14.1	28.7	1.5

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: 4/4/2014						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 4/4	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
24-Mar	sell	DIA	162.44	200	32,478	AXP	89.00		90.03	89.17	61	5,439.37	5.0%
24-Mar	sell	T	34.46	170	5,848	GS	160.00		163.80	163.24	34	5,550.16	5.1%
24-Mar	sell	TRV	83.86	65	5,441	HD	78.00		79.00	78.72	69	5,431.68	5.0%
24-Mar	sell	V	220.75	25	5,509								
24-Mar	sell	IBM	188.25	30	5,638	PFE	32.00		31.93	32.16	160	5,145.60	4.7%
						V	207.00		215.86	207.70	25	5,192.50	4.7%
31-Mar	buy	AXP	90.03	61	5,475	TO BE ADDED, IF ABOVE: BUY STOP							
31-Mar	buy	GS	163.80	34	5,504								
31-Mar	buy	HD	79.00	69	5,490								
31-Mar	buy	V	215.86	25	5,514								
2-Apr	sell	KO	38.33	140	5,356	TO BE ADDED, IF BELOW: BUY LIMIT							
						Money Market			1.00		82,631	82,630.70	75.5%
								Total Valuation=				109,390.01	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

4/7 If today's selloff holds, I expect the positions above to be stopped out. I will watch for reentry points.

3/31 As noted above, make the purchases. Also note the stop levels. KO is very tight.

3/24 I will take some profits and a loss as noted above. These will likely be short-term trades. The market rallied into resistance and has failed to push through. So, I will look to reenter on weakness, if it happens. T closed the gap. TRV is at the top of a trading range. V looks to be failing. Please also note the very close raised stops.

3/17 We do have some potential new buys as noted in the right box above. One position was stopped out. I am also buying DIA (the Dow 30 index ETF) with a tight stop.

3/10 No changes. With the market sell off, we may get further "set ups" to buys or we may get stopped out. We'll just have to see.

New recommendations

None this week.

(Continued from page 1)

of the advance-decline line suggests another rally after the current pullback. Yet, the negative divergence must be noted.

As well, it is very interesting to note that IWM (Russell 2000) and QQQ (NASDAQ 100) also failed to reach recovery highs on that recent rally. This is interesting because these were the former leaders. Anytime there is rotation like this, it suggests internal weakness.

The new leaders appear to be internationals. EEM is finally up off the mat, recovering after lagging for some two-years.

On a fundamental basis, as I've been noting here the past few months, the domestic market is

overbought and over valued. Perhaps this is being more recognized. The internationals, especially the emerging markets, are cheaper relatively speaking. Thus the rotation.

The question is whether the rotation continues?

I've shown the margin debt chart before and I've reproduced it on page 11. Margin is buying stocks with borrowed money. It amplifies the gains and losses. The issue is when an investor is fully margined and the market starts downward, what happens. Margin calls will go out. At that point, either the investor puts up more money or the position is sold. The problem is obvious.

In a declining market, when

margin calls go out, further selling may take place. The whole thing becomes a vicious circle.

Where's the trigger point to the start of the margin calls? There's no clear way to tell; it depends on where accounts are relative to starting values. The initial margin is 50%. The maintenance margin is 30%. So in theory and roughly speaking, the market could drop 30% before a call is issued. In reality with all sorts of accounts and values and buying points, the market could drop substantially less than that and calls go out.

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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