

# Stock Selections & Timing

## Watercourse Way Holdings, LLC

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

April 14, 2014 (data through previous Friday's close)  
Volume 5  
Issue 15

## Pullback to ???

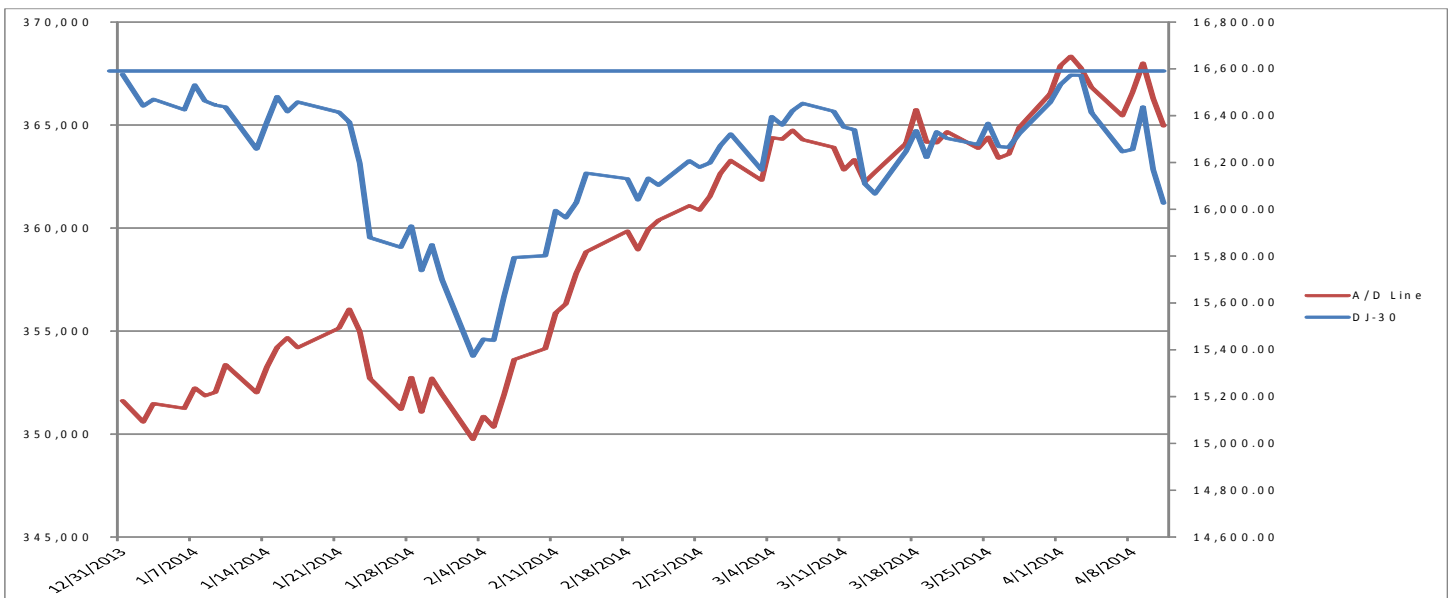
The domestic stock market pulled back fairly sharply last week. The international markets also corrected, but not by as much. From their peaks about five weeks ago, IWM (Russell 2000) and QQQ are down 8% and 7%. EEM is

up 4% over the same period. So, is the correction over or is there more to come? Frankly, this is a question about which no one can answer, but many will true. Let me explain.

In a nutshell, the answer involves the unknowable future.

Having said that, the answer also depends on your timeframe. Where will the market be by this Friday? How about by the end of April? How about by the end of 2014? How about by 2015?

*(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	0.0%	8.3%	1.4%	0.0%	-1.6%	-0.8%
Dow30 Portfolio	-0.3%	0.2%	-0.3%	-0.3%	-0.6%	-0.7%
<b>Index</b>						
S&P 500 TR	-1.3%	16.1%	7.2%	-1.4%	-1.7%	-2.6%
Dow Industrials	-2.7%	9.3%	5.2%	-2.5%	-0.2%	-2.4%

## CONTENTS

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

# Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date:		4/11/2014						
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	10.13	2,278	23,076.14	13.7%	
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	3.63	3,300	11,979.00	7.1%	
18-Feb	buy	GOOD	17.45	500	8,735	MVC		3.8%	14.50	12.71	13.15	1,400	18,410.00	10.9%	
this would be about 5% of total portfolio						GOOD		8.6%	17.70	17.45	17.30	500	8,650.00	5.1%	
17-Mar	sell	NGPC	7.41	2,000	14,810	TAXI		6.9%	14.00	13.22	13.09	1,250	16,362.50	9.7%	
31-Mar	buy	MVC	13.55	200	2,720	Above in green shows end price still below buy limit.									
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	18.19	500	9,085										
Dividends												10,022.88	5.9%		
Money Market												1.00	80,471	80,471.00	47.6%
Total Valuation=												168,971.52	100.0%		

## REVIEW since last issue

4/14 No changes. Will sit tight for now.

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	0.0
S&P 500 TR	15.0%	1.9	14.1	28.7	-1.3

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: 4/11/2014								
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 4/14	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
7-Apr	sell	AXP	86.60	61	5,273								0.0%	
7-Apr	sell	GS	158.56	34	5,381								0.0%	
7-Apr	sell	HD	77.13	69	5,312								0.0%	
7-Apr	sell	PFE	31.20	160	4,982								0.0%	
7-Apr	sell	V	203.41	25	5,075								0.0%	
14-Apr	buy	DIA	160.88	338	54,387								0.0%	
			this will be about 50% of total											
<b>TO BE ADDED, IF ABOVE:</b>						<b>BUY STOP</b>								
		DIA	159.00				160.30							
<b>TO BE ADDED, IF BELOW:</b>						<b>BUY LIMIT</b>								
										Money Market	1.00	108,654	108,653.70	100.0%
												Total Valuation=	108,653.70	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

4/14 Stopped out last week, but the DIA is at another inflection point. It needs to close above the buy stop price noted above. If it does, we will reenter the market. If it does not, will stand aside.

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)*

The Nobel Prize for Economics was handed out to two parties this past year. It was essentially an agreement that while no one knows the short term (random walk), there might be some indicators that accurately forecast the long term (behavioral).

Those indicators are more along the lines of the valuation measures, such as CAPE (cyclically adjusted 10-year PE ratio) that moves from under valued to over valued. Or Q ratio (market cap to replacement cost) that also moves from under to over valued and back.

As I've been mentioning, those value measures indicate

over valuation, which means over the next couple of years the market should be lower than where it is (or that earnings will boom). But they tell us little about what might happen to prices tomorrow or next week.

This is where the trend measures come in I've also mentioned. They are still up within this overvalued market.

Why not sell and sit in cash? Because the market is trending higher. There has been money to be made. And no one knows the short-term future.

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.

---

**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 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 2:05 PM central time every 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 S&P 500 Total Return 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, 2010-2014, Watercourse Way Holdings, LLC. All rights reserved.