

# Stock Selections & Timing

## Watercourse Way Holdings, LLC

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

April 29, 2013 (data through previous Friday's close)  
Volume 4  
Issue 16

## Bad News is Good News

By now it is fairly apparent that economic weakness, rather than being a drag to stocks, is actually believed to be a positive. Investors have slowly come around to the idea that a continued weak economy means a

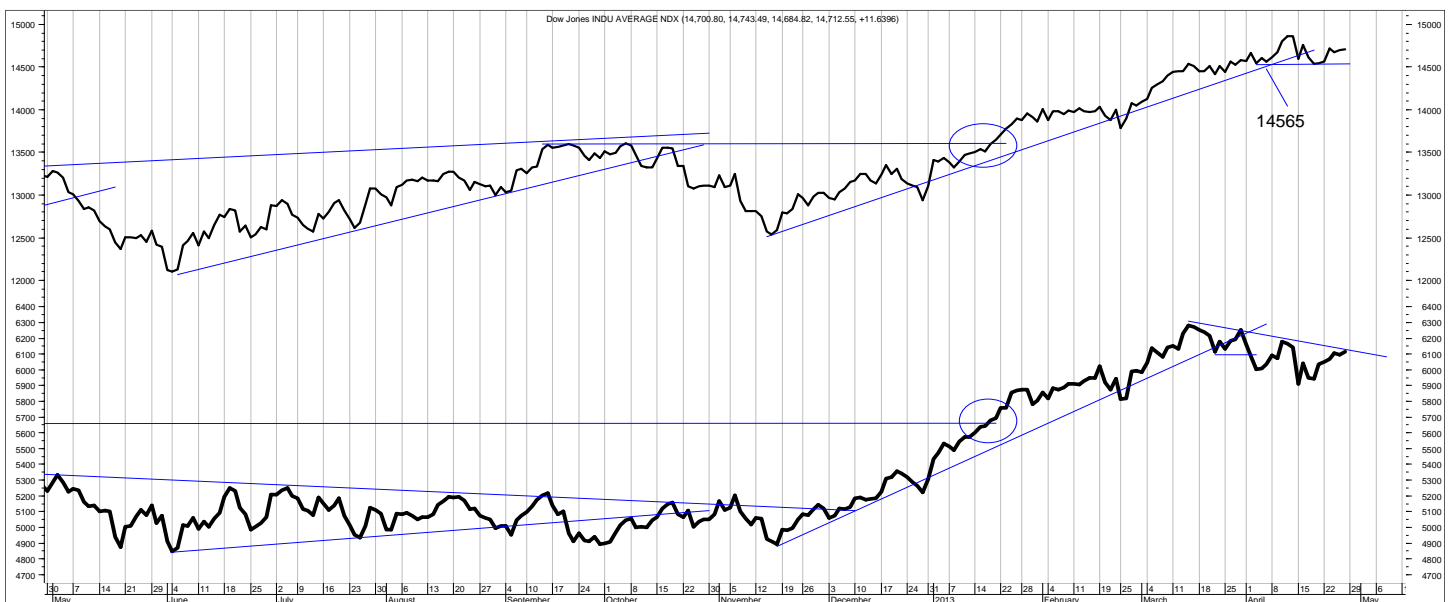
continued stimulative, easy money Federal Reserve.

For example, the GDP advance report for Q1 came in worse than expected at 2.5%. It was better than Q4, but still sub par. It does bear mentioning that this is still growing econo-

my, but at some point the question arises whether the stock market gets priced to perfection. Bad is good? How does one account for that?

The jobs report comes in later this week and it will be

*(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	6.5%	7.6%	6.8%	4.2%	-0.5%	0.0%
Dow30 Portfolio	6.8%	3.0%	5.6%	4.3%	2.0%	0.8%
S&P 500 TR	13.5%	15.2%	13.3%	5.8%	1.0%	1.8%
Dow Industrials	13.7%	11.2%	12.3%	5.9%	0.9%	1.1%

## CONTENTS

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

# Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS						Value as of date: 4/26/2013			
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 4/15	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total	
4-Feb	buy	ANIK about 5%	10.63	700	7,451	GENC			8.00	7.56	7.04	2,278	16,037.12	10.5%	
						WTT			1.00	0.87	1.75	9,000	15,750.00	10.3%	
						OPLK			13.00	12.84	16.14	600	9,684.00	6.4%	
8-Feb	buy	SILU	1.46	5,000	7,310	AOSL			8.50	8.16	8.51	1,100	9,361.00	6.1%	
4-Mar	buy	AOSL	8.16	1,100	8,986										
						MCGC	12.9%		4.40	4.38	5.06	1,500	7,590.00	5.0%	
21-Mar	buy	SILU	1.35	5,000	6,760	NGPC	8.7%		7.15	7.04	6.51	2,000	13,020.00	8.5%	
						MVC	3.8%		13.00	12.71	12.85	1,200	15,420.00	10.1%	
22-Mar	buy	MVC	12.62	600	7,582	GAIN	8.0%		7.55	7.48	7.35	1,000	7,350.00	4.8%	
						SILU	4.2%		1.46	1.41	1.31	10,000	13,100.00	8.6%	
15-Apr	sell	ANIK	12.82	700	8,964	TAXI	7.0%		11.40	11.36	14.34	600	8,604.00	5.6%	
29-Apr	sell	WTT	>1.8	500		Above in green show s end price below buy limit. Below is watch list for potential purchase at or below buy limit.									
						Dividends							5,351.00	3.5%	
						Money Market							1.00 31,216	31,216.00	20.5%
						Total Valuation=						152,483.12	100.0%		

## REVIEW since last issue

4/29 No changes.

4/22 Positions pulled back with the market last week.

4/15 Take profits in ANIK.

4/8 MVC announced a stock buy back last week to close the gap between its price (\$12.87) and its NAV (\$16.29). Hard to believe GENC still trades below its net cash in the bank. WTT has been on fire.

4/1 MVC was bought last week. ANIK is getting recognized. GENC may be tracing out a bottom again.

3/25 MVC has pulled back under the buy limit, so I'll buy more at or below \$12.69 as noted above.

3/18 AOSL may be breaking to the upside, but no public supporting news.

3/11 No changes.

3/4 ANIK jumped on good news. There is a new position AOSL to be bought.

2/25 No changes.

2/19 WTT appears to be breaking higher.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	6.5	52.5
S&P 500 TR	15.0%	1.9	14.1	13.5	51.8

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: 4/26/2013		
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 4/29	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
26-Dec	sell	MRK	41.34	234	9,664	AA	8.00				1,422			
28-Jan	sell	DD	48.15	241	11,594	INTC	23.00		20.08	23.40	519	12,144.60	11.0%	
19-Feb	sell	WMT	68.76	150	10,304	MSFT	30.00		26.94	31.79	387	12,302.73	11.2%	
1-Apr	sell	KO	40.45	278	11,235	T	36.00		33.73	37.04	309	11,445.36	10.4%	
29-Apr	buy	AA		1,422		XOM	87.00				136			
29-Apr	buy	XOM		136										
two new purchases are for roughly 11% of total portfolio														
						Money Market					1.00	74,145	74,145.00	67.4%
												<b>Total Valuation=</b>	<b>110,037.69</b>	<b>100.0%</b>

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

- 4/29 Please note the new buys in the Portfolio and the new much tighter stops.
- 4/22 No changes.
- 4/15 No changes.
- 4/8 No changes.
- 4/1 Take profits as noted above.

## Feature Company (none)

*(Continued from page 1)*

interesting to watch the market's reaction to this too.

On a technical basis, the market is rallying and continues generally "in gear" to the upside, albeit the minor negative divergences that show up from time to time. I've noted these over the past few months. They form, there's a small pullback, but no confirmation, and then the market rallies and gets back "in gear".

There was, however, a brief one day pullback last week where

things looked decidedly worrisome. The economic bad news may have caused it, but the Fed good news reversed it.

In addition, investor sentiment from advisors is too bullish, which is bearish. Individual investors, however, remain decidedly nonplussed by the rally. They remain neutral.

So, the policies of the last year or so remain in place. The Fiscal Cliff was a worry, but higher taxes, normally a negative, are no problem. Sequestration

was a worry, but lower spending, normally a negative, is no problem.

If the Fed ever begins to tighten, it'll be watch out below, is the new worry.

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.

---

**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 1:35 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, 2010-2013, Watercourse Way Holdings, LLC. All rights reserved.