

# Stock Selections & Timing

## Watercourse Way Holdings, LLC

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May 12, 2014 (data through previous Friday's close)  
Volume 5  
Issue 18

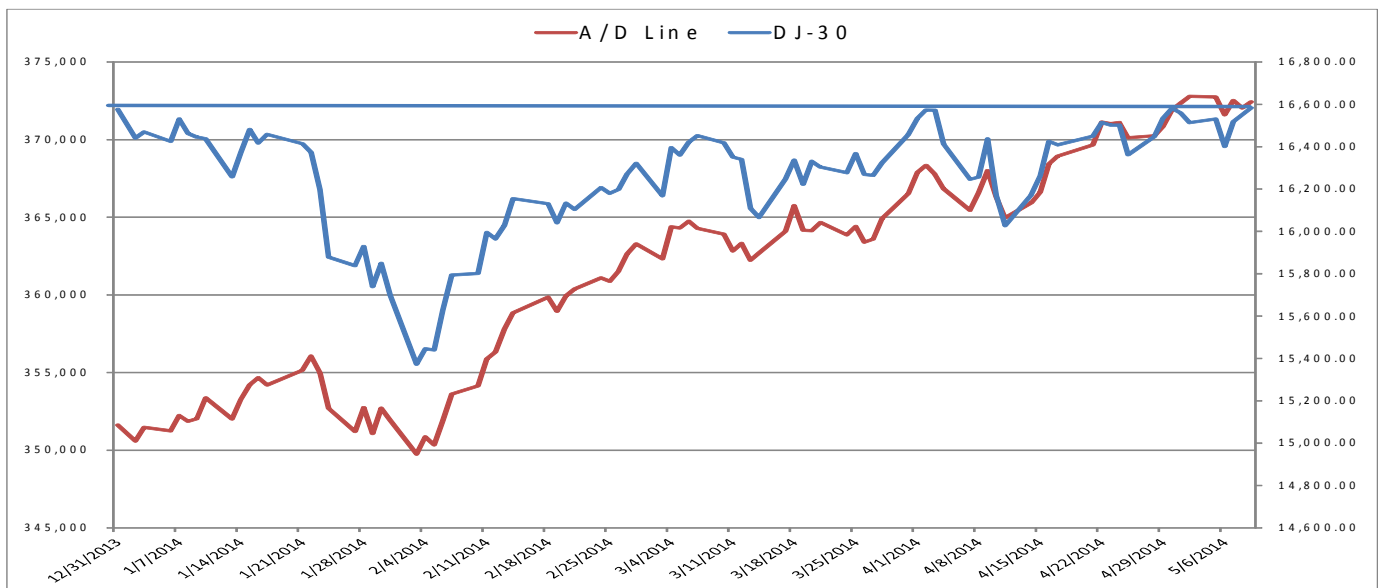
## Rallying

**W**ith today's (Monday) rally, the market looks to be hitting on all cylinders again, except for the fact that the previously strong indexes like IWM and QQQ are lagging at the highs

set by the other indexes. I don't think this is too worrisome as a sign of a top, as it is more of a sign of rotation away from the very overvalued domestic area to the less overvalued, and even undervalued in some instances, international markets.

The market is ignoring the Fed tapering so far. It is projected to conclude by October 2014, assuming the economy continues to expand. Given the continued strength and expansion in the leading economic

*(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	-0.9%	8.7%	0.9%	-1.6%	-0.9%	-1.2%
Dow30 Portfolio	0.8%	-2.0%	0.8%	0.8%	1.1%	0.3%
<b>Index</b>						
S&P 500 TR	2.2%	16.8%	6.6%	4.5%	3.6%	-0.1%
Dow Industrials	0.6%	9.7%	5.2%	5.0%	3.5%	0.4%

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# Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date:		5/2/2014						
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	
31-Mar	buy	MVC	13.55	200	2,720	GENC			9.75	7.56	9.47	2,278	21,572.66	12.9%	
this would be about 2% of total portfolio															
31-Mar	buy	TAXI	13.21	650	8,597										
this would be about 5% of total portfolio															
7-Apr	sell	PKY	18.19	500	9,085	MCGC		10.8%	3.00	4.79	3.38	3,300	11,154.00	6.7%	
5-May	sell	GOOD	17.62	500	8,800	MVC		3.8%	14.50	12.71	12.82	1,400	17,948.00	10.7%	
														0.0%	
														0.0%	
														0.0%	
						TAXI		6.9%	14.00	13.22	13.82	1,250	17,275.00	10.3%	
Above in green shows end price still below buy limit.															
Shown below is watch list for potential purchase at or below buy limit.															
Dividends												10,211.88	6.1%		
Money Market												1.00	89,271	89,271.00	53.3%
Total Valuation=												167,432.54	100.0%		

## REVIEW since last issue

5/12 GENC took a hit with lower than expected quarterly sales. The company, however, remains profitable and still has about \$9.47/share net cash. MCGC is crawling back. TAXI is driving higher.

5/5 Will take some profits in GOOD. It is at the top of its trading range. I will watch for a pullback.

4/28 No changes.

4/21 MCGC announced further losses and the stock is down again. It is still undervalued however, so I will sit tight.

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.

	2010	2011	2012	2013	ytd 2014
Stock Portfolio	12.3%	21.4	5.0	15.8	-0.9
S&P 500 TR	15.0%	1.9	14.1	28.7	2.2

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: 5/2/2014							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 5/5	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	UNH	74.00		75.23	76.95	70	5,386.50	4.9%
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								
			this will be about 50% of total										
28-Apr	sell	DIA	164.28	338	55,517								
5-May	buy	UNH	75.23	70	5,276								
TO BE ADDED, IF ABOVE:									BUY STOP				
TO BE ADDED, IF BELOW:									BUY LIMIT				
Money Market										1.00	104,508	104,507.70	95.1%
Total Valuation=												109,894.20	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

5/12 No changes. Will need a pullback for possible new position buying to be set up.

5/5 Buy the position above, if at quarter to the close it is above its buy stop. If purchased, then monitor the sell stop.

4/28 Take profits in DIA. It has returned to previous top area, so time to exit. I expect a pullback and will see about reentering then. No individual DJ 30 stocks have set up buy signals.

4/21 The DIA is back to previous top area, so I have raised the stop to reflect this. If it pulls back, I expect to reenter at lower prices in anticipation of further rally thereafter. So this is a trade only. No other DJ 30 stocks have set up buy triggers.

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.

## New recommendations

None this week.

*(Continued from page 1)*

indicators (Conference Board) that project economic activity some six months out, we are all but assured that the QE experiment will conclude as planned.

I would say it was a success. The Fed averted a recession from morphing into a depression. Now, however, the real work begins to put in place the policies, taxes, and reforms that made America strong in the first place and grew her.

So, at this stage of the bull market measured from the bottom in March 2009, as we know, the market fundamentals remain overvalued, but the technicals appear back in gear. It's like the commercial, a body in motion

tends to stay in motion. The market continues to climb the "wall of worry". The tapering is the new worry that the market "climbs".

Please see the individual portfolios for more information.

As a reminder, I will be holding two workshops on mutual funds and ETFs and participating on an investment panel of top performing newsletters at the MoneyShow in Las Vegas this week.

I hope to see you there.

# 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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