

# Stock Selections & Timing

## Watercourse Way Holdings, LLC

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June 13, 2011 (data through previous Friday's close)  
Volume 2  
Issue 12

## Wall of Worry

We can't call any recession a double dip anymore because too much time and expansion has passed since the end of the last recession, but the question of another recession has been coming to the forefront of investors' minds over the last week. The news has indicated that we are in a soft patch as

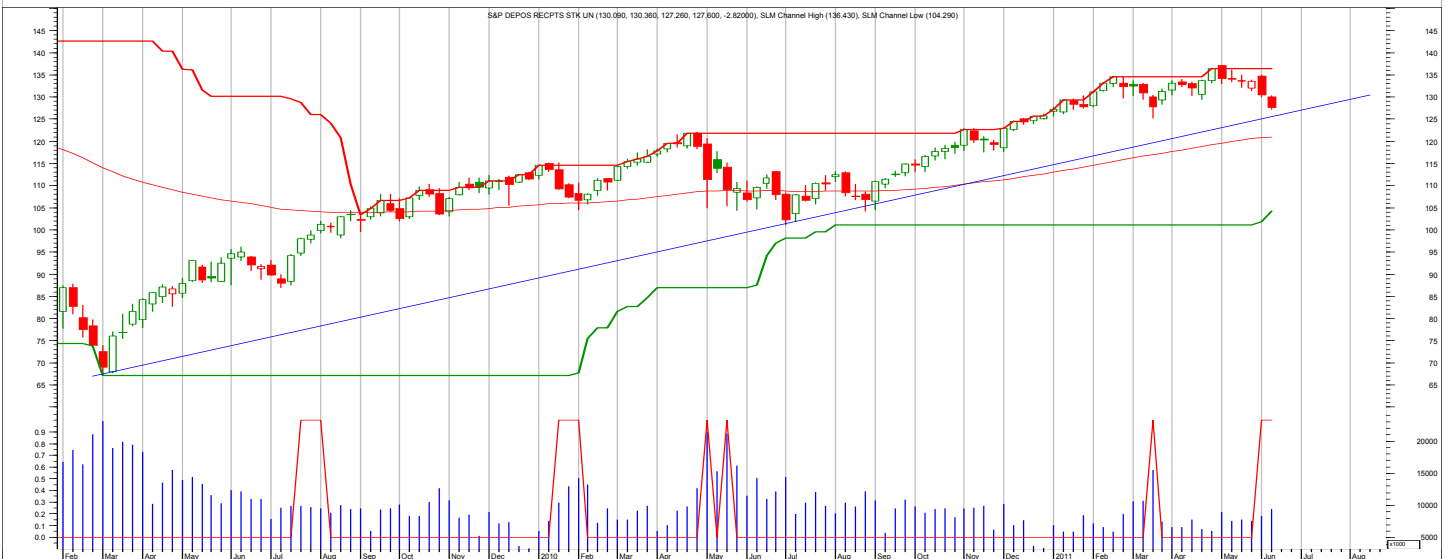
GDP expectations have come down from 3.5% to 2.5% for the current quarter. Retail sales have slipped. Housing continues weak. And now finally Congress is faced with the looming debt ceiling question. They either need to raise it or cause default. Down the road from that is also the concern of

spending cuts and increasing taxes; both of which are negatives.

Clearly the markets have something to worry about.

More economic news is on tap this week. Unless it comes out better than expected, we may record a very rare 7 down

*(Continued on bottom left on page 4)*



The chart is the weekly S&P 500 with an 80-day moving average and other objects.

## SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	13.6%	23.6%	14.0%	-0.1%	-0.5%	-1.8%
Dow30 Portfolio	2.8%	12.1%	3.3%	-0.1%	-4.3%	-1.8%
Wilshire 5000	0.9%	16.9%	2.3%	-2.5%	-5.2%	-3.6%
Dow Industrials	3.6%	17.5%	5.2%	-0.4%	-4.7%	-1.2%

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# Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 6/10/2011							
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop	Yield	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
2-May	buy	WTT	0.88	13,000	11,450									
2-May	buy	MCGC	6.44	2,000	12,890	ECGI			0.97	1.90	3,204	6,087.60	4.8%	
2-May	sell	DRAD	2.96	6,128	18,129	GENC			7.73	7.58	1,478	11,203.24	8.8%	
						SILU			1.41	1.75	7,092	12,411.00	9.7%	
31-May	sell	ECGI	1.820	3,500	6,360	WTT			0.88	0.78	16,000	12,480.00	9.8%	
			>1.80											
1-Jun	sell	MRVL	15.72	300	4,706	CLCT	9.1%		14.20	14.45	800	11,560.00	9.1%	
						GAIN	6.4%		7.49	7.20	1,500	10,800.00	8.5%	
10-Jun	buy	O	32.28	150	4,852	MCGC	9.3%		6.44	6.20	2,000	12,400.00	9.7%	
			<32.60			O	5.4%		32.28	32.28	150	4,842.00	3.8%	
10-Jun	buy	MRVL	14.40	300	4,330									
			<14.75											
10-Jun	buy	WTT	0.79	3,000	2,380	SNDK			46.60	42.05	100	4,205.00	3.3%	
			<0.80			CSCO			17.06	15.12	300	4,536.00	3.6%	
10-Jun	sell	ECGI	1.90	3,000	5,690	MRVL	13.55		14.40	14.40	300	4,320.00	3.4%	
			>1.90											
13-Jun	sell	ECGI	>2			Dividends						395.00		
						Money Market					1.00	32,405	32,405.00	25.4%
												Total Valuation=	127,644.84	99.7%

## REVIEW since last issue

6/13/11 Per the emailed hotline last Friday, I bought and sold some positions at the close.

5/31/11 MRVL jumped on good earnings. Take some profits. I'll look to reenter on pullbacks. Tech stocks look very cheap generally speaking.

ECGI is jumping again today. Take some profits again. It is above adjusted fair value.

GENC is cheap, trading below net cash in the bank, which values the profitable business at zero.

SILU is making progress.

5/16/11 CLCT is exdiv, so we'll collect the dividend as noted.

5/2/11 Take actions as noted above.

4/18/11 No changes.

4/4/11 GAIN was bought. Buy SNDK, CSCO, and MRVL.

3/11/11 Buy GAIN at less than \$7.50 per share as noted above.

	2010	ytd 2011
Stock Portfolio	12.5%	13.6
W5000	15.5%	0.9

# Dow 30 Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 6/10/2011						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
21-Mar	buy	CSCO	17.39	300	5,207	DIA			120.07	119.37	300.00	35,811.00	32.5%
21-Mar	buy	HPQ	41.76	130	5,419								
21-Mar	buy	JNJ	58.83	90	5,285								
21-Mar	buy	MCD	73.76	70	5,153	CSCO			17.39	15.12	300	4,536.00	4.1%
21-Mar	buy	MSFT	25.33	200	5,056	DIS			40.93	38.50	100	3,850.00	3.5%
21-Mar	buy	T	28.26	200	5,642	HPQ			41.76	35.13	130	4,566.90	4.1%
21-Mar	buy	WMT	51.92	100	5,182								
21-Mar	buy	DIA	120.07	300	36,011	MCD			73.76	80.36	70	5,625.20	5.1%
						MRK			33.40	35.07	200	7,014.00	6.4%
2-May	sell	T	31.21	200	6,232	MSFT			25.33	23.70	200	4,740.00	4.3%
2-May	sell	XOM	86.97	46	3,991								
						WMT			51.92	52.72	100	5,272.00	4.8%
16-May	sell	VZ	36.97	100	3,687								
16-May	buy	CAT	106.09	50	5,315	BAC	9.00				500		
16-May	buy	DIS	40.93	100	4,103	JPM	39.00				150		
20-May	sell	JNJ	65.69	90	5,902								
8-Jun	sell	CAT	98.04	50	4,892								
13-Jun	buy	BAC		500									
13-Jun	buy	JPM		150		Money Market			1.00		38,801	38,801.00	35.2%
											Total Valuation=	110,216.10	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

6/13/11 The bank stocks are beaten up, but the news appears discounted. Buy as noted.

5/31/11 Stopped out of JNJ. Will look to reenter on pullbacks.

5/16/11 The tech issues haven't rallied as expected, but are rolling over. Will monitor. Make the trades as noted above in the box left.

# Feature Company

6/10/11 No new recommendations.

*(Continued from page 1)*

weeks in a row for the stock market.

But, it is one thing to say the economy has slowed its pace of recovery, it is quite something else to say it has or shortly will enter a recession.

My view is the market is building a wall of worry that it will climb in the months ahead.

Plus, we might all agree that our elected officials aren't the sharpest knives in the cutlery box (and why do we reelect them?),

but even they recognize the importance of maintaining the AAA rating of the USA.

As well, with this pullback, the percentage of bears has been increasing and percentage of bulls decreasing in the AAI survey. From a contrary point of view, this is positive.

So, yes the economy has slowed, but that is not a recession. Plus some of that slowdown may be directly traced to the disasters in Japan, which should reverse as the rebuilding

process takes shape.

The stock market was "in gear" to the upside before the current pullback, so I still expect the market to make its way higher in the months ahead.

In the meantime, I am waiting for some other positive developments before committing to the long side of investing. Check the portfolio pages 2 and 6 for any details.

# Descriptions & Disclosures

## **PORTFOLIO DESCRIPTIONS (pages 2 and 3)**

Our guiding goal is to provide the most return with the least risk.

The portfolios were started on 1/1/10 with \$100,000.

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.

Dividends are paid in cash. Interest is assumed to be zero for the money market (cash) position.

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