

# Stock Selections & Timing

Watercourse Way Holdings, LLC

P.O. Box 830396

Richardson, TX 75083-0396

972-680-2366

June 18, 2012 (data through previous Friday's close)

Volume 3

Issue 20

## Sigh of Relief

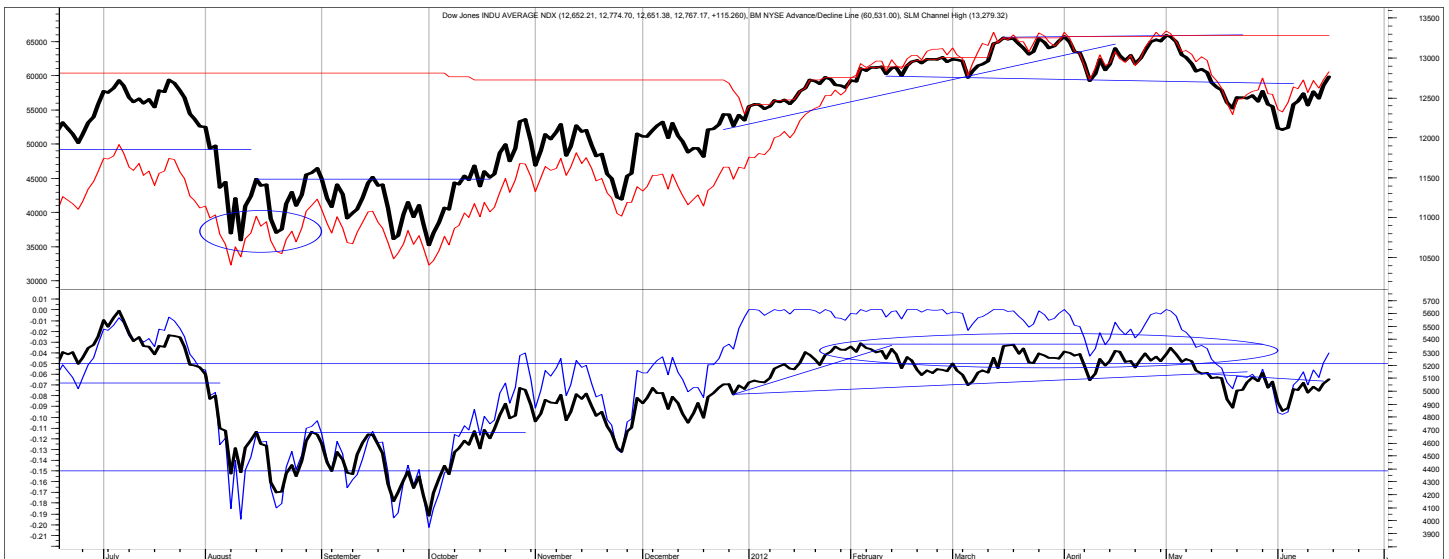
Markets are breathing a sigh of relief that Greece voters went for the austerity and bail out plan over the exit plan. In addition, the markets are anticipating that the Fed will extend "operation twist", which is set to expire 6/30. How long will this sigh last?

Given the ongoing crisis in Spain and other EU countries, given that the domestic economy is slowing, given that investor sentiment remains solidly in the neutral territory, probably not very long.

It would not be abnormal for the market to simply make it back into its previous resistance,

which is what it is doing. What it has not done is broken above the previous highs set in March, April, and May. There's no reason to think that we have entered into another bullish move, but rather that this is what will probably turn out to be, the first rally of the new bear market.

*(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	3.1%	9.9%	5.0%	-3.2%	1.0%	0.5%
Dow30 Portfolio	-1.7%	-5.5%	-1.9%	-4.0%	-1.3%	-0.3%
Wilshire 5000 TR	7.5%	6.4%	10.7%	-4.6%	3.5%	1.0%
Dow Industrials	4.5%	6.4%	7.6%	-3.5%	3.2%	1.7%

## CONTENTS

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

# Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		6/15/2012						
Action Dates	Action Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 6/18	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total		
4-May	sell	MRVL	13.90	900	12,500										
7-May	sell	DRAD	2.30	1,500	3,440	GENC		8.00	7.53	6.98	2,078	14,504.44	10.3%		
			> 2.29			WTT		1.00	0.87	1.23	11,000	13,530.00	9.6%		
7-May	buy	WWE	8.91	500	4,465										
9-May	sell	PKY	10.860	700	7,592										
			>10.75												
16-May	sell	TAXI	9.950	650	6,458										
22-May	buy	TAXI	9.98	650	6,497	FULL	7.00	11.9%	8.00	7.69	7.48	900	6,732.00	4.8%	
			about 5%			MCGC	4.10	12.6%	4.30			1,000		roughly 3%	
22-May	sell	USMO	12.570	1,000	12,560	TAXI	9.00	8.4%	10.00	9.98	10.55	650	6,857.50	4.9%	
						WWE	7.50							0.0%	
15-Jun	sell	WWE	7.49	500	3,735	ASYS	4.00		4.60			1,000		roughly 3%	
18-Jun	sell	WTT	>1.23	1,000		MRVL	11.00		13.00			500		roughly 3%	
18-Jun	buy	ASYS		1,000											
18-Jun	buy	MRVL		500											
18-Jun	buy	MCGC		1,000											
											Dividends	2,969.02	2.1%		
											Money Market	1.00	96,069	96,069.00	68.3%
											Total Valuation=	140,661.96	100.0%		

## REVIEW since last issue

6/18 Couple of new buys and sell limit on WTT.

6/11 No changes. You may have been able to pick up some "cheap" WTT. It's back up about 18% from \$1 lows recently.

6/4 No changes.

5/29 We were in and out of TAXI last week. Continue to hold. No new recommendations.

5/21 TAXI was hit as it offered new stock. I mentioned last week that it had shot up, I should have followed the intuition and got out. Other positions also sold off with the market.

5/14 GENC reported good earnings. USMO may have found a bottom with its good earnings too. TAXI shot up and is retracing, but I'll hold.

	2010	2011	ytd 2012	Incptn	SD
Stock Portfolio	12.3%	21.4	3.1	40.7	14.8
W5000 TtlRtrn	17.7%	0.5	7.5	27.2	10.6

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: 6/15/2012								
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 5/21	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
23-May	sell	AXP	55.99	200	11,188									
1-Jun	sell	AA	8.29	1,300	10,767									
1-Jun	sell	KFT	37.57	300	11,261									
1-Jun	sell	IBM	188.78	60	11,317									
1-Jun	sell	MCD	86.88	125	10,850									
11-Jun	sell	DIS	45.74	250	11,425									
11-Jun	sell	KO	74.55	150	11,173									
11-Jun	sell	MRK	38.51	300	11,543									
						Money Market					1.00	104,247	104,247.00	100.0%
												Total Valuation=	104,247.00	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

6/18 No changes.

6/11 Take profits in the other positions.

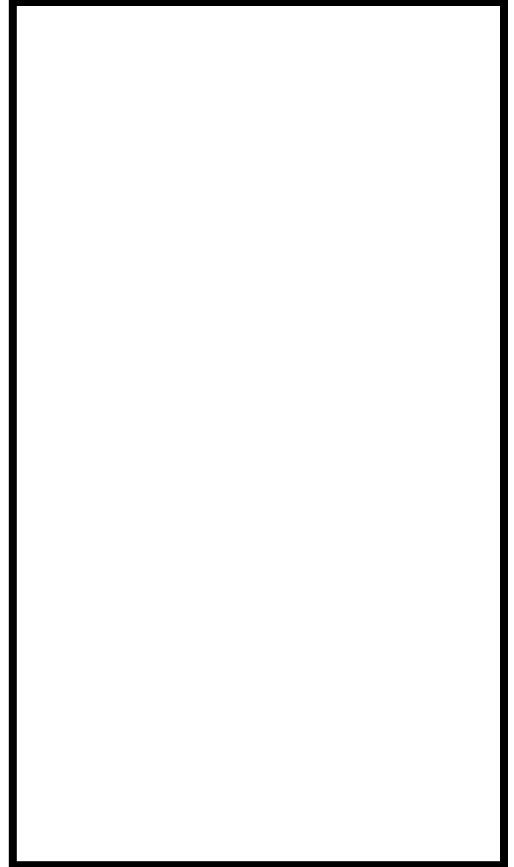
6/4 The bounce came and went quickly. Stopped out of more positions.

5/29 Stopped out of one position. Continue to hold the others, expecting the market to bounce further.

5/21 There are a number of new buys for this portfolio to try to take advantage of the oversold condition that I expect will provide a short-term bounce.

# Feature Company

I am reentering ASYS and MRVL. They both went much lower from our stop levels and now represent bargain prices. See page 2 for purchase details.



*(Continued from page 1)*

Here's the expectation for that scenario.

The market should fail to hit a recovery high. On the next sell off, it should fall below previous lows. This sets up the definition of a bear market of lower highs and lower lows.

As well, investor sentiment should remain complacent through it all or even turn bullish,

which is bearish again.

So, a temporary rally is in store, but one that should ultimately fail. As usual, however, this will take some time to develop. As it does, we will try to profit from it.

See the portfolio pages for details.

# 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, 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 Wilshire 5000 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 bi-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 other 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 Wilshire 5000 TR 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, 2010-2012, Watercourse Way Holdings, LLC. All rights reserved.