

Stock Selections & Timing

Watercourse Way Holdings, LLC

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

June 27, 2011 (data through previous Friday's close)
Volume 2
Issue 13

Support of Sorts

The stock market has pulled back to major technical support areas. The chart below is a weekly view of the S&P 500 and 40-week moving average (200 day) since the bull market began in March, 2009.

This pullback has been triggered by three factors. Investor complacency. Economic soft-

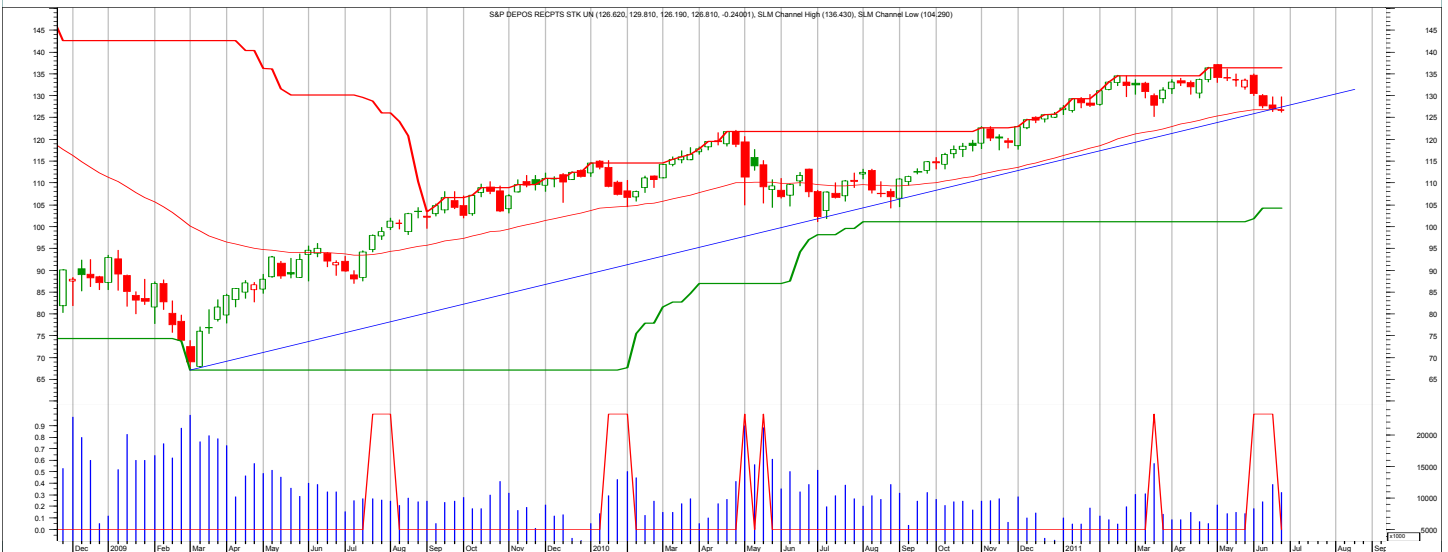
ness. Federal Reserve policy (no quantitative easing III planned).

The question now is whether or not those negative conditions have been discounted, factored into investor expectations. In other words, in reverse order, will the Fed tighten, will the economy go

into recession, will investors turn cautious?

For the first issue, investor sentiment, only one measure, the one from AAI, shows sentiment moving to enough pessimism to trigger a bullish signal. The bulls have all but disappeared, which as a contrarian

(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%	23.4%	13.4%	1.3%	-0.2%	-0.3%
Dow30 Portfolio	2.1%	12.3%	2.1%	-1.2%	-3.2%	-0.7%
Wilshire 5000	1.0%	19.3%	1.1%	-3.3%	-4.7%	0.2%
Dow Industrials	3.1%	17.7%	3.1%	-2.3%	-4.1%	-0.6%

CONTENTS

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

Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 6/24/2011						
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
1-Jun	sell	MRVL	15.72	300	4,706								
10-Jun	buy	O	32.28	150	4,852	ECGI			0.97	1.93	3,204	6,183.72	4.8%
			<32.60			GENC			7.73	7.68	1,478	11,351.04	8.9%
10-Jun	buy	MRVL	14.40	300	4,330	SILU			1.41	1.71	7,092	12,127.32	9.5%
			<14.75			WTT			0.87	0.82	16,000	13,120.00	10.3%
10-Jun	buy	WTT	0.79	3,000	2,380	CLCT		9.1%	14.20	14.82	800	11,856.00	9.3%
			<0.80			PSEC		12.0%	10.15	10.10	1,200	12,120.00	9.5%
10-Jun	sell	ECGI	1.90	3,000	5,690	MCGC		9.3%	6.44	5.95	2,000	11,900.00	9.3%
			>1.90			O		5.4%	32.28	33.09	150	4,963.50	3.9%
13-Jun	sell	ECGI	>2	3,204									
17-Jun	sell	MRVL	13.210	300	3,953	SNDK	39.00		46.60	38.94	100	3,894.00	3.1%
						CSCO			17.06	14.92	300	4,476.00	3.5%
21-Jun	sell	GAIN	7.33	1,500	10,985								
21-Jun	buy	PSEC	10.15	1,200	12,190								
24-Jun	sell	SNDK	stop out	100									
						Dividends						462.50	0.4%
						Money Market			1.00		35,153	35,153.00	27.5%
						Total Valuation=						127,607.08	100.0%

REVIEW since last issue

6/27 Subscribers should have received the emailed hotline report. Please let me know at smckee@investmentst.com if you didn't.

SNDK was stopped out as it plunged on Friday. It's bouncing back today, but without me.

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.

	2010	ytd 2011
Stock Portfolio	12.5%	13.6
W5000	15.5%	1.0

Dow 30 Portfolio

ACTION FOR		PORTFOLIO DETAILS				Value as of date:			6/24/2011			
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	119.02	300.00	35,706.00	32.6%
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	14.88	300	4,464.00	4.1%
21-Mar	buy	MSFT	25.33	200	5,056	DIS		40.93	37.56	100	3,756.00	3.4%
21-Mar	buy	T	28.26	200	5,642	HPQ		41.76	34.97	130	4,546.10	4.2%
21-Mar	buy	WMT	51.92	100	5,182							
21-Mar	buy	DIA	120.07	300	36,011	MCD		73.76	81.88	70	5,731.60	5.2%
						MRK		33.40	34.56	200	6,912.00	6.3%
2-May	sell	T	31.21	200	6,232	MSFT		25.33	24.31	200	4,862.00	4.4%
2-May	sell	XOM	86.97	46	3,991							
						WMT		51.92	52.44	100	5,244.00	4.8%
16-May	sell	VZ	36.97	100	3,687							
16-May	buy	CAT	106.09	50	5,315	BAC	9.00	10.97	10.62	500	5,310.00	4.8%
16-May	buy	DIS	40.93	100	4,103	JPM	39.00	41.67	39.58	150	5,937.00	5.4%
20-May	sell	JNJ	65.69	90	5,902							
8-Jun	sell	CAT	98.04	50	4,892							
13-Jun	buy	BAC	10.97	500	5,495							
13-Jun	buy	JPM	41.67	150	6,261	Money Market		1.00		27,045	27,045.00	24.7%
Total Valuation=											109,513.70	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

6/27 No changes.

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)

indicator is bullish. However, the VIX index (volatility) still shows too much complacency. Fear has not risen. Investors are content to ride out the correction, rather than selling. This is a negative. So sentiment remains mixed at best.

The economy has slowed. Analysts are reducing GDP growth rates from roughly 3.5% to 2.5% for Q2 and for the remainder of the year. Combined worldwide GDP growth has also slowed from roughly 4.7% to 3.9%. The fear is that this trajectory will continue lower into

negative territory.

The most bullish news of the three conditions remains the Fed's accommodative position. There may not be a QE III, but the Fed is most likely at least two years away from any sort of tightening. The Fed has two mandates. One is stable inflation, but the other is full employment. With a 9% unemployment rate and core inflation still around 2%, there is lots of easing potential. Plus, recently, at least one component of inflation, oil, has been knocked lower in a worldwide agreement to increase supply.

So, the stock market has corrected, but has it been enough of a sell off to discount investor complacency and economic slowdown?

Best analysis is not really. Further backing and filling should unfold in the weeks ahead. We really need for overall fear to increase as at least one market index hits a correction low, while background economic news actually improves.

In the meantime, as opportunities arise, I will be buying the dip. Watch for emailed updates.

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.

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 Visa or MasterCard orders 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 four-week minimum charge, using a 52-week 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.

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 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, 2010-2011, Watercourse Way Holdings, LLC. All rights reserved.