

Stock Selections & Timing

Watercourse Way Holdings, LLC

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

October 7, 2013 (data through previous Friday's close)
Volume 4
Issue 40

Ends Well?

The stock market seems only slightly put off by Washington's latest histrionics. Rather than plunge at their inability to govern, it has come off only slightly the last couple weeks. It is aware of the danger, but not worried about it.

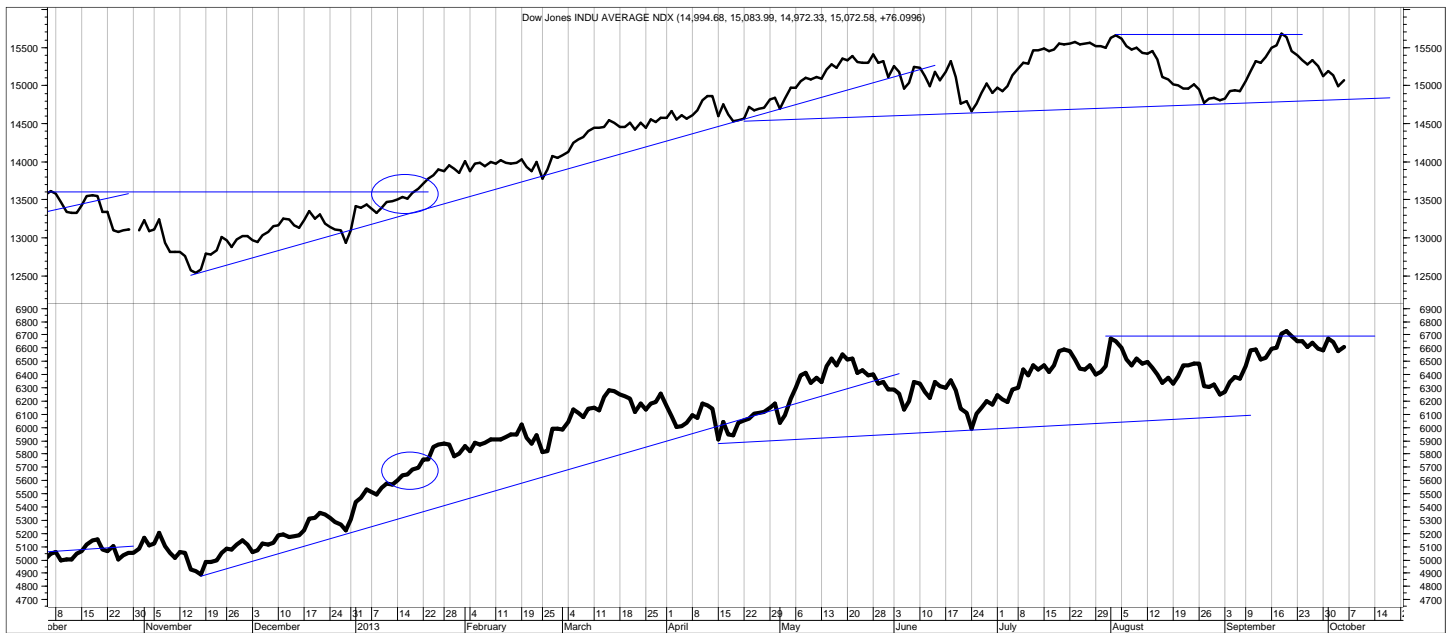
It seems everyone knows they will wait until the last minute, and then come to a compromise, rather than let the country default on its obligation on their watch.

We know they will raise the debt ceiling, after all, without

doing so, they would be prohibited from doing what they do best; that is, spend other people's money.

This "do the right thing" assumption, however, may very well be tested by them. And

(Continued on bottom left on page 4)



This is the daily chart of the Dow Industrials (upper) and Dow Transports (lower).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	15.3%	14.0%	7.1%	7.9%	2.5%	0.1%
Dow30 Portfolio	5.8%	4.6%	1.2%	0.0%	0.0%	0.0%
Index						
S&P 500 TR	21.2%	17.0%	8.9%	3.6%	1.8%	0.0%
Dow Industrials	16.5%	10.7%	3.5%	-0.4%	1.0%	-1.2%

CONTENTS

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

Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS						Value as of date: 10/4/2013					
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 6/9	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total
17-Jun	buy	MCC	13.25	1,000	13,260	GENC			8.00	7.56	8.68	2,278	19,773.04	12.0%
18-Jun	sell	TAXI	14.41	600	8,636	WTT			1.00	0.87	1.99	4,500	8,955.00	5.4%
20-Jun	buy	SILU	1.35	10,000	13,510	OPLK			13.00	12.84	18.44	600	11,064.00	6.7%
16-Aug	sell	SILU	2.47	5,000	12,358									
		exchange finalized	0.15	10,000	1,500									
9-Sep	buy	IRET	8.35	950	7,943	MCGC		12.9%	4.40	4.38	4.86	1,500	7,290.00	4.4%
9-Sep	buy	O	39.96	200	8,002	NGPC		8.7%	7.15	7.04	7.50	2,000	15,000.00	9.1%
						MVC		3.8%	13.00	12.71	13.84	1,200	16,608.00	10.1%
						GAIN		8.0%	7.55	7.48	6.89	1,000	6,890.00	4.2%
						IRET	7.85	6.3%	8.50	8.35	8.17	950	7,761.50	4.7%
23-Sep	sell	WTT	1.89	2,000	3,770	O	38.00	5.5%	41.00	39.96	39.70	200	7,940.00	4.8%
23-Sep	sell	MCC	13.48	1,000	13,470									
30-Sep	sell	WTT	2.01	1,000	2,000									
Above in green shows end price still below buy limit.														
Shown below is watch list for potential purchase at or below buy limit.														
Dividends												7,395.50	4.5%	
Money Market												1.00 56,301	56,301.00 34.1%	
Total Valuation=												164,978.04	100.0%	

REVIEW since last issue

10/7 MVC announced it is selling its largest portfolio holding. The dividend may “materially” change, the company said. As of 7/31/13, it’s NAV was \$17.36. Stock is still priced at nearly a 25% discount.

9/30 WTT rallied back and we will take further profits.

9/23 MCC is trading above its NAV (net asset value). It pays an excellent dividend, but time to look for an exit. WTT rallied back up and time to take more profits there.

9/16 After its nice rally, GENC is consolidating its gains. It is still undervalued. NGPC is looking for ways to narrow its stock price from its value and so its price jumped to the upside out of its previous trading range also.

9/9 GENC jumping. Still has 30% or more to go to reflect fair value. A beaten down area of the market is real estate. Buy the two new positions noted above.

9/3 No changes.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	15.3	65.0
S&P 500 TR	15.0%	1.9	14.1	21.2	62.0

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: 10/4/2013							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 6/9	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
3-Jun	sell	AA	8.52	1,422	12,105								0.0%
10-Jun	buy	T	35.99	345	12,427								0.0%
10-Jun	buy	BAC	13.30	900	11,980								0.0%
12-Jun	buy	AA	8.18	1,500	12,280								0.0%
17-Jun	buy	TRV	83.23	145	12,078								0.0%
17-Jun	buy	IBM	203.04	60	12,192								0.0%
TO BE ADDED, IF ABOVE SELL STOP													
20-Jun	sell	TRV	79.78	145	11,558								0.0%
20-Jun	sell	IBM	197.35	60	11,831								0.0%
20-Jun	sell	MSFT	33.49	370	12,381								0.0%
20-Jun	sell	T	34.35	345	11,841								0.0%
TO BE ADDED, IF BELOW BUY LIMIT													
24-Jun	sell	AA	7.79	1,500	11,675								0.0%
24-Jun	sell	BAC	12.30	900	11,060								0.0%
24-Jun	sell	INTC	23.58	519	12,228								0.0%
25-Jun	sell	MRK	46.23	265	12,241								0.0%
Money Market									1.00	108,999	108,998.88	100.0%	
									Total Valuation=		108,998.88	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

- 10/7 No changes.
- 9/30 No changes.
- 9/23 Time to review this portfolio for strategy changes.
- 9/9 No changes.
- 9/3 No changes.
- 8/26 No changes.

Feature Company (reiteration)

A beaten down area of the stock market is real estate.

I will buy two new positions in this area IRET and O as noted on page 2. Each position will be roughly 5% of the total portfolio. Combined, they yield an average of nearly 6%.

(Continued from page 1)

why not? They may assume that their constituents will never get fed up enough with them to not vote for any incumbent whatsoever under any circumstance. They may as well test that assumption while they're at it. Let's hope though that our elected officials don't go that far.

To be sure, the market is somewhat nervous about these things, but again, seems to be assuming an "all's well that end's well" mentality.

For our part, the major trends remain up. There are no negative divergences between various indexes to speak of to set off warning bells.

Sentiment, however, remains too bullish, but other than that, there are really no negatives.

Taper talk has tapered off, perhaps partly because of Washington's politics, but primarily because the Fed is still cautious about job growth, which remains muted.

Inflation is not a concern yet.

It is coming in around 2%, which is well within the Fed's expectations.

The end result of all these things is that the Stock Portfolio is still about two thirds invested.

Please see the individual portfolio pages for any updates and 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.