

Stock Selections & Timing

Watercourse Way Holdings, LLC

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

November 25, 2013 (data through previous Friday's close)
Volume 4
Issue 47

Rising Tide Lifts Overvaluations

Let's concisely review the three main indicators. Sentiment. Technicals. Fundamentals.

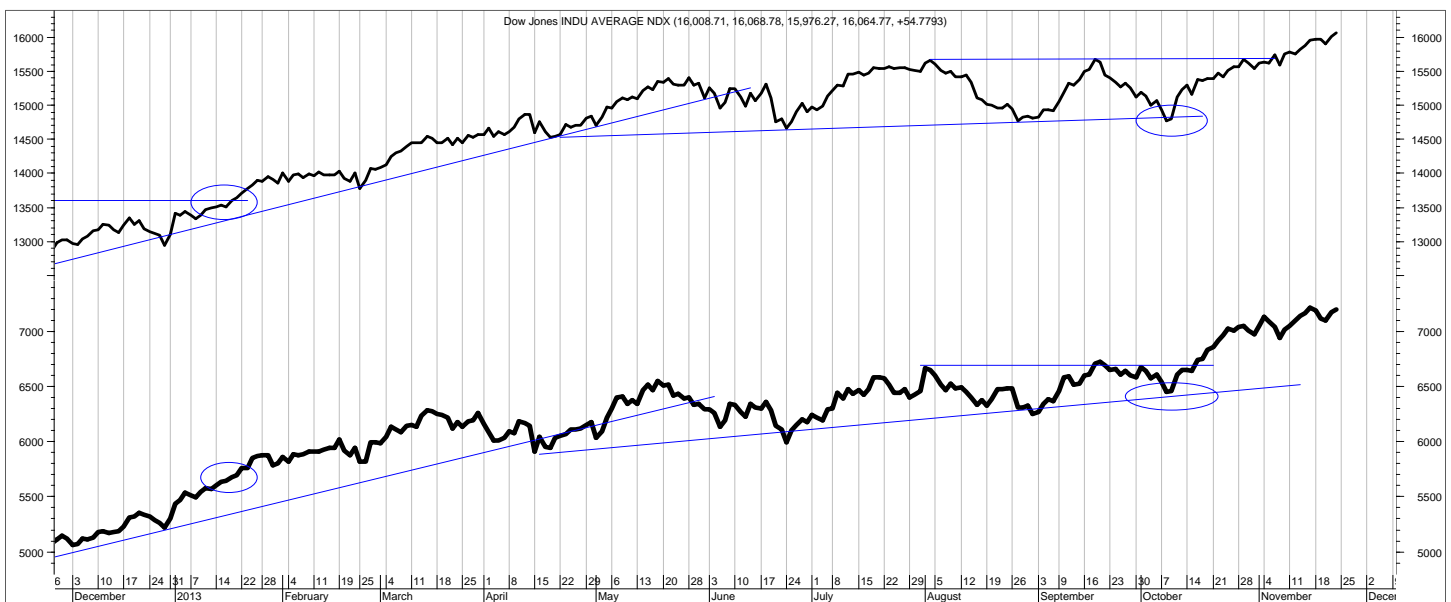
Investors sentiment is too bullish (AAII, Investor's Intelligence, Market Vane), which is a contrary indicator. I must com-

ment, however, from reading the headlines that the tone is still cautious. This contrast between what is evidently done and said is a bit of a mystery.

On a technical basis, the market is still in gear to the upside as shown on the chart be-

low. The NYSE advance/decline line is lagging a bit here, but is not yet in a danger zone. Besides, we've seen these small divergences before. Until there is some downside confirmation, then the market is essentially in

(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	16.9%	16.4%	8.5%	4.8%	-1.0%	0.7%
Dow30 Portfolio	5.8%	4.6%	-3.1%	0.0%	0.0%	0.0%
Index						
S&P 500 TR	29.6%	29.3%	9.3%	8.7%	2.7%	0.4%
Dow Industrials	24.2%	23.5%	5.0%	7.0%	3.2%	0.6%

CONTENTS

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

Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		11/22/2013						
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	
23-Sep	sell	WTT	1.89	2,000	3,770	GENC			8.00	7.56	9.00	2,278	20,502.00	12.3%	
23-Sep	sell	MCC	13.48	1,000	13,470	WTT			1.00	0.87	2.03	4,500	9,135.00	5.5%	
30-Sep	sell	WTT	2.01	1,000	2,000	OPLK			13.00	12.84	16.12	600	9,672.00	5.8%	
14-Oct	raise buy limit on MVC (NAV is \$17.56)														
14-Oct	sell	MCGC	5.16	1,500	7,730	MCGC		10.8%	4.80	4.79	4.79	3,300	15,807.00	9.4%	
4-Nov	buy	MCGC	4.79	3,300	15,817	NGPC		8.7%	7.15	7.04	7.68	2,000	15,360.00	9.2%	
						MVC		3.8%	14.50	12.71	14.08	1,200	16,896.00	10.1%	
						GAIN		8.0%	7.55	7.48	7.39	1,000	7,390.00	4.4%	
25-Nov	sell	GAIN	>7.33	1,000		IRET	7.85	6.3%	8.50	8.35	8.49	950	8,065.50	4.8%	
25-Nov	buy	O	<38.70	100		O	38.00	5.5%	41.00	39.96	38.77	200	7,754.00	4.6%	
Above in green shows end price still below buy limit.															
Shown below is watch list for potential purchase at or below buy limit.															
Dividends												8,532.40	5.1%		
Money Market												1.00	48,214	48,214.00	28.8%
Total Valuation=												167,327.90	100.0%		

REVIEW since last issue

11/25 No changes.

11/18 No changes.

11/11 No changes.

11/4 OPLK tumbled on weaker than expected earnings. I will watch for rebounds. Reenter MCGC as its numbers have come in on target. NAV is \$5.10 and they will purchase stock on the open market.

10/28 No changes. O tumbled on the news of a secondary offering, but has rebounded.

10/21 No changes.

10/14 I've raised the buy limit on MVC in reaction to its positive news. GAIN raised its monthly dividend from 0.05 to 0.06. I'll take some gains on MCGC in reaction to the first page article.

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.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	16.9	67.3
S&P 500 TR	15.0%	1.9	14.1	29.6	73.2

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: 11/22/2013						
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
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%
TO BE ADDED, IF ABOVE SELL STOP													
TO BE ADDED, IF BELOW BUY LIMIT													
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

11/25 No changes.

11/18 No changes.

11/11 Added "NOT" to last week's comment. No other changes.

11/4 When things are NOT working, a change is required. I am in the process of testing a new trading strategy for the Dow 30 Portfolio.

10/28 No changes.

Feature Company (none)

Finding “cheap” stocks is getting harder and harder. No new recommendations for now.

(Continued from page 1)

gear to the upside.

Now we come to the fundamentals and the real problem. The PE ratio is at 20x based on 12-month trailing as reported earnings. This is overvalued. The CAPE (inflation adjusted 10 year average PE) is also in overvalued territory at 25. It was higher in 1929 and 2000 before both “crashes”.

So, the bottom line is one where sentiment has jumped on board the rising trend, which is still upward, but the market fundamentals, its valuations are downward. The market is trending up against a background of overvaluation. It is to suggest that we not get carried away and start thinking the market will never correct again. It will and from history, it suggests a large decline

once it begins.

So, we are still invested with close stops and constant monitoring for trouble.

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.