

Stock Selections & Timing

Watercourse Way Holdings, LLC

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

December 2, 2013 (data through previous Friday's close)
Volume 4
Issue 48

Get Ready

The stock market is moving from overbought to more overbought, from over bullish to more over bullish, from overvalued to more overvalued. Get ready to sell.

The one and only thing the market has going for it is mo-

mentum. The trend is up. This is due to the Fed's stimulus (aka quantitative easing).

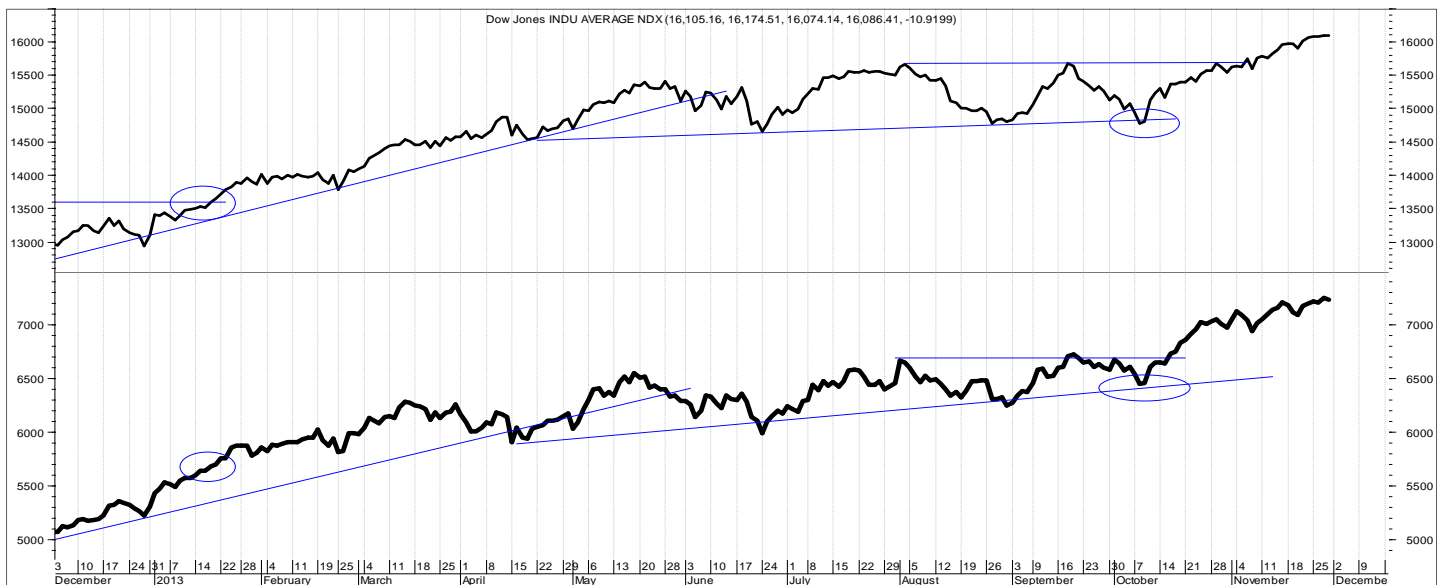
What happens when they discontinue this and begin their tapering program (which is not the same as raising short-term rates)? We will know the reac-

tion soon enough, if they make an announcement at their next meeting December 17-18.

Either way, we know it will happen, we just don't know when.

Stocks are fundamentally

(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	19.3%	18.2%	10.6%	8.7%	3.1%	2.1%
Dow30 Portfolio	5.8%	4.6%	-3.4%	0.0%	0.0%	0.0%
Index						
S&P 500 TR	29.8%	28.8%	10.7%	9.3%	2.9%	0.2%
Dow Industrials	24.5%	23.6%	6.5%	8.7%	3.1%	0.2%

CONTENTS

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

Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 11/29/2013							
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	9.14	2,278	20,820.92	12.2%
23-Sep	sell	MCC	13.48	1,000	13,470	WTT			1.00	0.87	2.50	4,500	11,250.00	6.6%
30-Sep	sell	WTT	2.01	1,000	2,000	OPLK			13.00	12.84	16.22	600	9,732.00	5.7%
14-Oct	raise buy limit on M/C (NAV is \$17.56)													
14-Oct	sell	MCGC	5.16	1,500	7,730	MCGC		10.8%	4.80	4.79	4.81	3,300	15,873.00	9.3%
4-Nov	buy	MCGC	4.79	3,300	15,817	NGPC		8.7%	7.15	7.04	7.78	2,000	15,560.00	9.1%
						MVC		3.8%	14.50	12.71	14.52	1,200	17,424.00	10.2%
25-Nov	sell	GAIN	7.47	1,000	7,460	IRET	7.85	6.3%	8.50	8.35	8.81	950	8,369.50	4.9%
25-Nov	buy	O	38.28	100	3,838	O	38.00	5.5%	41.00	39.96	38.11	300	11,433.00	6.7%
<div style="background-color: #d9ead3; padding: 2px; display: inline-block;">Above in green shows end price still below buy limit.</div> <div style="background-color: #fce4d6; padding: 2px; display: inline-block;">Shown below is watch list for potential purchase at or below buy limit.</div>														
Dividends												8,532.40	5.0%	
Money Market											1.00	51,836	51,836.00	30.3%
Total Valuation=												170,830.82	100.0%	

REVIEW since last issue

12/2 No changes. Only one recommended stock is still below its buy limit.

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.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	19.3	70.8
S&P 500 TR	15.0%	1.9	14.1	29.8	73.6

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: 11/29/2013						
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

12/2 No changes.

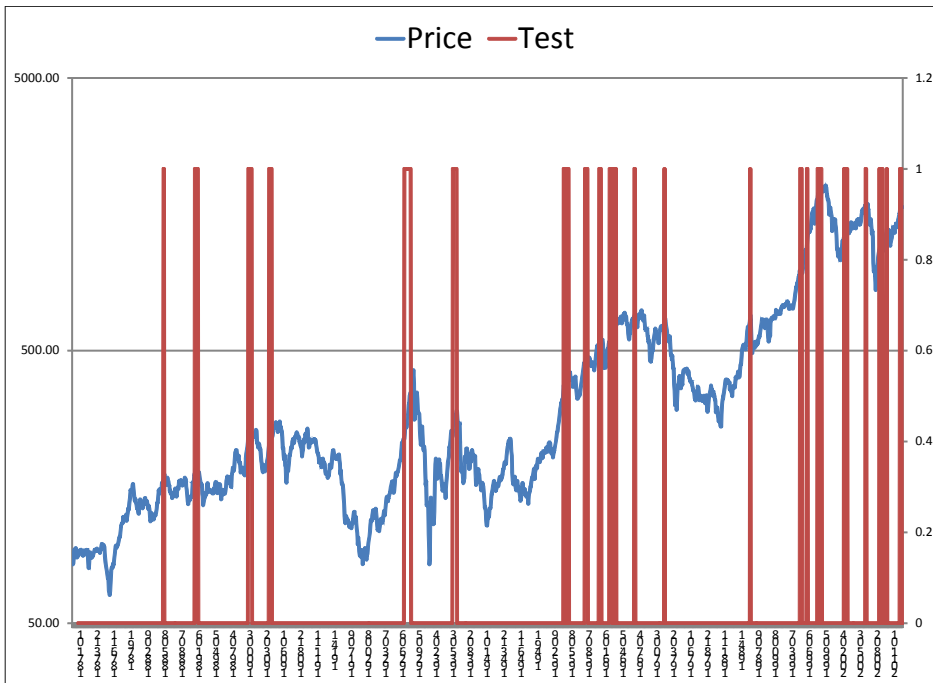
11/25 No changes.

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.

Top Timing Model (preliminary)



The chart shows the deflated (inflation adjusted) S&P 500 (Price in blue) from 1871 through the present. The red spikes (Test) are a measure of when the market is set for a decline. It does a pretty good job at identifying these times, though there are some premature spikes (mainly because of short-term surges off of recent bear market bottoms).

Currently, there is a spike. It doesn't mean the market can't go higher, but it means risk to the downside is substantial.

It does not show bottom buying areas.

(Continued from page 1)

overvalued. PE ratio is at 20. CAPE is about 25.

The latest Investor's Intelligence poll shows less than 15% bears, the lowest % bears reading in its history.

Various rates of change measurements are overbought.

Interest rates (long-term) are higher than they've been. Competition is growing, not lessening.

The latest ISM report (today) showed much more strength than expected. Leading economic indicators are climbing.

It will be an interesting scenario. Economic news comes out better than expected, Fed tapers, bulls increase, market overvalued and stocks go down.

How could it go down when the economy is posting stronger numbers?

It is already priced in. Look at the reaction so far today on the ISM number. The market is currently down.

So, get ready to sell. Why prepare yourself? Because it will be hard to do in the face of all that bullish action and news.

Having said that, I want to make clear that the current timing models are mechanical. In other words, the case is clear that the market is overvalued, yet it still climbs. Hence, the timing model is still positive (bullish). At some point, the market will roll over, and the timing model say "sell", but until then, we will maintain

our positions.

Shown above is a preliminary timing chart to show previous confluences of some of the aforementioned events (plus a couple others not mentioned).

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.