

# ETF Selections & Timing

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## New Year Ahead

For all the sound and fury, all the volatility, all the hand wringing, and worry about European dominoes, the stock market ended 2011 essentially where it began. This is, it seems to me, in keeping with the political situations around the world where nothing

appears solved beyond the day to day.

The Wilshire 5000 Total Return Index (broadest measure of the domestic stock market and includes dividends) was up 0.5%. The yearly number though doesn't really tell the tale. It is what happened be-

tween the start and end. To a degree, I suspect 2012 may end up the same, given that this is an election year. Why create waves at this time. Just stay the course, get reelected is the thinking. But then what? More

*(Continued on bottom right on page 12 see REVIEW on top)*



The chart is the DAILY S&P 500 with 200-day simple moving average and showing possible buy signals.

## SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	3.6%	3.6%	1.7	1.2	1.6	0.5%
ETF Growth Portfolio	6.9%	6.9%	1.6	0.4	-0.6	0.0%
Aggrgt Bond (AGG)	4.3%	4.3%	3.6	0.3	1.0	0.4%
Wilshire 5000	0.5%	0.5%	-6.6	12.0	0.9	-0.6%

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# Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 12/30/2012							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 12/30	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total	
29-Aug	buy	PHB	17.88	1,400.0	25,042	AGG	109.00	total bond	109.37	110.25	692.1	76,302.59	70.2%	
6-Sep	buy	BWX	62.00	190.0	11,790	LQD	111.00	corp bond	111.69	113.74	251.8	28,642.92	26.4%	
19-Sep	sell	BWX	61.20	190.0	11,618									
30-Sep	sell	PHB	17.55	1,400.0	24,560									
3-Oct	buy	AGG	110.34	250.0	27,595									
6-Oct	sell	AGG	109.45	752.5	82,351									
17-Oct	buy	AGG	109.37	687.0	75,147									
21-Nov	buy	LQD	111.69	250.0	27,933									
						Money Market					1.00	3,711	3,711.00	3.4%
								Total Valuation=				108,656.51	100.0%	

## WEEKLY REVIEW

1/3 No changes.

12/27 No changes.

12/16 No changes.

12/12 No changes. The likelihood of a European recession has increased with its new austerity package. This will mute our domestic economy strength in the short-term. Bonds should benefit.

11/28 No changes.

11/21 Buy LQD (Investment Grade Corporate Bonds) as noted above. This will bring the Income Portfolio to near fully invested. Please also note the sell stops.

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6		8.7	2.8
Aggregate Bond	2.5%	4.3		6.8	1.9

This shows the returns of previous years, year to date (ytd), and from inception (incptn). It also shows standard deviation (SD).

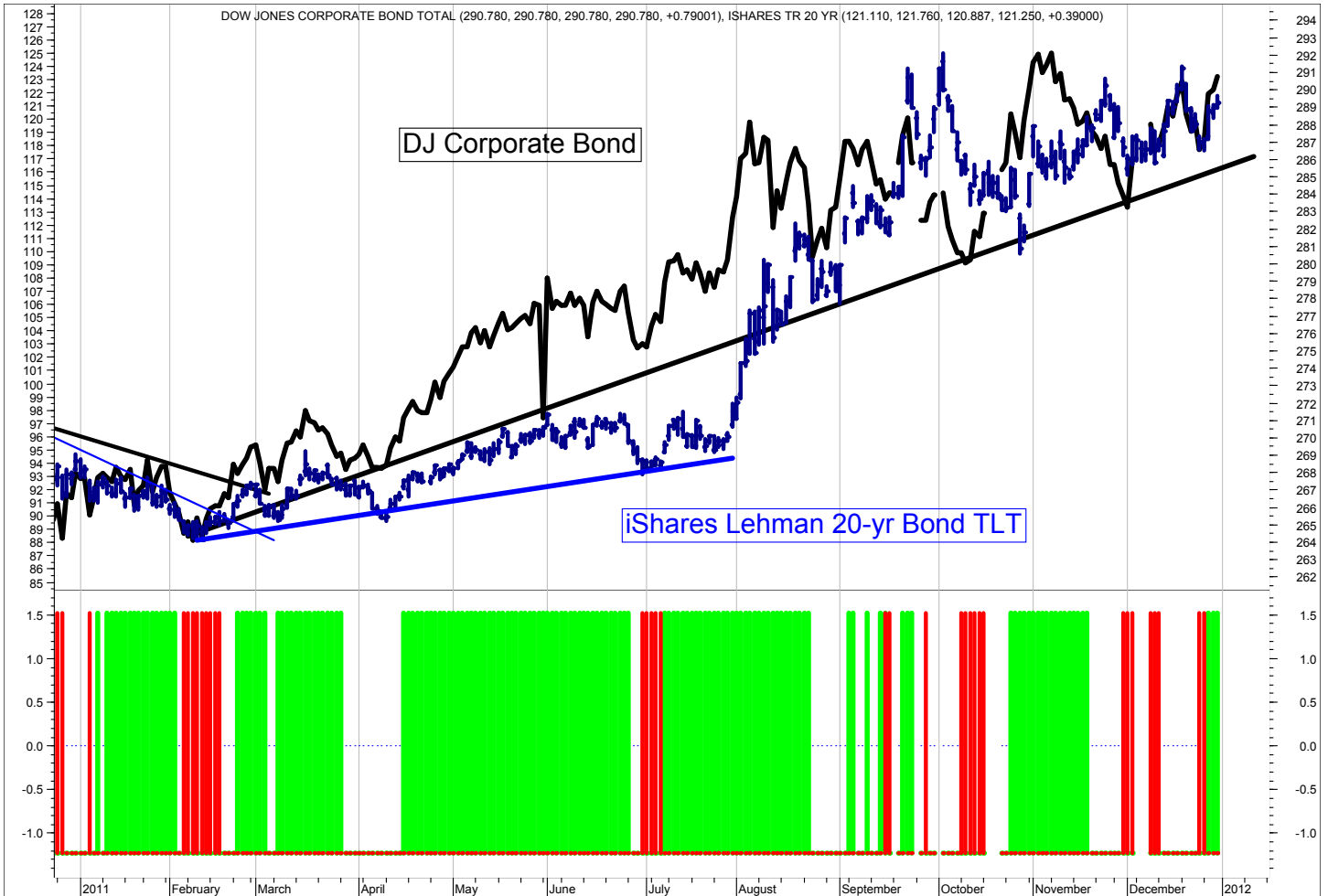
# ETF Income Database and Ranking to 12/31/11

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
iShares 20+ yr Trsry	TLT	B	19.78	27.58	21.92	10.14	1.73	3.88	117.88	*****
PS 1-30 Ldr Trsry	PLW	B	10.65	15.64	11.59	4.15	1.11	2.27	31.87	*****
iShares 10-20yr Trsry	TLH	B	10.57	16.08	11.90	3.35	0.91	2.30	130.38	****
iShares 3-7yr Trsry	IEI	B	3.42	5.90	3.37	0.12	0.10	0.86	121.43	****
iShares 7-10yr Trsry	IEF	B	6.40	11.28	7.57	0.87	0.38	1.48	103.90	****
iShares Trsry Inflt	TIP	B	6.63	7.94	5.30	2.12	0.21	1.07	116.74	****
PS Bld America	BAB	B	11.74	12.61	6.85	3.86	0.58	2.08	28.46	****
Wtree Dryfs Jpn Yen	JYF	B	7.87	5.70	5.87	-1.55	-0.15	1.69	33.57	****
Currency Euro	FXE	B	3.52	-2.60	-6.65	-6.48	-2.92	3.16	133.85	***
iShares Agg Bond	AGG	B	1.87	3.53	1.79	-0.11	-0.59	0.69	109.38	**
iShares High Yld	HYG	B	-2.69	-6.38	-6.28	-1.62	-3.00	2.23	86.60	**
iShares Inter Bond	MBB	B	-1.39	2.31	0.69	-0.61	-0.14	0.64	107.80	**
iShares Inter Gov	GVI	B	0.87	2.31	0.92	-0.71	-0.65	0.56	110.51	**
iShares Intrntl Tbond	IGOV	B	-0.27	-4.12	-6.47	-9.40	-5.08	2.42	99.61	**
iShares Long Corp Bond	LQD	B	0.52	1.35	-0.67	-1.46	-3.50	1.18	110.69	**
PS DB Dollar Bearish	UDN	B	4.34	-1.37	-4.39	-5.19	-2.46	2.51	27.41	**
PS DB Dollar Bullish	UUP	B	-6.13	-0.14	3.38	4.70	2.27	2.58	22.06	**
PS DB G10 Currency	DBV	B	3.56	0.04	-3.59	-1.65	-2.13	2.32	23.87	**
PS Emrg Mrkt Svrgn Debt	PCY	B	0.26	2.82	-0.85	-3.16	-1.79	1.94	26.94	**
PS Fdmntl Hi Yield Corp	PHB	B	-0.72	-3.29	-4.01	-0.11	-1.64	1.45	17.95	**
PS Insrđ CA Muni	PWZ	B	1.93	6.47	3.21	0.85	-0.09	1.58	23.80	**
PS Insrđ Natl Muni	PZA	B	2.18	6.02	2.88	0.38	-0.17	1.55	23.95	**
PS Insrđ NY Muni	PZT	B	2.00	5.76	3.35	0.73	-0.13	1.35	23.45	**
SPDR Intrntl TBond	BWX	B	3.66	-0.32	-4.46	-6.32	-3.22	2.36	59.14	**
Vngrđ Intrmđt Bond	BND	B	1.77	3.75	2.04	-0.05	-0.31	0.67	83.36	**
Wtree Dryfs Brazil Real	BZF	B	-9.89	-3.68	-9.95	-10.69	-3.90	3.74	25.89	**
Wtree Dryfs Chns Yuan	CYB	B	1.55	0.95	0.51	-0.81	-0.04	0.90	25.61	**
Wtree Dryfs Emrg Crrncy	CEW	B	-6.63	-5.72	-8.89	-7.78	-2.94	2.56	21.11	**
Wtree Dryfs Euro	EU	B	-3.76	-9.57	-13.37	-13.34	-9.79	3.53	20.22	**
Wtree Dryfs N Zlnd Dollar	BNZ	B	0.34	-0.85	0.56	-8.00	-10.93	3.66	23.46	**
Wtree Emrg Mrkt Lcl Debt	ELD	B	-3.60	-3.31	-7.71	-8.43	-3.12	2.91	49.30	**
iShares 1-3yr Trsry	SHY	B	0.34	0.74	0.20	-0.20	-0.01	0.19	84.54	**
PS Low Duration	PLK	B	-0.12	0.36	0.00	-0.12	-0.17	0.34	25.40	**
PS Prfd	PGX	B	-4.14	-3.67	-5.40	-3.12	-2.43	1.19	13.66	**
Vngrđ ShrtTrm Bond	BSV	B	-0.32	1.02	0.13	-0.65	-0.28	0.43	81.25	**
Wtree Dryfs Indn Rupee	ICN	B	-7.88	-9.82	-11.58	-10.63	-5.82	2.79	23.97	**
Wtree Dryfs S Africa Rand	SZR	B	-21.18	-13.58	-16.44	-15.36	-5.41	4.15	24.21	**
PS VRDO Tax Free Wkly	PVI	B	0.04	0.04	0.04	-0.04	0.00	0.02	25.00	*
Wtree Dryfs Comđty Cur	CCX	B	2.92	-2.69	-7.08	-7.61	-2.80	NA	25.73	*

ETF data on pages 3, 7, 8, and 9 are for the periods shown (12months, 9, 6, 3, and 1) through the previous month's close. Generally, we want to own the top ranked ETFs (shown in green) and avoid or short the lower ranked ETFs (shown in red).

This is the ETF Income Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. CS is Comet Strength (not shown). C is Comet (not shown), which is an ETF's risk-adjusted performance; the higher the better. V, CS, and C are proprietary tools. Rank column shows the number of comets.

# SLM Bond Timing Model



The SLM Bond Timing Model is based on the expected direction of the Corporate Bond market. The green bars are bullish (expect higher prices and lower yields) and the red bars are bearish (expect lower prices and higher yields). White spaces indicate that the previous signal is still in effect.

## WEEKLY REVIEW

1/3 The Bond Timing Model has now shifted to bullish from bearish based on the trend changes. It is still a volatile market.

12/27 The Bond Timing Model continues to show bearish, but I continue to hold my bond positions. Watch the stops.

12/19 Still bullish on bonds. The Bond Timing Model is designed to follow trends, hence it hasn't yet switched from bearish to bullish. I am, however, still bullish.

12/12 Still bullish on bonds.

12/5 Even though the Bond Timing Model shifted to bearish based on trends, I am still on a bullish buy.

11/28 Still on a buy corporate bond signal.

# Income Charts



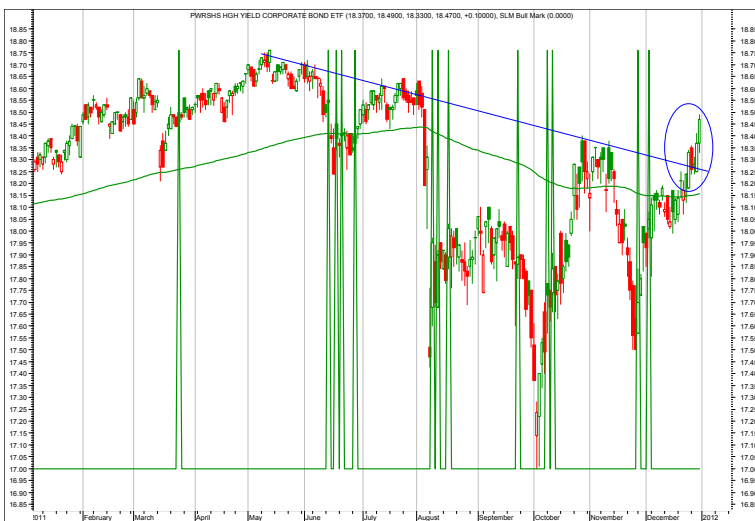
## AGG—Aggregate Bond Market

1/3 Still in an uptrend, but is it weakening?  
 12/27 The longer-term trend remains up for bond prices (down for yields).  
 12/19 No change.  
 12/12 No change.  
 12/5 No change, but the uptrend was broken.  
 11/28 No change.  
 11/21 No change.  
 11/14 No change.  
 11/4 No changes.  
 10/31 Bouncing off support. (See also page 12 for more information.)



## LQD—Corporate Bonds

1/3 Same question as above.  
 12/27 No change.  
 12/19 Still bullish.  
 12/12 No change.  
 12/5 So far so good.  
 11/28 Still a good buying opportunity.  
 11/21 LQD has sharply corrected to a good entry area. See the Portfolio.



## PHB—High Yield

1/3 Potential breakout for high yield bonds? This perhaps signals a stronger economy ahead.  
 12/27 Here are the potential buy signals. The signals appear very short term trading oriented.  
 12/19 Given that high yield corporate bonds have rolled over below their 200-day simple moving average, I am showing the sell signals from the preliminary work on the newish timing model being worked on.

Each chart shows daily prices (top portion), volume (bottom portion), a moving average (smoothed red line on price portion, a relative strength indicator between the ETF and AGG (Aggregated bond ETF) (orange line), and red spikes. The spikes show potential places to buy and sell short. If the moving average is trending down, the spike shows a potential sell shorts. If the moving average is trending up, the spike shows potential buys. The charts do not show selling or covering signals.

# Growth Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		12/30/2012		
Action Date	Action Symbol	Action Price	# of Shares	Action Value	Closing Stop as of 12/5	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
3-Oct	short	EWP	30.94	(100)	(3,104)	LONG ETFs-					
3-Oct	sell	QQQ	51.14	220	11,241						0.0%
10-Oct	cover	EWP	34.75	100	3,485						
28-Nov	buy	QQQ	54.72	1,000	54,730						
5-Dec	buy	DGL	60.10	100	6,020						
8-Dec	sell	QQQ	56.33	1,000	56,320	SHORT ETFs-					
13-Dec	sell	DGL	56.19	100	5,609						
Cash from short Money Market							1.00			-	0.0%
							1.00	115,531		115,531.00	100.0%
Total Valuation=										115,531.00	100.0%

## WEEKLY REVIEW

1/3 No changes.

12/27 No changes.

12/19 Portfolio is all in cash. Stopped out of the gold position last week.

12/12 Sold QQQ last week, taking profits. Still holding DGL, but may get stopped out today at close. Apparently investors are selling gold to scramble for dollars.

12/5 We're in the bounce mentioned last week. Will watch for resistance. Please watch for possible emails this week for updates.

	2010	2011	ytd 2012	Incptn	SD
ETF Growth Portfolio	8.1%	6.9		15.5	5.5
Wilshire 5000 TR	17.7%	0.5		18.3	9.6

This shows the returns of previous years, year to date (ytd), and from inception (incptn). It also shows standard deviation (SD).

# Top ETF Growth Ranking to 12/31/11 (month end)

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
Guggnhm Dfnsv Eqty	DEF	EV	10.92	3.88	-1.23	3.24	-0.29	2.32	26.53	*****
iShares Gold	IAU	EG	25.81	23.71	13.81	-4.26	1.73	5.32	17.06	*****
PS DB Gold	DGL	EG	24.48	22.78	13.28	-4.45	1.50	5.23	61.01	*****
PS Dynmc Pharma	PJP	EA	21.90	17.02	0.44	5.59	2.33	4.15	27.22	*****
Select SPDR Cnsmr Stpl	XLP	EA	12.64	7.34	-1.27	3.27	2.77	2.84	31.90	*****
Select SPDR Utilities	XLU	EA	14.47	9.65	3.96	3.89	1.03	1.80	35.21	*****
SPDR Gold	GLD	EG	25.63	23.59	13.69	-4.27	1.67	5.30	170.13	*****
Vngrd Cnsmr Stpls	VDC	EA	12.61	9.44	-0.55	2.94	2.03	2.65	81.27	*****
Vngrd Utilities	VPU	ELC	14.30	8.58	3.06	3.63	1.07	1.82	75.09	*****
Wtree Eqty Income	DHS	EGI	11.43	3.55	-2.16	3.63	1.24	2.80	41.71	*****
Guggnhm Spin Off	CSD	EMC	7.19	-2.24	-6.74	4.01	1.22	4.02	23.11	****
iShares DJ Slct Div	DVY	EGI	10.62	2.81	-2.37	3.67	1.38	2.86	52.83	****
PS Buyback Achievers	PKW	EGI	12.47	1.27	-3.81	6.57	1.04	3.83	26.24	****
PS DB Oil	DBO	EA	11.46	-4.37	-6.58	9.33	8.92	6.60	28.70	****
PS DB Precious Metals	DBP	EG	22.67	16.80	6.47	-8.18	0.59	7.27	61.19	****
PS Dividend Achievers	PFM	EGI	9.18	0.82	-2.90	3.80	1.30	2.95	14.75	****
PS Dynmc Cnsmr Staples	PSL	EA	8.77	4.18	-5.49	0.57	-1.68	3.39	30.39	****
PS Dynmc Lrg Cap Value	PWV	ELC	7.12	-3.44	-6.74	4.24	0.26	3.55	18.95	****
PS Dynmc Retail	PMR	EA	9.88	6.08	-1.57	7.39	-1.02	4.66	21.28	****
PS Hi Yld Eqty Div	PEY	EGI	6.38	1.58	0.00	6.63	1.24	2.71	9.01	****
PS Mega Cap	PMA	ELC	8.37	-2.81	-4.92	2.37	-2.12	3.63	25.90	****
PS S&P 500 BuyWrite	PBP	ELC	-2.96	-1.37	-2.96	7.38	2.10	2.56	20.95	****
PS S&P 500 High Qlty	PIV	ELC	8.55	-0.29	-4.52	4.49	0.72	3.49	13.96	****
PS S&P SmICap Cnsmr Stpl	PSCC	EA	9.43	3.29	-7.21	-0.52	-0.61	3.66	30.74	****
PS S&P SmICap Hlth Care	PSCH	EA	21.93	5.80	-8.94	5.76	3.19	5.43	31.38	****
PS S&P SmICap Utilities	PSCU	EA	8.76	5.36	-1.63	0.50	-0.40	2.69	30.06	****
Select SPDR Cnsmr Disc	XLY	EA	7.16	-1.70	-4.20	3.11	-0.72	4.06	38.74	****
Select SPDR Div	SDY	EGI	6.22	-0.35	-2.82	3.82	1.30	2.90	53.80	****
Select SPDR Health	XLV	EA	11.93	3.71	-6.18	1.44	0.95	3.40	33.88	****
Select SPDR Technlgy	XLK	EA	6.97	-3.54	-3.17	4.83	-1.50	3.90	25.62	****
SPDR DJ Industrials	DIA	ELC	9.10	-1.60	-4.23	3.66	0.71	3.55	120.19	****
SPDR NASDAQ 100	QQQ_O	ELC	8.27	-2.39	-3.38	2.42	-2.69	4.09	56.39	****
Vngrd Cnsmr Dis	VCR	EA	6.19	-1.76	-5.19	3.00	-1.40	4.36	62.11	****
Vngrd Div Apprctn	VIG	EGI	8.34	-1.38	-4.02	4.05	1.87	3.46	54.44	****
Vngrd Grth	VUG	ELC	6.70	-3.11	-5.33	2.84	-0.21	3.85	62.30	****
Vngrd Health	VHT	EA	11.71	3.40	-6.86	1.80	0.93	3.54	60.66	****
Vngrd Tech	VGT	EA	6.59	-4.64	-3.89	5.51	-1.99	4.38	62.46	****
Wtree Div Ex Fincl	DTN	ELC	11.42	2.69	-2.89	4.03	1.37	3.04	51.14	****
Wtree LrgCap Div	DLN	ELC	9.88	-0.48	-3.90	3.62	1.05	3.13	48.06	****

This page shows the top ranked ETF Growth Database. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. CS is Comet Strength (not shown). C is Comet, which is an ETF's risk-adjusted performance; the higher the better (not shown). This gives us the Rank column (shown).

Generally speaking, we want to own the top-ranked ETFs with 5 and 4 comets. (Comets, not stars, because unlike stars that are fixed, comets come into and out of prominence. We want our thinking, our metaphor aligning with reality.



# Middle ETF Growth Ranking to same month end

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
<b>Guggnhm Candn Enrg Incm</b>	ENY	EWR	-9.88	-29.06	-24.30	-8.79	-1.59	7.52	16.70	***
Guggnhm China All	YAO	EWR	-16.61	-14.03	-19.90	-7.86	-1.22	5.89	23.10	***
Guggnhm Gbl Div	LVL	EW	-1.66	-12.28	-15.48	-4.75	-1.35	5.12	13.65	***
Guggnhm Gbl Wtr	CGW	EW	0.62	-6.10	-11.62	-2.20	-0.71	3.96	19.55	***
Guggnhm Insdr Sent	NFO	EMC	3.01	-7.26	-12.90	-0.35	-1.71	5.34	31.53	***
<b>Guggnhm Intrntl A Incm</b>	HGI	EW	-9.82	-16.45	-17.43	-6.35	-2.13	4.95	16.53	***
Guggnhm MidCap Core	CZA	EMC	5.83	-4.38	-8.89	2.28	-0.47	4.27	29.22	***
Guggnhm Multi Ast In	CVY	EV	3.83	-4.47	-7.71	-0.54	-0.83	3.18	20.31	***
Guggnhm Ocn Grth	OTR	ELC	5.59	-3.28	-6.57	-2.01	-3.31	3.57	28.32	***
Guggnhm Ocn Tomo	OTP	ELC	0.89	-10.86	-11.69	0.90	-2.47	4.45	24.40	***
<b>Guggnhm RJ All</b>	RYJ	ELC	4.85	-10.01	-12.15	1.96	-1.89	5.67	20.31	***
<b>Guggnhm Sctr Rotn</b>	XRO	ELC	-4.47	-10.67	-14.47	-1.08	-1.63	5.03	23.12	***
<b>iShares Cohen&amp;Str REIT</b>	ICF	ERE	7.14	-5.58	-10.51	-3.15	-4.00	4.99	67.67	***
<b>iShares EAFE Indx</b>	EFA	EW	-5.57	-16.75	-17.43	-4.35	-2.18	5.24	51.24	***
<b>iShares Emrg Mrkt Stk</b>	EEM	EW	-10.65	-12.62	-17.56	-6.41	-1.97	5.89	40.01	***
<b>iShares Europe 350</b>	IEV	EW	-4.56	-17.86	-20.80	-4.01	-3.07	6.55	34.72	***
<b>iShares Latin Amr</b>	ILF	EW	-14.65	-16.47	-16.72	-7.35	-4.11	5.63	43.62	***
<b>iShares Mexico</b>	EWV	EW	-6.89	-9.96	-11.75	-6.38	-0.45	4.89	55.03	***
<b>iShares REIT</b>	IYR	ERE	1.95	-8.98	-12.20	-3.64	-3.67	4.43	55.14	***
<b>iShares Russel 2000</b>	IWM	ESC	1.35	-10.38	-13.10	1.49	-0.38	5.46	73.73	***
<b>iShares Russel MidVal</b>	IWS	EV	2.42	-9.40	-11.97	1.15	-0.60	4.37	43.16	***
<b>iShares Silver</b>	SLV	EG	16.62	-3.35	-14.89	-20.89	-4.31	14.36	32.00	***
<b>iShares Slct Div</b>	IDV	ELC	-2.48	-14.05	-16.85	-5.91	-3.22	5.54	30.70	***
<b>iShares Spain</b>	EWP	EW	-4.86	-21.78	-23.92	-8.46	-6.67	7.61	32.89	***
<b>PS Aerospace &amp; Def</b>	PPA	EA	1.15	-9.75	-10.78	2.56	-0.44	4.26	18.05	***
<b>PS BLDR Dvlpd Mrkt 100 ADR</b>	ADRD	EW	-4.10	-17.01	-15.95	-3.17	-2.98	5.50	19.18	***
<b>PS BLDR Emrg Mkt 50 ADR</b>	ADRE	EW	-11.38	-14.82	-15.25	-5.90	-2.45	4.98	39.89	***
<b>PS BLDR Europe 100 ADR</b>	ADRU	EW	-2.73	-16.09	-17.39	-2.32	-5.23	6.08	18.86	***
<b>PS Cleantech</b>	PZD	EA	-7.13	-19.35	-22.84	-8.62	-2.22	5.82	22.47	***
<b>PS DB Agriculture</b>	DBA	EA	-0.34	-17.10	-11.43	-15.01	-4.67	4.81	28.99	***
<b>PS DB Commodity</b>	DBC	EA	10.25	-7.00	-8.63	-8.36	-0.29	5.02	27.64	***
<b>PS DB Energy</b>	DBE	EA	14.90	-5.27	-8.10	-2.91	1.47	5.47	28.38	***
<b>PS DB Silver</b>	DBS	EG	15.52	-3.32	-15.06	-21.16	-4.15	14.50	57.39	***
<b>PS DWA Dvlpd Mrkt T Ldrs</b>	PIZ	ELC	-10.51	-18.16	-21.25	-8.59	-1.98	5.87	18.30	***
<b>PS DWA Emrg Mrkt T Ldrs</b>	PIE	EW	-6.16	-4.81	-12.46	-9.17	0.98	6.15	16.44	***
<b>PS DWA Tech Ldr</b>	PDP	ELC	6.93	-3.16	-8.12	-0.37	0.46	4.23	24.21	***
<b>PS Dyn MagniQuant</b>	PIQ	ELC	-0.30	-9.44	-12.60	-0.85	-2.75	5.34	23.30	***
<b>PS Dyn Mrkt</b>	PWC	ELC	-4.37	-13.46	-15.49	-1.73	-3.14	4.86	40.44	***
<b>PS Dyn OTC</b>	PWO	ESC	-5.47	-13.63	-16.80	-2.05	-5.23	5.02	44.41	***
<b>PS Dynmc Banking</b>	PJB	EA	-5.39	-14.89	-11.18	7.07	0.72	4.53	11.20	***
<b>PS Dynmc Basic Matrl</b>	PYZ	EA	-3.93	-13.26	-18.78	-5.05	-1.19	6.18	32.50	***
<b>PS Dynmc Biotech</b>	PBE	EA	-2.84	-7.18	-16.03	-1.16	-3.89	5.01	19.53	***
<b>PS Dynmc Bldg Cnstrctn</b>	PKB	EA	-6.05	-15.47	-14.97	2.11	-1.10	5.44	11.64	***
<b>PS Dynmc Consmr Discr</b>	PEZ	EA	-0.48	-3.65	-9.05	-0.24	-3.80	4.99	24.82	***
<b>PS Dynmc Energy</b>	PXI	EA	11.38	-8.46	-9.44	1.15	0.03	7.47	38.75	***
<b>PS Dynmc Energy Explor</b>	PXE	EA	9.07	-14.30	-12.37	-1.88	-0.86	7.68	22.96	***
<b>PS Dynmc Fncl</b>	PFJ	EA	-0.37	-12.20	-11.37	1.73	-1.56	4.36	17.63	***
<b>PS Dynmc Food &amp; Bev</b>	PBJ	EA	5.43	1.73	-7.75	-2.54	-1.21	3.70	18.82	***
<b>PS Dynmc Healthcare</b>	PTH	EA	10.84	-0.45	-11.52	1.05	-0.52	4.57	28.25	***
<b>PS Dynmc Indstrls</b>	PRN	EA	-1.15	-12.43	-14.57	1.90	-1.29	5.96	27.09	***
<b>PS Dynmc Leisure &amp; Enter</b>	PEJ	EA	0.83	-2.98	-7.92	-1.35	-1.14	4.70	18.25	***
<b>PS Dynmc Lrg Cap Grth</b>	PWB	ELC	3.91	-4.14	-7.16	2.92	0.25	4.20	16.20	***
<b>PS Dynmc Media</b>	PBS	EA	-2.21	-15.98	-17.17	-2.88	-3.53	5.54	12.83	***
<b>PS Dynmc Networking</b>	PXQ	EA	2.94	-11.72	-11.69	11.65	1.46	6.65	25.34	***
<b>PS Dynmc Oil &amp; Gas Srvcs</b>	PXJ	EA	4.13	-15.43	-14.71	-1.72	2.72	9.34	21.16	***
<b>PS Dynmc Semicndctr</b>	PSI	EA	-8.42	-21.87	-22.18	4.29	-4.26	7.71	13.93	***
<b>PS Dynmc Software</b>	PSJ	EA	2.20	-8.88	-9.49	6.80	-2.47	4.74	24.26	***
<b>PS Dynmc Technology</b>	PTF	EA	-3.98	-15.24	-14.17	4.27	-3.67	5.53	23.39	***
<b>PS Dynmc Utilities</b>	PUI	EA	6.31	-0.37	-7.89	0.06	0.58	2.57	16.17	***
<b>PS FTSE RAFI Asia Pac xJpn</b>	PAF	EW	-1.90	-8.80	-15.59	-4.69	-1.46	5.99	50.20	***
<b>PS FTSE RAFI Dvlp Mrkt xUSA</b>	PXF	EW	-8.81	-19.66	-19.85	-4.27	-2.22	5.82	33.84	***
<b>PS FTSE RAFI Dvlp Mrkt xUSA Sml</b>	PDN	EW	-4.27	-14.85	-15.15	-7.44	-2.18	4.45	21.51	***
<b>PS FTSE RAFI US 1500 Sml-Mid</b>	PRFZ	EMC	0.07	-12.38	-13.59	1.06	-1.04	5.45	59.87	***
<b>PS Gbl Agriculture</b>	PAGG	EA	-5.14	-15.55	-15.78	-11.55	-5.02	5.62	28.03	***
<b>PS Gbl Gold Precious Mtls</b>	PSAU	EG	-5.49	-5.57	-3.92	-8.53	1.49	6.36	45.80	***
<b>PS lbtstn Altrntv</b>	PTO	ELC	-1.73	-4.68	-7.66	-5.95	-2.35	2.71	11.22	***

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# Middle ETF Growth Ranking to same month end

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
PS Intrntl Dvnd	PID	EW	0.68	-7.82	-11.21	-3.14	-3.16	4.26	14.73	***
PS Mrngstr Stk	PYH	ELC	4.32	-7.61	-6.91	1.59	-0.90	3.73	19.79	***
PS NASDAQ Intrnt	PNQI	EA	0.38	-5.43	-12.29	-5.76	-3.59	5.80	34.69	***
PS RvrFrnt Tac Bal	PAO	EGI	-5.92	-12.26	-13.91	-3.38	-1.55	3.56	11.45	***
PS RvrFrnt Tac G&I	PCA	EGI	-2.86	-7.01	-8.68	-2.16	-2.48	2.55	12.21	***
PS S&P SmlCap Cnsmr Dis	PSCD	EA	-2.04	-5.24	-11.42	0.53	-3.01	5.64	26.38	***
PS S&P SmlCap Energy	PSCE	EA	14.66	-11.10	-11.40	5.48	3.75	9.79	34.83	***
PS S&P SmlCap Fincl	PSCF	EA	4.52	-6.80	-7.92	2.41	-1.53	4.28	26.10	***
PS S&P SmlCap Indstrils	PSCI	EA	0.30	-9.79	-10.81	1.12	-1.34	5.59	26.91	***
PS S&P SmlCap Info Tech	PSCT	EA	2.84	-11.39	-12.91	6.95	-0.21	6.32	27.85	***
PS S&P SmlCap Mtrls	PSCM	EA	-4.80	-11.54	-14.45	-2.18	-2.48	5.07	25.61	***
PS US REIT	PSR	ERE	8.75	-2.77	-8.11	-2.18	-4.51	4.49	48.47	***
PS Water Resources	PHO	EA	-2.88	-12.65	-13.57	0.00	0.53	5.15	17.20	***
PS WilderHill Prgsv Enrgy	PUW	EA	-12.28	-22.34	-21.10	-3.96	-3.19	6.43	23.05	***
PS Zacks Micro Cap	PZI	ESC	-7.59	-18.09	-17.15	0.60	-0.98	5.98	10.10	***
Select SPDR Enrgy	XLE	EA	13.01	-9.77	-8.09	3.25	1.66	6.70	70.87	***
Select SPDR Indl	XLI	EA	3.93	-8.43	-9.94	4.60	1.41	5.03	33.89	***
Select SPDR Matrils	XLB	EA	-1.90	-12.52	-13.16	-2.32	0.20	5.13	34.52	***
SPDR DJ Gbl Titans	DGT	EW	-5.62	-16.53	-15.30	-3.35	-1.92	4.76	51.61	***
SPDR Euro Stoxx 50	FEZ	EW	-8.84	-24.24	-25.51	-4.99	-3.90	7.96	31.03	***
SPDR S&P 500	SPY	ELC	5.48	-6.13	-7.35	2.27	-0.41	3.80	124.99	***
SPDR Wish REIT	RWR	ERE	5.70	-5.93	-10.50	-3.01	-3.95	4.85	62.15	***
Vngrd Emrg Mrkt	WVO	EW	-10.36	-12.04	-16.88	-7.08	-1.71	5.68	40.82	***
Vngrd Extn 4500	VXF	ELC	2.44	-9.37	-12.40	1.08	-0.55	5.17	52.44	***
Vngrd Large Cap	VV	ELC	5.31	-6.35	-7.84	1.98	-0.44	3.88	57.10	***
Vngrd Materials	VAW	ELC	-0.62	-10.26	-12.26	-1.43	0.54	5.46	76.45	***
Vngrd MidCap Val	VO	EMC	3.79	-7.63	-11.18	1.27	-0.62	4.67	73.17	***
Vngrd Small Cap	VB	ESC	3.39	-8.73	-11.64	2.18	-0.44	5.34	70.44	***
Vngrd Small Cap Grth	VBK	ESC	6.37	-7.67	-11.91	2.32	-0.66	5.85	77.23	***
Vngrd Small Cap Value	VBR	ESC	0.40	-9.81	-11.26	2.11	-0.14	4.80	63.51	***
Vngrd TTL Stock	VTI	ELC	4.93	-6.80	-8.45	2.01	-0.37	3.99	64.04	***
Wtree DEFA	DWM	EW	-3.72	-15.38	-17.39	-5.16	-2.14	5.33	42.47	***
Wtree DEFA Eqty Incm	DTH	EW	-1.51	-14.73	-17.32	-4.59	-3.70	6.07	37.81	***
Wtree Emrg Mrkt Eincm	DEM	EW	-6.41	-9.78	-16.40	-8.66	-0.46	5.18	52.39	***
Wtree Emrg Mrkt SC Div	DGS	EW	-16.45	-15.05	-21.90	-10.50	-1.48	6.29	42.72	***
Wtree Gbl Eqty Incm	DEW	EW	-2.17	-12.38	-15.02	-5.29	-3.15	4.99	39.21	***
Wtree Intrntl Div Ex Fincl	DOO	EW	-0.98	-12.16	-15.93	-3.53	-1.77	5.44	41.03	***
Wtree Intrntl LC Div	DOL	EW	-3.40	-15.19	-16.59	-3.74	-2.74	5.76	41.14	***
Wtree Intrntl SC Div	DLS	EW	-3.89	-15.05	-16.35	-6.79	-1.75	4.59	45.27	***
Wtree Intrntl Utilities	DBU	EA	-4.94	-16.36	-15.87	-7.29	-1.80	4.88	18.18	***
Wtree Japan SC Div	DFJ	EWR	4.80	-8.62	0.95	-3.02	2.25	3.27	42.33	***
Wtree LrgCap Grth	ROI	ELC	1.97	-7.97	-7.92	1.09	-2.16	4.24	35.75	***
Wtree MidCap Div	DON	EMC	5.91	-4.62	-8.60	0.99	-0.39	3.79	51.23	***
Wtree MidCap Earn	EZM	EMC	5.09	-6.90	-10.36	1.98	-0.74	5.03	53.50	***
Wtree Middle East Div	GULF	EW	-7.13	-3.81	-8.21	0.00	1.14	3.71	15.10	***
Wtree S&P 500	EPS	ELC	5.18	-5.55	-6.63	2.63	-1.26	3.67	43.22	***
Wtree Sml Cap Div	DES	ESC	-1.02	-8.22	-9.10	1.97	-0.16	4.11	44.43	***
Wtree Ttl Earn	EXT	ELC	4.90	-6.08	-7.32	2.31	-1.14	3.83	44.30	***
Wtree World Ex US Grth	DNL	EW	-7.80	-12.52	-17.51	-8.80	-1.86	5.49	47.49	***

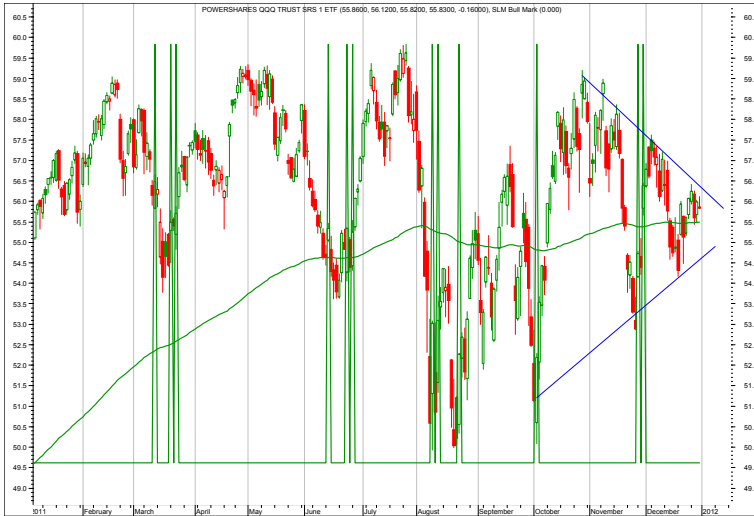
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

## Bottom ETF Growth Ranking to same month end

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
<b>Guggnhm BRIC</b>	EEB	EW	-14.36	-16.67	-17.49	-7.99	-3.98	5.39	37.88	**
<b>Guggnhm China REIT</b>	TAO	EWR	-22.67	-18.14	-24.22	-14.93	-4.57	6.53	15.21	**
<b>Guggnhm China Sml</b>	HAO	EWR	-30.06	-21.78	-24.97	-8.72	2.72	6.99	21.87	**
<b>Guggnhm Euro-Pac</b>	EEN	EW	-17.15	-24.63	-24.93	-13.95	-12.07	6.40	15.30	**
<b>Guggnhm Frntr</b>	FRN	EW	-19.21	-13.30	-16.89	-11.69	-4.05	4.76	19.07	**
<b>Guggnhm Intrntl SmlCap</b>	XGC	EW	-28.18	-29.75	-30.30	-18.32	-8.35	6.72	16.72	**
<b>Guggnhm Timber</b>	CUT	EA	-13.21	-23.96	-24.26	-8.77	-2.36	5.67	16.95	**
<b>iShares Canada</b>	EWC	EW	-6.38	-18.44	-16.53	-8.13	-2.76	4.45	27.46	**
<b>iShares China</b>	FXI	EW	-16.43	-14.67	-20.17	-6.24	0.44	5.31	36.22	**
<b>PS BLDR Asia 50 ADR</b>	ADRA	EW	-11.53	-19.10	-15.30	-5.59	-1.91	4.17	23.63	**
<b>PS DB Base Metals</b>	DBB	EG	-6.99	-21.22	-16.79	-14.03	-0.65	5.59	19.97	**
<b>PS Dyn Dvlp Intrnl Opp</b>	PFA	EW	-8.02	-19.85	-20.98	-8.74	-3.38	5.41	15.14	**
<b>PS Emrg Mrkt Infrastrctr</b>	PXR	EW	-21.77	-24.13	-28.36	-13.48	-5.18	7.49	38.77	**
<b>PS FTSE RAFI Emrg Mrkt</b>	PXH	EW	-13.11	-17.08	-18.57	-7.12	-2.39	5.36	21.27	**
<b>PS Glbl Coal</b>	PKOL	EA	-20.88	-26.40	-25.38	-12.16	-4.99	7.69	27.02	**
<b>PS Glbl Listd Prvt Eqty</b>	PSP	EW	-20.25	-28.51	-30.70	-10.44	-6.86	7.15	8.15	**
<b>PS Glbl Nuclr Enrgy</b>	PKN	EW	-18.20	-24.86	-16.67	-3.00	-1.82	5.37	16.50	**
<b>PS Glbl Water</b>	PIO	EW	-10.74	-18.02	-21.70	-7.09	-3.19	5.05	16.38	**
<b>PS Glbl Wind Energy</b>	PWND	EW	-20.15	-28.46	-31.03	-13.83	-5.69	6.69	7.29	**
<b>PS Gldn Drgn USX China</b>	PGJ	EW	-20.15	-21.85	-22.08	-12.39	-3.14	5.75	21.28	**
<b>PS India</b>	PIN	EW	-23.18	-17.97	-21.16	-11.75	-9.12	6.86	18.03	**
<b>PS MENA Frntr Countries</b>	PMNA	EW	-19.06	-13.44	-13.77	-5.83	-4.14	3.33	10.83	**
<b>Select SPDR Financls</b>	XLF	EA	-11.41	-23.98	-19.13	-4.26	-5.08	5.15	12.81	**
<b>Vngrd Fincl Srv</b>	VFH	EA	-9.29	-21.57	-18.19	-3.86	-4.27	5.01	27.16	**
<b>Wtree Eur SC Div</b>	DFE	EW	-11.15	-23.63	-27.01	-10.40	-6.38	7.11	33.78	**
<b>Wtree India</b>	EPI	EWR	-29.50	-22.25	-25.49	-15.44	-12.26	7.48	17.54	**
<b>Wtree Intrntl MC Div</b>	DIM	EW	-7.79	-18.25	-19.63	-8.42	-4.05	5.37	44.40	**
<b>Wtree Intrntl REIT</b>	DRW	ERE	-13.11	-16.58	-19.55	-9.29	-1.61	4.88	24.40	**
<b>Wtree Japan Hedge Eqty</b>	DXJ	EC	-12.08	-20.26	-10.40	-2.57	-0.43	3.01	32.23	**
<b>Guggnhm Airline</b>	FAA	EA	-35.93	-28.61	-28.08	-7.64	-8.76	5.96	26.35	*
<b>Guggnhm Shipping</b>	SEA	EA	-47.91	-47.51	-41.82	-19.02	-11.26	6.13	14.35	*
<b>Guggnhm Solar</b>	TAN	EA	-55.18	-62.61	-59.01	-43.77	-12.29	11.40	3.07	*
<b>iShares Prfrd</b>	PFF	EGI	-8.22	-9.01	-10.35	-4.85	-3.67	1.75	35.94	*
<b>PS Fincl Pfd</b>	PGF	EGI	-7.88	-9.52	-11.37	-6.29	-4.13	2.05	16.25	*
<b>PS Glbl Clean Enrgy</b>	PBD	EW	-29.88	-36.95	-37.29	-19.42	-6.55	7.41	9.13	*
<b>PS Glbl Steel</b>	PSTL	EA	-25.39	-34.21	-29.56	-15.75	-7.18	6.48	15.78	*
<b>PS Lux Nanotech</b>	PXN	EA	-35.93	-39.06	-32.25	-14.38	-2.50	6.17	6.24	*
<b>PS WilderHill Cln Enrgy</b>	PBW	EA	-42.56	-48.70	-42.20	-23.86	-8.46	7.60	5.52	*

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# Growth Charts



## QQQ—OTC

1/3 Which way will the market break to from its triangle?  
 12/27 No changes.  
 12/19 This shows the QQQ over the last year. Lots of heat, but no fire.  
 12/12 Sold position on the fall out of the resistance zone.  
 12/5 We're in the resistance zone of 57-58. So watch for a potential turn.  
 11/28 Buying for a bounce back to 57-58 (about 6%).



## DGL—Gold

1/3 No changes.  
 12/27 Getting a series of buy signals on DGL after the big drop.  
 12/19 Stopped out on drop through uptrend line. There is a preliminary buy signal, but at this point I'll ignore it.  
 12/12 Continue to monitor.  
 12/5 Given coordinated easing from central banks around the world, we have a buy signal on DGL. See the Growth Portfolio on page 6.  
 11/28 No change.  
 11/21 Another example of buy signals on a higher ranked ETF.



## XLF—Financials

1/3 Still below its long-term trend line.  
 12/27 Wanted to show the buys against the main trend. Main trend was down, so buys were counterproductive. Shorting would have been better.  
 12/19 Financials have trended down all year long, suggesting that the after effects of 2008 continue to linger.  
 12/12 This is an example of a weak ETF with sell short signals. (FYI, final timing model is still under construction.)

Each chart shows daily prices (top portion), volume (bottom portion), a moving average (smoothed red line on price portion), a relative performance indicator between the ETF and S&P 500 (orange line), and red spikes. The spikes show potential buy and sell signals. Generally speaking, if the moving average is trending down, the spike shows a potential sell short. If the moving average is trending up, but the ETF declines, the spike shows a potential buy. The charts do not show selling or covering signals.

## Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

on this shortly.

In 2011 the market started on a fairly strong note with the economy recovering. But by summer, the recovery was under question, double-dip reentered the headlines, sovereign debt questions were raised, and the stock market sold off into the fall. Since then it has recovered somewhat along with the economy as things continued to muddle along. Housing appears to have stabilized. Unemployment is moving in the right direction. Consumers and corporations are in pretty good shape. It's still governments that are out of kilter.

So, what of 2012? Is there any reason to think it will be dif-

ferent from 2011? Apparently not. It is after all a reelection year here in the US. Who, which politician, will raise taxes or cut spending at this time? The best that can be expected is for them to keep the lights on, passing short-term solutions to structural problems.

The worry isn't 2012, but should be 2013. That is when something might actually be concretely established in terms of dealing with structural entitlement deficits, unfair tax laws, and the widening gulf between the haves and have nots that's swallowing the middle class. But 2013 is, in Wall Street terms, too far away to worry about yet.

So 2012 appears to be an-

other year when there should be wide swings, but probably end about where it starts. Opportunistic trading will remain the key to making money. Buy low and sell high may be easily defined in 2012. Right now we are close to what have been the highs. The lows are back around 10500 on the Dow Industrials. There should be numerous opportunities in which to try to take advantage of this. A trending market (whether stocks, bonds, or gold) should be rare. Hopefully we will spot the low-risk entry points and take advantage of them as they present themselves.

Just to clarify a couple of terms that I use regularly.

Short-term is days to weeks.

Intermediate-term is weeks to months.

Long-term is months to years.

Secular is years to decades.

Cyclical is 2-4 years.

Bull market is a series of higher highs and higher lows.

Bear market is a series of lower lows and lower highs.

Neutral market is sideways without a discernible pattern.

Oddly, bull and bear markets may occur simultaneously, but only over different time periods. For example, short term up, but long term down.

1/3/12 The ETF rankings through 12/31/11 are updated and posted in this letter.

12/27/11 No changes.

12/19/11 Brought some additional information over to the portfolio results shown on pages 2 and 6.

12/12/11 No changes.

12/5/11 No changes.

11/28/11 No changes.

# Descriptions & Disclosures

## **PORTFOLIO DESCRIPTIONS (pages 2 and 6)**

Our guiding goal is to provide the most return with the least risk consistently over time through bull and bear markets.

Income Portfolio, page2: Uses a proprietary selection methodology on all of the monitored bond-oriented ETFs to pick the top ETFs. I then use a proprietary timing model to decide whether to buy, sell, hold, or avoid.

Growth Portfolio, page 6: Uses the same methodologies as in the Income Portfolio, except as it is applied to stock-oriented ETFs.

Both portfolios were started on 1/1/10 with \$100,000.

Portfolio changes will usually be made at the close on Monday, unless otherwise noted in any emailed hotline update or triggered stop orders. Issues are normally posted on Mondays by 1:35pm cst.

Portfolios are updated through the Friday close the week before.

Dividends are reinvested in additional shares. Commissions of \$10/trade and short-term redemption charges, if any, are applied.

Interest is zero for the money market (cash) position.

Wilshire 5000 TR (total return) includes dividend reinvestment. This is a broad based index of domestic stocks.

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Unless otherwise noted, the weekly eNewsletter is posted by 1:35 PM central time each Monday, except for holidays and then on Tuesday. It may contain actionable, specific buy or sell advice to take that day at the Monday close in each portfolio. We may also use stop orders. For stops, check the ETF at quarter to the close. If it is below (or above) a stop level, assume it will close there and act on that. Portfolio data will be updated through the previous Friday's close. Fund symbols, rather than names, are the official identification used for activity.

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