

# ETF Selections & Timing

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January 6, 2014 (data date through previous Friday close)

Volume 5

Issue 1

## Trend is Only Friend

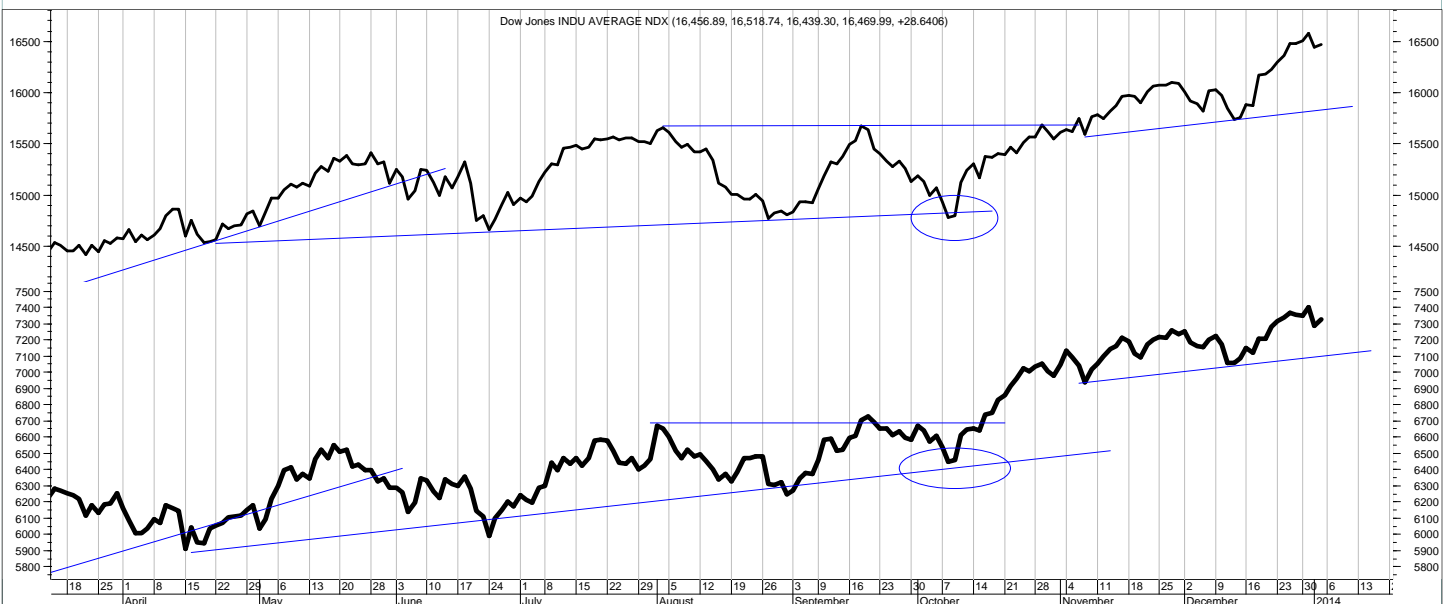
The announcement that the Fed will begin its tapering program this month is another reason for caution. To be sure, they made it clear that tapering is not the same as tightening. This means only that short-term yields should remain low, but that long-term yields

should rise. The yield curve will steepen and provide competition for the investor dollar.

So, if we add that new item to the old mix of concerns (sentiment, fundamental, technical), the risk of a significant stock market correction remains high and increasing.

As I've been mentioning, the list of problems is long; interest rates are rising, investor sentiment is very bullish whether it is measured as professionals or the public (which is a contrary indicator), stocks are over-

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



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

### SCOREBOARD (returns year to date and past weeks to date)

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	0.2%	1.5%	2.1	1.2	0.3	0.2%
ETF Growth Portfolio	1.0%	22.0%	15.5	3.0	2.0	1.0%
<b>Index</b>						
Aggrgt Bond (AGG)	0.0%	-1.7%	1.7	0.0	0.0	0.0%
S&P 500 TR (SPY)	0.5%	28.7%	14.5	9.9	2.6	0.5%
World Growth Index	0.5%	25.7%	16.4	8.3	2.6	0.5%

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# Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 1/3/2014								
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 12/23	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total	
28-Oct	sell	PCY	27.95	1,300	36,325								0.0%	
28-Oct	sell	LQD	115.43	300	34,619									
25-Nov	buy	AGG	107.30	537	57,630									
moves about 50% of total portfolio into AGG														
2-Dec	buy IF	PCY	>\$26.90	1,100										
this might move about 25% of total portfolio														
4-Dec	sell	AGG	106.68	537	57,277	PCY	26.80		26.86	27.00	2,129	57,483.81	49.9%	
9-Dec	buy	AGG	106.76	537	57,340									
9-Dec	buy	PCY	26.86	2,120	56,953									
these two will move the portfolio to fully invested														
26-Dec	sell	AGG	106.39	537	57,121									
										Money Market	1.00	57,796	57,796.00	50.1%
												Total Valuation=	115,279.81	100.0%

## WEEKLY REVIEW

1/6 No portfolio changes.

12/30 Stopped out of AGG last week. Will stand aside for now (half in and half out).

12/23 Updated the stop level on PCY. These are tight because the economy is stronger than expected, thus rates should generally begin to increase.

12/16 No changes.

12/9 We were stopped out of the AGG position, but we'll get back in with another close stop. We will also buy PCY with a close stop.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Income Portfolio	4.8%	3.6	4.8	1.1	0.2	15.0
Aggregate Bond	6.4%	7.7	3.9	-2.2	0.0	16.5

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 8/30/13 (pending change)

<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 1-3yr Trsry	SHY	BS	0.03	0.03	-0.07	-0.03	-0.10	0.08	84.28	*****
Vngrd ShrtTrm Bond	BSV	BS	-0.19	-0.45	-0.60	-0.38	-0.27	0.23	79.96	*****
iShares 3-7yr Trsry	IEI	BI	-2.51	-2.67	-2.49	-1.82	-0.77	0.51	119.88	****
iShares Agg Bond	AGG	BI	-2.85	-3.32	-3.05	-2.12	-0.83	0.61	106.01	****
iShares Inter Bond	MBB	BI	-3.09	-2.81	-2.91	-1.77	-0.67	0.43	104.17	****
iShares Inter Gov	GVI	BI	-1.51	-2.04	-1.92	-1.35	-0.64	0.46	109.11	****
Wtree Dryfs Chns Yuan	CYB	BF	4.62	2.26	2.23	0.54	0.42	0.42	26.16	****
Currency Euro	FXE	BF	4.69	1.36	1.04	1.60	-0.68	1.85	130.84	***
iShares 10-20yr Trsry	TLH	BL	-8.69	-8.69	-6.33	-4.80	-0.97	1.55	123.42	**
iShares 7-10yr Trsry	IEF	BI	-6.40	-6.61	-5.56	-4.27	-1.42	1.08	100.26	**
iShares High Yld	HYG	BH	5.38	2.88	0.18	-0.17	-1.27	1.56	90.87	**
iShares Intrntl Tbond	IGOV	BW	-1.59	-3.73	-1.85	-0.50	-0.73	1.54	97.93	**
iShares Long Corp Bond	LQD	BL	-2.90	-4.84	-4.30	-3.17	-1.00	1.39	112.68	**
iShares Trsry Inflt	TIP	BI	-7.29	-8.84	-7.78	-4.71	-1.83	1.18	110.64	**
PS 1-30 Ldr Trsry	PLW	BI	-8.64	-8.31	-5.99	-4.31	-0.96	1.45	29.88	**
PS Bld America	BAB	BI	-5.98	-7.40	-8.54	-7.83	-1.41	1.59	27.14	**
PS DB Dollar Bearish	UDN	BF	-1.27	-2.51	0.04	1.65	-0.49	1.29	26.42	**
PS DB Dollar Bullish	UUP	BF	-0.49	1.23	-0.80	-1.86	0.41	1.28	22.19	**
PS DB G10 Currency	DBV	BF	-0.76	-4.00	-7.09	-6.64	-2.44	1.72	24.75	**
PS Fdmntl Hi Yield Corp	PHB	BH	3.25	1.31	-0.10	-0.99	-0.88	1.23	18.71	**
PS Insr CA Muni	PWZ	BI	-6.48	-9.21	-8.53	-7.65	-2.25	1.29	22.72	**
PS Insr NY Muni	PZT	BI	-9.02	-11.54	-10.28	-8.91	-2.61	1.51	21.68	**
PS Prfd	PGX	BF	-0.95	-2.38	-4.30	-4.81	-1.65	1.18	13.68	**
SPDR High Yield	JNK	BH	5.27	2.46	0.00	-0.75	-1.03	1.56	39.46	**
SPDR Intrntl TBond	BWX	BW	-4.13	-5.75	-2.63	-0.53	-1.15	1.48	56.79	**
Vngrd Intrmdt Bond	BND	BI	-2.94	-3.28	-2.96	-2.12	-0.86	0.62	79.99	**
Wtree Dryfs Comdty Cur	CCX	BF	-6.19	-7.08	-8.09	-3.79	-2.15	1.55	19.55	**
Wtree Dryfs Emrg Crrncy	CEW	BF	-3.44	-5.57	-6.78	-3.77	-2.82	1.44	19.65	**
iShares 20+ yr Trsry	TLT	BL	-14.79	-13.35	-9.34	-6.72	-1.34	2.46	105.71	**
PS Emrg Mrkt Svrgn Debt	PCY	BW	-8.80	-13.37	-11.06	-7.86	-3.36	2.67	26.24	**
PS Insr Natl Muni	PZA	BI	-8.56	-11.75	-10.49	-9.01	-1.56	1.56	22.52	**
Wtree Dryfs Brazil Real	BZF	BF	-10.67	-7.36	-15.28	-9.16	-3.29	2.37	16.75	**
Wtree Emrg Mrkt Lcl Debt	ELD	BF	-7.81	-11.12	-12.85	-8.94	-4.35	2.09	45.45	**
Wtree Dryfs Indn Rupee	ICN	BF	-11.22	-13.71	-15.13	-13.34	-5.23	2.58	18.12	*

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.

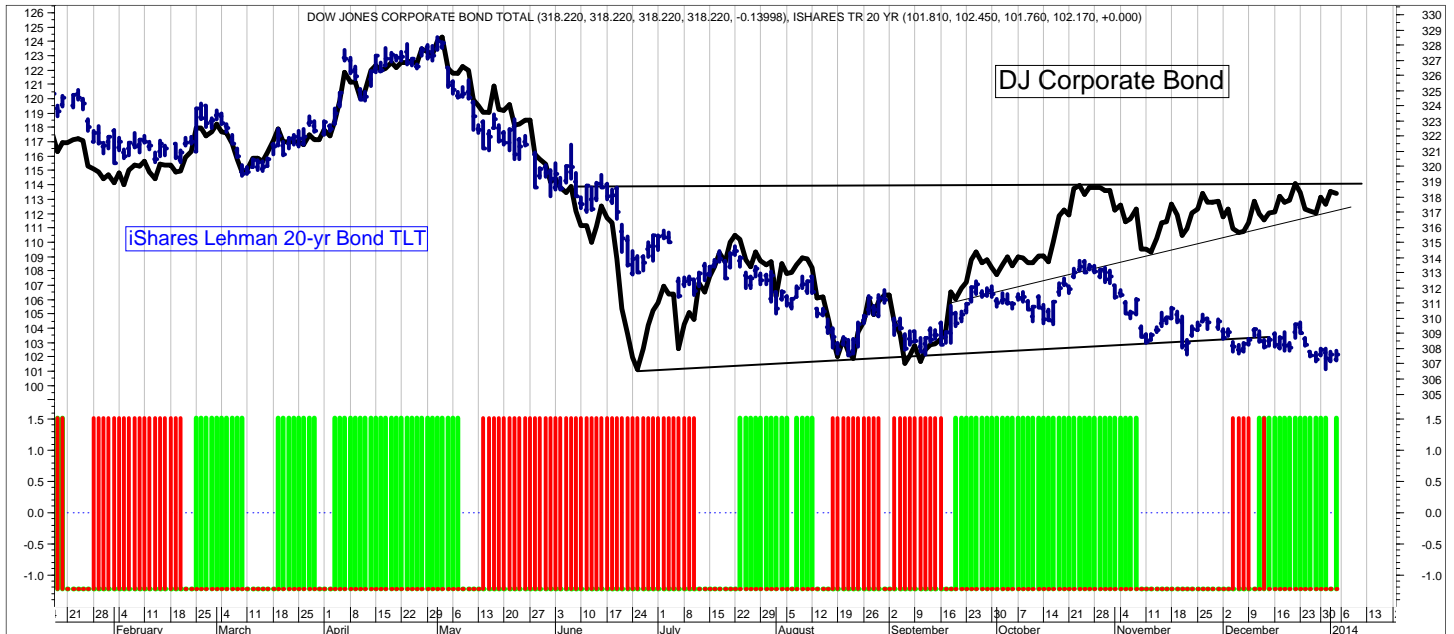
### ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

Column headings: The first column shows the ETF name, the second column shows its symbol. The third column shows the ETF Style. The first letter is always either B (Bond) or E (Equity) or H (Hybrid). The next letter(s) is the style. So, BS-bond short, BI-bond intermediate, BL-bond long, BF-flexible, BW-world, BH-high yield. And for Equity, EA-equity aggressive, EC-equity contrary, EG-equity gold (precious metals), ESC-small cap, EMC-mid cap, ELC-large cap, EW-world, EGI-growth/income, ERE-real estate, EV-value.

Columns 4-8 show percentage returns for the periods shown (12 months, 9, 6, 3, and 1 month). Column 9 is V (volatility); a measure of risk; the lower the V, the less risk. Column 10 is the NAV. Column 11 is the C (comet) ranking. C is the risk-adjusted (V) relative performance (CS). The higher the C indicates the most return for the amount of risk taken.

Generally, our ETF strategy is to own the top ranked ETFs (shown in green) and avoid or short the lower ranked ETFs (shown in red).

# 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

1/6 Corporates rallied back to resistance. As you can see on the chart above, the “spring” is tightening. Which way will it go? Best estimate is downward for prices and up for yields.

12/30 Corporate bonds fell back from their attempted “break out” last week. Remain cautious.

12/23 Bonds rallied on the taper news. I will maintain close stops however.

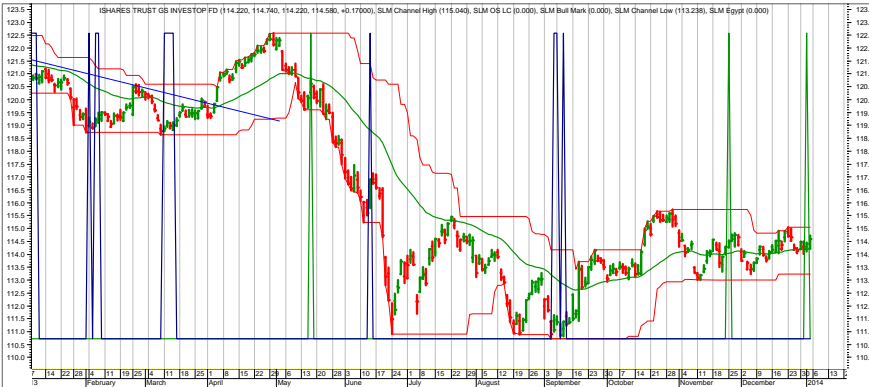
12/16 No changes. Watch the close stops noted on page 2.

12/9 Bonds may be at a cross road. If the Fed announces its tapering program, presumably bonds will sell off quickly and sharply. If it doesn't, they should rally for a bit longer.

12/2 No changes.

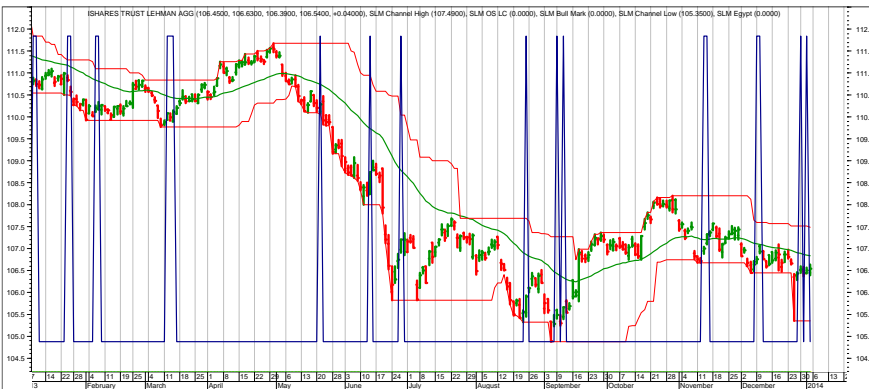
11/25 Will look to reenter a bond position as noted on page 2.

# Income Charts (DAILY)



## LQD—Investment Grade Corporate

1/6 No changes.  
 12/30 No changes.  
 12/23 Slight rally.  
 12/16 No changes.  
 12/9 No changes.  
 11/2 No changes.



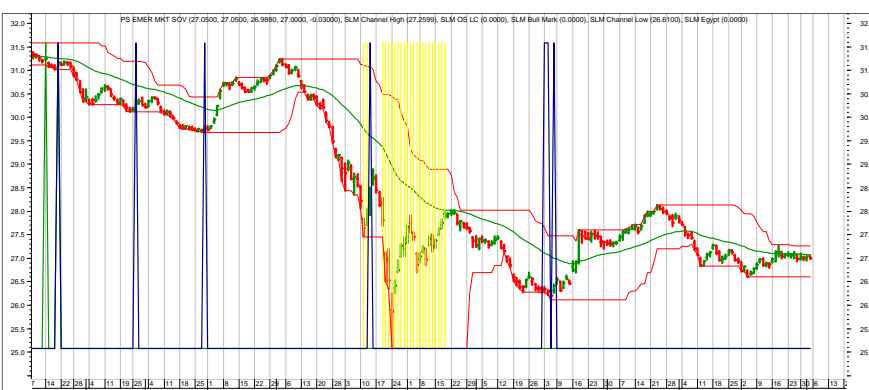
## AGG—Aggregate Bond Market

1/6 No changes.  
 12/30 Corporates and Treasuries comprise AGG, so with tapering, Treasuries are getting hit, so too AGG.  
 12/23 Expecting more.  
 12/16 Monitor stop level on page 2.  
 12/9 Buy as noted on page 2.  
 11/2 No changes.



## JNK—hi-yield bonds

1/6 Like corporates, hi-yield is winding a spring before a breakout. And like corporates, expect the result to be down.  
 12/30 Closed below up trend, potentially bearish.  
 12/23 No changes.  
 12/16 No changes.  
 12/9 No changes.



## PCY—International Bonds

1/6 Still long. International Central Banks are still easing.  
 12/30 Watch stop. Still expect rally.  
 12/23 Expecting more.  
 12/16 Monitor close stop on page 2.  
 12/9 Buy as shown on page 2.

Each chart shows daily (or weekly if noted in page title at top) prices, a moving average (smoothed green line on price portion), and blue or green spikes. The spikes show potential buy signals. The red lines are price channels. The charts do not show sell signals.

# Growth Portfolio (changed as of 12/10/12, 9/23/13)

ACTION FOR			PORTFOLIO DETAILS				Value as of date:			1/3/2014			
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
18-Nov	buy	EEM	42.68	17	736	<b>World Growth</b>							
18-Nov	buy	EFA	66.18	11	738	EEM		Emrg Mrkt	43.03	41.80	180.980	7,564.96	5.3%
18-Nov	buy	IWM	110.07	6	670	EFA		Euro Asia	55.55	67.10	117.210	7,864.79	5.5%
18-Nov	buy	QQQ	83.10	8	675	IWM		Rusl 2000	82.54	115.36	71.340	8,229.78	5.7%
18-Nov	buy	SPY	179.42	4	728	QQQ		Nsdq 100	65.12	87.96	96.680	8,503.97	5.9%
18-Nov	buy	DFE	53.74	13	709	SPY		S&P 500	142.47	184.69	45.130	8,335.06	5.8%
18-Nov	buy	EWP	36.99	19	713	<b>C-lect 5</b>							
18-Nov	buy	PGJ	29.70	23	693	DFE			53.54	57.34	145.490	8,342.40	5.8%
18-Nov	buy	PNQI	63.66	11	710	PSCH			53.97	54.87	140.000	7,681.80	5.4%
18-Nov	buy	TAN	39.50	17	682	EWP			38.48	37.33	204.030	7,616.44	5.3%
This is an incremental buy of 5% of total portfolio. (0.5% in each WGM and C-lect 5 position) (about \$709 in each)						PNQI			60.74	67.38	118.000	7,950.84	5.5%
So, the portfolio will be about 56% invested and 44% cash.						TAN			30.50	38.32	233.390	8,943.50	6.2%
16-Dec sell EWP 36.75 209 7,671						Two potential ways to sell: Stop loss is roughly 9% below current level or timing model may signal sell.							
16-Dec buy PSCH 53.97 140 7,566						Two potential ways to buy: "window" may open or timing model may signal buy.							
30-Dec sell PGJ 30.12 258 7,751						<b>C-lect Short</b>							
30-Dec buy EWP 38.48 201 7,744						(under construction)							
buy will be about 5.5% of total portfolio													
6-Jan sell EWP 37.94 204 7,731													
6-Jan buy CSD 44.37 174 7,730													
buy will be about 5.5% of total portfolio													
						<b>Cash from short</b>		1.00		-		0.0%	
						<b>Money Market</b>		1.00		62,470		62,470.00 43.5%	
								Total Valuation=		143,503.55		100.0%	

## WEEKLY REVIEW

1/6 A new sell and buy is shown above.

12/30 Make the sell and buy as noted above. Standard Deviations updated below. Stop is 10% away, so window to buy new positions without substantial risk (-10%) is closed.

12/23 No changes. Risk of loss is high for new purchases; in other words, buying here with the stop 10% away, subjects the portfolio to a 10% loss on new purchases. Best to wait for a pullback when the "window to buy" reopens.

12/16 Make the sell and buy as noted above. The timing model stop is about 8% away. "Window to buy" is closed.

12/9 No changes. The stop is 9% away, so the 'window to buy' is closed.

	2010	2011	2012	2013	ytd 2014	Incptn
<b>ETF Growth Portfolio</b>	8.1%	6.9	-2.1	25.7	1.0	42.1
World Growth Index	17.2%	-4.1	15.1	30.5	0.5	68.8

The ETF Growth Portfolio changed as of 12/10/12 and again 9/23/13. It is following the new World Growth Model (WGM), which uses the same 5 etfs (EEM, EFA, IWM, QQQ, SPY) as the World Growth Index (WGI). The difference between the two is WGM uses timing and WGI is always fully invested and WGI is rebalanced to 20% in each position daily (this accounts for the different returns when WGM is invested and held). Based on the successful back testing strategy, C-lect 5 was added to the portfolio. Returns are of previous years (to last Friday), year to date (ytd) (from last Friday in previous year), and from inception (incptn). It also shows standard deviation (SD). The green highlight is to contrast the aforementioned change.

## ETF Rankings by C to previous week's end

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>C</i>
Guggnhm Solar	TAN	EA	9.56
W tree Eur SC Div	DFE	EW	9.30
PS NASDAQ Intrnt	PNQI	EA	7.63
Guggnhm Spin Off	CSD	EMC	7.57
PS S&P SmICap Hlth Care	PSCH	EA	7.48
PS Dynmc Pharma	PJP	EA	7.34
PS Gbl Clean Enrgy	PBD	EW	7.10
PS S&P SmICap Indstrils	PSCI	EA	7.01
iShares Spain	EW P	EW	7.01
PS Dynmc Media	PBS	EA	6.94
PS QQQ	QQQ	ELC	6.75
Select SPDR Indl	XLI	EA	6.74
iShares Germany Indx	EW G	EW	6.64
Guggnhm China SmI	HAO	EW R	6.58
PS Dynmc Lrg Cap Grth	PWB	ELC	6.45
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	6.38
PS S&P SmICap Cnsmr Dis	PSCD	EA	6.20
PS Aerospace & Def	PPA	EA	6.11
PS Dyn Mrkt	PWC	ELC	6.09
PS S&P SmICap Info Tech	PSCT	EA	6.06
PS Gldn Drgn USX China	PGJ	EW	6.00
Guggnhm Shipping	SEA	EA	5.89
PS Gbl Listd Prvt Eqty	PSP	EW	5.85
PS Cleantech	PZD	EA	5.74
PS S&P SmICap Mtrls	PSCM	EA	5.73
PS Gbl Water	PIO	EW	5.51
SPDR Euro Stoxx 50	FEZ	EW	5.25
Vngrd Tech	VGT	EA	5.22
iShares EMU Indx	EZU	EW	5.18
Vngrd Cnsmr Dis	VCR	EA	5.12
Select SPDR Cnsmr Disc	XLY	EA	5.04
iShares Russell 1000 Grwth Indx	IWF	ELC	5.02
W tree Intrntl SC Div	DLS	EW	5.00
PS Dynmc Fncl	PFI	EA	4.97
iShares Italy Indx	EW I	EW	4.95
PS Dynmc Basic Matrl	PYZ	EA	4.91
iShares Slct Div	IDV	ELC	4.91
PS Buyback Achievers	PKW	EGI	4.90
Vngrd Grth	VUG	ELC	4.81
PS Water Resources	PHO	EA	4.72
Vngrd Materials	VAW	EA	4.63
PS Dynmc Energy Explor	PXE	EA	4.60
W tree MidCap Earn	EZM	EMC	4.55
Select SPDR Matrls	XLB	EA	4.54
W tree DEFA Eqty Incm	DTH	EW	4.31
PS S&P SmICap Energy	PSCE	EA	4.31
W tree Intrntl Div Ex Fincl	DOO	EW	4.25
PS Dynmc Leisure & Enter	PEJ	EA	4.16
PS FTSE RAFI US 1500 SmI-Mid	PRFZ	EMC	4.15
iShares South Korea Indx	EW Y	EW	4.11

This page and the next three show the equity ETF database rankings from high to low based on C. C is Comet, which is the risk-adjusted relative performance; the higher the C ranking, the better. Comet, not stars, because comets come into and out of prominence over time.

The first column shows the name. The second column shows the symbol. The third column shows the style; it begins with E for Equity and then the style (A is aggressive, W is world, WR is world regional, SC is small cap, MC is mid cap, LC is large cap, GI is growth/income, V is value). The fourth column shows the C level.



## ETF Rankings by C to previous week's end

Guggnhm Gbl Wtr	CGW	EW	4.10
PS Dynmc Energy	PXI	EA	4.04
Select SPDR Technlgy	XLK	EA	4.04
PS Dyn OTC	PW O	ESC	4.03
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	4.00
PS BLDR Europe 100 ADR	ADRU	EW	3.99
PS WilderHill Cln Enrgy	PBW	EA	3.99
SPDR S&P Metals & Mining	XME	EA	3.98
PS Dynmc Software	PSJ	EA	3.92
Guggnhm China All	YAO	EW R	3.91
PS Dynmc Healthcare	PTH	EA	3.86
PS Dyn MagniQuant	PIQ	ELC	3.83
Wtree DEFA	DWM	EW	3.82
Wtree S&P 500	EPS	ELC	3.79
Vngrd Small Cap Value	VBR	ESC	3.76
Guggnhm RJ All	RYJ	ELC	3.72
SPDR S&P Regional Banking	KRE	EA	3.71
Select SPDR Health	XLV	EA	3.67
PS Zacks Micro Cap	PZI	ESC	3.65
iShares Russell 2000	IWM	ESC	3.65
PS WilderHill Prgsv Enrgy	PUW	EA	3.62
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	3.61
Vngrd European Indx	VGK	EW	3.59
Guggnhm Timber	CUT	EA	3.56
Vngrd Health	VHT	EA	3.55
Vngrd TTL Stock	VTI	ELC	3.55
Vngrd Extnd 4500	VXF	ELC	3.53
Vngrd Large Cap	VV	ELC	3.52
iShares Core S&P 500	IVV	ELC	3.51
SPDR S&P 500	SPY	ELC	3.50
Vngrd Small Cap	VB	ESC	3.48
Wtree Intrntl LC Div	DOL	EW	3.45
Wtree Middle East Div	GULF	EW	3.45
Wtree Ttl Earn	EXT	ELC	3.40
iShares Europe 350	IEV	EW	3.39
Wtree Intrntl MC Div	DIM	EW	3.32
SPDR DJ Gbl Titans	DGT	EW	3.31
Wtree Sm l Cap Div	DES	ESC	3.27
iShares S&P 100 Indx	OEF	ELC	3.26
PS Dynmc Technology	PTF	EA	3.18
PS FTSE RAFI Asia Pac xJpn	PAF	EW	3.18
iShares Russell 2000 Value Indx	IWN	ESC	3.18
PS FTSE RAFI Dvlp Mrkt xUSA Sm l	PDN	EW	3.14
Guggnhm MidCap Core	CZA	EMC	3.13
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	3.11
SPDR S&P Retail	XRT	EA	3.09
Wtree Gbl Eqty Incm	DEW	EW	3.08
PS Dynmc Semicndctr	PSI	EA	3.08
Vngrd Small Cap Grth	VBK	ESC	3.08
Vngrd Europe Pacific	VEA	EW	3.02
PS Dynmc Retail	PMR	EA	2.98
Guggnhm BRIC	EEB	EW	2.96
PS Dynmc Biotech	PBE	EA	2.96
iShares Pacific ex Jpn	EPP	EW	2.94
Guggnhm Insdr Sent	NFO	EMC	2.92



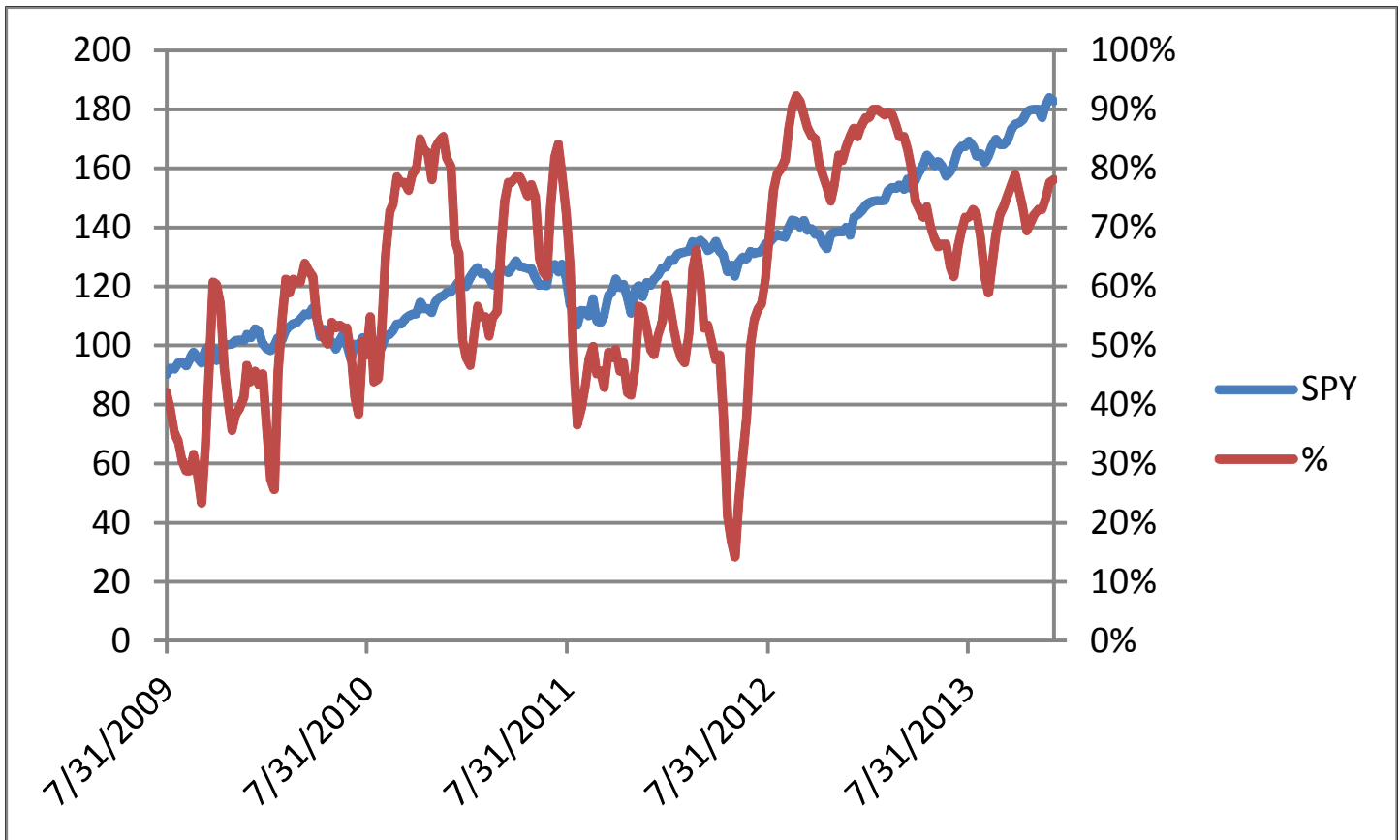
## ETF Rankings by C to previous week's end

PS Dynmc Bldg Cnstrctn	PKB	EA	2.86
iShares EAFE Indx	EFA	EW	2.75
Vngrd TTL Intrntl Stk	VXUS	EW	2.73
PS Intrntl Dvdnd	PID	EW	2.70
PS DWA Tech Ldr	PDP	ELC	2.67
iShares Australia	EWA	EW	2.64
Vngrd Div Apprctn	VIG	EGI	2.55
Market Vectors Russia	RSX	EW	2.54
Vngrd MidCap Val	VO	EMC	2.47
Market Vectors Semiconductor	SMH	EA	2.45
iShares Core S&P Mid Cap	IJH	EMC	2.42
Guggnhm Intrntl A Incm	HGI	EW	2.41
SPDR Mid Cap Trust	MDY	EMC	2.28
iShares Russell 1000 Value Indx	IWD	ELC	2.18
Wtree Intrntl Utilities	DBU	EW	2.18
PS S&P SmICap Fincl	PSCF	EA	2.17
Wtree MidCap Div	DON	EMC	2.16
iShares Russel MidVal	IWS	EMC	2.16
PS S&P SmICap Cnsmr Stpl	PSCC	EA	2.14
Guggnhm Gbl Div	LVL	EW	2.14
Wtree LrgCap Div	DLN	ELC	2.09
Market Vectors Oil Services	OIH	EA	2.01
PS Dynmc Lrg Cap Value	PWV	ELC	2.00
SPDR DJ Industrials	DIA	ELC	1.99
iShares DJ Slct Div	DVY	EGI	1.78
Select SPDR Financs	XLF	EA	1.72
Wtree Div Ex Fincl	DTN	ELC	1.71
PS Hi Yld Eqty Div	PEY	EGI	1.70
Vngrd Fincl Srv	VFH	EA	1.69
PS FTSE RAFI Emrg Mrkt	PXH	EW	1.68
PS Dynmc Oil & Gas Srvcs	PXJ	EA	1.63
Wtree India	EPI	EW R	1.50
Guggnhm Multi Ast In	CVY	EV	1.47
Guggnhm Frntr	FRN	EW	1.44
Select SPDR Div	SDY	EGI	1.43
SPDR S&P Homebuilders	XHB	EA	1.37
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	1.33
Select SPDR Enrgy	XLE	EA	1.33
SPDR S&P Bank	KBE	EA	1.24
iShares Hong Kong Indx	EW H	EW	1.23
PS Lux Nanotech	PXN	EA	1.22
iShares Canada	EW C	EW	1.17
PS S&P 500 BuyWrite	PBP	ELC	1.15
iShares China	FXI	EW	1.13
PS Dividend Achievers	PFM	EGI	1.08
PS Dynmc Cnsmr Discr	PEZ	EA	1.08
PS Dynmc Networking	PXQ	EA	1.03
Vngrd Cnsmr Stpls	VDC	EA	0.94
Wtree Japan Hedge Eqty	DXJ	EC	0.92
Wtree Emrg Mrkt Eincm	DEM	EW	0.89
iShares Emrg Mrkt Stk	EEM	EW	0.89
Select SPDR Cnsmr Stpl	XLP	EA	0.82
PS BLDR Asia 50 ADR	ADRA	EW	0.77
PS Dynmc Cnsmr Staples	PSL	EA	0.76
PS Dynmc Utilities	PUI	EA	0.69

## ETF Rankings by C to previous week's end

iShares Taiwan Indx	EWT	EW	0.65
PS MENA Frntr Countries	PMNA	EW	0.59
Wtree Eqty Income	DHS	EGI	0.59
iShares DJ US Home Constr.	ITB	EA	0.55
PS Gbl Agriculture	PAGG	EA	0.30
Guggnhm Dfnsv Eqty	DEF	EV	0.24
Vngrd Emrg Mrkt	VWO	EW	0.22
Wtree World Ex US Grth	DNL	EW	0.20
Wtree Japan SC Div	DFJ	EW R	0.11
PS S&P SmICap Utilities	PSCU	EA	0.06
Guggnhm Candn Enrg Incm	ENY	EW R	0.05
iShares Malaysia Indx	EWM	EW	-0.01
PS S&P 500 Low Volatility Portfolio	SPLV	ELC	-0.01
PS India	PIN	EW	-0.06
iShares Japan	EWJ	EW	-0.47
Alerian MLP	AMLP	EGI	-0.49
iShares Singapore	EW S	EW	-0.56
Wtree Intrntl REIT	DRW	ERE	-0.61
iShares Latin Amr	ILF	EW	-0.61
iShares Brazil Indx	EWZ	EW	-0.61
PS Fincl Pfd	PGF	EGI	-0.63
US Natural Gas	UNG	EA	-0.68
iShares Prfrd	PFF	EGI	-0.69
PS Emrg Mrkt Infrastrctr	PXR	EW	-0.73
Wtree Emrg Mrkt SC Div	DGS	EW	-0.87
PS Dynmc Food & Bev	PBJ	EA	-1.04
Vngrd Utilities	VPU	EA	-1.18
Select SPDR Utilities	XLU	EA	-1.23
PS DB Agriculture	DBA	EA	-1.23
PS DB Commodity	DBC	EA	-1.74
PS DB Oil	DBO	EA	-1.87
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-2.15
PS DB Energy	DBE	EA	-2.25
PS DB Base Metals	DBB	EG	-2.27
Guggnhm China REIT	TAO	EW R	-2.60
iShares Mexico	EW W	EW	-2.65
iShares REIT	IYR	ERE	-2.74
PS US REIT	PSR	ERE	-2.96
Vngrd REIT	VNQ	ERE	-3.04
SPDR Wlsh REIT	RWR	ERE	-3.34
iShares Cohen&Str REIT	ICF	ERE	-3.64
Pro Shares Short S&P 500	SH	EC	-3.76
Pro Shares Short Russell 2000	RWM	ESC	-5.24
iShares Gold	IAU	EG	-5.91
SPDR Gold	GLD	EG	-5.93
US Oil Fund	USO	EA	-6.23
PS DB Gold	DGL	EG	-6.33
PS DB Precious Metals	DBP	EG	-6.52
iShares Silver	SLV	EG	-8.52
PS DB Silver	DBS	EG	-9.49
PS Gbl Gold Precious Mtls	PSAU	EG	-17.17
Market Vectors Gold Minors	GDX	EG	-24.10
iPath S&P 500 VIX Shrt Trm	VXX	EC	-37.18
Market Vectors Junior Gold Miners	GDXJ	EG	-44.79

## Percent ETFs by C



The chart shows the recent history of the equity oriented ETF database outperforming the World Growth Index from 7/31/2009 through the present. The blue line is the S&P 500 Total Return (SPY).

Generally speaking, high readings indicate a top area, while low readings indicate a bottom area.

# Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

bought (momentum is parabolic up), and market valuation is rich with, for example, PE ratios north of 20. These things are bearish.

The one thing the market does have going for it is its trend. It is still strong upward.

What this “high-risk but upward trend intact analysis” suggests is we will remain invested with our current allocation, but with a close eye on the timing model.

It also means we won't buy more positions (decrease cash allocation) until the “window to buy” opens. This would happen on a further pullback, assuming the timing model sell is not trig-

gered when it does open.

Please see the individual portfolio pages for any updates and changes.

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.

Cyclical is 1-5 years.

Secular is 5 years to decades.

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, we may be in a secular bear market, but there are cyclical bull and bear markets within that.

Closing stops are “mental”. I look at the position at quarter to the close. If it is trading below the stop (or above if short), then I act with the assumption the security will trigger that closing stop on that day. I sell (or cover) at the close that day.

Portfolio stops for the World Growth Model are internally maintained; they are based on the World Growth Index, not the individual ETFs. Stops will be emailed when close or if triggered.

1/6 No changes.

12/30 Happy New Year.

12/23 Correction to 10/21 comment [changed to WGI]. No other changes.

12/16 No changes.

12/9 No changes.

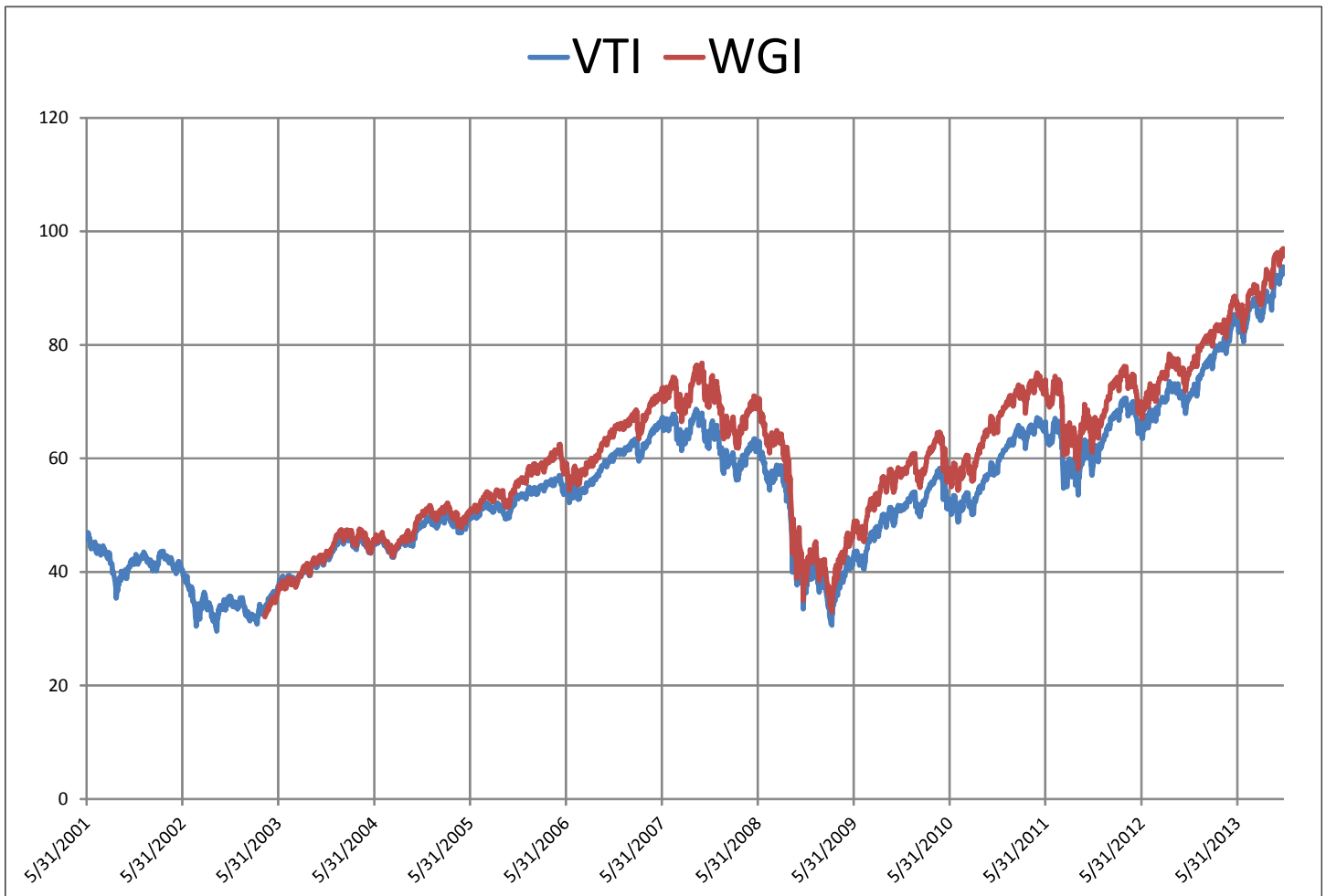
12/2 As mentioned on page 11 (on 12/2), a top test timing model is being constructed. This would be more timely than a trend-following approach.

11/25 No newsletter changes.

11/18 No newsletter changes.

11/11 No changes.

## VTI and World Growth Index (reiteration)



The chart shows VTI and WGI from 5/1/2003 to the present. VTI is the Vanguard Total Stock Market ETF. It has less than 2% in non-domestic stocks. It is designed to mimic the US market. WGI is the World Growth Index that is made up of 20% each in EEM, EFA, IWM, QQQ, SPY.

As you can see, the two series track each other fairly closely, but because of the international component the WGI has periods of outperformance. The two are recently back in a neck and neck race because the domestic market is currently stronger than the international markets.

# 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, page 2:** 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. From time to time, timing considerations may take precedence over selections; in other words, we may own lower ranked funds because of anticipated timing changes.

**Growth Portfolio, page 6:** As of 12/10/12, it is based on the World Growth Index (WGI), which is made up of a static fully invested 20% in each of five ETFs (EEM, EFA, IWM, QQQ, SPY). The Portfolio will buy and sell the WGI based on proprietary timing signals. On 9/23/13, the new C-lect 5 is also part of this portfolio. It too uses timing.

Both portfolios were started on 1/1/10 with \$100,000. As mentioned, the Growth Portfolio strategy was changed on 12/10/12 to the World Growth Model and again on 9/23/13 to incorporate the C-lect 5 model.

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 (Tuesday if Monday is a holiday, defined as market closed).

Portfolios are updated through the Friday close the week before.

Dividends are reinvested in additional shares.

Commissions of \$10 per trade are applied. Interest is currently zero for the money market (cash) position.

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Unless otherwise noted, the weekly eNewsletter is posted by 1:35 PM central time each Monday, except for holidays (closed stock market) and then on Tuesday. It may contain actionable, specific buy or sell advice to take that day at the Monday (or Tuesday) 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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