

ETF Selections & Timing

Watercourse Way Holdings, LLC

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

InvestmentST.com

January 17, 2012 (data through previous Friday close)

Volume 3
Issue 3

Lightening

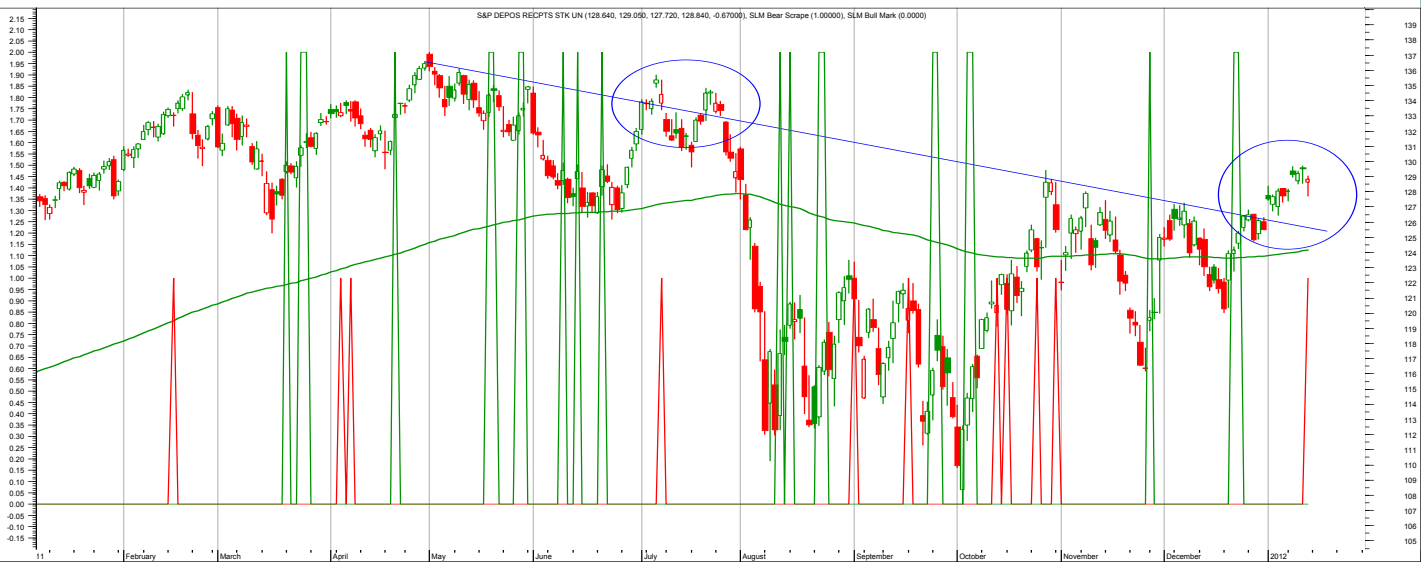
With the downgrade of various European sovereign debt over the weekend, has the air finally cleared? Given the market's reaction, apparently so. Perhaps a cut from AAA to AA+ is actually substantially better than what was feared was coming. It

is just a lightening bug, not a storm. Please see the Growth Portfolio for some specific trades.

The main driver to our equity market that has been somewhat ignored in all of this is it continues to muddle along in its growth trajectory. Not too hot

and not too cold. In fact, job growth is improving. The unemployment rate is declining. Moreover, the leading economic indicators keep moving north-east in an upward trend. This signals further expansion. The

*(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	0.6%	4.4%	2.7	2.4	0.9	0.5%
ETF Growth Portfolio	0.0%	6.7%	2.3	1.0	0.0	0.0%
Aggrgt Bond (AGG)	0.3%	4.6%	2.8	1.5	0.5	0.4%
Wilshire 5000	2.8%	0.4%	-2.4	6.5	5.9	1.2%

CONTENTS

Pages 2-5	Income
Page 4	Bond Model
Pages 6-11	Growth
Page 12	Overflow
Page 13	Disclaimers

Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 1/13/2012							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 1/17	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	110.55	693.8	76,698.15	70.1%	
6-Sep	buy	BWX	62.00	190.0	11,790	LQD	113.00	corp bond	111.69	114.51	252.7	28,939.88	26.5%	
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=				109,349.04	100.0%	

WEEKLY REVIEW

1/17 Raised the stop level on LQD.

1/10 No changes. Economic weakness across the globe should keep interest rates low for at least the next quarter.

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.

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	0.6	9.3	2.8
Aggregate Bond	2.5%	4.3	0.3	7.1	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 Comdty 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

1/17 How low can rates go?

1/10 Trending up again.

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.

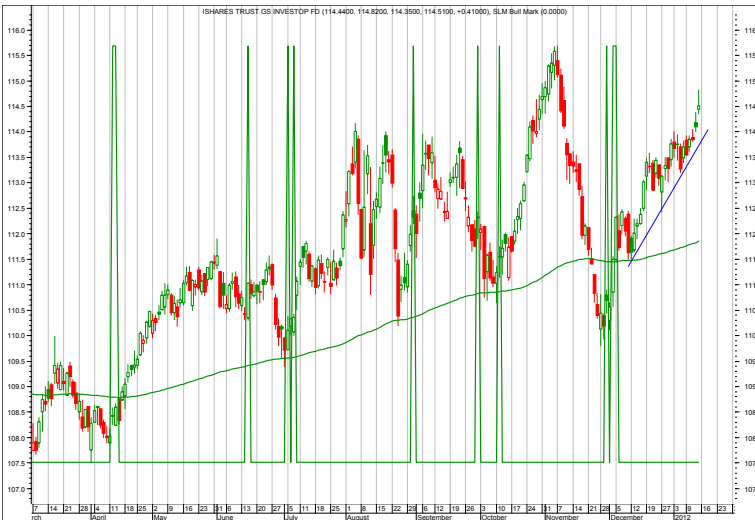
12/19 Still bullish on bonds. The Bond Timing Model is designed to follow trends, hence it hasn't yet switched from bearish to bullish. I am, however, still bullish.

Income Charts



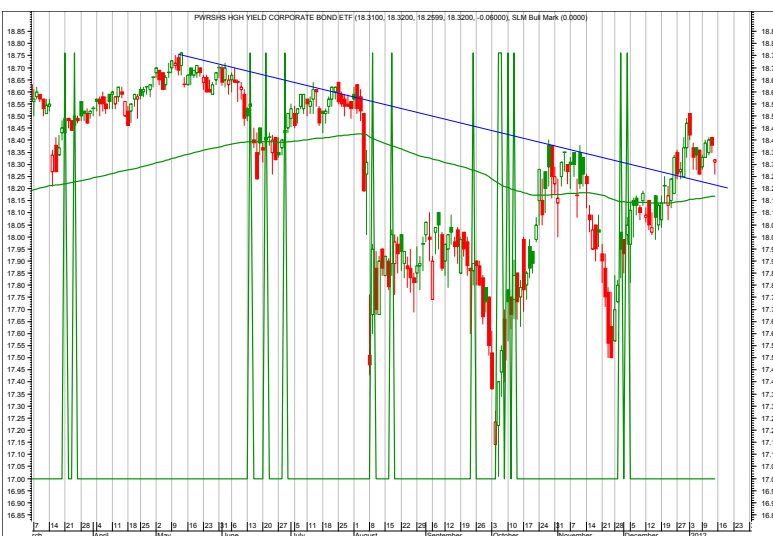
AGG—Aggregate Bond Market

1/17 Coming back to where selling entered.
 1/10 No change.
 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.



LQD—Corporate Bonds

1/17 After a pause, LQD has moved higher. Will still watch the steep uptrend carefully for a sell signal.
 1/10 LQD is on a fairly steep uptrend. It would not be unusual for some near term sideways action to unfold. The only question is whether to sell and reenter or sit tight. Right now, it's sit tight.
 1/3 Same question as above.
 12/27 No change.
 12/19 Still bullish.



PHB—High Yield

1/17 Given this may be a breakout to the upside, I will watch for entry points.
 1/10 If PHB pulls back further, it may provide a decent low-risk entry area.
 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.

Each chart shows daily prices, a moving average (smoothed red line on price portion), and spikes. The spikes show potential buy and sell short signals. Generally speaking, if the moving average is trending down, the spike shows a potential sell short. If the moving average is trending up, the spike shows a potential buy. The charts do not show selling or covering signals.

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

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

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.

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 Dvdnd	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	***

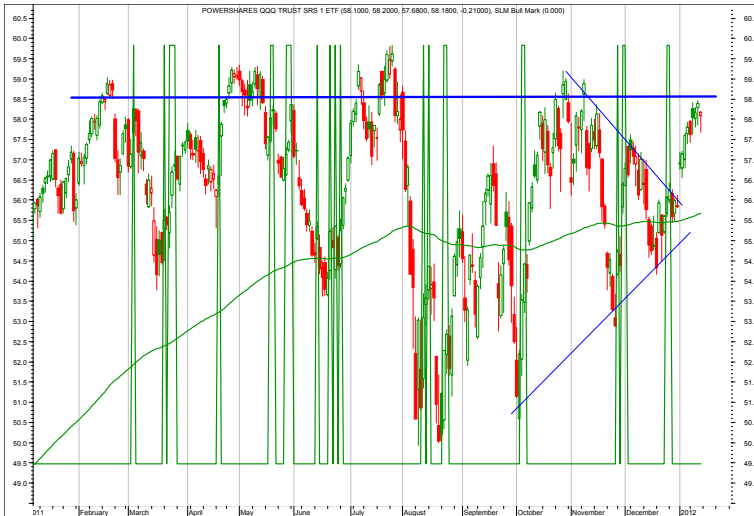
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

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

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.

Growth Charts



QQQ—OTC

1/17 Short-term Qs have broken out, but longer-term they are at major resistance.
 1/10 QQQ may be breaking to the upside. Will monitor closely for potential action.
 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.



GLD—Gold

1/17 Back to resistance.
 1/10 With Gold in a downtrend, I will be watching for shorting opportunities.



XLF—Financials

1/17 Back to resistance.
 1/10 XLF is nearing its intermediate-term down trend resistance.
 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, a moving average (smoothed red line on price portion), and spikes. The spikes show potential buy and sell short signals. Generally speaking, if the moving average is trending down, the spike shows a potential sell short. If the moving average is trending up, 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**

S&P 500 corporate earnings have reached record levels, surpassing where they were before the financial implosion in 2008. But, as you can see from the chart on page 1 of the S&P 500, it is still below its 2007 peak. The PE ratio is about 13. The lowest it has been in about 20 years.

To top off the good news, the Fed is still committed to keeping interest rates as low as possible

both at the long and short ends. This makes those aforementioned earnings very cheap on a relative basis.

So what is the bad news? Debt downgrades are just visible headline reminders of a problem. It doesn't, however, solve the problem. It is still there. The problem of sovereign debt and how to repay it still exists. It hasn't gone away. And this applies to the US situation as well. There

will be some combination of tax increases or spending cuts to deal with it.

So, if the problem has been recognized, though the solution still pushed out, we will try to enjoy the ride, if 2012 turns out to be a decent year, but as mentioned last week, it is 2013 that may turn out to be the big bear year. Yes, it's a lightning bug today, but there's still lightning on the horizon.

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.

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.

1/17/12 Please note the closing stop explanation in the box above.

1/10/12 No changes.

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.

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.

SUBSCRIPTIONS: To receive *ETF 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 Amex, Visa, MasterCard, or Discover orders or send a check to the address on the front page. Subscriptions may be tax deductible.

The recurring monthly subscription is \$24.00. An annual subscription is \$240.00. Subscribers receive this weekly eNewsletter. There is no mailed issue. Subscribers retrieve the current weekly issue at the web site InvestmentST.com by logging in with a user name and password.

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.

GUARANTEE: Subscriptions may be cancelled at any time. Annual subscriptions are refundable for the weekly term remaining with a four-week minimum charge, using a 52-week count. Monthly subscriptions just expire.

PUBLISHER: Watercourse Way Holdings, LLC publishes this newsletter.

REPRINTS: This eNewsletter is intended for subscribers only, reprints are not permitted.

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, dividend reinvestment, and short-term redemption charges. The Wilshire 5000 TR and Aggregate Bond are equity and bond indexes 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.

COPYRIGHT: Copyright, 2009-12, Watercourse Way Holdings, LLC. All rights reserved.