

ETF Selections & Timing

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InvestmentST.com

January 20, 2014 (data date through previous Friday close)

Volume 5
Issue 3

Rolling Rolling

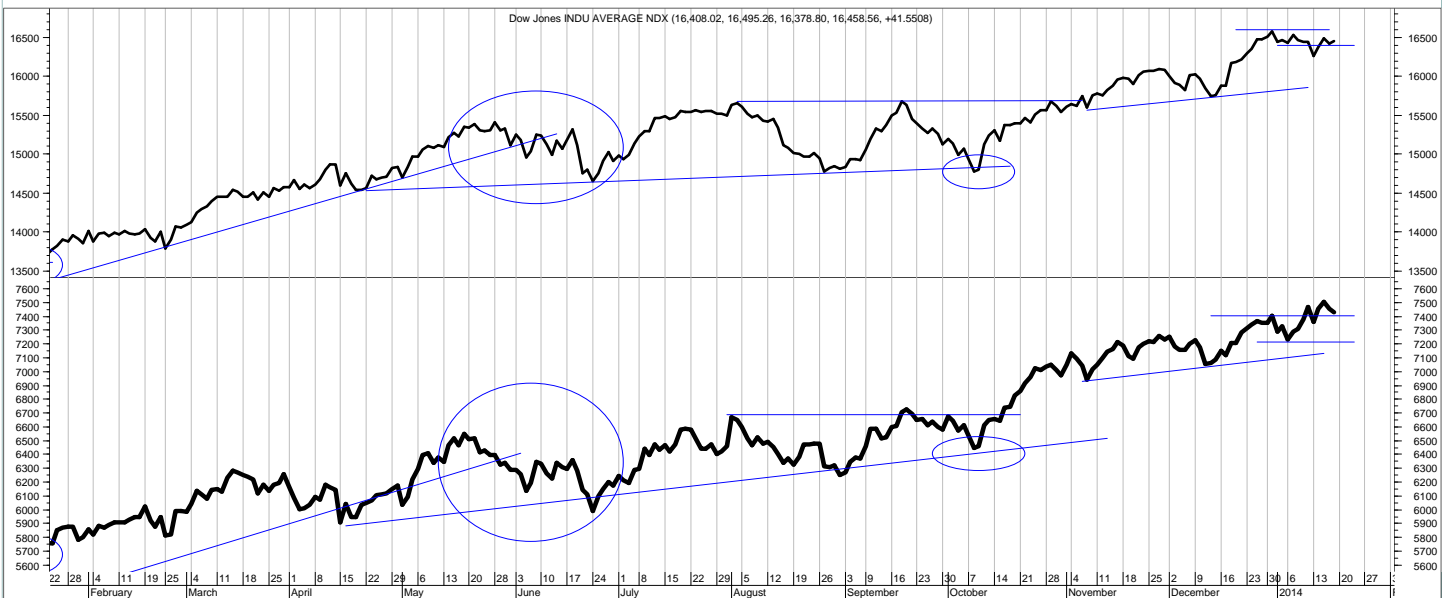
So far the Dow Industrial Index has failed to confirm the new high in the Transportation Index. It is still about 100 points away. That's not very much and could easily be closed in a day, but given all the other problems, it shouldn't be easily ignored if it fails.

In the meantime, we'll review the litany of other problems such as Fed tapering, investor sentiment, rising interest rates, over valuation, over bought readings.

Economists are calling for 3% GDP growth this year up from roughly 2% in 2013. This

should prompt and support the Fed to continue its tapering already began this month. This QE support is over and should be ended by Fall 2014. But tapering is not tightening. Short-term rates are still about zero

(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	0.8%	2.0%	1.7	0.6	0.5	0.2%
ETF Growth Portfolio	2.0%	21.2%	11.9	2.2	2.7	0.4%
Index						
Aggrgt Bond (AGG)	0.8%	-1.1%	0.9	0.1	0.6	0.7%
S&P 500 TR (SPY)	0.0%	26.4%	9.8	6.0	1.2	-0.2%
World Growth Index	0.0%	23.8%	11.3	4.3	1.5	0.1%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 1/17/2014									
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	27.31	2,129	58,143.81	50.1%		
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	49.9%
												Total Valuation=		115,939.81	100.0%

WEEKLY REVIEW

1/20 No changes.

1/13 No changes.

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.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Income Portfolio	4.8%	3.6	4.8	1.1	0.8	15.9
Aggregate Bond	6.4%	7.7	3.9	-2.2	0.8	17.4

This shows the total 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.

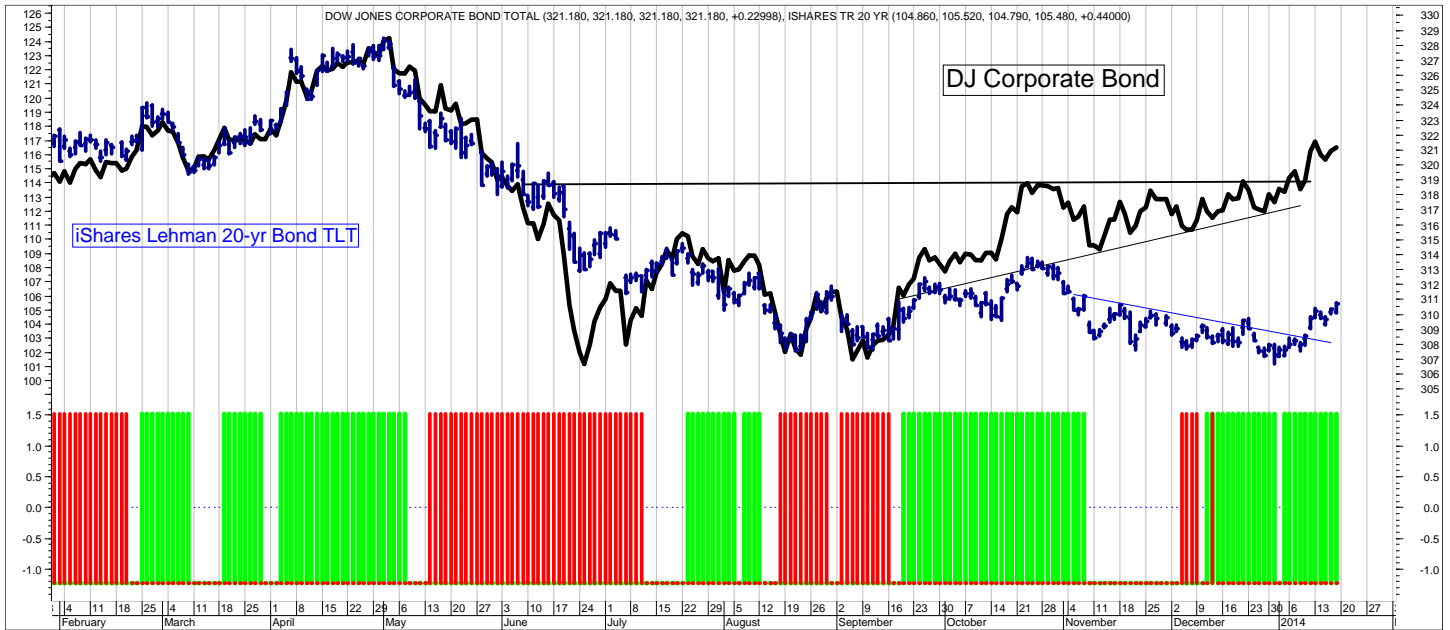
ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

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

1/20 No changes.

1/13 Bond prices look like they've broken to the upside (lower rates). If we get a pullback, I expect to reenter.

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.

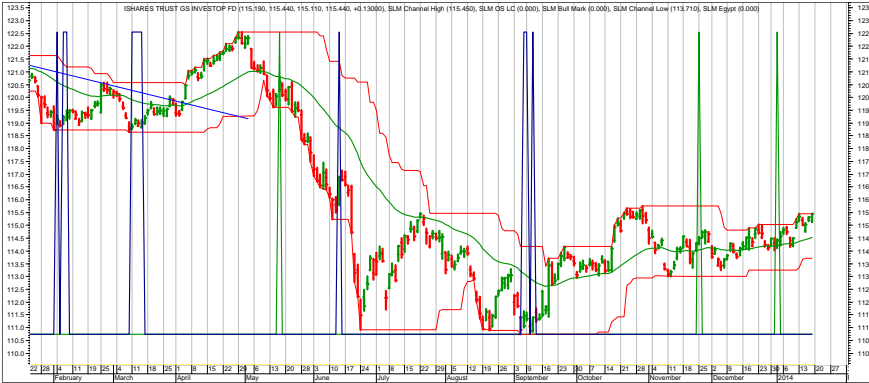
12/30 Corporate bonds fell back from their attempted "break out" last week. Remain cautious.

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.

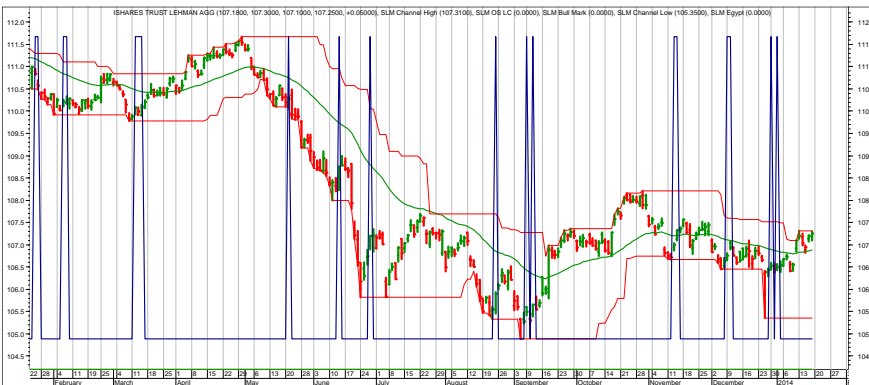
12/9 Bonds may be at a cross road. If the Fed announces its tapering program, presumably bonds will sell off quickly and sharply. If it doesn't, they should rally for a bit longer.

Income Charts (DAILY)



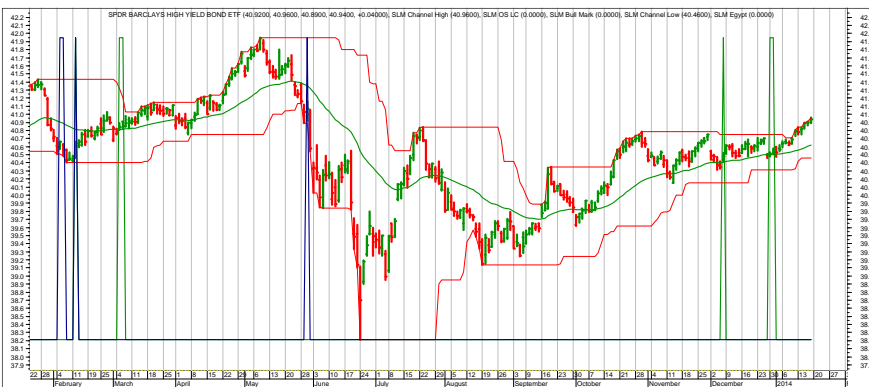
LQD—Investment Grade Corporate

1/20 No changes.
 1/13 No changes.
 1/6 No changes.
 12/30 No changes.
 12/23 Slight rally.
 12/16 No changes.
 12/9 No changes.
 11/2 No changes.



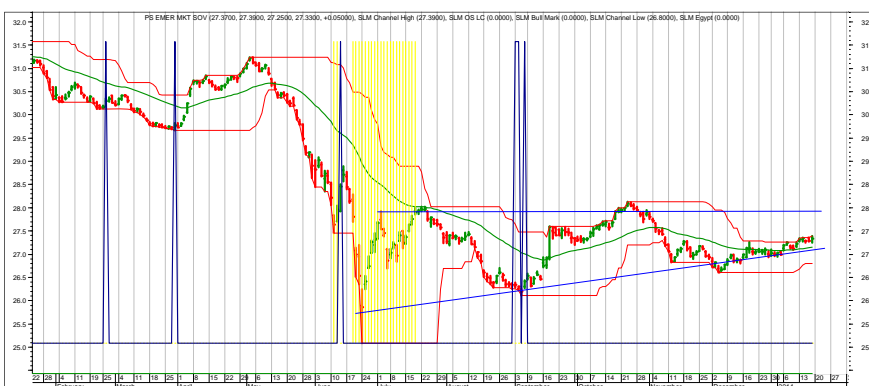
AGG—Aggregate Bond Market

1/20 No changes.
 1/13 No changes.
 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.



JNK—hi-yield bonds

1/20 Junk (hi-yield) bonds may be in a sweet spot with a stronger economy, if rates don't spear higher, but only drift higher over the years.
 1/13 Possible break to the upside.
 1/6 Like corporates, hi-yield is winding a spring before a breakout. And like corporates, expect the result to be down.



PCY—International Bonds

1/20 Still expecting more rally.
 1/13 No changes.
 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:				1/17/2014		
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
30-Dec	sell	PGJ	30.12	258	7,751	World Growth							
30-Dec	buy	EWP	38.48	201	7,744	EEM		Emrg Mrkt	43.03	39.85	180.980	7,212.05	5.0%
buy will be about 5.5% of total portfolio						EFA		Euro Asia	55.55	66.83	117.210	7,833.14	5.4%
6-Jan	sell	EWP	37.94	204	7,731	IWM		Rusl 2000	82.54	115.98	71.340	8,274.01	5.7%
6-Jan	buy	CSD	44.37	174	7,730	QQQ		Nsdq 100	65.12	87.91	96.680	8,499.14	5.9%
buy will be about 5.5% of total portfolio						SPY		S&P 500	142.47	183.81	45.130	8,295.35	5.7%
						C-lect 5							
13-Jan	sell	PNQI	66.85	118	7,878	DFE			53.54	59.53	145.490	8,661.02	6.0%
13-Jan	buy	PJP	54.92	142	7,809	PSCH			53.97	56.58	140.000	7,921.20	5.5%
13-Jan	sell	CSD	44.26	176.27	7,792	PBD			12.66	12.95	620.000	8,029.00	5.5%
13-Jan	buy	PBD	12.66	620	7,859	PJP			54.92	56.13	142.000	7,970.46	5.5%
buys will be roughly 5.5% of total portfolio						TAN			30.50	41.75	233.390	9,744.03	6.7%
21-Jan	sell	PBD		620		Two potential ways to sell: stop loss about 9% lower or timing model signals sell							
21-Jan	buy	GULF		381		Two potential ways to buy: "lower-risk window" may open or timing model signals buy.							
buy will be about 5.5% of total portfolio						C-lect Short (under construction)							
						Cash from short							
						1.00 - - 0.0%							
						Money Market							
						1.00 62,472 62,472.00 43.1%							
						Total Valuation= 144,911.41 100.0%							

WEEKLY REVIEW

1/21 Make the latest sell and buy as noted above. Window to buy still closed, though it is getting close to being cracked open. If it dows, we will look to reduce cash levels and increase exposure. This may sound counter to the market warnings I have been noting the past month or so, but I also mentioned the timing model is weighted more toward trends. Right now, the trend is still up.

1/13 Make the two sells and buys as shown above. Window to buy (additional shares) is still closed. Risk of a loss of 9% on new purchases is too wide to make additional buys. To buy more, will wait for a pullback and watch if timing model remains bullish.

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.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Growth Portfolio	8.1%	6.9	-2.1	25.7	2.0	44.9
World Growth Index	17.2%	-4.1	15.1	30.5	0.0	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 in year), year to date (ytd) (from last Friday in previous year), and from inception (incptn). It also shows standard deviation (SD). The green highlight (2013, 2014) is to contrast the aforementioned changes.

ETF Rankings by C to previous week's end

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>C</i>
W tree Eur SC Div	DFE	EW	8.90
PS Dynmc Pharma	PJP	EA	8.75
Guggnhm Solar	TAN	EA	8.41
PS S&P SmICap Hlth Care	PSCH	EA	6.83
W tree Middle East Div	GULF	EW	6.36
PS Gbl Clean Enrgy	PBD	EW	6.13
iShares Spain	EW P	EW	6.05
PS Aerospace & Def	PPA	EA	5.75
Select SPDR Indl	XLI	EA	5.66
PS S&P SmICap Indstrils	PSCI	EA	5.62
PS Dynmc Media	PBS	EA	5.58
PS QQQ	QQQ	ELC	5.41
PS NASDAQ Intrnt	PNQI	EA	5.30
Guggnhm Spin Off	CSD	EMC	5.22
PS Dyn Mrkt	PW C	ELC	5.19
iShares Germany Indx	EW G	EW	5.16
PS S&P SmICap Cnsmr Dis	PSCD	EA	4.88
PS Dynmc Lrg Cap Grth	PW B	ELC	4.80
PS Dynmc Fncl	PFI	EA	4.65
Guggnhm China Sml	HAO	EW R	4.49
SPDR S&P Regional Banking	KRE	EA	4.42
Vngrd Tech	VGT	EA	4.40
PS Dyn OTC	PW O	ESC	4.24
PS Dynmc Healthcare	PTH	EA	4.21
PS Cleantech	PZD	EA	3.95
PS Gbl Listd Prvt Eqty	PSP	EW	3.94
iShares Italy Indx	EW I	EW	3.82
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	3.70
PS Lux Nanotech	PXN	EA	3.68
Guggnhm Shipping	SEA	EA	3.55
PS S&P SmICap Mtrls	PSCM	EA	3.55
Vngrd Health	VHT	EA	3.54
PS Gldn Drgn USX China	PGJ	EW	3.50
PS Gbl Water	PIO	EW	3.43
Select SPDR Technlgy	XLK	EA	3.38
PS Dynmc Energy Explor	PXE	EA	3.38
Select SPDR Health	XLV	EA	3.37
PS Dynmc Software	PSJ	EA	3.27
Select SPDR Cnsmr Disc	XLY	EA	3.23
PS S&P SmICap Info Tech	PSCT	EA	3.17
SPDR S&P Metals & Mining	XME	EA	3.04
PS WilderHill Cln Enrgy	PBW	EA	3.01
PS Water Resources	PHO	EA	2.97
Vngrd Cnsmr Dis	VCR	EA	2.96
SPDR Euro Stoxx 50	FEZ	EW	2.77
Guggnhm RJ All	RYJ	ELC	2.76
W tree MidCap Earn	EZM	EMC	2.75
iShares Russell 1000 Grwth Indx	IW F	ELC	2.66
PS Dynmc Biotech	PBE	EA	2.66
iShares EMU Indx	EZU	EW	2.64

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

PS Dynmc Basic Matrl	PYZ	EA	2.57
Wtree S&P 500	EPS	ELC	2.53
Vngrd Grth	VUG	ELC	2.31
PS Zacks Micro Cap	PZI	ESC	2.22
Vngrd Materials	VAW	EA	2.19
PS Dynmc Bldg Cnstrctn	PKB	EA	2.18
PS Dynmc Energy	PXI	EA	2.13
PS Buyback Achievers	PKW	EGI	2.11
Vngrd Small Cap Value	VBR	ESC	2.10
iShares Slct Div	IDV	ELC	2.07
Wtree Intrntl SC Div	DLS	EW	2.07
Select SPDR Matrls	XLB	EA	2.06
Guggnhm Insdr Sent	NFO	EMC	2.03
SPDR S&P Bank	KBE	EA	1.98
Guggnhm Gbl Wtr	CGW	EW	1.96
PS Dynmc Semicndctr	PSI	EA	1.95
Wtree Ttl Earn	EXT	ELC	1.95
PS FTSE RAFI US 1500 SmI-Mid	PRFZ	EMC	1.78
PS MENA Frntr Countries	PMNA	EW	1.78
iShares Core S&P 500	IVV	ELC	1.78
SPDR S&P 500	SPY	ELC	1.75
PS S&P SmICap Energy	PSCE	EA	1.71
PS WilderHill Prgsv Enrgy	PUW	EA	1.64
Vngrd Large Cap	VV	ELC	1.61
Vngrd TTL Stock	VTI	ELC	1.60
Wtree India	EPI	EW R	1.59
Vngrd Extnd 4500	VXF	ELC	1.59
PS Dyn MagniQuant	PIQ	ELC	1.57
Wtree DEFA Eqty Incm	DTH	EW	1.56
Guggnhm China All	YAO	EW R	1.52
iShares S&P 100 Indx	OEF	ELC	1.52
iShares Russell 2000	IWM	ESC	1.47
Wtree Intrntl Div Ex Fincl	DOO	EW	1.46
PS Dynmc Technology	PTF	EA	1.39
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	1.32
Select SPDR Financs	XLF	EA	1.28
PS Dynmc Leisure & Enter	PEJ	EA	1.27
Vngrd Small Cap	VB	ESC	1.22
PS BLDR Europe 100 ADR	ADRU	EW	1.20
iShares South Korea Indx	EWY	EW	1.18
Wtree SmI Cap Div	DES	ESC	1.17
SPDR DJ Industrials	DIA	ELC	1.12
iShares Russell 2000 Value Indx	IWN	ESC	1.04
Vngrd Small Cap Grth	VBK	ESC	1.04
PS Dynmc Lrg Cap Value	PWV	ELC	1.02
Vngrd European Indx	VGK	EW	0.98
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	0.97
Market Vectors Semiconductor	SMH	EA	0.97
iShares Europe 350	IEV	EW	0.84
Guggnhm Timber	CUT	EA	0.84
Wtree DEFA	DWM	EW	0.84
PS DWA Tech Ldr	PDP	ELC	0.83
SPDR S&P Retail	XRT	EA	0.82
iShares DJ US Home Constr.	ITB	EA	0.77
Vngrd Fincl Srv	VFH	EA	0.76

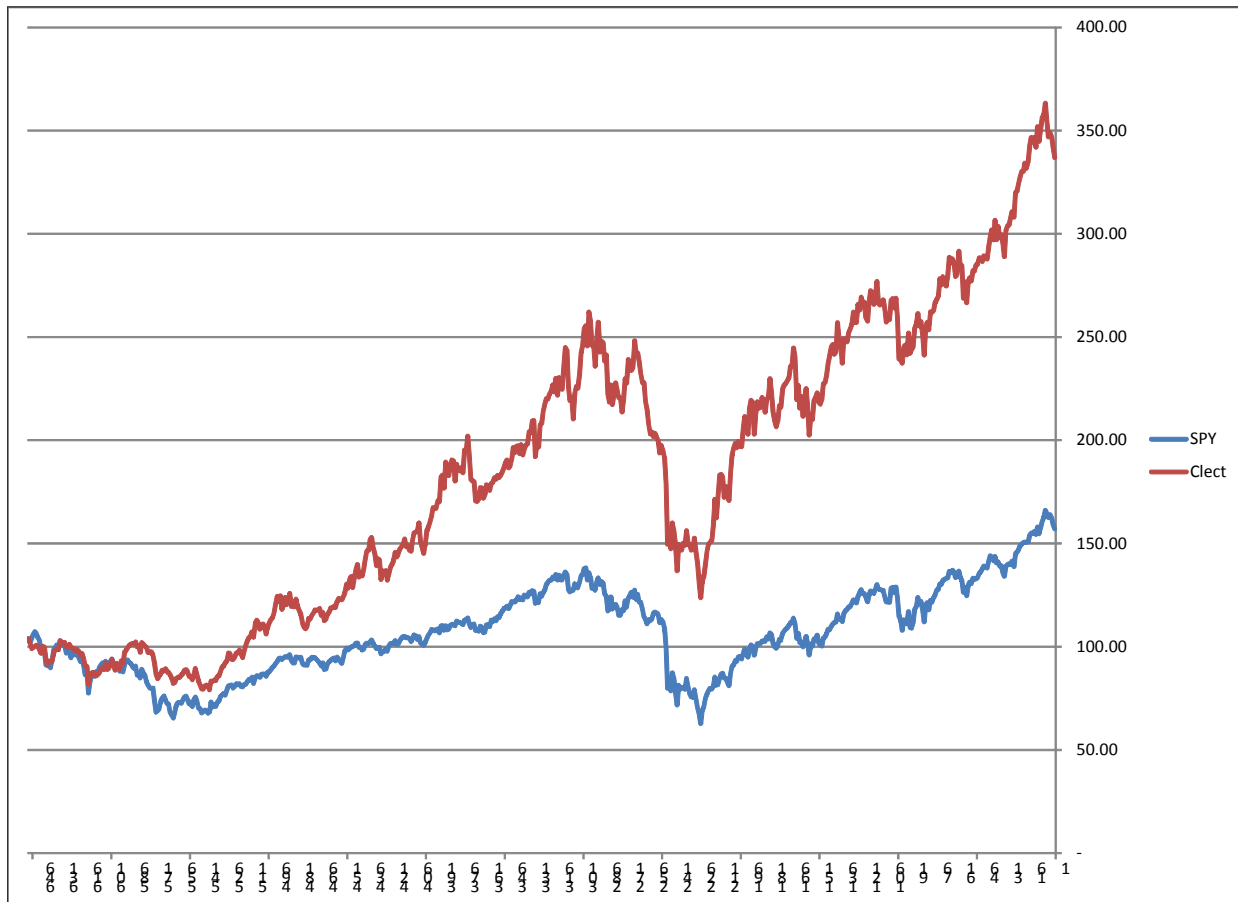
ETF Rankings by C to previous week's end

iShares Russell 1000 Value Indx	IWD	ELC	0.73
Wtree Intrntl LC Div	DOL	EW	0.70
Vngrd MidCap Val	VO	EMC	0.67
Wtree Intrntl MC Div	DIM	EW	0.66
iShares Core S&P Mid Cap	IJH	EMC	0.59
PS S&P SmICap Fincl	PSCF	EA	0.58
SPDR DJ Gbl Titans	DGT	EW	0.55
SPDR S&P Homebuilders	XHB	EA	0.53
Guggnhm MidCap Core	CZA	EMC	0.51
SPDR Mid Cap Trust	MDY	EMC	0.50
iShares DJ Slct Div	DVY	EGI	0.47
Wtree Japan Hedge Eqty	DXJ	EC	0.41
PS Dynmc Retail	PMR	EA	0.36
Vngrd Div Apprctn	VIG	EGI	0.34
iShares Russel MidVal	IWS	EMC	0.32
Market Vectors Oil Services	OIH	EA	0.31
Guggnhm Intrntl A Incm	HGI	EW	0.29
PS Hi Yld Eqty Div	PEY	EGI	0.27
Wtree Gbl Eqty Incm	DEW	EW	0.27
iShares Pacific ex Jpn	EPP	EW	0.26
Wtree LrgCap Div	DLN	ELC	0.24
Vngrd Europe Pacific	VEA	EW	0.21
PS FTSE RAFI Asia Pac xJpn	PAF	EW	0.21
PS S&P SmICap Cnsmr Stpl	PSCC	EA	0.21
PS Dynmc Oil & Gas Srvcs	PXJ	EA	0.20
PS FTSE RAFI Dvlp Mrkt xUSA SmI	PDN	EW	0.17
Vngrd TTL Intrntl Stk	VXUS	EW	0.15
PS S&P 500 BuyWrite	PBP	ELC	0.14
Guggnhm BRIC	EEB	EW	0.13
PS India	PIN	EW	0.10
Wtree MidCap Div	DON	EMC	0.10
Wtree Intrntl Utilities	DBU	EW	0.07
iShares Australia	EWA	EW	0.06
Wtree Div Ex Fincl	DTN	ELC	0.00
iShares EAFE Indx	EFA	EW	0.00
Select SPDR Cnsmr Stpl	XLP	EA	-0.01
Select SPDR Div	SDY	EGI	-0.01
Market Vectors Russia	RSX	EW	-0.01
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	-0.02
Vngrd Consmr Stpls	VDC	EA	-0.03
Guggnhm Gbl Div	LVL	EW	-0.08
PS S&P SmICap Utilties	PSCU	EA	-0.08
Guggnhm Frntr	FRN	EW	-0.16
iShares Hong Kong Indx	EW H	EW	-0.28
iShares Prfrd	PFF	EGI	-0.30
PS Dividend Achievers	PFM	EGI	-0.31
PS Fincl Pfd	PGF	EGI	-0.33
US Natural Gas	UNG	EA	-0.34
Wtree Eqty Income	DHS	EGI	-0.36
PS Dynmc Networking	PXQ	EA	-0.40
PS Dynmc Utilities	PUI	EA	-0.42
PS Intrntl Dvdnd	PID	EW	-0.47
iShares Taiwan Indx	EW T	EW	-0.48
PS Gbl Agriculture	PAGG	EA	-0.51
PS FTSE RAFI Emrg Mrkt	PXH	EW	-0.54

ETF Rankings by C to previous week's end

PS S&P 500 Low Volatility Portfolio	SPLV	ELC	-0.60
Guggnhm Multi Ast In	CVY	EV	-0.61
PS Dynmc Consmr Staples	PSL	EA	-0.67
Select SPDR Enrgy	XLE	EA	-0.69
Guggnhm Dfnsv Eqty	DEF	EV	-0.84
iShares Canada	EW C	EW	-0.84
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-0.90
PS Dynmc Consmr Discr	PEZ	EA	-0.93
Alerian MLP	AML P	EG I	-1.07
iShares Malaysia Indx	EW M	EW	-1.09
iShares Emrg Mrkt Stk	EEM	EW	-1.13
PS BLDR Asia 50 ADR	ADRA	EW	-1.20
Wtree Japan SC Div	DFJ	EW R	-1.20
Guggnhm Candn Enrg Incm	ENY	EW R	-1.33
Vngrd Emrg Mrkt	VW O	EW	-1.40
iShares China	FXI	EW	-1.40
Wtree Emrg Mrkt Eincm	DEM	EW	-1.51
Vngrd Utilities	VPU	EA	-1.55
iShares Japan	EW J	EW	-1.56
PS Dynmc Food & Bev	PBJ	EA	-1.59
Wtree World Ex US Grth	DNL	EW	-1.60
Select SPDR Utilities	XLU	EA	-1.62
PS DB Agriculture	DBA	EA	-1.64
PS Emrg Mrkt Infrastrctr	PXR	EW	-1.91
iShares Singapore	EW S	EW	-2.02
Wtree Emrg Mrkt SC Div	DGS	EW	-2.05
PS DB Commodity	DBC	EA	-2.06
Wtree Intrntl REIT	DRW	ERE	-2.20
PS DB Base Metals	DBB	EG	-2.28
iShares Mexico	EW W	EW	-2.38
PS DB Energy	DBE	EA	-2.54
iShares Latin Amr	ILF	EW	-2.62
PS DB Oil	DBO	EA	-2.68
iShares REIT	IYR	ERE	-3.05
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-3.29
PS US REIT	PSR	ERE	-3.32
Vngrd REIT	VNQ	ERE	-3.35
iShares Brazil Indx	EW Z	EW	-3.40
SPDR Wlsh REIT	RWR	ERE	-3.63
Pro Shares Short S&P 500	SH	EC	-3.70
Guggnhm China REIT	TAO	EW R	-3.79
iShares Cohen&Str REIT	ICF	ERE	-3.89
Pro Shares Short Russell 2000	RW M	ESC	-5.05
iShares Gold	IAU	EG	-6.31
SPDR Gold	GLD	EG	-6.33
US Oil Fund	USO	EA	-6.64
PS DB Gold	DGL	EG	-6.80
PS DB Precious Metals	DBP	EG	-7.06
iShares Silver	SLV	EG	-9.19
PS DB Silver	DBS	EG	-10.23
PS Gbl Gold Precious Mtls	PSAU	EG	-17.55
Market Vectors Gold Minors	GDX	EG	-22.99
iPath S&P 500 VIX Shrt Trm	VXX	EC	-35.12
Market Vectors Junior Gold Miners	GDXJ	EG	-44.07

C-lect 5 Backtesting Chart (reiteration)



The chart shows the result from evolving through the top 5 ETFs out of a constant basket of 214 ETFs. No timing was employed.

As you can see, the idea of staying with the risk-adjusted relative performance leaders works over time. \$100,000 of a buy/hold of SPY grew to about \$160,000, while a C-lect 5 portfolio grew from \$100,000 to nearly \$350,000.

Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) *REVIEW*

and should remain down for at least another year. It will be in the longer duration where rates will be hit the most. The yield curve should steepen. This would actually continue to help bank earnings.

I suspect this scenario will be a conundrum if the stock market corrects by 20-50% in a normal bear market and the economy remains somewhat strong (no recession), but this would also set up the conditions necessary to actually begin the next secular bull market from low valuations.

Investor sentiment remains far too bullish. This contrarily is bearish. Bullish buyers are in

already. Who's left to buy, especially given that longer-term rates have begun to rise. Why risk stocks when bonds are a more sure, less risky deal?

The PE ratio is at 20x. The CAPE (10year average PE) is about 25x. This is high valuation. Price to sales is the highest its been since 2000. Price to book ratio, however, is within the normal range. The Q Ratio (a measure of replacement cost) is at 1.05. Readings north of 0.98 are bearish. The market is fundamentally overvalued.

On a technical basis, the market is overbought and overdue. It has more than double since the bottom in March 2009.

The bull market is nearly five years old. The average duration of a bull market is 3.8 years.

Is there anything that would support a further advance? I mentioned the strong economy, but that's one of the paradoxes of investing. We try to buy in fear when things look horrible and sell in greed when things look great. They look much much better. As I've mentioned over the last weeks, the trend is our only friend. Will it shift and be frightening like in 1987 or more friendly like in 2002? Stay tuned.

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.

1/21 No changes.

1/13 No updates.

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.

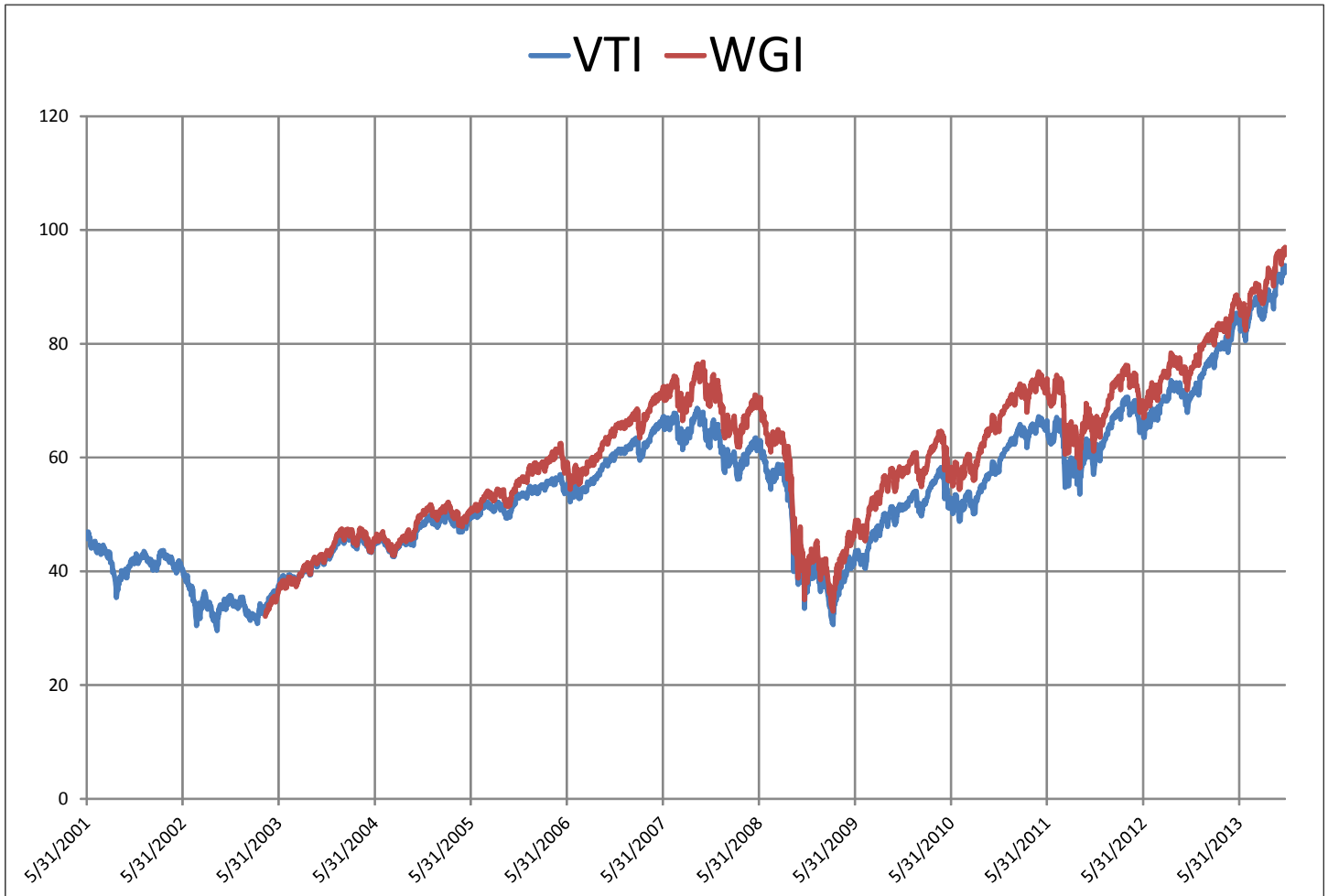
12/2 As mentioned on page 11 (on 12/2), a top test timing model is being constructed. This would be more timely than a trend-following approach.

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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