

ETF Selections & Timing

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Low Rates Mean What

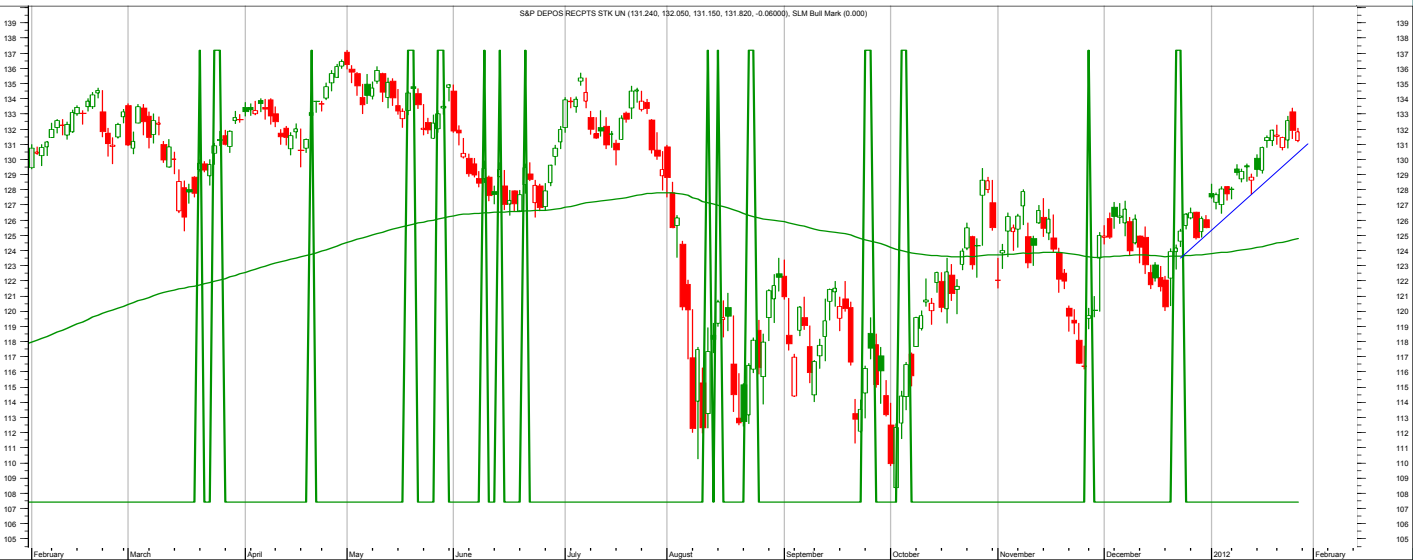
The Federal Reserve has signaled it will keep short term rates near zero out to the end of 2014. This is quite remarkable.

It is either saying things are so bad that it will take that long to work them out or things are on pace but will just take longer

than expected. In other words, the real question is whether the banks around the globe are solvent or not? If they had to value assets at current prices, then is there any equity left? Obviously they need as wide as spread as possible between their cost of funds and loans.

It is not as if this situation hasn't existed because it has in Japan since the Eighties after their real estate bubble burst. Since then they have kept their rates near zero, but their stock market has also been in a secu-

(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	1.2%	4.9%	3.0	2.9	1.2	1.0%
ETF Growth Portfolio	0.3%	6.8%	3.2	1.3	0.3	0.0%
Aggrgt Bond (AGG)	0.3%	4.4%	2.2	0.9	0.3	0.5%
Wilshire 5000	5.5%	4.7%	2.3	3.2	5.5	0.4%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 1/27/2012						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 1/30	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total
29-Aug	buy	PHB	17.88	1,400.0	25,042	AGG	109.50	total bond	109.37	110.54	695.5	76,879.13	69.9%
6-Sep	buy	BWX	62.00	190.0	11,790	LQD	114.00	corp bond	111.69	116.01	253.6	29,422.22	26.7%
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=				110,012.36	100.0%

WEEKLY REVIEW

1/30 No changes.

1/23 The Treasury market was overbought and is now selling off. Corporates and high-yields are hanging in there.

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.

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	1.2	10.0	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 T Bond	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

1/30 Treasuries still look relative attractive to corporates.

1/23 You can see the pullback in Treasuries (blue line) in the chart above. Corporates are still trending higher.

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.

Income Charts



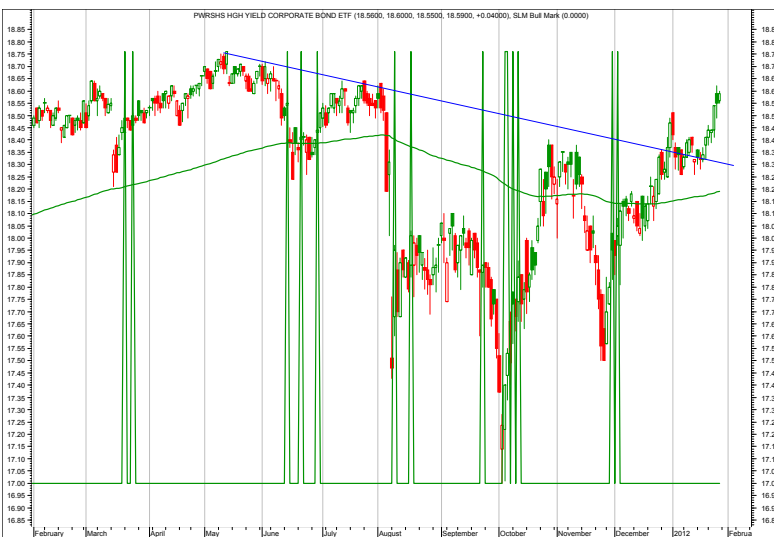
AGG—Aggregate Bond Market

1/30 Still bullish on bonds.
 1/23 Watching for an entry point.
 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

1/30 No changes.
 1/23 Been a nice rally of some 4% off the turn (last green spikes).
 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.



PHB—High Yield

1/30 No change.
 1/23 No change.
 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.

Growth Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 1/27/2012						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 1/23	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
						LONG ETFs-							
17-Jan	buy	EEM	40.04	500	20,030	EEM	38.00	Emr Mrkt	40.04	42.36	500	21,180.00	18.3%
17-Jan	buy	DVY	53.98	400	21,602	DVY	53.00	Div Incm	53.98	54.08	400	21,632.00	18.7%
17-Jan	buy	QQQ	58.71	400	23,494	QQQ	59.25	NSDQ 100	58.71	60.40	400	24,160.00	20.9%
17-Jan	short	GLD	160.50	(130)	(20,875)								
17-Jan	short	XLF	13.71	(1,600)	(21,946)								
26-Jan	cover	GLD	167.27	130	21,755								
						SHORT ETFs-							
		XLF				XLF	14.50	Financials	13.71	14.13	(1,600)	(22,608.00)	-19.5%
						Cash from short Money Market							
									1.00	21,066.0		21,066.00	18.2%
									1.00	50,405		50,405.00	43.5%
						Total Valuation=							
						115,835.00 100.0%							

WEEKLY REVIEW

1/30 Please note any new stop levels. GLD was covered at a loss after the Fed signaled low interest rates. The market is assuming inflation.

1/23 Please note the very tight stop on QQQ. It has moved back to the top of its trading range. Odds are this is another top.

1/17 Time to make a few moves whereby we will try to profit from both the upside and downside. So, I will buy at the close today those positions. I will also short the two positions. Please note the stop levels. These are "mental" stops where I look at the market at quarter to the close. If the price is above or below the stop, then I take action on the assumption it will close there. I may change this method in the months ahead and I'll let everyone know.

1/10 No changes. With the market close to what has been previous highs, I don't want to chase it.

1/3 No changes.

	2010	2011	ytd 2012	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	0.3	15.8	5.5
Wilshire 5000 TR	17.7%	0.5	5.5	24.8	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>
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	EWV	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	***

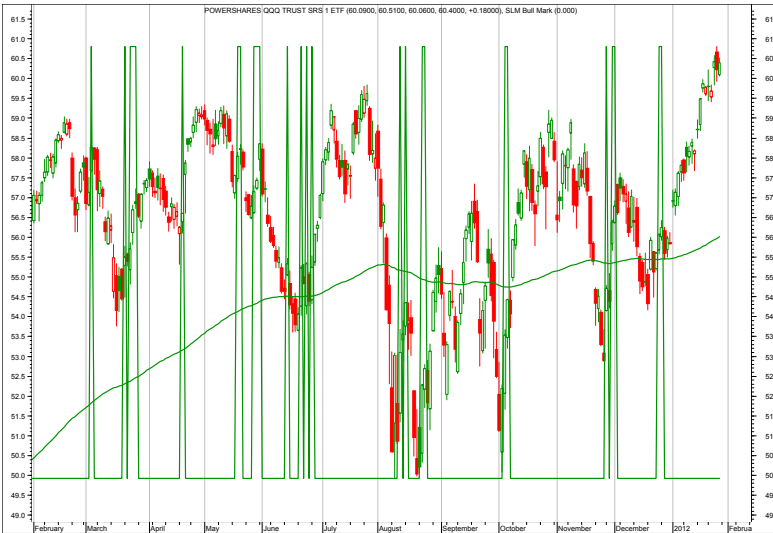
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

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	*

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Growth Charts



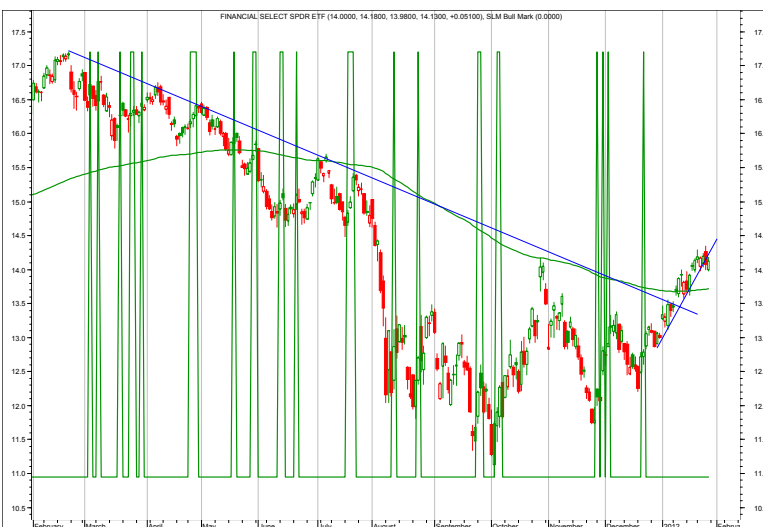
QQQ—OTC

1/30 Recovery highs.
 1/23 QQQ has made it back to the top of its trading range. Time for a very tight stop.
 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.



GLD—Gold

1/30 Covered at a loss. Will now look to go long on any pullbacks to the trend line.
 1/23 Shorted a bit early, but still below its major down trend line.
 1/17 Back to resistance.
 1/10 With Gold in a downtrend, I will be watching for shorting opportunities.



XLF—Financials

1/30 Given the Fed's announcement, will also rethink this position.
 1/23 Well, has jumped through previous resistance, so may have to adjust the thinking. Is the financial crisis really over?
 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.

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**

lar bear market ever since. The chart below is a proxy for this, showing monthly prices of Scudder Japan Fund (SJPNX) from 1980 through the present. As you can see, it has gone sideways for some 25 years (horizontal line).

Secular means decades.

Secular bear market means lower highs and lower lows. Is that what is still ahead for the domestic stock market? We've been in a secular bear market since 2000, 12 years, counting inclusively, but do we have another 13 to go?

These things take time.

But the key is not to give up,

but simply to recognize the nature of the market. Timing is still necessary. As you can see in Japan's case, there are many cyclical bull and bear markets from which to profit. But timing is required. Taking profits, instead of buy/hold/forget.



1/30/12 No changes.

1/23/12 Database changes are planned. Please email SMcKee@InvestmentST.com for any suggestions of ETFs you want followed. Thanks.

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.

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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