

ETF Selections & Timing

Watercourse Way Holdings, LLC

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

InvestmentST.com

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Whither Growth?

Greece has finally, apparently, maybe, solved its debt crisis by agreeing to more austerity measures, while offering a 53% reduction in principle to private creditor bonds.

What is really revealing, however, is this austerity will

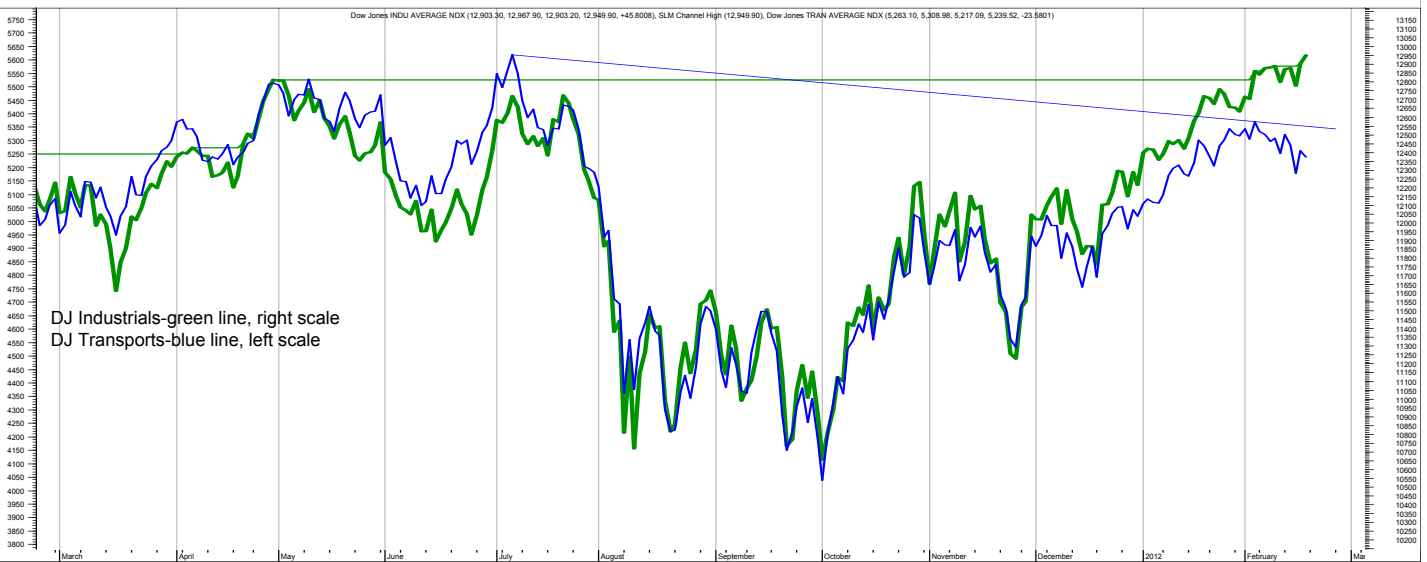
only reduce Greece's sovereign debt load to 120% of GDP by 2020. That's eight years away. Can politicians and the country really abide with these new rules?

Europe has settled into a recession and these measures amongst others, suggest it will

continue for some time as they bring spending and taxes into line.

China, however, has eased reserve requirements in a bid to reverse their growth rate's slow-down.

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



The daily chart above shows the DJ Industrials (green line, right scale) and DJ Transports (blue line, left scale).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	1.7%	5.8%	2.4	3.1	1.4	0.0%
ETF Growth Portfolio	1.7%	6.9%	4.4	2.7	1.4	1.0%
Aggrgt Bond (AGG)	0.1%	5.4%	0.3	0.7	0.3	-0.1%
Wilshire 5000	9.6%	2.9%	23.4	13.2	4.3	1.6%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 2/17/2012							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 2/21	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total	
29-Aug	buy	PHB	17.88	1,400.0	25,042	AGG	110.00	total bond	109.37	110.34	698.9	77,116.63	69.8%	
6-Sep	buy	BWX	62.00	190.0	11,790	LQD	115.80	corp bond	111.69	116.01	255.4	29,628.14	26.8%	
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=	110,455.77	100.0%

WEEKLY REVIEW

2/21 The Treasury market is being sold, as the risk trade comes off with the news Greece won't default, but will offer a haircut of some 50%. There is some advantage to being too big to fail. Please note the very close STOP levels. We may be in for a pullback here.

2/13 The Income Portfolio remains near fully invested. I expect this to generally continue through 2014, but monitor the stops in case of short-term swings. As mentioned last week, the real question is what type of bond to hold. I would also mention that in stock market secular bear markets, the emphasis should be on bonds. We've been in this secular bear for about 12 years and may have a few more to go.

2/6 Given the expectation for interest rates to remain low through late 2014, the question is really which bond area (Treasuries, corporates, internationals, high yield) and duration (short, intermediate, long) to buy. Right now, I'm not making any changes to the Income Portfolio.

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	1.7	10.5	2.9
Aggregate Bond	2.5%	4.3	0.1	6.9	2.0

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

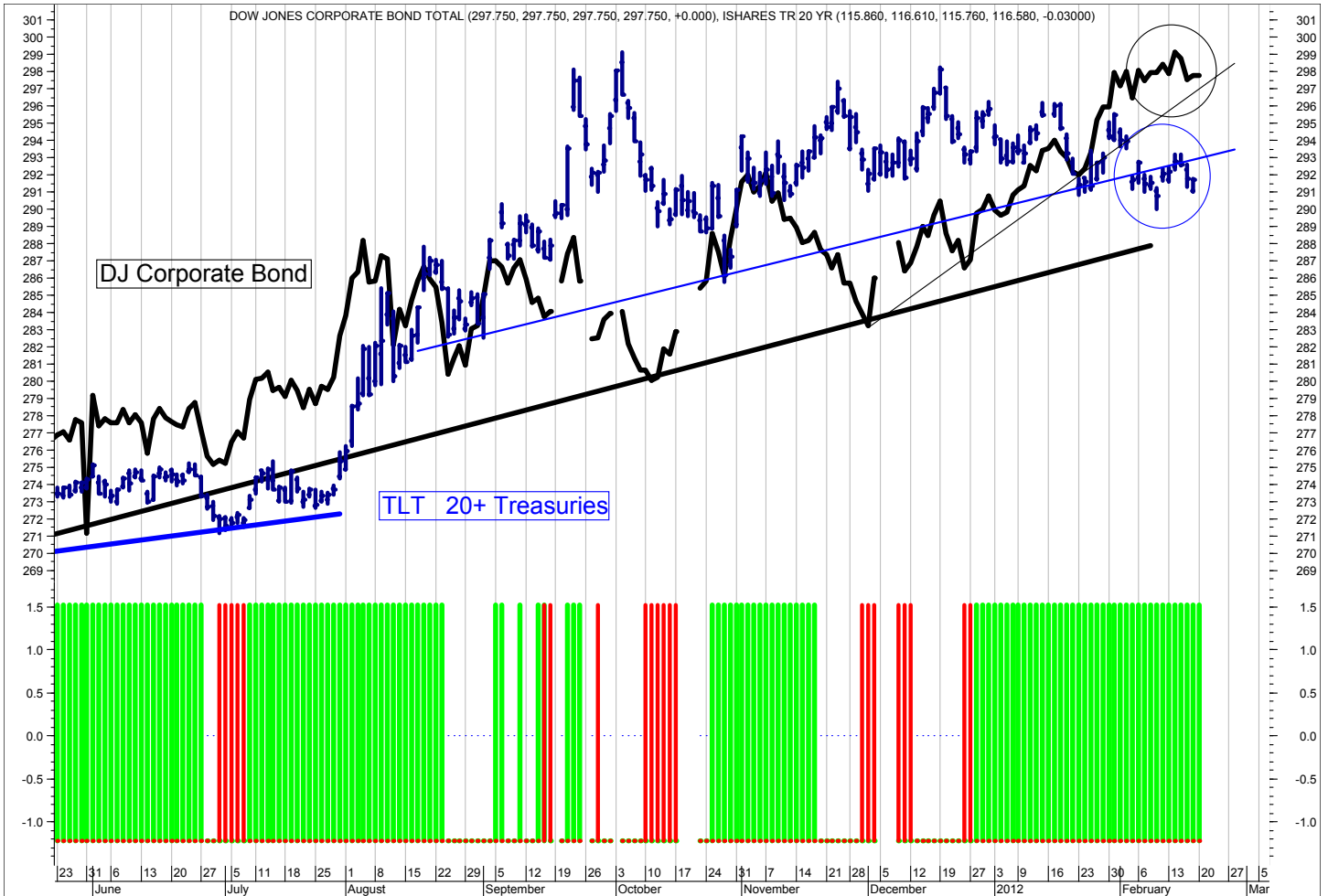
ETF Income Database and Ranking to 1/31/12

<i>Fund Name</i>	<i>D 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 10-20yr Trsry	TLH	B	19.56	17.67	12.57	3.47	0.57	2.26	133.69	*****
iShares 20+ yr Trsry	TLT	B	32.48	28.71	23.42	4.29	-0.33	3.59	120.85	*****
iShares 7-10yr Trsry	IEF	B	13.52	12.71	7.93	2.87	0.86	1.61	106.48	****
PS 1-30 Ldr Trsry	PLW	B	18.61	16.95	12.58	3.33	0.31	2.19	32.57	****
PS Bld America	BAB	B	18.22	13.75	9.01	3.85	2.40	2.09	29.39	****
PS Insrđ CA Muni	PWZ	B	12.97	10.26	7.77	4.19	2.52	1.77	24.82	****
PS Insrđ Natl Muni	PZA	B	12.76	10.68	8.11	5.00	3.03	1.79	25.19	****
PS Insrđ NY Muni	PZT	B	12.45	10.43	8.19	4.60	2.75	1.59	24.56	****
Currency Euro	FXE	B	-4.48	-11.71	-8.99	-5.51	1.05	2.83	130.27	***
iShares 3-7yr Trsry	IEI	B	6.48	6.06	2.95	1.24	0.63	0.89	122.81	***
iShares Agg Bond	AGG	B	5.10	4.31	2.67	0.93	0.73	0.77	111.05	***
iShares High Yld	HYG	B	-1.13	-2.27	-0.34	1.64	1.46	2.27	90.74	***
iShares Inter Bond	MBB	B	2.54	1.96	0.97	0.39	0.28	0.60	108.37	***
iShares Inter Gov	GVI	B	3.79	3.37	1.89	0.96	0.91	0.64	112.30	***
iShares Long Corp Bond	LQD	B	7.12	5.19	3.41	1.31	2.14	1.46	116.20	***
iShares Trsry Inftn	TIP	B	10.99	7.38	4.55	2.46	2.29	1.02	119.36	***
PS DB Dollar Bearish	UDN	B	-0.95	-6.74	-6.04	-3.06	1.45	2.27	27.24	***
PS DB Dollar Bullish	UUP	B	-1.07	5.58	5.18	2.55	-1.56	2.31	22.12	***
PS DB G10 Currency	DBV	B	3.28	-2.19	0.37	0.70	3.37	2.10	24.56	***
PS Emrg Mrkt Svrgn Debt	PCY	B	4.26	2.62	-0.40	-0.07	0.18	1.91	27.41	***
PS Fdmntl Hi Yield Corp	PHB	B	0.49	-0.70	0.00	1.53	0.32	1.43	18.53	***
PS Prfd	PGX	B	0.99	-1.45	1.21	1.64	3.94	1.35	14.23	***
SPDR Intrntl TBond	BWX	B	2.54	-3.68	-3.54	-1.10	2.74	2.21	60.44	***
Vngrđ Intrmđt Bond	BND	B	4.64	3.84	2.20	0.54	0.63	0.71	84.07	***
Wtree Dryfs Brazil Real	BZF	B	-20.93	-27.34	-28.81	-22.05	7.86	5.59	21.00	***
Wtree Dryfs Emrg Crrncy	CEW	B	-6.53	-12.03	-11.16	-4.51	5.43	2.98	20.77	***
Wtree Dryfs Euro	EU	B	-7.32	-15.56	-12.57	-8.49	3.59	3.30	20.51	***
Wtree Dryfs Jpn Yen	JYF	B	8.21	6.83	1.75	1.93	0.91	1.54	34.27	***
Wtree Dryfs N Zlnd Dollar	BNZ	B	0.34	-0.85	0.56	-8.00	-10.93	3.66	23.46	***
Wtree Dryfs S Africa Rand	SZR	B	-10.55	-19.07	-18.60	-5.28	4.39	4.28	24.24	***
Wtree Emrg Mrkt Lcl Debt	ELD	B	2.22	-4.48	-4.95	1.45	6.15	3.06	51.63	***
iShares Intrntl Tbond	IGOV	B	-4.52	-9.18	-8.81	-6.01	-1.27	2.15	98.63	**
PS Low Duration	PLK	B	0.47	0.99	-0.31	-0.09	0.00	0.30	25.42	**
Vngrđ ShrtTrm Bond	BSV	B	0.68	0.64	-0.12	-0.22	0.57	0.47	81.30	**
Wtree Dryfs Chns Yuan	CYB	B	0.55	-1.32	-0.43	-0.86	0.83	0.87	25.40	**
Wtree Dryfs Comđty Cur	CCX	B	-17.91	-24.23	-25.21	-19.65	4.72	4.54	21.27	**
Wtree Dryfs Indn Rupee	ICN	B	-16.47	-20.68	-22.06	-14.54	8.10	3.99	21.75	**
iShares 1-3yr Trsry	SHY	B	0.57	0.52	0.11	0.02	0.08	0.19	84.57	*
PS VRDO Tax Free Wkly	PVI	B	0.04	0.04	0.04	0.00	-0.08	0.02	25.00	*

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

2/21 The Treasury market appears to be weakening, at least on a short-term basis. Can the corporate market hold up nonetheless? Please note the updated very close stop levels on the Portfolio page 2.

2/13 Corporate bond rally continues. Treasuries have lagged a bit with the assumption of Greece solving its problems.

2/6 The bond market's main trend remains up (prices should rise and yields should fall).

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?

Income Charts



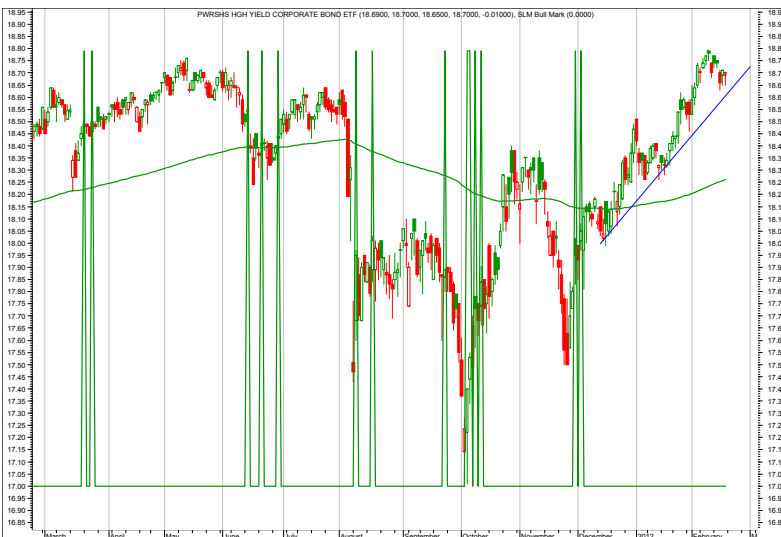
AGG—Aggregate Bond Market

2/21 Still wondering which way?
 2/13 Which way will she break?
 2/6 No change.
 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).



LQD—Corporate Bonds

2/21 Nice rally from the last signal, but can't go straight up forever. Watch the stops.
 2/13 Been a good rally, but watch for prices to break down through the uptrend for first signs of weakness. Otherwise hang on.
 2/6 Continuing to hold. Raised the stop.
 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.



PHB—High Yield

2/21 High yield showing some relative strength.
 2/13 Daily chart again. Been a nice rally in "junk" bonds also.
 2/6 This is a weekly chart. I wanted to back up and show how far high yield prices could still rally to get back to where they were before the financial implosion.
 1/30 No change.

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: 2/17/2012						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 2/21	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
						LONG ETFs-							
17-Jan	buy	EEM	40.04	500	20,030	EEM	to sell	Emr Mrkt	40.04	43.93	500	21,965.00	18.7%
17-Jan	buy	DVY	53.98	400	21,602	DVY	54.00	Div Incm	53.98	55.56	400	22,224.00	18.9%
17-Jan	buy	QQQ	58.71	400	23,494	QQQ	62.50	NSDQ 100	58.71	63.43	400	25,372.00	21.6%
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								
3-Feb	cover	XLF	14.73	1,600	23,578								
6-Feb	short	GLD	167.18	(130)	(21,743)	SHORT ETFs-							
						GLD	171.50		167.18	167.35	(130)	(21,755.50)	-18.5%
21-Feb	sell	EEM		500									
									1.00	21,743.0	21,743.00	18.5%	
									1.00	47,893	47,893.00	40.8%	
									Total Valuation=		117,441.50	100.0%	

WEEKLY REVIEW

2/21 Raised the stops and sold EEM based partially on the negative divergences between the Industrials and Transports.

2/13 No changes to the model at this time.

2/6 Covered two ETFs for losses, while the other positions rallied. I will reshort GLD. Please note the updated stop prices.

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.

	2010	2011	ytd 2012	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	1.7	17.4	5.6
Wilshire 5000 TR	17.7%	0.5	9.6	29.6	9.7

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 1/31/12 (month end)

<i>Fund Name</i>	<i>D 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 Dynmc Pharma	PJP	EA	25.29	10.50	9.21	8.76	2.66	3.45	28.93	*****
PS Dynmc Retail	PMR	EA	21.92	4.78	11.10	7.12	4.87	4.25	23.03	*****
Select SPDR Cnsmr Disc	XLY	EA	11.14	1.90	4.21	5.89	5.89	3.42	41.32	*****
Select SPDR Health	XLV	EA	13.01	1.59	4.92	6.67	3.20	3.06	35.80	*****
iShares Gold	IAU	EG	30.51	11.20	6.99	1.25	11.49	6.23	16.98	*****
PS DB Gold	DGL	EG	29.32	10.44	6.47	0.82	11.29	6.15	60.60	*****
SPDR Gold	GLD	EG	30.37	11.12	6.96	1.18	11.40	6.20	169.31	*****
Wtree Eqty Income	DHS	EGI	10.61	1.75	5.48	4.25	0.07	2.44	42.95	*****
Wtree Div Ex Fincl	DTN	ELC	9.46	2.04	6.43	5.03	1.90	2.52	52.99	*****
Guggnhm Dfnsv Eqty	DEF	EV	9.82	1.57	5.07	2.07	-0.65	2.00	27.16	*****
PS Dynmc Leisure & Enter	PEJ	EA	6.63	1.34	2.08	6.28	4.98	3.73	19.62	****
PS S&P SmICap Cnsmr Dis	PSCD	EA	9.44	-0.46	1.02	7.89	8.28	5.17	29.35	****
PS S&P SmICap Cnsmr Stpl	PSCC	EA	12.80	0.00	1.11	3.39	1.69	3.36	31.98	****
PS S&P SmICap Hlth Care	PSCH	EA	16.65	-4.05	2.34	7.75	3.93	4.80	32.77	****
PS S&P SmICap Utilities	PSCU	EA	9.09	3.49	4.06	1.76	-0.13	2.27	30.71	****
Select SPDR Cnsmr Stpl	XLP	EA	10.91	1.62	3.89	3.19	-1.42	2.50	32.03	****
Select SPDR Technlgy	XLK	EA	4.00	1.08	4.73	3.92	6.21	3.22	27.03	****
Select SPDR Utilities	XLU	EA	9.33	4.58	4.55	-0.49	-3.61	1.99	34.68	****
Vngrd Cnsmr Dis	VCR	EA	9.88	0.20	2.51	4.48	6.47	3.63	65.81	****
Vngrd Cnsmr Stpls	VDC	EA	11.63	1.31	2.34	1.21	-1.06	2.13	80.61	****
Vngrd Health	VHT	EA	12.45	-0.20	3.42	6.09	4.17	3.10	63.76	****
Vngrd Tech	VGX	EA	3.58	0.06	4.69	3.92	7.92	3.75	66.23	****
PS DB Precious Metals	DBP	EG	26.56	-1.54	0.66	-0.05	12.84	8.13	60.80	****
iShares DJ Slct Div	DVY	EGI	7.60	0.22	4.75	3.20	0.02	2.39	53.78	****
PS Buyback Achievers	PKW	EGI	9.71	0.95	5.52	5.97	3.73	3.16	27.52	****
PS Dividend Achievers	PFM	EGI	6.62	-1.05	3.99	3.91	1.14	2.49	15.13	****
PS Hi Yld Eqty Div	PEY	EGI	6.60	1.54	8.23	3.48	-0.43	2.32	9.21	****
Select SPDR Div	SDY	EGI	5.10	-1.12	5.10	3.24	1.78	2.37	54.83	****
Vngrd Div Apprctn	VIG	EGI	5.04	-2.40	3.74	4.92	2.60	2.96	56.07	****
Guggnhm Ocn Grth	OTR	ELC	8.24	-0.52	-0.07	3.99	8.98	3.19	30.46	****
PS Mega Cap	PMA	ELC	5.54	-1.61	3.90	3.67	4.06	3.28	27.43	****
PS S&P 500 High Qlty	PIV	ELC	7.99	-0.30	4.66	5.27	3.99	2.95	14.59	****
SPDR DJ Industrials	DIA	ELC	6.30	-1.54	4.08	5.64	3.46	3.15	126.07	****
SPDR NASDAQ 100	QQQ_O	ELC	8.09	2.45	4.36	4.45	8.42	3.44	60.53	****
Vngrd Grth	VUG	ELC	4.91	-0.98	2.21	5.14	6.28	3.29	65.64	****
Vngrd Utilities	VPU	ELC	8.92	3.30	4.13	-0.24	-3.60	1.98	74.12	****
Wtree LrgCap Div	DLN	ELC	7.79	0.14	5.04	5.66	2.49	2.76	50.25	****
Wtree S&P 500	EPS	ELC	4.01	-2.02	3.39	5.26	4.64	3.34	46.07	****
PS US REIT	PSR	ERE	11.84	2.58	2.92	4.98	5.70	4.53	53.29	****

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>D 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 Airline	FAA	EA	-18.00	-13.58	1.16	8.86	19.77	5.53	31.44	***
PS Aerospace & Def	PPA	EA	-3.00	-6.23	1.26	6.23	5.82	3.79	19.26	***
PS DB Commodity	DBC	EA	-2.45	-12.76	-8.09	0.40	3.69	4.59	27.83	***
PS DB Energy	DBE	EA	-0.07	-15.52	-7.25	1.04	2.32	5.24	28.26	***
PS DB Oil	DBO	EA	-1.31	-16.16	-0.45	8.88	0.42	6.22	28.69	***
PS Dynmc Banking	PJB	EA	-5.03	-3.63	5.50	12.14	5.77	4.85	12.47	***
PS Dynmc Basic Matrl	PYZ	EA	1.16	-9.89	-4.00	11.58	14.58	6.07	36.70	***
PS Dynmc Biotech	PBE	EA	3.22	-5.56	3.85	7.74	9.13	4.90	21.89	***
PS Dynmc Bldg Cnstrctn	PKB	EA	-2.37	-6.18	6.19	12.23	10.27	5.69	13.21	***
PS Dynmc Consmr Discr	PEZ	EA	7.14	-3.05	0.11	3.57	4.70	4.24	26.72	***
PS Dynmc Consmr Staples	PSL	EA	11.10	-1.04	0.24	0.53	-0.14	2.98	31.08	***
PS Dynmc Energy	PXI	EA	0.79	-11.08	-8.95	2.71	4.30	6.88	39.79	***
PS Dynmc Energy Explor	PXE	EA	-2.91	-13.26	-8.53	3.67	7.04	7.35	24.01	***
PS Dynmc Fncl	PFI	EA	-2.56	-8.42	-0.11	4.47	4.35	4.20	18.71	***
PS Dynmc Food & Bev	PBJ	EA	9.45	-2.78	-2.63	0.94	0.31	3.11	19.23	***
PS Dynmc Healthcare	PTH	EA	9.14	-5.77	-1.74	4.41	3.36	3.94	29.65	***
PS Dynmc Indstrls	PRN	EA	-1.64	-9.33	0.62	7.21	7.76	5.40	29.43	***
PS Dynmc Media	PBS	EA	0.87	-10.50	-3.59	5.11	5.50	4.91	13.98	***
PS Dynmc Networking	PXQ	EA	1.59	-8.39	6.23	7.13	10.17	6.31	26.76	***
PS Dynmc Oil & Gas Srvc	PXJ	EA	-11.19	-21.86	-19.38	0.15	2.33	8.48	20.63	***
PS Dynmc Semicndctr	PSI	EA	-9.54	-15.51	1.05	5.57	10.58	6.74	15.36	***
PS Dynmc Software	PSJ	EA	-2.38	-10.36	-0.81	-1.00	5.02	4.20	24.63	***
PS Dynmc Technology	PTF	EA	-3.69	-8.63	2.02	4.20	8.68	4.77	25.30	***
PS Dynmc Utilities	PUI	EA	2.27	-5.19	-1.58	0.83	-0.24	2.37	16.21	***
PS Gbl Agriculture	PAGG	EA	-10.88	-13.33	-12.49	-1.37	8.28	5.24	29.10	***
PS NASDAQ Intrnt	PNQI	EA	2.94	-10.64	-5.93	2.85	7.16	4.71	37.01	***
PS S&P SmiCap Energy	PSCE	EA	1.77	-12.62	-10.70	7.89	5.60	8.93	36.22	***
PS S&P SmiCap Fincl	PSCF	EA	4.35	-2.02	4.06	6.89	4.77	4.13	28.34	***
PS S&P SmiCap Indstrls	PSCI	EA	0.38	-5.37	1.70	7.31	6.90	5.00	29.27	***
PS S&P SmiCap Info Tech	PSCT	EA	1.61	-6.72	6.29	9.18	8.71	5.47	30.47	***
PS S&P SmiCap Mtrls	PSCM	EA	1.41	-5.35	0.84	9.79	11.57	4.75	28.83	***
PS Water Resources	PHO	EA	-4.85	-9.74	-1.08	6.72	8.37	4.66	18.26	***
PS WilderHill Prgsv Enrgy	PUW	EA	-12.92	-18.63	-9.73	4.64	10.57	6.28	24.91	***
Select SPDR Enrgy	XLE	EA	-3.36	-12.16	-7.53	1.41	2.26	6.01	70.69	***
Select SPDR Financs	XLF	EA	-14.30	-14.19	-5.00	4.15	8.12	5.31	14.06	***
Select SPDR Indl	XLI	EA	-0.06	-6.41	4.44	8.38	7.32	4.63	36.22	***
Select SPDR Matrls	XLB	EA	-3.28	-9.03	-2.18	7.92	10.99	5.28	37.18	***
Vngrd Fincl Srv	VFH	EA	-11.73	-12.91	-4.31	4.76	7.60	5.08	29.72	***
iShares Silver	SLV	EG	17.84	-31.14	-16.91	-3.47	19.82	15.00	32.28	***
PS DB Base Metals	DBB	EG	-14.65	-13.20	-16.59	4.03	12.12	5.95	20.91	***
PS DB Silver	DBS	EG	17.42	-31.63	-17.36	-3.64	20.23	15.20	57.70	***
PS Gbl Gold Precious Mtls	PSAU	EG	0.11	-13.44	-5.79	-2.36	10.69	7.21	44.06	***
iShares Prfrd	PFF	EGI	-2.41	-4.79	-1.45	2.22	7.07	2.22	38.14	***
PS Fincl Pfd	PGF	EGI	-2.14	-5.19	-1.20	2.30	7.57	2.44	17.34	***
PS RvrFrnt Tac Bal	PAO	EGI	-6.01	-12.51	-7.16	2.24	4.02	3.13	11.89	***
PS RvrFrnt Tac G&I	PCA	EGI	-1.91	-7.31	-2.97	0.82	1.48	2.31	12.62	***
Guggnhm Ocn Tomo	OTP	ELC	-1.70	-8.50	-1.63	3.62	6.66	3.94	25.92	***
Guggnhm RJ All	RYJ	ELC	1.86	-6.91	0.55	6.08	6.97	5.09	21.96	***
Guggnhm Sctr Rotn	XRO	ELC	-2.13	-11.55	-5.45	3.20	5.86	4.50	24.25	***
iShares Sict Div	IDV	ELC	-9.90	-18.14	-9.32	-1.54	5.19	5.12	31.23	***
PS DWA Tech Ldr	PDP	ELC	3.43	-5.65	-2.64	3.86	5.04	3.58	25.03	***
PS Dyn MagniQuant	PIQ	ELC	0.17	-8.28	-2.90	3.22	4.35	4.68	24.73	***
PS Dyn Mrkt	PWC	ELC	-3.86	-10.46	-3.52	3.44	5.28	4.33	43.19	***
PS Dynmc Lrg Cap Grth	PWB	ELC	2.50	-4.88	-1.12	3.84	4.09	3.41	16.78	***
PS Dynmc Lrg Cap Value	PWV	ELC	2.95	-3.88	1.08	3.54	1.50	3.07	19.57	***
PS Ibtstn Altrntv	PTO	ELC	-1.20	-5.94	-3.88	0.52	7.44	3.01	11.55	***

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

Fund Name	D Symbol	Style	12m	9m	6m	3m	1m	V	NAV	Rank
PS Mrngstr Stk	PYH	ELC	-0.53	-5.62	1.66	4.21	2.16	3.40	20.81	***
PS S&P 500 BuyWrite	PBP	ELC	-4.85	-6.80	-4.53	-2.53	1.94	2.81	20.00	***
SPDR S&P 500	SPY	ELC	2.05	-3.75	1.54	4.64	4.64	3.32	131.32	***
Vngrd Extnd 4500	VXF	ELC	0.92	-8.08	-1.41	5.77	7.58	4.71	55.77	***
Vngrd Large Cap	VV	ELC	1.95	-3.99	1.21	4.78	4.87	3.39	60.09	***
Vngrd Materials	VAW	ELC	-1.10	-8.66	-2.50	7.65	11.92	5.53	81.85	***
Vngrd TTL Stock	VTI	ELC	1.96	-4.44	1.06	5.10	5.07	3.50	67.56	***
Wtree LrgCap Grth	ROI	ELC	2.54	-4.43	1.51	5.14	5.76	3.80	38.42	***
Wtree Ttl Earn	EXT	ELC	3.68	-2.86	3.01	5.49	5.02	3.48	47.27	***
Guggnhm Insdr Sent	NFO	EMC	-2.03	-10.51	-7.48	0.59	4.81	4.72	32.27	***
Guggnhm MidCap Core	CZA	EMC	5.31	-3.65	2.00	5.96	4.57	3.82	31.11	***
Guggnhm Spin Off	CSD	EMC	7.55	-3.37	0.82	5.85	2.75	3.42	24.17	***
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	-0.05	-8.70	-1.56	6.61	7.50	4.91	64.50	***
Vngrd MidCap Val	VO	EMC	0.88	-7.24	-1.18	4.23	6.67	4.24	76.74	***
Wtree MidCap Div	DON	EMC	3.96	-4.01	1.53	4.63	3.34	3.40	53.81	***
Wtree MidCap Earn	EZM	EMC	5.22	-4.43	2.64	7.43	7.32	4.59	57.90	***
iShares Cohen&Str REIT	ICF	ERE	8.67	0.19	0.80	5.60	6.01	5.14	74.44	***
iShares REIT	IYR	ERE	4.49	-2.59	0.22	5.80	6.60	4.56	60.56	***
SPDR Wish REIT	RWR	ERE	8.59	0.06	1.11	5.85	6.35	4.98	68.49	***
Wtree Intrntl REIT	DRW	ERE	-11.31	-15.93	-10.09	3.10	10.17	4.91	25.57	***
iShares Russel 2000	IWM	ESC	1.37	-8.53	-0.90	6.77	7.15	4.85	79.02	***
PS Dyn OTC	PWO	ESC	-2.12	-10.44	-3.72	2.75	5.96	4.36	48.15	***
PS Zacks Micro Cap	PZI	ESC	-7.78	-12.73	-3.71	6.86	6.97	5.31	10.90	***
Vngrd Small Cap	VB	ESC	1.87	-8.36	-0.94	5.31	6.95	4.80	74.51	***
Vngrd Small Cap Grth	VBK	ESC	3.98	-8.18	-0.85	5.31	7.22	5.19	81.87	***
Vngrd Small Cap Value	VBR	ESC	-0.33	-8.32	-1.05	5.41	6.97	4.42	67.04	***
Wtree Sml Cap Div	DES	ESC	1.92	-3.65	3.09	7.30	6.37	3.80	47.75	***
Guggnhm Multi Ast In	CVY	EV	3.80	-3.09	1.96	4.00	4.16	2.97	21.30	***
iShares Russel MidVal	IWS	EV	-1.04	-7.57	-0.72	4.88	4.93	3.92	45.54	***
Guggnhm BRIC	EEB	EW	-11.99	-17.69	-11.72	0.15	12.78	5.83	39.51	***
Guggnhm Frntr	FRN	EW	-9.14	-13.26	-8.93	1.01	10.69	5.03	20.08	***
Guggnhm Gbl Div	LVL	EW	-8.74	-16.58	-8.10	0.02	4.45	4.71	13.84	***
Guggnhm Gbl Wtr	CGW	EW	-3.18	-11.34	-6.34	0.46	5.55	3.66	19.78	***
Guggnhm Intrntl A Incm	HGI	EW	-11.46	-15.66	-8.98	2.01	6.23	4.59	17.23	***
iShares China	FXI	EW	-8.74	-14.11	-8.33	7.68	11.36	5.38	38.83	***
iShares Emrg Mrkt Stk	EEM	EW	-8.08	-15.78	-10.61	3.17	10.99	5.98	42.11	***
iShares Latin Amr	ILF	EW	-9.56	-14.23	-6.20	2.13	9.14	5.41	46.46	***
iShares Mexico	EWX	EW	-4.26	-9.55	-5.89	5.23	8.20	4.34	58.17	***
PS BLDR Asia 50 ADR	ADRA	EW	-12.30	-13.37	-10.20	2.99	10.61	4.50	24.81	***
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-8.54	-12.99	-6.95	3.72	11.40	5.22	42.41	***
PS BLDR Europe 100 ADR	ADRU	EW	-11.12	-17.88	-9.41	-2.81	3.81	5.57	19.34	***
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-1.10	-11.91	-12.23	4.91	7.15	5.69	17.08	***
PS Emrg Mrkt Infrastrctr	PXR	EW	-18.84	-25.39	-17.49	2.97	13.40	7.39	42.10	***
PS FTSE RAFI Asia Pac xJpn	PAF	EW	-9.00	-16.46	-10.77	0.24	9.74	6.09	51.06	***
PS FTSE RAFI Emrg Mrkt	PXH	EW	-10.66	-16.44	-10.59	3.81	11.81	5.52	22.62	***
PS India	PIN	EW	-13.31	-19.27	-15.54	-2.47	18.71	7.76	19.35	***
PS Intrntl Dvdnd	PID	EW	-4.98	-11.92	-6.54	-2.24	2.06	3.68	14.87	***
SPDR DJ Gbl Titans	DGT	EW	-10.93	-15.74	-8.31	1.71	6.66	4.59	53.52	***
Vngrd Emrg Mrkt	VWO	EW	-8.95	-16.34	-12.40	1.93	10.78	5.86	42.33	***
Wtree Emrg Mrkt Eincl	DEM	EW	-3.48	-14.16	-7.37	5.38	8.17	5.06	55.46	***
Wtree Emrg Mrkt SC Div	DGS	EW	-12.23	-19.39	-13.96	5.07	10.21	6.20	45.56	***
Wtree Gbl Eqty Incm	DEW	EW	-7.41	-15.73	-7.72	-0.56	2.42	4.34	40.26	***
Wtree Intrntl SC Div	DLS	EW	-9.43	-15.15	-7.95	2.50	8.00	4.37	47.23	***
Wtree World Ex US Grth	DNL	EW	-6.79	-16.14	-12.27	2.61	7.08	5.12	49.65	***
Guggnhm Candn Enrg Incm	ENY	EWR	-17.21	-23.58	-13.52	4.07	4.81	6.98	17.66	***
Guggnhm China All	YAO	EWR	-12.52	-18.81	-14.29	1.86	11.58	6.07	23.82	***
Guggnhm China REIT	TAO	EWR	-16.25	-16.00	-16.02	4.78	14.07	6.82	16.70	***
Wtree India	EPI	EWR	-17.05	-22.81	-17.65	-3.85	23.21	8.65	19.22	***
Wtree Japan SC Div	DFJ	EWR	-1.60	1.47	-2.93	5.49	4.85	3.30	43.67	***

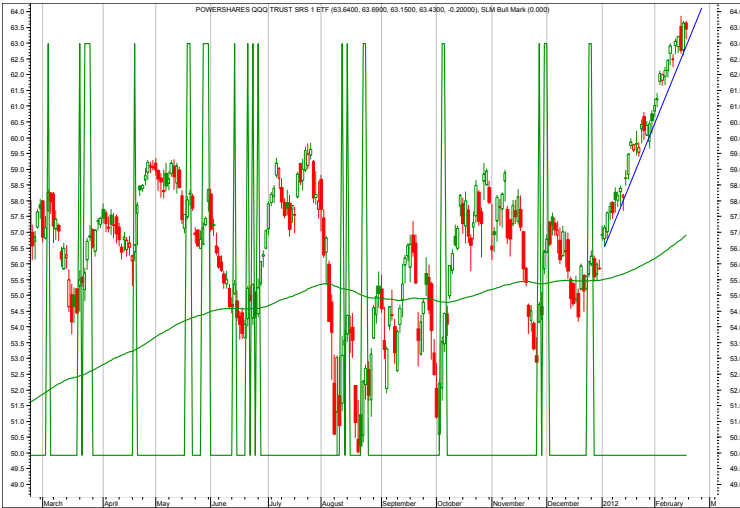
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

Bottom ETF Growth Ranking to same month end

<i>Fund Name</i>	<i>D 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 Timber	CUT	EA	-19.00	-23.34	-8.81	3.11	8.22	5.41	17.90	**
PS Cleantech	PZD	EA	-14.74	-22.82	-13.04	0.92	7.81	5.62	23.19	**
PS Gbl Coal	PKOL	EA	-27.51	-28.82	-24.19	-6.22	8.78	7.45	26.67	**
PS Gbl Steel	PSTL	EA	-27.28	-28.21	-22.36	0.29	14.58	6.97	17.05	**
Wtree Intrntl Utilities	DBU	EA	-13.63	-18.76	-9.98	-1.04	3.04	4.40	18.32	**
Wtree Japan Hedge Eqty	DXJ	EC	-15.81	-11.62	-8.12	0.34	3.64	2.97	32.48	**
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	-15.14	-22.34	-16.15	-0.96	5.84	5.46	18.49	**
Guggnhm Euro-Pac	EEN	EW	-17.82	-23.29	-12.92	-5.11	8.83	6.14	16.51	**
Guggnhm Intrntl SmlCap	XGC	EW	-27.15	-30.96	-22.92	-3.80	11.85	6.79	17.55	**
iShares Canada	EWC	EW	-10.16	-16.59	-9.15	-0.46	5.68	4.33	28.11	**
iShares EAFE Indx	EFA	EW	-12.28	-17.84	-11.19	-0.46	5.27	4.90	52.14	**
iShares Europe 350	IEV	EW	-13.24	-21.53	-11.25	-0.67	5.45	6.04	35.58	**
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	-11.88	-16.92	-10.10	-0.90	4.82	5.17	19.59	**
PS Dyn Dvlp Intrnl Opp	PFA	EW	-15.24	-20.16	-16.76	-0.26	7.26	5.03	15.63	**
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	-16.37	-21.62	-12.98	-0.78	6.81	5.56	34.34	**
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	-10.76	-15.40	-10.94	0.40	7.39	4.19	22.08	**
PS Gbl Listd Prvt Eqty	PSP	EW	-19.25	-27.87	-13.49	1.14	10.76	6.62	8.85	**
PS Gbl Nuclr Enrgy	PKN	EW	-21.62	-17.36	-12.04	1.11	9.07	5.47	16.99	**
PS Gbl Water	PIO	EW	-13.99	-20.35	-12.62	0.65	9.24	5.03	17.03	**
PS Gldn Drgn USX China	PGJ	EW	-20.34	-24.70	-17.60	-0.91	11.01	5.81	21.77	**
SPDR Euro Stoxx 50	FEZ	EW	-21.70	-28.96	-16.52	-3.13	6.00	7.43	31.28	**
Wtree DEFA	DWM	EW	-12.23	-18.40	-10.90	-0.60	5.43	5.01	43.14	**
Wtree DEFA Eqty Incm	DTH	EW	-12.50	-20.24	-10.89	-3.83	3.28	5.51	37.76	**
Wtree Eur SC Div	DFE	EW	-17.50	-25.45	-12.45	-0.56	9.89	6.68	35.88	**
Wtree Intrntl Div Ex Fincl	DOO	EW	-11.51	-19.36	-10.95	-2.99	2.37	4.82	40.52	**
Wtree Intrntl LC Div	DOL	EW	-11.52	-18.15	-9.93	-1.37	4.30	5.29	41.72	**
Wtree Intrntl MC Div	DIM	EW	-13.48	-19.28	-12.56	-1.06	6.36	4.94	45.79	**
Wtree Middle East Div	GULF	EW	-12.54	-13.65	-3.10	-1.47	0.55	3.20	14.71	**
Guggnhm China Sml	HAO	EWR	-28.29	-30.34	-22.72	-1.41	8.76	7.09	20.99	**
Guggnhm Shipping	SEA	EA	-38.78	-36.10	-18.94	2.91	11.83	6.60	16.64	*
Guggnhm Solar	TAN	EA	-61.93	-65.57	-52.88	-13.43	22.67	12.85	3.03	*
PS DB Agriculture	DBA	EA	-15.43	-14.86	-10.08	-4.64	0.42	3.94	29.00	*
PS Lux Nanotech	PXN	EA	-34.51	-32.90	-21.14	1.41	7.27	5.65	6.49	*
PS WilderHill Cln Enrgy	PBW	EA	-44.77	-44.02	-30.52	-4.48	13.61	7.95	5.76	*
iShares Spain	EWP	EW	-26.10	-32.45	-20.07	-12.20	2.21	7.22	30.94	*
PS Gbl Clean Enrgy	PBD	EW	-36.22	-41.52	-28.53	-7.16	10.21	7.88	9.07	*
PS Gbl Wind Energy	PWND	EW	-29.26	-36.79	-23.00	-7.76	4.09	7.15	7.13	*
PS MENA Frnr Countries	PMNA	EW	-17.10	-14.68	-7.75	-4.32	3.44	3.20	10.81	*

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Growth Charts



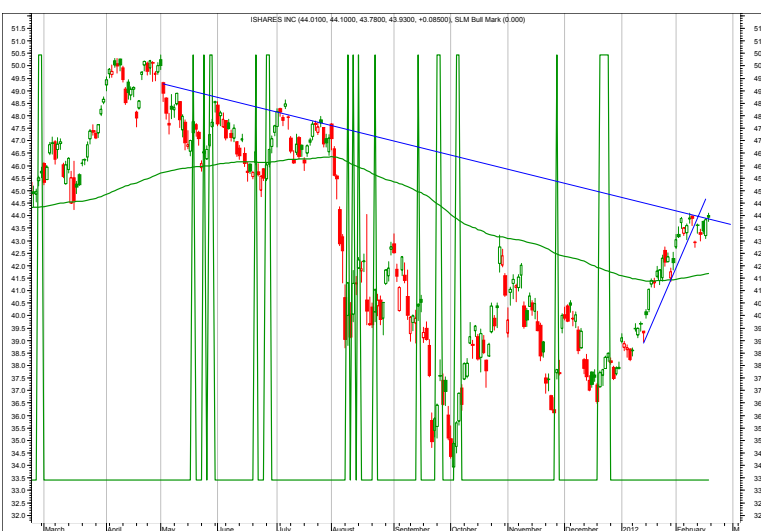
QQQ—OTC

2/21 Watch the tight stop mentioned on page 6.
 2/13 Can't go straight up forever. Watch the trend line for reversals.
 2/6 Weekly chart, showing tech is leading.
 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.



GLD—Gold

2/21 Maintain short for now, as GLD is still in a downward intermediate-term trend.
 2/13 Have reshorted with the idea that GLD is in a confirmed down channel. Since it is close to the top of the channel, it provides a low-risk entry point.
 2/6 Reshort at the top of the channel area.
 Will look to cover and go long on any drops toward the bottom of the channel. Monitor the stop loss.
 1/30 Covered at a loss. Will now look to go long on any pullbacks to the trend line.



EEM—MSCI Emerging Markets

2/21 This fund has rallied back to its intermediate-term down trend line. Time to take profits as noted on page 6.

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**

Perhaps these things are the message behind the weakness of the Dow Transportation Index.

As you can see on the chart on page 1, the Dow Industrials is hitting recovery highs, but the Transports are lagging. This is a negative divergence. Historically this suggests a weak market ahead.

The Transports of course are

made up of transportation companies, ranging from trucking to shipping to air and railroad services.

If the worldwide economy is slowing, then this will show up as weakness in transportation companies.

I have tightened the stop levels on ETF holdings in response to this negative divergence.

In addition, the sentiment

indexes are reaching bearish extremes. In other words, sentiment is a contrary indicator and investors are becoming excessively bullish.

Greece has a long way to go to bring its house into order. The transports suggest the rest of the world's economies may also suffer slower growth in 2012.

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 2-5 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 over different time periods. For example, we may be in a secular bear market, but there are cyclical bull and bear markets.

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.

2/21/12 No changes.

2/13/12 I am still working on the ETF allocation model that I've mentioned a few times before. It is designed to combine both ETF selecting and timing into one model. It is moving more slowly than I thought it would, but steady progress continues.

2/6/12 Monthly updates for the ETF equity and bond rankings are shown.

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.

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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