ETF Selections & Timing

Underlying Strength

The new chart below shows the 2014 year to date performance of the close of the Dow Jones Industrial Average (blue line) and the NYSE advance/decline line (red).

As you can see, the DJI is not confirming the strength of the advance/decline line, just like it didn't confirm the Dow Jones Transportation Average. This too, along with various valuation measures, suggests a topping phase.

It is a bit unique, however, because typically at tops it is the DJI that shows strength, while the advance/decline line lags. So, there is the possibility we get a severe correction and then another rally that reverses the current condition with the DJI leading and the other lagging. That would be a "normal" top
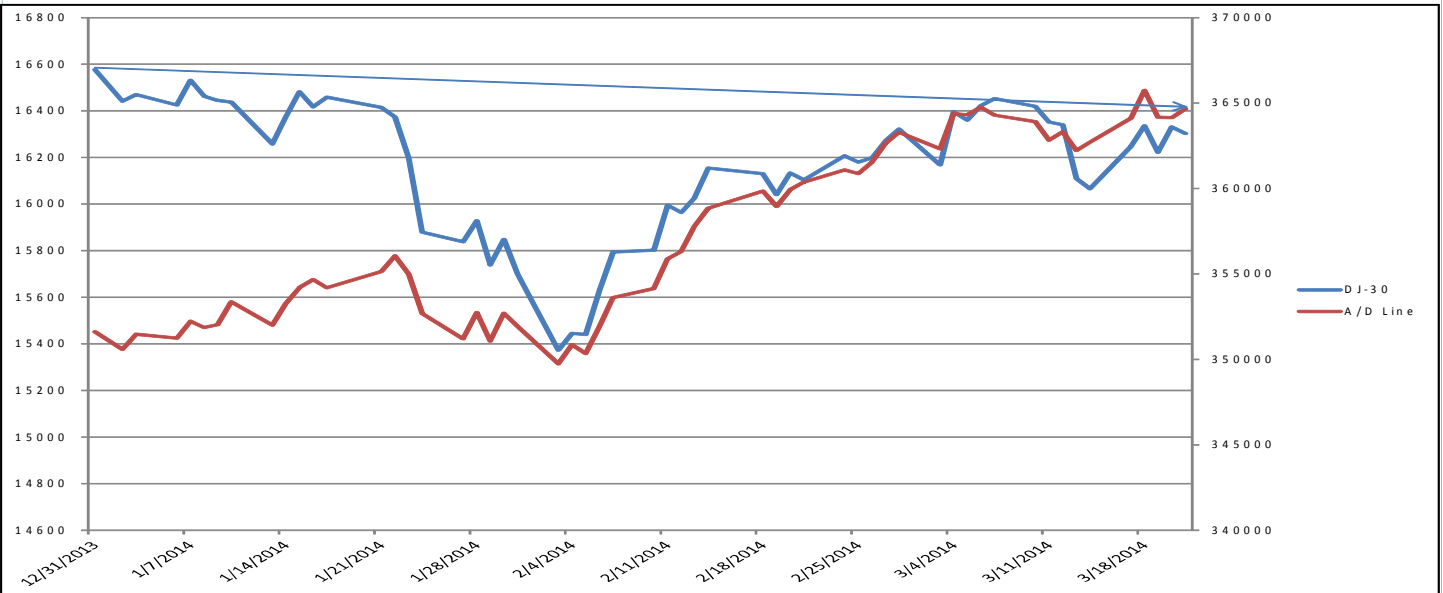
This is the daily chart of the Dow Industrials (upper) and Dow Transports (lower)

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	0.1%	1.7%	1.1	-0.1	-0.1	-0.1%
ETF Growth Portfolio	-0.9%	15.5%	4.2	-0.2	-0.9	0.4%
Index						
Aggrgt Bond (AGG)	1.1%	-0.7%	1.5	0.9	-0.2	-0.3%
S&P 500 TR (SPY)	1.2%	21.5%	9.6	2.5	1.2	0.8%
World Growth Index	0.6%	20.5%	8.2	2.2	0.3	0.6%

CONTENTS

Income Portfolio

Action Date	Action	Symbol	Action Price	# of Shares	Action Value
27-Jan	buy	JNK	40.57	285	11,572
	this will be about 10% of portfolio				
31-Jan	sell	PCY	26.78	2,138	57,249
3-Mar	sell	JNK	41.25	286	11,804
17-Mar	buy	LQD	116.33	120	13,970
17-Mar	buy	AGG	107.90	130	14,037
17-Mar	buy	JNK	41.10	340	13,984
17-Mar	buy	PCY	27.40	510	13,984
	each position will be about 13% of the total				

PORTFOLIO DETAILS   Value as of date: 3/21/2014

Symbol	Stop Loss as of 3/24	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total
LQD	115.00		116.33	116.30	120	13,956.00	12.1%
AGG	107.00		107.90	107.61	130	13,989.30	12.1%
JNK	41.10		41.10	41.12	340	13,980.80	12.1%
PCY	27.20		27.40	27.38	510	13,963.80	12.1%
Money Market				1.00	59,302	59,302.00	51.5%
				Total Valuation=		115,191.90	100.0%

WEEKLY REVIEW

3/24 Added stop levels for the positions.

3/17 Buy the new positions as noted above.

3/10 No changes.

3/3 I'll take profits in JNK.

2/24 JNK still rallying. No changes.

2/18 Increased the stop price on JNK.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Income Portfolio	4.8%	3.6	4.8	1.1	0.1	15.2
Aggregate Bond	6.4%	7.7	3.9	-2.2	1.1	17.8

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)

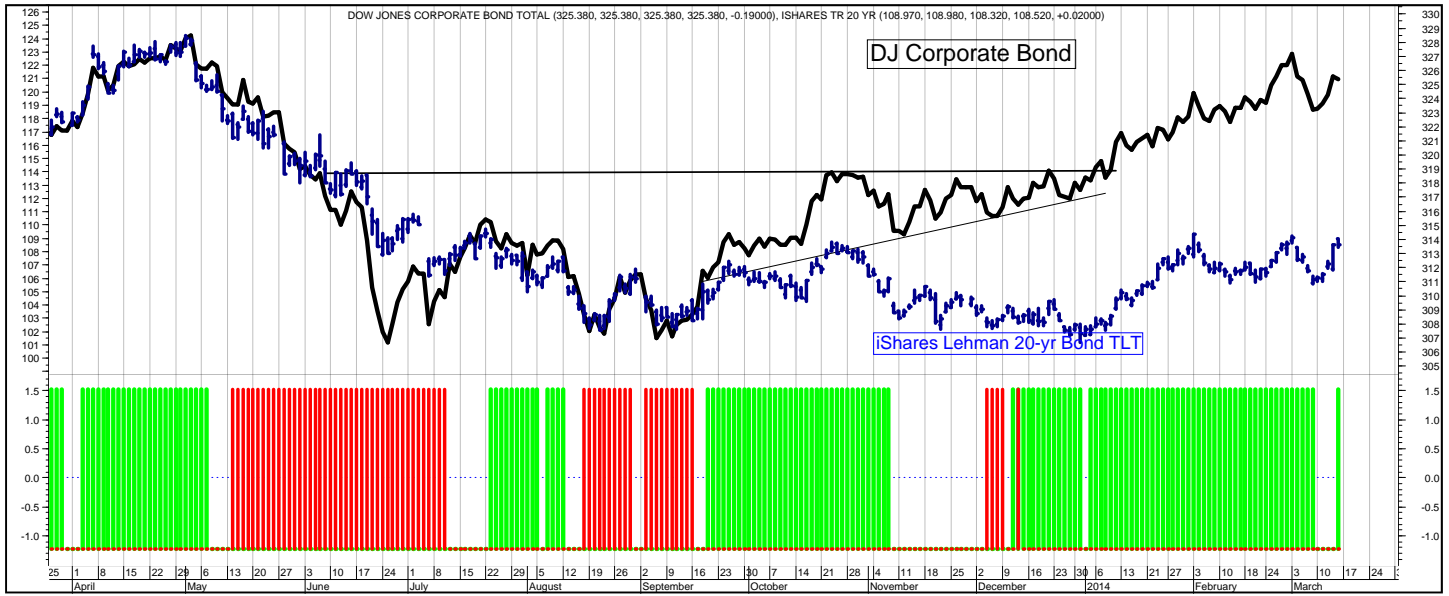| Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	Rank
iShares 1-3yr Trsry	SHY	BS	0.03	0.03	-0.07	-0.03	-0.10	0.08	84.28	* * * * *
Vngrd ShrtTrm Bond	BSV	BS	-0.19	-0.45	-0.60	-0.38	-0.27	0.23	79.96	* * * * *
iShares 3-7yr Trsry	IEI	BI	-2.51	-2.67	-2.49	-1.82	-0.77	0.51	119.88	* * * *
iShares Agg Bond	AGG	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 Infltn	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 Insrd CA Muni	PWZ	BI	-6.48	-9.21	-8.53	-7.65	-2.25	1.29	22.72	* * *
PS Insrd 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 Insrd 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 it 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 shows 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 (not updated)

DOW JONES CORPORATE BOND TOTAL (325.380, 325.380, 325.380, 325.380, -0.19000), ISHARES TR 20 YR (108.970, 108.980, 108.320, 108.520, +0.02000)

DJ Corporate Bond

iShares Lehman 20-yr Bond TLT

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

3/24 As previously mentioned, I am planning to introduce the new World Income Model ASAP. So, this chart and the charts on the next page are not updated. (Trend is still bullish.)

3/17 No changes. Still trending bullish.

3/10 No changes.

3/3 The bond model is still bullish, unfortunately I'm out. Will try to find a reentry area.

2/24 No changes.

2/18 Consolidation phase. With the economy stronger than expected, even accounting for the horrific winter weather, can't see bonds rallying further.

2/10 The bond market has broke its uptrend from what could be a valid breakout zone. This is drawn on the chart above by the last trend lines. Will watch for subsequent action and economic news to decide whether to buy on the pullback or continue to stand aside.
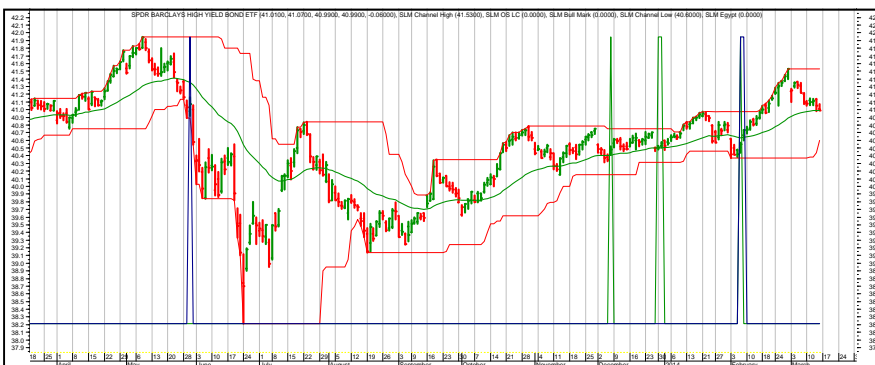
Income Charts (DAILY) (not updated)
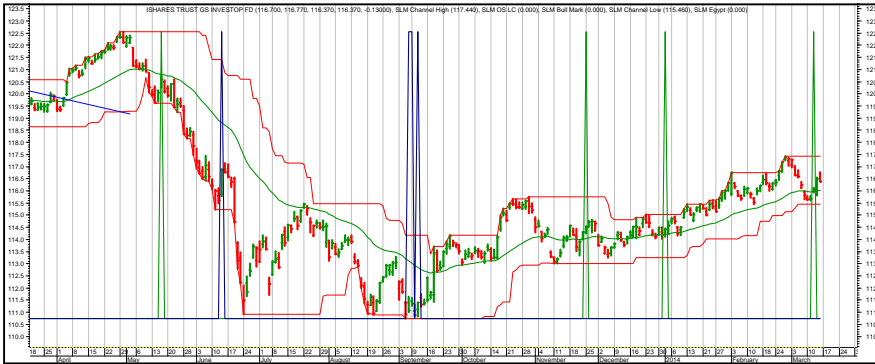
LQD—-Investment Grade Corporate

3/17 See page 2.
3/10 No changes.
3/3 No changes.
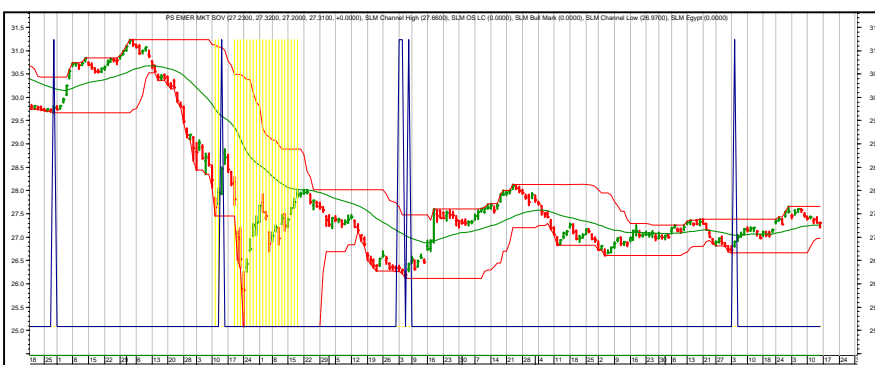2/24/ No changes.
2/18 No changes.
2/10 No changes.
2/3 No changes.
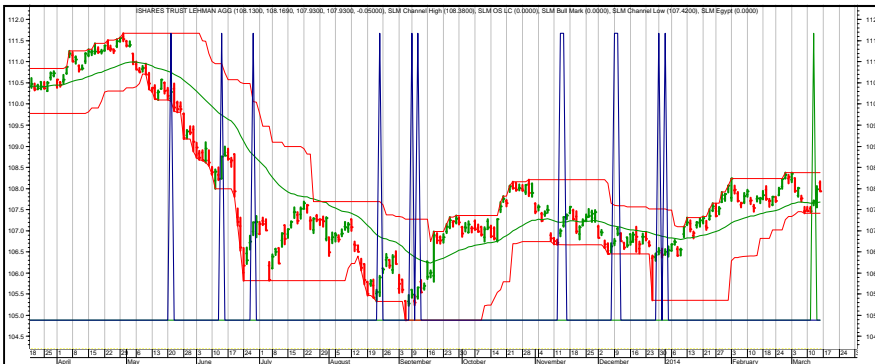
AGG—Aggregate Bond Market

3/17 See page 2.
3/10 No changes.
3/3 No changes.
2/24 No changes.
2/18 No changes.
2/10 No changes.
2/3 No changes.

JNK—-hi-yield bonds

3/17 See page 2.
3/10 No changes.
3/3 Overextended. Will take profits.
2/24 No changes.
2/18 Since JNK is the only bond ETF notch-ing recovery highs here of the 4 shown, I've put a very tight stop on the position. See page 2.

PCY—-International Bonds

3/17 See page 2.
3/10 No changes.
3/3 No changes.
2/24 No changes.
2/18 No changes.
2/10 The last blue spike is the 'buy' from last week's comment. I am standing aside, however.

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:	3/21/2014
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
13-Feb	buy	EEM	39.13	539	21,101	World Growth							
13-Feb	buy	EFA	66.28	318	21,087	EEM		Emrg Mrkt	39.13	38.80	539.000	20,913.20	14.8%
13-Feb	buy	IWM	113.68	185	21,041	EFA		Euro Asia	66.28	65.11	318.000	20,704.98	14.7%
13-Feb	buy	QQQ	89.54	235	21,052	IWM		Rusl 2000	113.68	118.51	185.000	21,924.35	15.6%
13-Feb	buy	SPY	182.85	115	21,038	QQQ		Nsdq 100	89.54	89.11	235.000	20,940.85	14.9%
13-Feb	buy	DFE	60.48	93	5,635	SPY		S&P 500	182.85	186.08	115.000	21,399.20	15.2%
13-Feb	buy	PXN	8.34	674	5,631								
13-Feb	buy	GULF	22.09	254	5,621	C-lect 5							
13-Feb	buy	PJP	56.88	99	5,641	DFE			60.48	60.98	93.000	5,671.14	4.0%
13-Feb	buy	PPA	31.71	177	5,623	UNG			26.12	23.94	215.000	5,147.10	3.7%
						GULF			22.09	22.62	254.000	5,745.48	4.1%
						PJP			56.88	57.33	99.000	5,675.67	4.0%
24-Feb	buy	UNG	26.12	215	5,626	DBA			28.45	27.85	200.000	5,570.00	4.0%
26-Feb	liquidtd	PXN	8.36	674	5,625	Two potential ways to sell: stop loss about 7% lower or timing model signals sell							
						Two potential ways to buy: lower-risk "window to buy" may open or timing model signals buy.							
3-Mar	sell	PPA	32.64	177	5,767								
3-Mar	buy	PBE	45.05	129	5,821	C-lect Short							
			this will be about 4% of ttl			(under construction)							
17-Mar	sell	PBE	44.55	129	5,737								
17-Mar	buy	DBA	28.45	200	5,680								
			this will be about 4% of ttl										
						Cash from short			1.00	-	-	0.0%	
						Money Market			1.00	7,176	7,176.00	5.1%	
									Total Valuation=		140,867.97	100.0%	

WEEKLY REVIEW

3/24 No changes. The sell stop is about 7% away from current level.

3/17 Make the sell and buy as noted above.

3/10 No changes. The sell stop is about 10% away from the current portfolio value.

3/3 Make the sell and buy as noted above.

2/24 PXN will be liquidated this week and was deleted from the database. UNG is the new buy.

2/18 Moved back into positions last week as noted above. The stop is about 5% away.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Growth Portfolio	8.1%	6.9	-2.1	25.7	-0.9	40.9
World Growth Index	17.2%	-4.1	15.1	30.5	0.6	69.9

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 highlight the aforementioned changes.

ETF Rankings by C to previous week's end

Fund Name	Symbol	Style	C
W tree Middle East Div	GULF	E W	22.10
PS DB Agriculture	DBA	E A	12.28
W tree Eur SC Div	DFE	E W	12.24
PS Dynmc Pharma	PJP	E A	12.24
US Natural Gas	UNG	E A	12.04
PS Dynmc Biotech	PBE	E A	10.54
PS Dynmc Semicndctr	PSI	E A	9.29
PS Aerospace & Def	PPA	E A	8.94
PS Dynmc Networking	PXQ	E A	8.90
Vngrd Health	VHT	E A	8.38
PS Glbl Clean Enrgy	PBD	E W	8.07
PS Fincl Pfd	PGF	E G I	7.89
PS NASDAQ Intrnt	PNQI	E A	7.70
PS Dynmc Software	PSJ	E A	7.59
Select SPDR Health	XLV	E A	7.35
Vngrd Tech	VGT	E A	7.28
iShares Prfrd	PFF	E G I	7.08
PS QQQ	QQQ	E L C	6.70
PS Dynmc Healthcare	PTH	E A	6.51
Guggnhm Shipping	SEA	E A	6.39
PS Glbl Water	PIO	E W	6.35
iShares Italy Indx	EWI	E W	6.20
iShares DJ US Home Constr.	ITB	E A	5.86
PS Dynmc Bldg Cnstrctn	PKB	E A	5.63
Vngrd REIT	VNQ	E R E	5.42
PS S&P SmlCap Mtrls	PSCM	E A	5.41
Guggnhm RJ All	RYJ	E L C	5.40
iShares REIT	IYR	E R E	5.38
Market Vectors Semiconductor	SMH	E A	5.27
iShares Cohen&Str REIT	ICF	E R E	5.20
Guggnhm Glbl Wtr	CGW	E W	5.08
PS Dynmc Lrg Cap Grth	PWB	E L C	5.07
SPDR Wlsh REIT	RWR	E R E	5.00
Select SPDR Technlgy	XLK	E A	4.95
Vngrd Extnd 4500	VXF	E L C	4.86
Vngrd Utilities	VPU	E A	4.78
PS Dynmc Basic Matrl	PYZ	E A	4.71
PS Dynmc Utilities	PUI	E A	4.70
PS WilderHill Cln Enrgy	PBW	E A	4.53
PS S&P SmlCap Info Tech	PSCT	E A	4.49
Select SPDR Utilities	XLU	E A	4.48
Vngrd Small Cap Grth	VBK	E SC	4.29
PS Cleantech	PZD	E A	4.23
Vngrd Grth	VUG	E L C	4.23
Vngrd MidCap Val	VO	E MC	4.23
PS DWA Tech Ldr	PDP	E L C	4.18
PS Dyn Mrkt	PWC	E L C	4.05
PS Dynmc Media	PBS	E A	3.97
PS DWA Dvlpd Mrkt T Ldrs	PIZ	E L C	3.95
SPDR S&P Regional Banking	KRE	E A	3.89

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. Comets, not stars, because comets come into and out of prominence over time. We want the metaphor to match reality.

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

Vngrd Materials	VAW	EA	3.86
PS US REIT	PSR	ERE	3.85
PS Zacks Micro Cap	PZI	ESC	3.78
Vngrd Small Cap	VB	ESC	3.75
Vngrd Small Cap Value	VBR	ESC	3.65
Select SPDR Indl	XLI	EA	3.61
Guggnhm Solar	TAN	EA	3.56
iShares Russel MidVal	IWS	EMC	3.52
iShares Russell 1000 Grwth Indx	IWF	ELC	3.52
iShares Spain	EWP	EW	3.42
PS Water Resources	PHO	EA	3.39
Select SPDR Matrls	XLB	EA	3.36
PS S&P SmlCap Indstrils	PSCI	EA	3.31
SPDR S&P Metals & Mining	XME	EA	3.24
Guggnhm Insdr Sent	NFO	EMC	3.19
SPDR S&P Bank	KBE	EA	3.12
Wtree MidCap Earn	EZM	EMC	2.95
PS Glbl Listd Prvt Eqty	PSP	EW	2.94
iShares Gold	IAU	EG	2.92
SPDR Gold	GLD	EG	2.89
iShares Core S&P Mid Cap	IJH	EMC	2.78
PS S&P SmlCap Hlth Care	PSCH	EA	2.78
PS Gldn Drgn USX China	PGJ	EW	2.74
SPDR Mid Cap Trust	MDY	EMC	2.70
PS DB Gold	DGL	EG	2.66
PS Dynmc Leisure & Enter	PEJ	EA	2.64
PS S&P 500 BuyWrite	PBP	ELC	2.61
iShares Russell 2000	IWM	ESC	2.56
PS S&P SmlCap Cnsmr Dis	PSCD	EA	2.48
PS WilderHill Prgsv Enrgy	PUW	EA	2.42
SPDR S&P Homebuilders	XHB	EA	2.41
Vngrd TTL Stock	VTI	ELC	2.35
PS Glbl Gold Precious Mtls	PSAU	EG	2.34
Wtree Intrntl SC Div	DLS	EW	2.31
Wtree S&P 500	EPS	ELC	2.25
Select SPDR Financls	XLF	EA	2.18
iShares Germany Indx	EWG	EW	2.18
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	2.02
Wtree MidCap Div	DON	EMC	1.99
Vngrd Large Cap	VV	ELC	1.95
PS Dynmc Fncl	PFI	EA	1.95
Alerian MLP	AMLP	EGI	1.92
PS Dynmc Technology	PTF	EA	1.86
PS Buyback Achievers	PKW	EGI	1.79
iShares Russell 2000 Value Indx	IWN	ESC	1.79
PS DB Oil	DBO	EA	1.75
Vngrd Fincl Srv	VFH	EA	1.74
Wtree Ttl Earn	EXT	ELC	1.73
iShares Core S&P 500	IVV	ELC	1.68
PS DB Precious Metals	DBP	EG	1.66
SPDR S&P 500	SPY	ELC	1.65

ETF Rankings by C to previous week's end

Vngrd Consmr Dis	VCR	EA	1.65
PS S&P SmlCap Utilties	PSCU	EA	1.63
Select SPDR Cnsmr Disc	XLY	EA	1.46
Wtree Intrntl Div Ex Fincl	DOO	EW	1.41
Vngrd European Indx	VGK	EW	1.40
SPDR DJ Industrials	DIA	ELC	1.34
PS Hi Yld Eqty Div	PEY	EGI	1.28
iShares Europe 350	IEV	EW	1.23
iShares EMU Indx	EZU	EW	1.15
PS Dynmc Lrg Cap Value	PWV	ELC	1.08
PS BLDR Europe 100 ADR	ADRU	EW	1.07
iShares Russell 1000 Value Indx	IWD	ELC	1.06
US Oil Fund	USO	EA	1.05
Guggnhm MidCap Core	CZA	EMC	1.01
PS Dynmc Food & Bev	PBJ	EA	1.01
Guggnhm Spin Off	CSD	EMC	0.99
iShares S&P 100 Indx	OEF	ELC	0.97
Wtree India	EPI	EWR	0.96
Wtree Intrntl MC Div	DIM	EW	0.88
iShares Telecomm	IYZ	EA	0.82
PS Dynmc Energy Explor	PXE	EA	0.80
Wtree Sml Cap Div	DES	ESC	0.78
iShares DJ Slct Div	DVY	EGI	0.77
PS Dynmc Energy	PXI	EA	0.73
Guggnhm Timber	CUT	EA	0.63
PS DB Energy	DBE	EA	0.61
Market Vectors Gold Minors	GDX	EG	0.55
PS Dynmc Consmr Discr	PEZ	EA	0.54
Guggnhm Intrntl A Incm	HGI	EW	0.54
PS DB Commodity	DBC	EA	0.52
PS S&P SmlCap Fincl	PSCF	EA	0.46
PS Dynmc Consmr Staples	PSL	EA	0.45
Wtree Div Ex Fincl	DTN	ELC	0.44
PS Dyn MagniQuant	PIQ	ELC	0.37
Wtree DEFA Eqty Incm	DTH	EW	0.31
Wtree Intrntl Utilities	DBU	EW	0.30
PS S&P 500 Low Volatility Portfolio	SPLV	ELC	0.24
SPDR Euro Stoxx 50	FEZ	EW	0.22
PS S&P SmlCap Energy	PSCE	EA	0.22
iShares Slct Div	IDV	ELC	0.19
Guggnhm Multi Ast In	CVY	EV	0.15
Wtree Eqty Income	DHS	EGI	0.14
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	0.11
Wtree LrgCap Div	DLN	ELC	0.10
Wtree DEFA	DWM	EW	-0.03
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	-0.06
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	-0.15
Select SPDR Div	SDY	EGI	-0.18
Guggnhm China Sml	HAO	EWR	-0.27

ETF Rankings by C to previous week's end

Vngrd Consmr Stpls	VDC	EA	-0.31
iShares Canada	EWC	EW	-0.31
Guggnhm Dfnsv Eqty	DEF	EV	-0.31
Select SPDR Cnsmr Stpl	XLP	EA	-0.32
PS India	PIN	EW	-0.32
Vngrd Div Apprctn	VIG	EGI	-0.34
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	-0.40
Guggnhm Candn Enrg Incm	ENY	EWR	-0.42
SPDR DJ Glbl Titans	DGT	EW	-0.43
Wtree Intrntl LC Div	DOL	EW	-0.44
PS Dividend Achievers	PFM	EGI	-0.44
PS Intrntl Dvdnd	PID	EW	-0.44
iShares EAFE Indx	EFA	EW	-0.54
PS Glbl Agriculture	PAGG	EA	-0.55
Wtree Japan Hedge Eqty	DXJ	EC	-0.62
Pro Shares Short S&P 500	SH	EC	-0.67
Vngrd Europe Pacific	VEA	EW	-0.70
Select SPDR Enrgy	XLE	EA	-0.79
Guggnhm Glbl Div	LVL	EW	-0.80
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	-0.82
iShares Taiwan Indx	EWT	EW	-0.82
Vngrd TTL Intrntl Stk	VXUS	EW	-0.91
SPDR S&P Retail	XRT	EA	-1.13
Wtree Glbl Eqty Incm	DEW	EW	-1.17
Wtree World Ex US Grth	DNL	EW	-1.23
Market Vectors Oil Services	OIH	EA	-1.30
iShares Silver	SLV	EG	-1.31
Wtree Japan SC Div	DFJ	EWR	-1.39
PS Dynmc Oil & Gas Srvcs	PXJ	EA	-1.47
PS DB Base Metals	DBB	EG	-1.54
iShares Australia	EWA	EW	-1.70
iShares Pacific ex Jpn	EPP	EW	-1.75
iShares Hong Kong Indx	EWH	EW	-2.04
PS DB Silver	DBS	EG	-2.06
iShares Japan	EWJ	EW	-2.14
Pro Shares Short Russell 2000	RWM	ESC	-2.15
iShares Mexico	EWW	EW	-2.24
iShares Malaysia Indx	EWM	EW	-2.26
Wtree Intrntl REIT	DRW	ERE	-2.42
PS Emrg Mrkt Infrastrctr	PXR	EW	-2.55
iShares Singapore	EWS	EW	-2.60
Wtree Emrg Mrkt SC Div	DGS	EW	-2.71
PS FTSE RAFI Asia Pac xJpn	PAF	EW	-2.74
PS BLDR Asia 50 ADR	ADRA	EW	-2.88
Guggnhm China All	YAO	EWR	-3.01
PS Dynmc Retail	PMR	EA	-3.04
Vngrd Emrg Mrkt	VWO	EW	-3.06
Guggnhm Frntr	FRN	EW	-3.15
iShares Emrg Mrkt Stk	EEM	EW	-3.28
iShares South Korea Indx	EWY	EW	-3.44
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-3.54
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-3.63
PS FTSE RAFI Emrg Mrkt	PXH	EW	-3.70
Wtree Emrg Mrkt Eincm	DEM	EW	-4.00
Guggnhm BRIC	EEB	EW	-5.00
Guggnhm China REIT	TAO	EWR	-5.00
iShares Latin Amr	ILF	EW	-5.80
Market Vectors Junior Gold Miners	GDXJ	EG	-5.87
iShares China	FXI	EW	-5.95
Market Vectors Russia	RSX	EW	-7.16
iShares Brazil Indx	EWZ	EW	-8.95

World Growth Model (blue) versus Buy/Hold of Same (red)
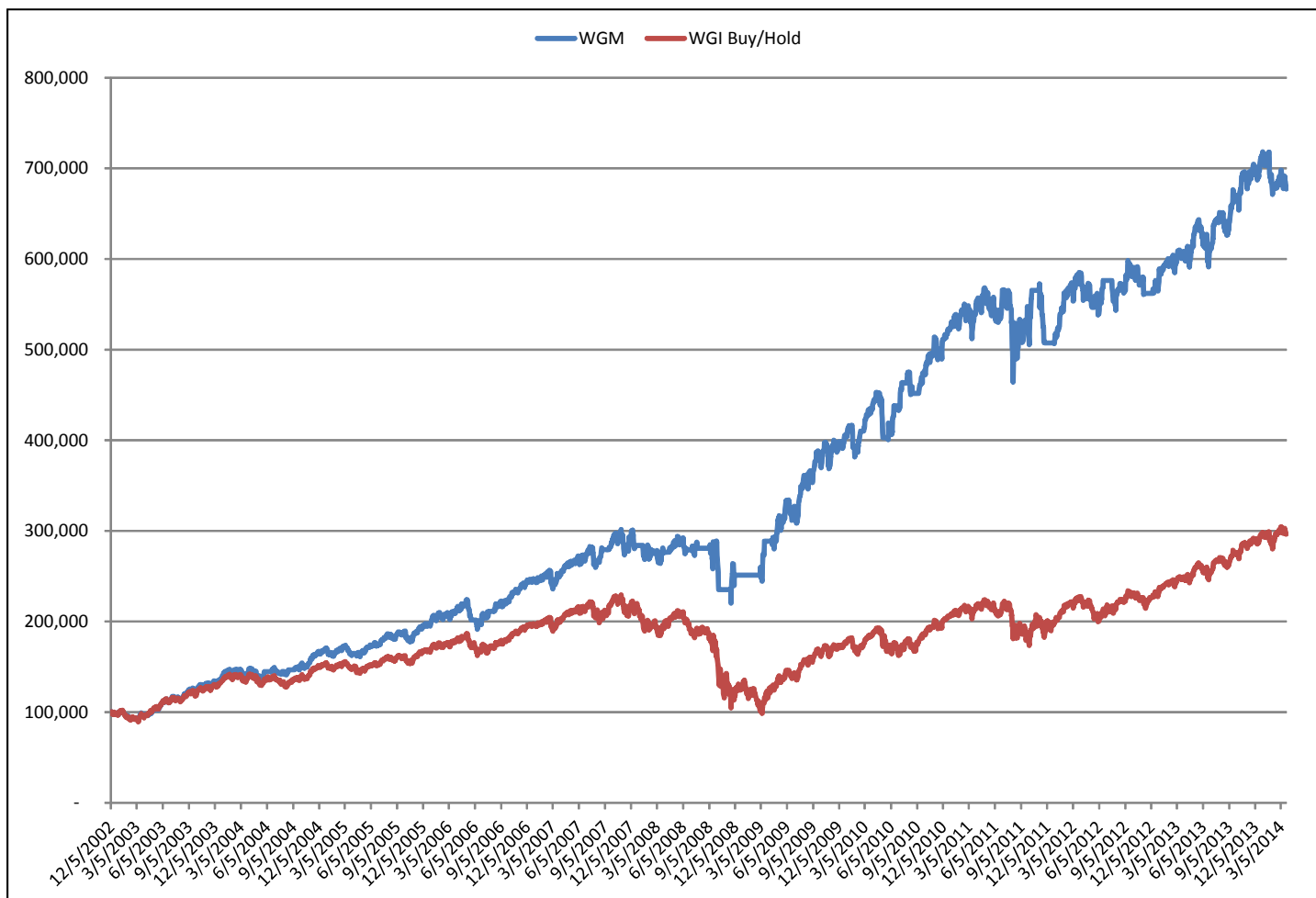
In any one month or two or even by year, the World Growth Model (timed) may or may not outperform the World Growth Index (same five selections (EEM, EFA, IWM, QQQ, SPY), no timing), but over the years, it has substantially outperformed.

(Continued from page 1) **REVIEW**

signal.

As well, the confirmation of this divergence is not until both indexes close below previous lows, which were set in February.

At the same time, while the market is overvalued currently, the trends for now still remain up.

In the World Growth Model, there, there are, amongst other things, five trend inputs. Two are currently bearish and three remain bullish. It takes a majority of the five to signal a bull (buy) or bear (sell) signal.

So, as usual, it is a mixed bag with various indicators signaling divergent views.

In the meantime, see the portfolios for more information.

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.

3/24 Planning to introduce the World Income Model shortly.
3/17 No changes (added).
3/10 The "window to buy" chart is updates. See also the new charts on page 11.
3/3 No changes.
2/24 Couple of database changes. Deleted PXN that suspended trading. Deleted another that changed symbols, but was not very liquid. Deleted VXX too volatile (doesn't trend well).
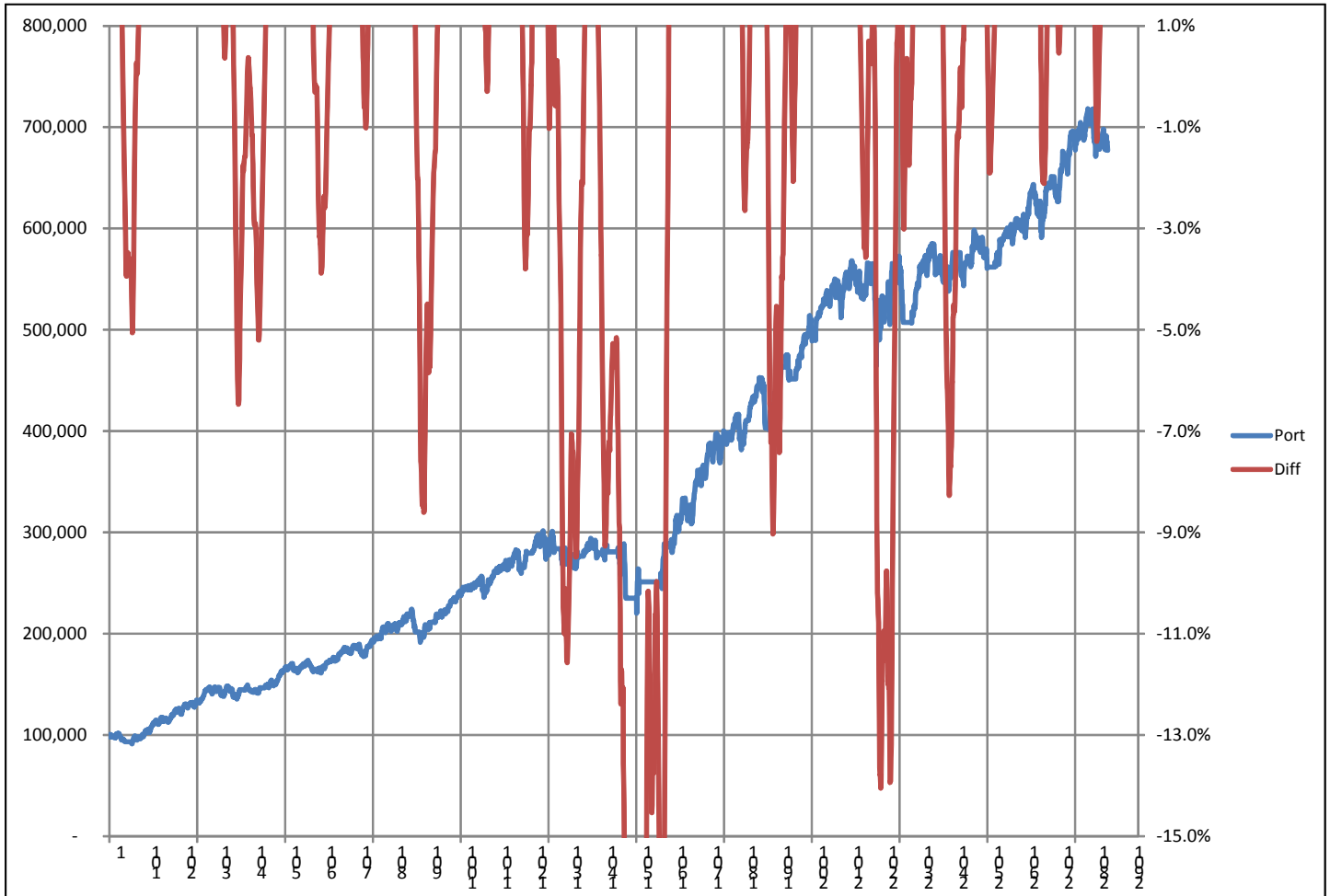2/18 Still working on the World Income Model.
2/10 No changes.
2/3 Made an ETF database change. Deleted a low volume ETF and added a larger volume ETF.
1/27 Work continues on that combined timing model (trends and contraries). See comment/letter 12/2.

Window to Buy (closed currently)

The chart above shows the World Growth Model (WGM-blue line) and the Window to buy (Window-red spikes). The chart covers the period from 12/5/2002 through the present. The vertical lines mark off about 1 year increments.

The Window to Buy is to answer the question if I missed the initial timing model buy signal, then when do I either buy my initial position or increase my position with additional money?

Being risk-averse, I wanted a way to answer this sensibly, which is try to buy on measured corrections, rather than chase the market higher and higher. The Window to Buy is the answer. The caveat is that in a strong, early bull market, this approach may miss the early gains, unless you are already following the World Growth Model strategy. But the rest of the time, the Window is a solid approach to managing portfolio risk.

The base line for the Window is 0%. The chart shows +1% to –15%. When the base line is above zero, the Window is closed. It doesn't mean the market can't or won't go higher. It just means that the downside risk to the potential stop or sell signal is fairly wide. When the WGM drops enough, then the Window to buy opens.

When the Window opens, it represents a lower-risk entry period. If the market recovers to new highs, the Window will close again. If the market continues lower, either the sell stop will be triggered or the timing model will signal a sell. The timing model sell signal overrides the Window to buy.

What normally happens in up markets is the timing model remains on a buy, while the market corrects and opens the Window to buy. It then reverses and heads higher with more investment dollars on board for the rally.

Descriptions & Disclosures

PORTFOLIO DESCRIPTIONS (pages 2 and 6)

Our guiding goal is to provide the most return with the least risk consistently 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. 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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