

# ETF Selections & Timing

## Watercourse Way Holdings, LLC

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

InvestmentST.com

April 2, 2012 (data through previous Friday close)

Volume 3  
Issue 14

## Trending Up

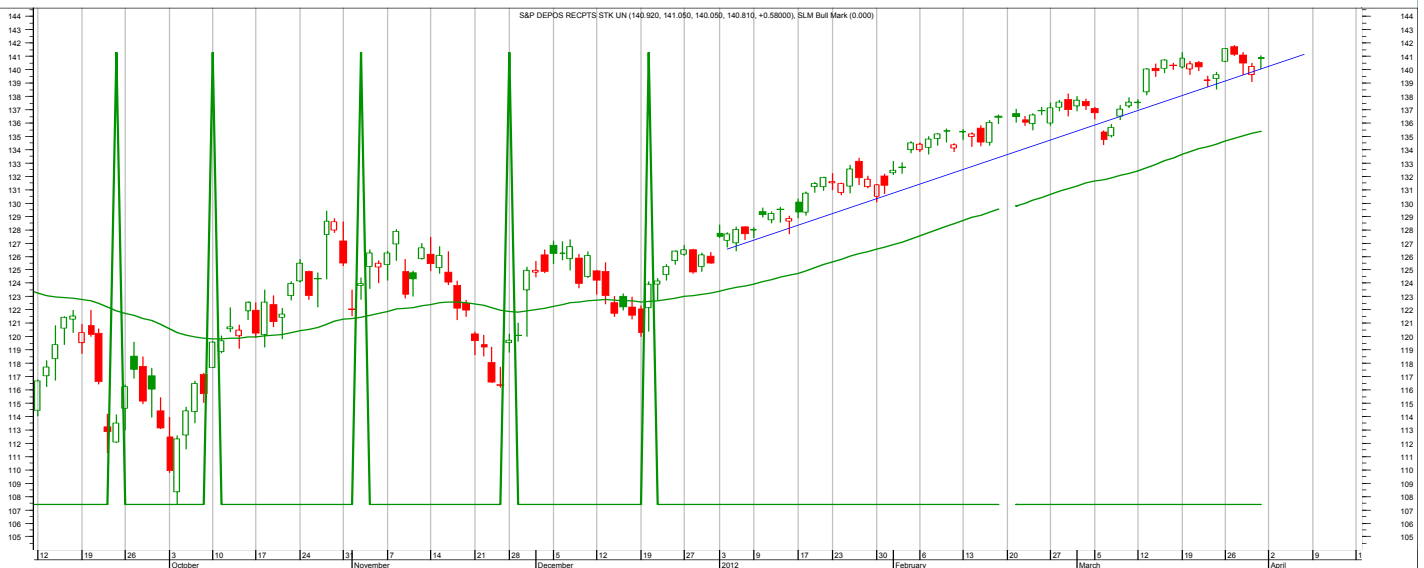
The stock market continues its trek higher with minor two or three day pullbacks. It is definitely a switch from last year's volatile wild ride.

The background for the move is now fairly well known. While China's economy is

slowing, it is not to say it is in recession. Europe and the IMF bailed out to a degree Greece; another liquidity domino disaster was averted. The Federal Reserve is also maintaining its easy money stance. It is emphasizing it's less well-known second half of its dual mandate,

which is full employment. They have evidently projected this will not happen until 2015, since they have maintained their intent to keep interest rates low at least through the end of 2014. They have also extended

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



This is the daily chart of SPY (S&P 500 index). The green spikes show potential buying areas.

## SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	1.1%	3.9%	2.3	1.1	-1.1	-0.2%
ETF Growth Portfolio	0.9%	3.6%	1.3	0.9	-0.4	-0.1%
Aggrgt Bond (AGG)	-0.4%	4.7%	0.0	-0.4	-0.6	0.1%
Wilshire 5000	13.1%	6.6%	26.6	13.1	2.9	0.7%

## CONTENTS

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

# Income Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date: 3/23/2012						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 3/23	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total
3-Oct	buy	AGG	110.34	250.0	27,595	AGG	110.00						0.0%
6-Oct	sell	AGG	109.45	752.5	82,351	LQD	116.00						0.0%
17-Oct	buy	AGG	109.37	687.0	75,147	JNK	39.00	hi yield	39.69	39.37	800.0	31,496.00	28.7%
21-Nov	buy	LQD	111.69	250.0	27,933	PCY	27.00	emrg debt			1,200		
13-Mar	sell	AGG	109.92	700.6	77,000								
14-Mar	sell	LQD	114.85	256.3	29,426								
26-Mar	buy	JNK	39.69	800.0	31,762								
			yield 7.3%	about 30%									
2-Apr	buy	PCY	28.10	1,200.0	33,730								
				about 30%									
Money Market									1.00		78,375	78,375.00	71.3%
Total Valuation=											109,871.00	100.0%	

## WEEKLY REVIEW

4/2 Junk (high-yield) remains relatively attractive. I will also buy PCY (emerging markets sovereign debt), but watch the stop.

3/26 Junk bonds compared to Treasuries and investment grade corporates remain cheap, as they have since 2008. But with the economy muddling along in expansion and the Fed committed to keeping interest rates low, I suspect that spread will narrow over the next year. Buy as noted above. However, with the economic weakness in Europe and China, this may impact the US. So, watch the stop level closely.

3/19 All of the positions were stopped out last week. The economic news is coming in fairly strong. The Fed hinted that QE3 is probably not going to happen (that was the sell off trigger). But, they also said they'll keep rates low through the end of 2014. So, after this pullback, I expect to reenter. I'll let the dust settle first though. Target for LQD is about 112.

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	1.1	9.9	3.0
Aggregate Bond	2.5%	4.3	-0.4	6.5	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 2/29/12

Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	Rank
iShares 20+ yr Trsry	TLT	BL	27.09	21.45	9.72	-0.38	-2.83	3.64	117.43	*****
PS Bld America	BAB	BI	16.40	10.44	7.35	3.36	0.10	1.92	29.42	*****
iShares 10-20yr Trsry	TLH	BL	17.03	12.82	4.20	0.82	-1.68	2.26	131.45	****
iShares Long Corp Bond	LQD	BL	7.76	5.62	4.78	6.33	1.29	1.42	117.70	****
PS 1-30 Ldr Trsry	PLW	BI	16.00	11.94	4.48	0.31	-1.84	2.21	31.97	****
PS Insrđ CA Muni	PWZ	BI	11.25	7.85	5.38	4.49	0.20	1.54	24.87	****
PS Insrđ Natl Muni	PZA	BI	11.02	7.73	5.11	4.72	-0.44	1.59	25.08	****
PS Insrđ NY Muni	PZT	BI	10.18	7.67	4.94	4.18	-0.53	1.39	24.43	****
Currency Euro	FXE	BF	-3.50	-7.50	-7.34	-0.92	1.80	2.49	132.62	***
iShares 3-7yr Trsry	IEI	BI	6.33	3.79	0.53	0.40	-0.72	0.86	121.92	***
iShares 7-10yr Trsry	IEF	BI	12.58	8.83	2.06	1.17	-1.28	1.62	105.12	***
iShares Agg Bond	AGG	BI	4.84	3.07	1.15	1.26	-0.26	0.71	110.76	***
iShares High Yld	HYG	BH	-0.40	-0.30	4.65	6.38	1.53	2.24	92.13	***
iShares Inter Gov	GVI	BI	3.52	2.12	0.47	1.19	-0.43	0.61	111.82	***
iShares Intrntl Tbond	IGOV	BW	-2.68	-5.06	-8.03	1.50	2.51	1.86	101.11	***
iShares Trsry Infitn	TIP	BI	9.73	7.04	3.81	1.65	-0.58	0.93	118.67	***
PS DB Dollar Bearish	UDN	BF	-1.42	-4.45	-5.24	-0.05	0.57	2.00	27.40	***
PS DB Dollar Bullish	UUP	BF	-0.59	2.91	4.22	-0.45	-0.72	2.03	21.96	***
PS DB G10 Currency	DBV	BF	7.12	3.23	5.32	7.08	4.07	2.26	25.56	***
PS Emrg Mrkt Svrgn Debt	PCY	BW	7.14	3.31	0.90	4.19	2.41	1.73	28.07	***
PS Fdmntl Hi Yield Corp	PHB	BH	1.62	0.86	4.95	5.07	1.78	1.40	18.86	***
PS Prfd	PGX	BF	1.83	0.00	2.41	5.71	1.48	1.42	14.44	***
SPDR Intrntl TBond	BWX	BW	1.97	-2.26	-4.17	2.30	0.10	1.76	60.50	***
Vngrđ Intrmđt Bond	BND	BI	4.42	2.71	0.60	0.65	-0.20	0.66	83.90	***
Wtree Dryfs Brazil Real	BZF	BF	-20.46	-25.63	-26.25	-17.42	1.81	5.70	21.38	***
Wtree Dryfs Comđty Cur	CCX	BF	-17.21	-20.95	-21.40	-14.93	2.92	4.62	21.89	***
Wtree Dryfs Emrg Crrncy	CEW	BF	-5.27	-8.46	-7.34	0.47	2.12	2.98	21.21	***
Wtree Dryfs Euro	EU	BF	-6.93	-10.84	-10.81	2.92	1.46	3.00	20.81	***
Wtree Dryfs N ZInd Dollar	BNZ	BF	0.34	-0.85	0.56	-8.00	-10.93	3.66	23.46	***
Wtree Dryfs S Africa Rand	SZR	BF	-9.00	-12.01	-10.87	5.30	5.16	4.54	25.49	***
Wtree Emrg Mrkt Lcl Debt	ELD	BF	3.12	-1.57	-2.34	6.65	1.84	2.94	52.58	***
iShares Inter Bond	MBB	BI	2.68	1.06	-0.25	0.36	-0.17	0.58	108.19	**
PS Low Duration	PLK	BS	0.83	0.47	0.35	0.47	0.39	0.30	25.52	**
Vngrđ ShrđTrm Bond	BSV	BS	0.96	0.07	-0.71	-0.06	-0.12	0.44	81.20	**
Wtree Dryfs Chns Yuan	CYB	BF	0.20	-0.24	-1.55	-0.74	0.08	0.79	25.42	**
Wtree Dryfs Indn Rupee	ICN	BF	-16.96	-18.59	-17.71	-7.93	1.47	3.90	22.07	**
Wtree Dryfs Jpn Yen	JYF	BF	-0.19	-0.03	-7.04	-5.57	-7.50	1.79	31.70	**
iShares 1-3yr Trsry	SHY	BS	0.60	0.06	-0.34	-0.14	-0.18	0.18	84.42	*
PS VRDO Tax Free Wkly	PVI	BS	0.00	0.00	-0.08	-0.04	-0.04	0.03	24.99	*

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

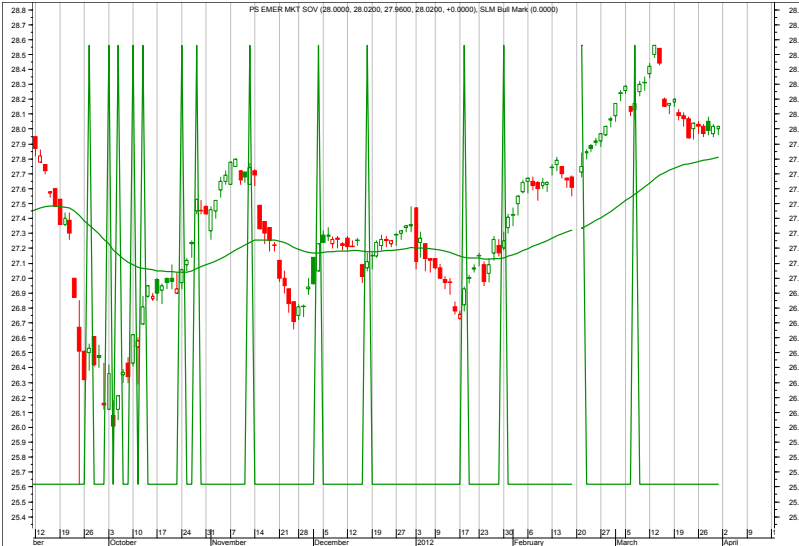
4/2 The bond market bounced back last week after its sharp sell off. I'll be watching to see if any buy signals develop. After all, the Fed has signaled its intention to keep short-term rates down through the end of 2014.

3/26 As expected, the negative divergence between corporates and Treasuries has led to a sharp selloff. I'll continue to stand aside for now, except for junk bonds (JNK) as noted on page 2.

3/19 The Model turned bearish (higher yields and lower prices forecasted).

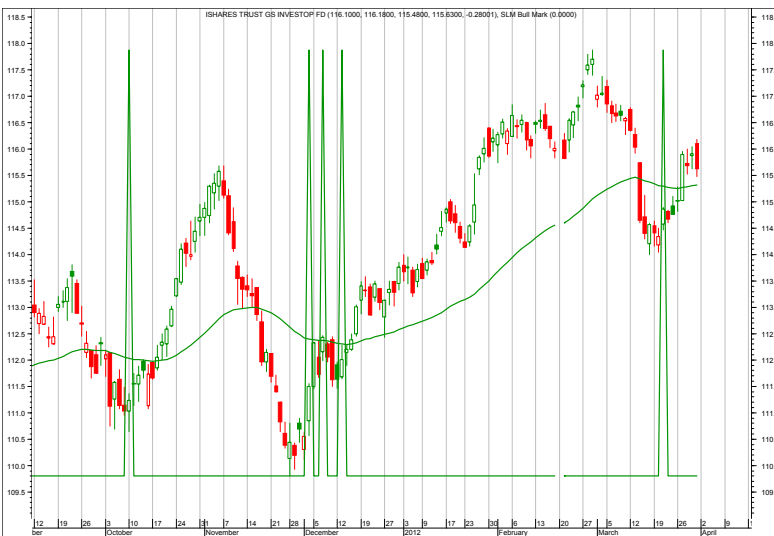
3/12 Although the SLM Bond Timing Model is bullish this moment, it looks like the bond market is weakening. Treasuries and corporates are diverging from each other. And they have both broke their uptrend lines. Monitor the stop levels as noted on page 2 in the portfolio.

# Income Charts



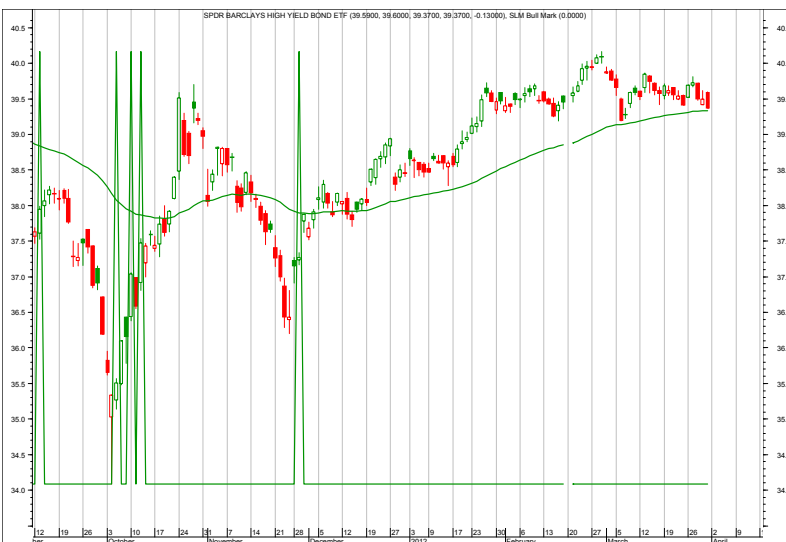
PCY—emerging market sovereign debt

4/2 If the crisis in Europe is reaching an end, then PCY may benefit.



LQD—Corporate Bonds

4/2 Bouncing. But a further pullback expected.  
 3/26 No changes.  
 3/19 Blue trend line is the next buy target.  
 3/12 The strong rally of the last 3 months appears in need of rest.  
 3/5 No change.  
 2/27 Trending up.  
 2/21 Nice rally from the last signal, but can't go straight up forever. Watch the stops.



JNK—Hi Yield

4/2 Continue to accumulate, but watch the stop.  
 3/26 JNK has dropped back to support. Time to buy with a tight stop.

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:		3/23/2012						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 3/26	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
6-Feb	short	GLD	167.18	(130)	(21,743)	<b>LONG ETFs-</b>								
		GLD				GLD	158.00	Gold	161.59	162.12	40	6,484.80	5.6%	
21-Feb	sell	EEM	43.75	500	21,865	EEM	42.00	Emrg Mkt	43.79	42.94	300	12,882.00	11.1%	
22-Feb	cover	GLD	172.94	130	22,492	DVY	54.00	Dividend	56.02	55.96	200	11,192.00	9.6%	
5-Mar	sell	DVY	55.43	400	22,162									
5-Mar	sell	QQQ	64.20	400	25,670									
19-Mar	buy	GLD	161.59	40	6,474									
			about 5%											
19-Mar	buy	EEM	43.92	150	6,598	<b>SHORT ETFs-</b>								
			about 5%											
26-Mar	buy	DVY	56.02	200	11,214									
			about 10%											
26-Mar	buy	EEM	43.65	150	6,558									
			about 5%											
						<b>Cash from short Money Market</b>				1.00	-	-	0.0%	
											1.00	85,997	85,997.00	73.8%
						<b>Total Valuation=</b>						<b>116,555.80</b>	<b>100.0%</b>	

## WEEKLY REVIEW

4/2 No changes.

3/26 Buy DVY as noted above. Buy more EEM. Note the tight stops.

3/19 I will make a couple of minor trades in here, buying GLD and EEM.

3/12 No changes.

3/5 Time to take profits. The market looks like it is at a short-term top area.

2/27 The short positions were all stopped out. The long positions participated in the rally. The net gain is nothing to write home about. Work on the newish model continues with backtesting.

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

	2010	2011	ytd 2012	Incptn	SD
<b>ETF Growth Portfolio</b>	8.1%	6.9	0.9	16.6	5.7
Wilshire 5000 TR	17.7%	0.5	13.1	33.8	10.1

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 2/29/12 (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 Spin Off	CSD	EMC	9.43	4.40	16.43	11.94	7.05	3.88	25.87	*****
PS Buyback Achievers	PKW	EGI	10.23	4.69	15.99	8.84	3.78	3.34	28.56	*****
PS Dynmc Pharma	PJP	EA	31.69	13.03	18.81	12.53	5.88	3.80	30.63	*****
PS Dynmc Retail	PMR	EA	21.88	13.09	23.39	14.90	6.17	4.10	24.45	*****
Select SPDR Cnsmr Disc	XLY	EA	9.59	6.80	14.96	11.49	4.53	3.56	43.19	*****
Select SPDR Technlgy	XLK	EA	8.98	9.39	18.43	12.98	7.08	3.59	28.94	*****
SPDR NASDAQ 100	QQQ_O	ELC	11.50	10.37	16.98	14.22	6.41	3.85	64.41	*****
Vngrd Consmr Dis	VCR	EA	9.68	5.85	14.99	11.64	5.36	3.77	69.34	*****
Vngrd Tech	VGT	EA	8.17	9.02	19.68	13.43	6.98	4.15	70.85	*****
Wtree Eqty Income	DHS	EGI	9.53	3.49	9.61	5.78	2.72	2.49	44.12	*****
Guggnhm Dfnsv Eqty	DEF	EV	8.46	3.12	7.78	4.40	1.99	2.13	27.70	****
Guggnhm MidCap Core	CZA	EMC	6.02	1.02	13.39	10.87	4.13	4.02	32.40	****
Guggnhm Ocn Grth	OTR	ELC	8.30	4.62	9.72	11.97	4.10	3.38	31.71	****
iShares DJ Slct Div	DVY	EGI	7.85	2.42	8.75	4.90	3.05	2.55	55.42	****
PS Dividend Achievers	PFM	EGI	6.36	2.44	9.50	5.49	2.84	2.66	15.56	****
PS Dynmc Banking	PJB	EA	-2.13	2.14	23.14	15.00	3.29	5.04	12.88	****
PS Dynmc Consmr Discr	PEZ	EA	10.71	4.51	14.63	14.91	6.74	4.29	28.52	****
PS Dynmc Healthcare	PTH	EA	9.62	-2.57	11.27	10.11	4.91	4.20	31.11	****
PS Dynmc Leisure & Enter	PEJ	EA	9.89	4.29	11.73	13.26	5.35	3.82	20.67	****
PS Dynmc Lrg Cap Grth	PWB	ELC	5.51	2.19	13.29	10.07	6.27	3.71	17.83	****
PS Dynmc Lrg Cap Value	PWV	ELC	3.49	-0.05	11.72	7.18	3.78	3.24	20.31	****
PS Hi Yld Eqty Div	PEY	EGI	5.30	3.66	10.53	3.66	1.41	2.40	9.34	****
PS Mega Cap	PMA	ELC	7.95	5.61	13.71	11.08	4.88	3.50	28.77	****
PS S&P SmlCap Cnsmr Dis	PSCD	EA	10.63	3.43	17.38	16.76	4.96	4.99	30.80	****
PS S&P SmlCap Hlth Care	PSCH	EA	14.50	-1.45	14.46	8.22	3.64	4.97	33.96	****
Select SPDR Cnsmr Stpl	XLP	EA	11.81	2.85	7.58	4.17	3.75	2.64	33.23	****
Select SPDR Health	XLV	EA	10.75	0.19	8.32	6.79	1.06	2.94	36.18	****
SPDR DJ Industrials	DIA	ELC	5.85	3.02	11.50	7.57	2.55	3.25	129.29	****
SPDR S&P 500	SPY	ELC	2.91	1.57	12.11	9.62	4.34	3.61	137.02	****
Vngrd Consmr Stpls	VDC	EA	12.73	2.44	6.03	3.00	3.85	2.33	83.71	****
Vngrd Grth	VUG	ELC	6.97	4.51	13.54	10.40	4.78	3.54	68.78	****
Vngrd Health	VHT	EA	10.50	-0.46	8.79	6.87	1.68	3.06	64.83	****
Vngrd Large Cap	VV	ELC	2.74	1.10	11.88	9.70	4.24	3.66	62.64	****
Wtree Div Ex Fincl	DTN	ELC	9.38	3.44	10.80	6.51	2.79	2.71	54.47	****
Wtree LrgCap Div	DLN	ELC	7.41	3.72	11.84	7.93	3.22	2.93	51.87	****
Wtree LrgCap Grth	ROI	ELC	4.18	4.24	14.43	13.20	5.34	4.14	40.47	****
Wtree MidCap Earn	EZM	EMC	5.65	1.73	15.73	13.48	4.85	4.72	60.71	****
Wtree S&P 500	EPS	ELC	5.49	4.29	14.63	11.69	4.78	3.63	48.27	****
Wtree Ttl Earn	EXT	ELC	4.13	2.77	13.44	10.88	3.91	3.71	49.12	****

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 BRIC	EEB	EW	-9.04	-9.93	0.44	9.16	4.66	5.94	41.35	***
Guggnhm China All	YAO	EWR	-5.66	-12.10	1.12	9.74	6.42	6.27	25.35	***
Guggnhm China REIT	TAO	EWR	1.35	-6.18	5.31	23.80	12.75	7.49	18.83	***
Guggnhm China Sml	HAO	EWR	-15.13	-18.59	-0.96	8.50	13.05	7.92	23.73	***
Guggnhm Frntr	FRN	EW	-4.77	-8.71	-3.01	9.83	4.33	5.25	20.95	***
Guggnhm Gbl Wtr	CGW	EW	-1.15	-6.96	2.95	5.27	4.04	3.90	20.58	***
Guggnhm Insdrr Sent	NFO	EMC	0.94	-5.19	8.47	8.85	6.35	4.98	34.32	***
Guggnhm Intrntl A Incm	HGI	EW	-8.57	-9.64	2.49	9.44	4.99	4.63	18.09	***
Guggnhm Multi Ast In	CVY	EV	3.72	0.19	7.98	8.57	3.52	3.11	22.05	***
Guggnhm Ocn Tomo	OTP	ELC	-1.28	-2.20	11.75	10.74	4.24	4.17	27.02	***
Guggnhm RJ All	RYJ	ELC	2.30	-0.13	15.91	13.69	5.15	5.20	23.09	***
Guggnhm Sctr Rotn	XRO	ELC	0.03	-4.23	10.77	11.98	6.74	4.68	25.89	***
iShares China	FXI	EW	-5.10	-11.21	4.28	11.22	3.75	5.39	40.28	***
iShares Cohen&Str REIT	ICF	ERE	2.57	-2.79	5.21	8.63	-1.25	5.08	73.51	***
iShares EAFE Indx	EFA	EW	-11.19	-11.92	2.03	6.67	4.83	4.90	54.66	***
iShares Emrg Mrkt Stk	EEM	EW	-3.19	-8.65	3.70	10.80	5.27	6.14	44.33	***
iShares Europe 350	IEV	EW	-11.57	-14.74	3.35	7.66	5.06	5.83	37.38	***
iShares Gold	IAU	EG	19.51	9.94	-7.52	-3.40	-2.94	6.29	16.48	***
iShares Latin Amr	ILF	EW	-6.89	-7.18	3.27	11.46	4.65	5.59	48.62	***
iShares Mexico	EWX	EW	-2.91	-4.84	0.95	7.83	2.01	4.29	59.34	***
iShares Prfrd	PFF	EGI	-0.96	-2.42	3.57	8.85	2.57	2.32	39.12	***
iShares REIT	IYR	ERE	-0.73	-4.24	5.10	9.07	-0.69	4.50	60.14	***
iShares Russel 2000	IWM	ESC	-1.48	-4.47	11.56	9.93	2.57	4.79	81.05	***
iShares Russel MidVal	IWS	EV	-0.78	-3.59	10.78	9.52	3.80	4.14	47.27	***
iShares Silver	SLV	EG	1.33	-10.77	-17.06	4.84	3.93	14.36	33.55	***
iShares Sict Div	IDV	ELC	-8.79	-11.76	-0.15	6.12	4.32	5.08	32.58	***
PS Aerospace & Def	PPA	EA	0.14	-1.00	13.80	10.96	3.99	3.99	20.03	***
PS BLDR Asia 50 ADR	ADRA	EW	-11.02	-6.85	3.84	9.99	4.76	4.75	25.99	***
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	-11.60	-10.47	3.15	6.52	4.29	5.08	20.43	***
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-6.62	-7.10	3.16	9.63	3.11	5.28	43.73	***
PS BLDR Europe 100 ADR	ADRU	EW	-10.85	-12.23	3.79	6.25	3.61	5.29	20.04	***
PS DB Commodity	DBC	EA	-1.35	-3.07	-2.79	6.08	5.35	4.91	29.32	***
PS DB Energy	DBE	EA	2.40	-0.65	4.96	8.10	8.56	5.68	30.68	***
PS DB Gold	DGL	EG	18.09	8.95	-8.10	-3.82	-3.17	6.24	58.68	***
PS DB Oil	DBO	EA	3.67	1.26	18.51	8.40	8.43	6.67	31.11	***
PS DB Precious Metals	DBP	EG	14.22	4.12	-10.20	-2.21	-1.58	7.94	59.84	***
PS DB Silver	DBS	EG	1.47	-10.86	-17.27	4.94	4.38	14.57	60.23	***
PS DWA Emrg Mrkt T Ldrs	PIE	EW	2.72	-5.54	-1.99	7.91	3.86	5.77	17.74	***
PS DWA Tech Ldr	PDP	ELC	5.64	0.23	8.68	9.09	5.51	3.78	26.41	***
PS Dyn MagniQuant	PIQ	ELC	1.20	-2.33	10.81	11.76	5.29	4.77	26.04	***
PS Dyn Mrkt	PWC	ELC	-2.82	-5.10	10.35	12.29	5.15	4.50	45.41	***
PS Dyn OTC	PWO	ESC	-3.40	-6.95	9.55	11.84	3.16	4.47	49.67	***
PS Dynmc Basic Matr	PYZ	EA	0.11	-6.26	9.58	15.42	2.21	6.09	37.51	***
PS Dynmc Biotech	PBE	EA	5.47	-4.59	12.30	13.62	1.36	4.96	22.19	***
PS Dynmc Bldg Cnstrctn	PKB	EA	-1.09	-0.51	19.47	17.01	3.10	5.72	13.62	***
PS Dynmc Consmr Staples	PSL	EA	9.70	-0.48	5.90	5.30	2.98	3.12	32.00	***
PS Dynmc Energy	PXI	EA	-0.28	-1.35	10.18	8.93	6.08	6.66	42.21	***
PS Dynmc Energy Explor	PXE	EA	-3.35	-1.18	10.65	12.77	7.84	7.25	25.89	***
PS Dynmc Fncl	PFI	EA	-1.99	-1.06	13.56	11.63	5.18	4.53	19.68	***
PS Dynmc Food & Bev	PBJ	EA	5.24	-4.56	0.83	3.45	1.25	2.96	19.47	***
PS Dynmc Indstrls	PRN	EA	-3.26	-5.63	12.56	10.47	1.70	5.22	29.93	***
PS Dynmc Media	PBS	EA	-3.60	-4.97	11.43	14.73	5.29	5.22	14.72	***
PS Dynmc Networking	PXQ	EA	-3.41	-3.38	22.16	9.41	3.62	6.34	27.73	***
PS Dynmc Oil & Gas Srvcs	PXJ	EA	-12.27	-11.53	1.95	3.73	6.40	8.17	21.95	***
PS Dynmc Semicndctr	PSI	EA	-12.45	-12.79	16.87	12.06	1.63	6.52	15.61	***
PS Dynmc Software	PSJ	EA	-2.29	-2.95	14.52	7.23	5.64	4.56	26.02	***

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 Dynmc Technology	PTF	EA	-3.43	-2.20	18.80	13.94	5.34	5.02	26.65	***
PS Dynmc Utilities	PUI	EA	2.11	-5.60	2.55	2.49	2.24	2.38	16.57	***
PS Emrg Mrkt Infrastrctr	PXR	EW	-12.13	-17.04	0.20	15.81	6.64	7.76	44.90	***
PS Fincl Pfd	PGF	EGI	-0.50	-2.54	3.06	9.97	3.06	2.47	17.87	***
PS FTSE RAFI Asia Pac xJpn	PAF	EW	-3.19	-10.40	1.17	6.15	4.36	6.27	53.29	***
PS FTSE RAFI Emrg Mrkt	PXH	EW	-7.06	-8.73	4.10	12.08	5.39	5.73	23.84	***
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	-2.74	-4.08	12.19	11.01	3.04	4.86	66.46	***
PS IbtSn Altrntv	PTO	ELC	0.93	-2.23	-0.42	5.88	2.86	3.12	11.88	***
PS India	PIN	EW	-8.92	-12.46	-2.01	11.04	3.46	7.47	20.02	***
PS Intrntl Dvnd	PID	EW	-3.38	-6.93	1.53	4.82	3.83	3.68	15.44	***
PS Mrngstr Stk	PYH	ELC	-0.14	0.61	9.80	8.08	2.79	3.58	21.39	***
PS NASDAQ Intrnt	PNQI	EA	7.02	-0.75	6.64	13.16	6.07	5.11	39.25	***
PS RvrFrnt Tac Bal	PAO	EGI	-4.97	-6.76	4.65	8.30	4.30	3.40	12.40	***
PS RvrFrnt Tac G&I	PCA	EGI	-1.07	-2.84	4.09	6.39	2.90	2.48	12.99	***
PS S&P 500 High Qlty	PIV	ELC	7.99	-0.30	4.66	5.27	3.99	2.95	14.59	***
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	8.57	-2.47	4.56	5.11	1.03	3.28	32.31	***
PS S&P SmlCap Energy	PSCE	EA	-2.55	-2.87	15.63	9.62	5.41	8.29	38.18	***
PS S&P SmlCap Fincl	PSCF	EA	2.57	1.34	12.71	10.06	1.39	4.20	28.73	***
PS S&P SmlCap Indstrils	PSCI	EA	-0.27	-1.39	11.80	10.55	1.64	4.86	29.75	***
PS S&P SmlCap Info Tech	PSCT	EA	-1.85	-3.53	18.47	10.77	1.24	5.38	30.85	***
PS S&P SmlCap Mtrls	PSCM	EA	-1.55	-4.80	8.86	11.28	-1.14	4.65	28.50	***
PS S&P SmlCap Utilities	PSCU	EA	7.36	0.23	2.41	1.89	-0.26	2.25	30.63	***
PS US REIT	PSR	ERE	5.70	-0.11	6.34	8.71	-1.13	4.46	52.69	***
PS Water Resources	PHO	EA	-3.96	-4.97	9.94	9.94	3.56	4.77	18.91	***
PS WilderHill Prgsv Enrgy	PUW	EA	-10.38	-8.95	10.83	15.40	6.77	6.49	26.60	***
PS Zacks Micro Cap	PZI	ESC	-9.81	-8.78	10.76	10.10	2.02	5.16	11.12	***
Select SPDR Div	SDY	EGI	3.56	0.99	7.89	3.92	1.97	2.45	55.91	***
Select SPDR Enrgy	XLE	EA	-4.66	-2.89	9.09	5.66	5.93	6.01	74.88	***
Select SPDR Financs	XLF	EA	-12.40	-6.82	10.31	15.22	5.02	5.59	14.76	***
Select SPDR Indl	XLI	EA	0.59	-1.06	14.91	9.86	2.79	4.72	37.23	***
Select SPDR Matrils	XLB	EA	-6.31	-6.99	4.61	7.10	-0.56	5.24	36.97	***
Select SPDR Utilities	XLU	EA	8.66	3.01	2.95	-0.91	0.61	1.83	34.89	***
SPDR DJ Gbl Titans	DGT	EW	-9.75	-8.42	4.49	8.12	4.26	4.69	55.80	***
SPDR Gold	GLD	EG	19.34	9.79	-7.56	-3.44	-2.97	6.26	164.29	***
SPDR Wish REIT	RWR	ERE	2.56	-2.42	5.74	9.03	-1.07	4.94	67.76	***
Vngrd Div Apprctn	VIG	EGI	4.38	1.59	10.13	5.84	2.76	3.12	57.62	***
Vngrd Emrg Mrkt	VWO	EW	-3.84	-9.12	1.59	9.33	5.43	6.03	44.63	***
Vngrd ExtnD 4500	VXF	ELC	0.41	-2.94	11.99	10.79	4.18	4.77	58.10	***
Vngrd Fincl Srv	VFH	EA	-10.42	-6.57	9.81	14.21	4.37	5.32	31.02	***
Vngrd Materials	VAW	ELC	-4.03	-6.16	5.42	6.95	-0.11	5.43	81.76	***
Vngrd MidCap Val	VO	EMC	1.07	-2.82	10.81	9.42	4.33	4.39	80.06	***
Vngrd Small Cap	VB	ESC	-0.30	-3.47	11.62	9.24	3.27	4.81	76.95	***
Vngrd Small Cap Grth	VBK	ESC	1.67	-3.00	12.67	10.12	3.87	5.19	85.04	***
Vngrd Small Cap Value	VBR	ESC	-2.37	-3.94	10.53	8.25	2.55	4.44	68.75	***
Vngrd TTL Stock	VTI	ELC	2.47	0.66	12.15	9.95	4.22	3.74	70.41	***
Vngrd Utilities	VPU	ELC	7.85	2.37	2.94	-0.67	0.63	1.86	74.59	***
Wtree Emrg Mrkt Eincm	DEM	EW	0.46	-6.90	1.71	11.36	5.19	5.24	58.34	***
Wtree Emrg Mrkt SC Div	DGS	EW	-4.35	-12.07	0.78	12.59	5.58	6.40	48.10	***
Wtree Eur SC Div	DFE	EW	-13.06	-16.92	2.00	13.83	7.17	6.58	38.45	***
Wtree Gbl Eqty Incm	DEW	EW	-6.50	-9.32	1.06	6.70	3.92	4.19	41.84	***
Wtree India	EPI	EWR	-9.49	-13.25	-1.55	16.42	6.24	8.50	20.42	***
Wtree Intrntl REIT	DRW	ERE	-7.79	-11.08	0.26	10.53	5.48	4.89	26.97	***
Wtree Intrntl SC Div	DLS	EW	-7.88	-9.29	1.07	8.44	3.94	4.32	49.09	***
Wtree Japan Hedge Eqty	DXJ	EC	-11.80	-0.89	7.77	10.61	9.76	3.27	35.65	***
Wtree Japan SC Div	DFJ	EWR	-4.95	5.01	0.87	4.02	0.82	3.25	44.03	***
Wtree MidCap Div	DON	EMC	3.24	-1.07	9.30	8.24	3.05	3.59	55.45	***
Wtree Middle East Div	GULF	EW	-1.58	-6.08	2.32	2.32	5.03	3.49	15.45	***
Wtree Sml Cap Div	DES	ESC	-0.48	-1.43	10.58	8.44	0.90	3.74	48.18	***
Wtree World Ex US Grth	DNL	EW	-2.84	-8.38	1.30	11.07	6.23	5.27	52.75	***

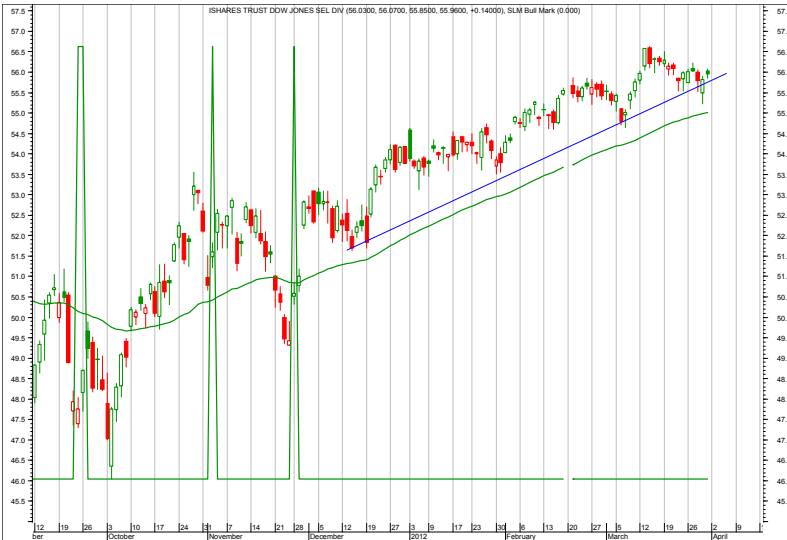
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

# 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>
<b>Guggnhm Airline</b>	FAA	EA	-20.51	-19.92	2.84	11.35	-6.68	5.82	29.34	**
<b>Guggnhm Candn Enrg Incm</b>	ENY	EWR	-22.18	-16.95	0.05	9.70	3.74	6.97	18.32	**
<b>Guggnhm Euro-Pac</b>	EEN	EW	-15.35	-15.68	-3.35	12.31	4.08	6.10	17.18	**
<b>Guggnhm Gbl Div</b>	LVL	EW	-8.42	-11.77	-0.56	4.39	2.96	4.35	14.25	**
<b>Guggnhm Intrntl SmlCap</b>	XGC	EW	-20.76	-21.38	-7.87	12.80	7.46	7.10	18.86	**
<b>Guggnhm Shipping</b>	SEA	EA	-34.31	-27.19	1.35	25.16	7.93	7.06	17.96	**
<b>Guggnhm Timber</b>	CUT	EA	-15.30	-15.64	1.61	11.39	5.47	5.49	18.88	**
<b>iShares Canada</b>	EWC	EW	-13.81	-11.79	-2.91	5.68	3.24	4.45	29.02	**
<b>PS Cleantech</b>	PZD	EA	-13.89	-17.62	-2.44	6.76	3.44	5.69	23.99	**
<b>PS DB Base Metals</b>	DBB	EG	-16.69	-12.00	-9.08	5.76	1.00	5.64	21.12	**
<b>PS DWA Dvlpd Mrkt T Ldrs</b>	PIZ	ELC	-12.93	-16.22	-2.76	6.38	5.29	5.65	19.47	**
<b>PS FTSE RAFI Dvlp Mrkt xUSA</b>	PXF	EW	-14.13	-14.33	2.32	6.89	5.33	5.52	36.17	**
<b>PS FTSE RAFI Dvlp Mrkt xUSA Sml</b>	PDN	EW	-9.11	-9.43	-1.20	6.74	3.99	4.22	22.96	**
<b>PS Gbl Agriculture</b>	PAGG	EA	-9.73	-9.98	-5.46	6.89	2.94	5.17	29.96	**
<b>PS Gbl Gold Precious Mtls</b>	PSAU	EG	-8.99	-7.40	-11.84	-3.62	0.17	6.96	44.14	**
<b>PS Gbl Listd Prvt Eqty</b>	PSP	EW	-18.07	-20.58	2.64	14.60	5.54	6.78	9.34	**
<b>PS Gbl Nuclr Enrgy</b>	PKN	EW	-19.92	-11.18	3.39	6.58	3.49	5.58	17.59	**
<b>PS Gbl Steel</b>	PSTL	EA	-25.83	-20.59	-5.02	12.74	4.34	7.24	17.79	**
<b>PS Gbl Water</b>	PIO	EW	-12.06	-16.01	-0.34	7.26	3.17	5.11	17.57	**
<b>PS Gldn Drgn USX China</b>	PGJ	EW	-16.93	-17.17	-6.88	6.30	3.90	5.81	22.62	**
<b>PS MENA Frntr Countries</b>	PMNA	EW	-9.25	-9.60	-1.26	4.84	5.04	3.37	11.35	**
<b>PS S&amp;P 500 BuyWrite</b>	PBP	ELC	-4.19	-5.74	4.31	-2.86	1.75	2.87	20.35	**
<b>SPDR Euro Stoxx 50</b>	FEZ	EW	-19.60	-20.96	0.83	6.12	5.27	6.94	32.93	**
<b>Wtree DEFA</b>	DWM	EW	-10.28	-12.41	0.56	6.03	4.38	4.83	45.03	**
<b>Wtree DEFA Eqty Incm</b>	DTH	EW	-11.66	-14.34	-1.16	3.60	3.74	5.11	39.17	**
<b>Wtree Intrntl Div Ex Fincl</b>	DOO	EW	-9.53	-13.41	-0.63	3.00	4.29	4.53	42.26	**
<b>Wtree Intrntl LC Div</b>	DOL	EW	-10.41	-11.88	1.68	5.64	4.17	5.04	43.46	**
<b>Wtree Intrntl MC Div</b>	DIM	EW	-11.48	-12.98	-0.84	8.28	5.00	4.87	48.08	**
<b>Wtree Intrntl Utilities</b>	DBU	EA	-12.45	-11.94	-2.96	4.68	3.88	4.00	19.03	**
<b>Guggnhm Solar</b>	TAN	EA	-64.79	-61.40	-47.05	-5.83	-4.59	11.92	28.91	*
<b>iShares Spain</b>	EWP	EW	-25.85	-27.87	-13.22	-5.20	0.78	5.97	31.18	*
<b>PS DB Agriculture</b>	DBA	EA	-16.36	-10.63	-14.25	0.90	0.86	3.86	29.25	*
<b>PS Dyn Dvlp Intrnl Opp</b>	PFA	EW	-15.24	-20.16	-16.76	-0.26	7.26	5.03	15.63	*
<b>PS Gbl Clean Enrgy</b>	PBD	EW	-34.81	-35.16	-16.68	3.40	4.08	7.71	9.44	*
<b>PS Gbl Coal</b>	PKOL	EA	-25.55	-24.52	-11.15	1.15	2.47	7.24	27.33	*
<b>PS Gbl Wind Energy</b>	PWND	EW	-27.97	-30.56	-13.24	0.69	2.95	6.66	7.34	*
<b>PS Lux Nanotech</b>	PXN	EA	-36.52	-29.42	-10.81	4.17	0.15	5.37	6.50	*
<b>PS WilderHill Cln Enrgy</b>	PBW	EA	-46.47	-39.69	-20.55	4.35	0.00	7.69	5.76	*

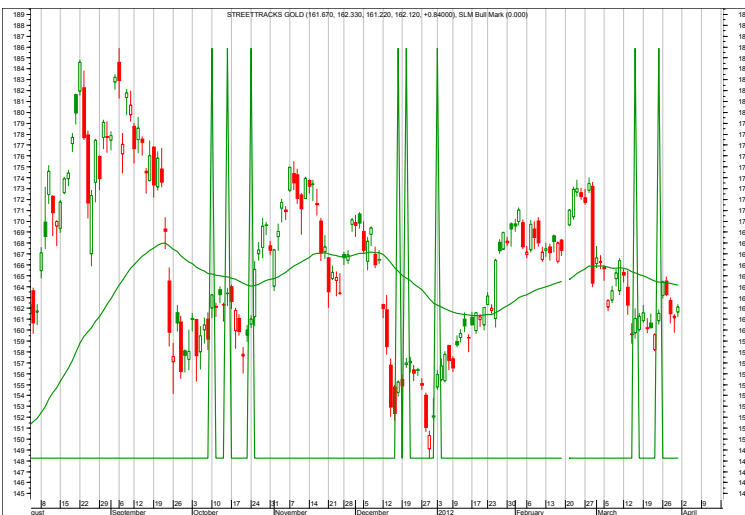
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

# Growth Charts



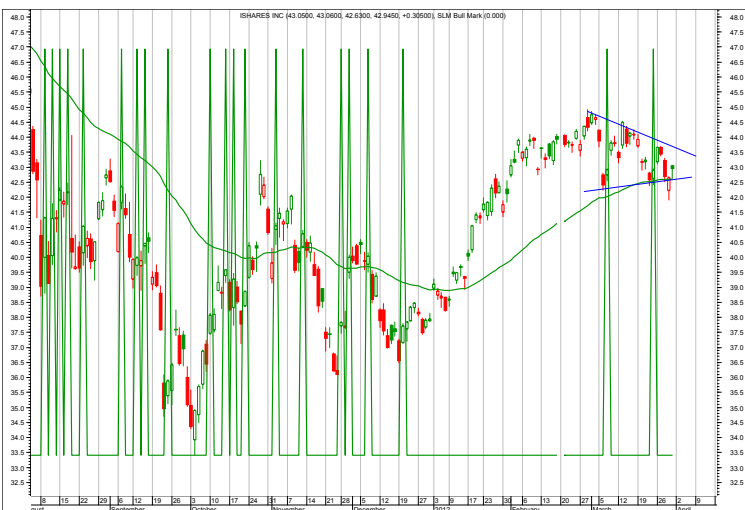
DVY—dividend

4/2 Trending up.  
3/26 Buy on this dip as noted on page 6.



GLD—Gold

4/2 Gold is getting interesting because it is potentially forming an inverse head (lows in December) and shoulders (lows in September and March). Breakout neckline is at \$173 and if successful, projects to \$200.  
3/26 The longer-term bear trend appears intact with lower highs and lower lows. But given inflation's increase, we'll see if GLD can reverse this.  
3/19 Go long per the Growth Portfolio.  
3/12 Short-term buy signal on gold, but standing aside.  
3/5 Something happened on the way to the bank.



EEM—MSCI Emerging Markets

4/2 Lots of false signals last year. We'll see if the recent ones in March do better.  
3/26 Another buy signal on EEM.  
3/19 There's been many false signals, but I'll enter per the Growth Portfolio.  
3/12 There was a short-term buy triggered, but standing aside.  
3/5 Standing aside.  
2/27 Also broke through the down trend.  
2/21 This fund has rallied back to its intermediate-term 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**

“operation twist” whereby they sell short-term paper and buy longer dated bonds. At this stage, for all we know, they might keep rates low out to 2016 even.

All of this liquidity needs a home. And right now, it is going into stocks. As mentioned, this will continue until it stops. This

sounds trite, but it is true. How will we know?

One measure is investor sentiment. Are investors and advisors wildly bullish? This would signal at least an intermediate-term pullback. But measures have not reached to extreme zones.

So, odds are, the market

keeps climbing as everyone climbs aboard, until everyone is bullish. At that point, the buying would be over.

In the meantime, I keep waiting from some pullbacks in which to buy. But they are very shallow and infrequent.

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.

4/2/12 No changes.

3/26/12 Most of the work on a relative strength model between bond ETFs (Treasuries, Corporates, Internationals, Hi Yield, very short corporates) is completed. Right now JNK is still relatively cheap compared with Treasuries.

3/19/12 No changes.

3/12/12 No changes to the Newsletter.

3/5/12 Back testing of a new timing model is underway.

2/27/12 No changes to the letter or models yet.

# Descriptions & Disclosures

## **PORTFOLIO DESCRIPTIONS (pages 2 and 6)**

Our guiding goal is to provide the most return with the least risk consistently over time through bull and bear markets.

Income Portfolio, page2: Uses a proprietary selection methodology on all of the monitored bond-oriented ETFs to pick the top ETFs. I then use a proprietary timing model to decide whether to buy, sell, hold, or avoid.

Growth Portfolio, page 6: Uses the same methodologies as in the Income Portfolio, except as it is applied to stock-oriented ETFs.

Both portfolios were started on 1/1/10 with \$100,000.

Portfolio changes will usually be made at the close on Monday, unless otherwise noted in any emailed hotline update or triggered stop orders. Issues are normally posted on Mondays by 1:35pm cst.

Portfolios are updated through the Friday close the week before.

Dividends are reinvested in additional shares. Commissions of \$10/trade and short-term redemption charges, if any, are applied.

Interest is zero for the money market (cash) position.

Wilshire 5000 TR (total return) includes dividend reinvestment. This is a broad based index of domestic stocks.

**SUBSCRIPTIONS:** To receive *ETF Selections & Timing*, you may subscribe in one of three ways. You may subscribe on the web site InvestmentST.com using PayPal or call 1-800-800-6563 for Amex, Visa, MasterCard, or Discover orders or send a check to the address on the front page. Subscriptions may be tax deductible.

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

Unless otherwise noted, the weekly eNewsletter is posted by 1:35 PM central time each Monday, except for holidays and then on Tuesday. It may contain actionable, specific buy or sell advice to take that day at the Monday close in each portfolio. We may also use stop orders. For stops, check the ETF at quarter to the close. If it is below (or above) a stop level, assume it will close there and act on that. Portfolio data will be updated through the previous Friday's close. Fund symbols, rather than names, are the official identification used for activity.

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

**PUBLISHER:** Watercourse Way Holdings, LLC publishes this newsletter.

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

**DISCLAIMER:** The information contained herein is assembled from sources who are believed reliable, but the accuracy of data or advice cannot be guaranteed. Past performance does not guarantee future performance. Portfolio values include a commission of \$10/trade, dividend reinvestment, and short-term redemption charges. The Wilshire 5000 TR and Aggregate Bond are equity and bond indexes and may or may not be useful in comparing returns. Security values fluctuate. Information is provided without consideration for your personal situation. Watercourse Way Holdings, LLC its members and associates may or may not invest identically to or at the same time as portfolios or advice shown herein.

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