

ETF Selections & Timing

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So Close

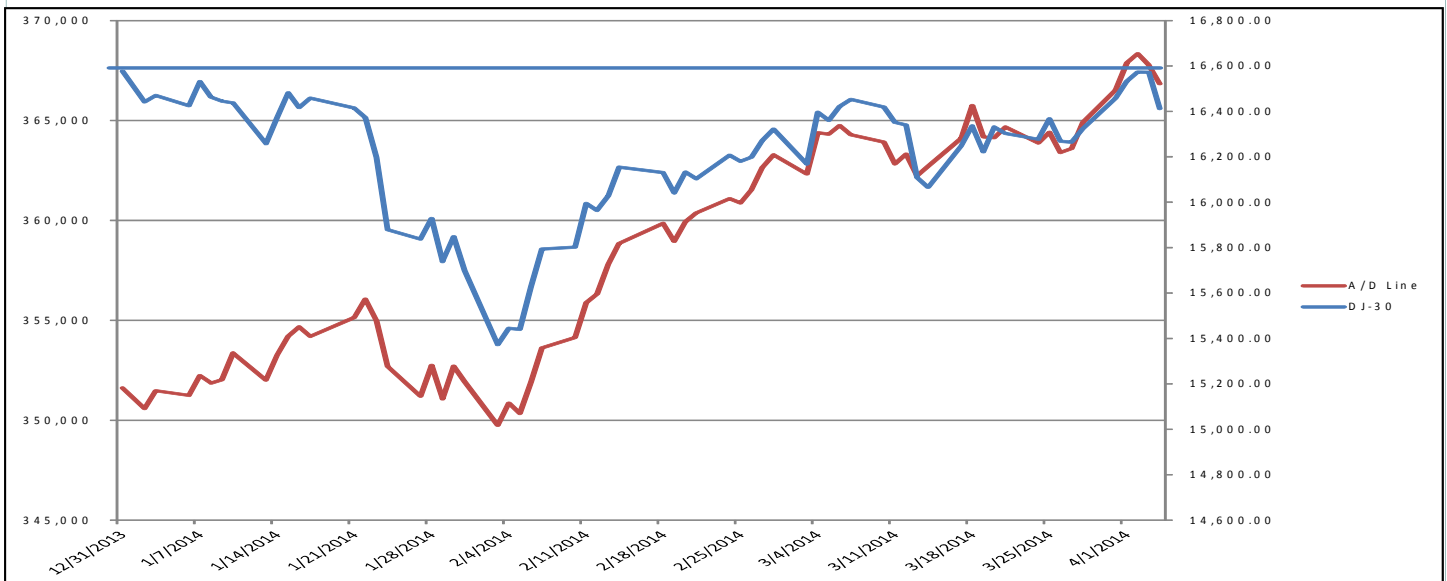
Technically the Dow Industrials never closed above its previous high and thus did not make a new confirming high on the recent rally. The previous high was 16,576.66 on 12/31/14. A few days ago it closed at 16,573.00. It is now off about 300 points

from there.

This non-confirmation, however, really is only confirmed if the market closes below previous lows set before the non-confirmation. In this case the Dow Industrials would need to close below 15,365 and Transports below 7,049.

The NYSE advance-decline line, for its part, keeps rallying. The Dow Transportation Index on that same rally did notch a new closing high. The strength of the advance-decline line suggests another rally after the cur-

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



This is the daily chart of the close of the Dow Industrials (blue line) and NYSE advance-decline line (red line)

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	0.7%	1.5%	1.6	0.5	0.5	0.1%
ETF Growth Portfolio	0.0%	17.8%	2.0	-1.0	-1.2	0.4%
Index						
Aggrgt Bond (AGG)	1.3%	-1.4%	1.2	1.3	0.3	-0.1%
S&P 500 TR (SPY)	1.4%	22.0%	11.0	1.9	-1.0	0.5%
World Growth Index	0.3%	21.4%	8.1	1.1	-1.9	0.3%

CONTENTS

Pages 2-5	Income
Page 4	Bond Model
Pages 6-11	Growth
Page 12-13	Overflow
Page 14	Disclaimers

ETF Income Database and Ranking to 8/30/13 (under construction)

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
iShares 1-3yr Trsry	SHY	BS	0.03	0.03	-0.07	-0.03	-0.10	0.08	84.28	*****
Vngrd ShrtTrm Bond	BSV	BS	-0.19	-0.45	-0.60	-0.38	-0.27	0.23	79.96	*****
iShares 3-7yr Trsry	IEI	BI	-2.51	-2.67	-2.49	-1.82	-0.77	0.51	119.88	****
iShares Agg Bond	AGG	BI	-2.85	-3.32	-3.05	-2.12	-0.83	0.61	106.01	****
iShares Inter Bond	MBB	BI	-3.09	-2.81	-2.91	-1.77	-0.67	0.43	104.17	****
iShares Inter Gov	GVI	BI	-1.51	-2.04	-1.92	-1.35	-0.64	0.46	109.11	****
Wtree Dryfs Chns Yuan	CYB	BF	4.62	2.26	2.23	0.54	0.42	0.42	26.16	****
Currency Euro	FXE	BF	4.69	1.36	1.04	1.60	-0.68	1.85	130.84	***
iShares 10-20yr Trsry	TLH	BL	-8.69	-8.69	-6.33	-4.80	-0.97	1.55	123.42	**
iShares 7-10yr Trsry	IEF	BI	-6.40	-6.61	-5.56	-4.27	-1.42	1.08	100.26	**
iShares High Yld	HYG	BH	5.38	2.88	0.18	-0.17	-1.27	1.56	90.87	**
iShares Intrntl Tbond	IGOV	BW	-1.59	-3.73	-1.85	-0.50	-0.73	1.54	97.93	**
iShares Long Corp Bond	LQD	BL	-2.90	-4.84	-4.30	-3.17	-1.00	1.39	112.68	**
iShares Trsry Inflt	TIP	BI	-7.29	-8.84	-7.78	-4.71	-1.83	1.18	110.64	**
PS 1-30 Ldr Trsry	PLW	BI	-8.64	-8.31	-5.99	-4.31	-0.96	1.45	29.88	**
PS Bld America	BAB	BI	-5.98	-7.40	-8.54	-7.83	-1.41	1.59	27.14	**
PS DB Dollar Bearish	UDN	BF	-1.27	-2.51	0.04	1.65	-0.49	1.29	26.42	**
PS DB Dollar Bullish	UUP	BF	-0.49	1.23	-0.80	-1.86	0.41	1.28	22.19	**
PS DB G10 Currency	DBV	BF	-0.76	-4.00	-7.09	-6.64	-2.44	1.72	24.75	**
PS Fdmntl Hi Yield Corp	PHB	BH	3.25	1.31	-0.10	-0.99	-0.88	1.23	18.71	**
PS Insr CA Muni	PWZ	BI	-6.48	-9.21	-8.53	-7.65	-2.25	1.29	22.72	**
PS Insr NY Muni	PZT	BI	-9.02	-11.54	-10.28	-8.91	-2.61	1.51	21.68	**
PS Prfd	PGX	BF	-0.95	-2.38	-4.30	-4.81	-1.65	1.18	13.68	**
SPDR High Yield	JNK	BH	5.27	2.46	0.00	-0.75	-1.03	1.56	39.46	**
SPDR Intrntl TBond	BWX	BW	-4.13	-5.75	-2.63	-0.53	-1.15	1.48	56.79	**
Vngrd Intrmdt Bond	BND	BI	-2.94	-3.28	-2.96	-2.12	-0.86	0.62	79.99	**
Wtree Dryfs Comdty Cur	CCX	BF	-6.19	-7.08	-8.09	-3.79	-2.15	1.55	19.55	**
Wtree Dryfs Emrg Crrncy	CEW	BF	-3.44	-5.57	-6.78	-3.77	-2.82	1.44	19.65	**
iShares 20+ yr Trsry	TLT	BL	-14.79	-13.35	-9.34	-6.72	-1.34	2.46	105.71	**
PS Emrg Mrkt Svrgn Debt	PCY	BW	-8.80	-13.37	-11.06	-7.86	-3.36	2.67	26.24	**
PS Insr Natl Muni	PZA	BI	-8.56	-11.75	-10.49	-9.01	-1.56	1.56	22.52	**
Wtree Dryfs Brazil Real	BZF	BF	-10.67	-7.36	-15.28	-9.16	-3.29	2.37	16.75	**
Wtree Emrg Mrkt Lcl Debt	ELD	BF	-7.81	-11.12	-12.85	-8.94	-4.35	2.09	45.45	**
Wtree Dryfs Indn Rupee	ICN	BF	-11.22	-13.71	-15.13	-13.34	-5.23	2.58	18.12	*

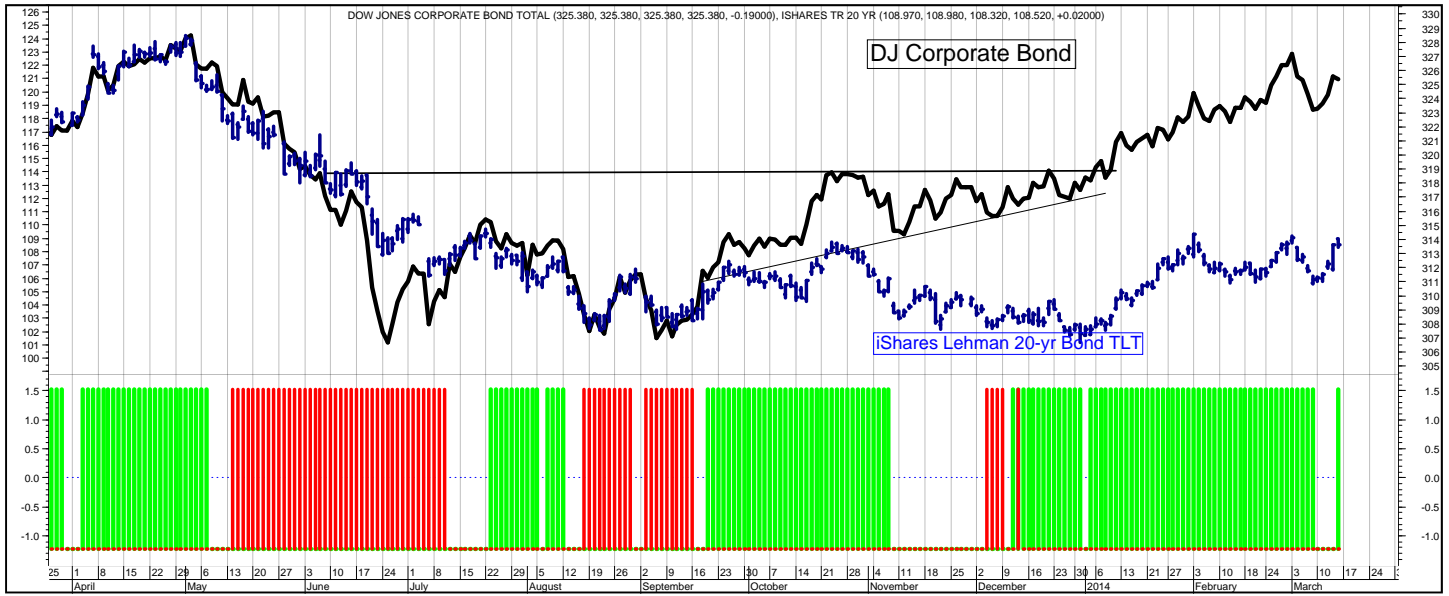
This is the ETF Income Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. CS is Comet Strength (not shown). C is Comet (not shown), which is an ETF's risk-adjusted performance; the higher the better. V, CS, and C are proprietary tools. Rank column shows the number of comets.

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

Column headings: The first column shows the ETF name, the second column shows its symbol. The third column shows the ETF Style. The first letter is always either B (Bond) or E (Equity) or H (Hybrid). The next letter(s) is the style. So, BS-bond short, BI-bond intermediate, BL-bond long, BF-flexible, BW-world, BH-high yield. And for Equity, EA-equity aggressive, EC-equity contrary, EG-equity gold (precious metals), ESC-small cap, EMC-mid cap, ELC-large cap, EW-world, EGI-growth/income, ERE-real estate, EV-value. Columns 4-8 show percentage returns for the periods shown (12 months, 9, 6, 3, and 1 month). Column 9 is V (volatility); a measure of risk; the lower the V, the less risk. Column 10 is the NAV. Column 11 is the C (comet) ranking. C is the risk-adjusted (V) relative performance (CS). The higher the C indicates the most return for the amount of risk taken.

Generally, our ETF strategy is to own the top ranked ETFs (shown in green) and avoid or short the lower ranked ETFs (shown in red).

SLM Bond Timing Model (under construction)



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

4/4 No updates.

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.

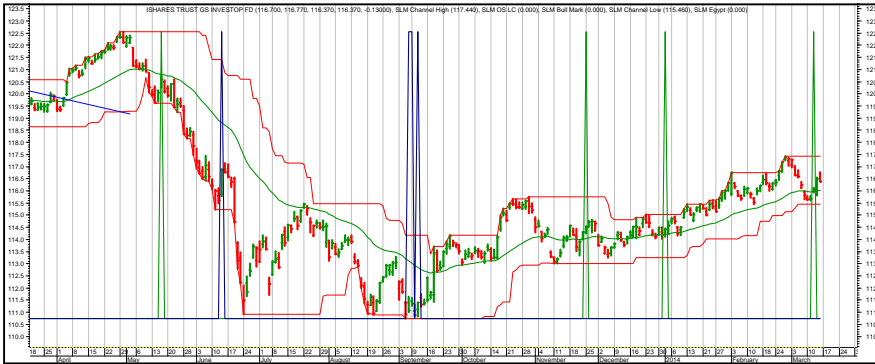
3/3 The bond model is still bullish, unfortunately I'm out. Will try to find a reentry area.

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.

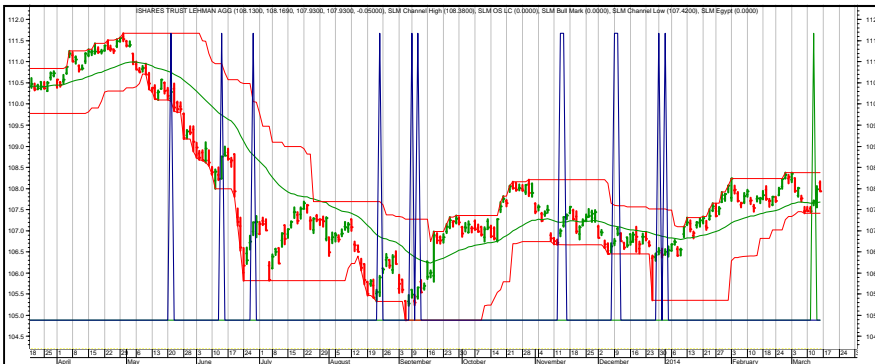
2/10 The bond market has broke its uptrend from what could be a valid breakout zone. This is drawn on the chart above by the last trend lines. Will watch for subsequent action and economic news to decide whether to buy on the pullback or continue to stand aside.

Income Charts (DAILY) (under construction)



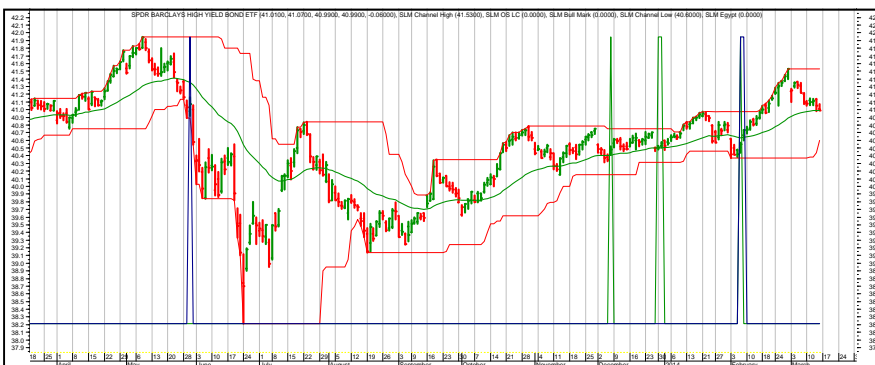
LQD—Investment Grade Corporate

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.



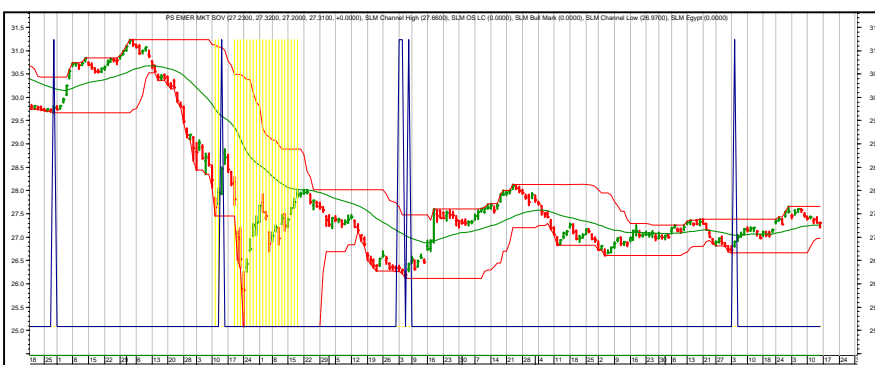
AGG—Aggregate Bond Market

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 notching 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:				4/4/2014		
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
3-Mar	sell	PPA	32.64	177	5,767	World Growth							
3-Mar	buy	PBE	45.05	129	5,821	EEM		Emrg Mrkt	39.13	41.30	539.000	22,260.70	15.7%
			this will be about 4% of ttl			EFA		Euro Asia	66.28	67.36	318.000	21,420.48	15.1%
17-Mar	sell	PBE	44.55	129	5,737	IWM		Rusl 2000	113.68	114.49	185.000	21,180.65	14.9%
17-Mar	buy	DBA	28.45	200	5,680	QQQ		Nsdq 100	89.54	86.37	235.540	20,343.59	14.3%
			this will be about 4% of ttl			SPY		S&P 500	182.85	186.40	115.520	21,532.93	15.2%
7-Apr	sell	PJP		99		C-lect 5							
7-Apr	buy	PSI		278		DFE			60.48	62.84	93.000	5,844.12	4.1%
			this will be about 4% of ttl			UNG			26.12	24.69	215.000	5,308.35	3.7%
						GULF			22.09	23.10	254.000	5,867.40	4.1%
						PJP			56.88	55.25	99.000	5,469.75	3.9%
						DBA			28.45	28.27	200.000	5,654.00	4.0%
									Two potential ways to sell: stop loss about 8% lower or timing model signals sell				
									Two potential ways to buy: lower-risk "window to buy" may open or timing model signals buy.				
						C-lect Short							
						(under construction)							
									Cash from short				
									1.00	-	-	0.0%	
									Money Market				
									1.00	7,176	7,176.00	5.1%	
									Total Valuation= 142,057.97 100.0%				

WEEKLY REVIEW

4/7 Make the sell and buy as noted above. Sell stop is still about 8% away.

3/31 No changes. Sell stop is 8% away (as a reminder, the sell stop is not on individual positions, but on the portfolio).

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.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Growth Portfolio	8.1%	6.9	-2.1	25.7	0.0	42.1
World Growth Index	17.2%	-4.1	15.1	30.5	0.3	69.3

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

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>C</i>
Wtree Middle East Div	GULF	EW	22.94
PS DB Agriculture	DBA	EA	15.35
Wtree Eur SC Div	DFE	EW	12.81
US Natural Gas	UNG	EA	10.84
PS Dynmc Semicndctr	PSI	EA	10.57
PS Dynmc Pharma	PJP	EA	10.23
PS Fincl Pfd	PGF	EGI	9.79
PS Dynmc Biotech	PBE	EA	9.55
PS Dynmc Networking	PXQ	EA	9.18
iShares Prfrd	PFF	EGI	9.09
iShares Italy Indx	EWI	EW	8.98
PS Gbl Clean Enrgy	PBD	EW	8.85
PS Aerospace & Def	PPA	EA	8.27
Vngrd REIT	VNQ	ERE	8.18
iShares Cohen&Str REIT	ICF	ERE	8.15
SPDR Wsh REIT	RWR	ERE	7.93
Vngrd Health	VHT	EA	7.79
iShares REIT	IYR	ERE	7.71
PS Gbl Water	PIO	EW	7.59
Market Vectors Semiconductor	SMH	EA	7.01
Select SPDR Health	XLV	EA	6.95
Vngrd Utilities	VPU	EA	6.92
Guggnhm Shipping	SEA	EA	6.91
PS Dynmc Software	PSJ	EA	6.83
Select SPDR Utilities	XLU	EA	6.73
PS NASDAQ Intrnt	PNQI	EA	6.32
PS US REIT	PSR	ERE	6.25
Vngrd Tech	VGT	EA	6.18
Guggnhm Gbl Wtr	CGW	EW	6.14
iShares DJ US Home Constr.	ITB	EA	5.83
PS Dynmc Bldg Cnstrctn	PKB	EA	5.81
PS Dynmc Utilities	PUI	EA	5.80
PS S&P SmICap Mtrls	PSCM	EA	5.71
PS WilderHill Cln Enrgy	PBW	EA	5.52
Guggnhm Solar	TAN	EA	5.43
PS QQQ	QQQ	ELC	5.19
PS Dynmc Basic Matrl	PYZ	EA	5.03
PS Dynmc Healthcare	PTH	EA	5.01
Guggnhm RJ All	RYJ	ELC	4.95
PS Gbl Gold Precious Mtls	PSAU	EG	4.78
iShares Spain	EW P	EW	4.74
iShares Russel MidVal	IWS	EMC	4.73
Vngrd Extnd 4500	VXF	ELC	4.72
PS Cleantech	PZD	EA	4.51
Vngrd MidCap Val	VO	EMC	4.51
Vngrd Materials	VAW	EA	4.44
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	4.27
PS S&P SmICap Info Tech	PSCT	EA	4.23
Select SPDR Technlgy	XLK	EA	4.22
PS Dynmc Lrg Cap Grth	PWB	ELC	4.20

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 Small Cap Grth	VBK	ESC	4.17
Select SPDR MatrIs	XLB	EA	4.07
PS DWA Tech Ldr	PDP	ELC	3.99
Wtree India	EPI	EWR	3.93
PS Dyn Mrkt	PWC	ELC	3.88
Vngrd Small Cap Value	VBR	ESC	3.83
Vngrd Grth	VUG	ELC	3.74
Vngrd Small Cap	VB	ESC	3.70
Market Vectors Gold Minors	GDX	EG	3.68
PS Water Resources	PHO	EA	3.67
SPDR S&P Metals & Mining	XME	EA	3.59
iShares Gold	IAU	EG	3.55
SPDR Gold	GLD	EG	3.54
PS Zacks Micro Cap	PZI	ESC	3.43
PS DB Gold	DGL	EG	3.36
Select SPDR IndI	XLI	EA	3.35
Wtree Intrntl SC Div	DLS	EW	3.28
Wtree Intrntl Utilities	DBU	EW	3.23
Wtree MidCap Div	DON	EMC	3.13
PS WilderHill Prgsv Enrgy	PUW	EA	3.03
SPDR S&P Regional Banking	KRE	EA	3.02
PS DB Oil	DBO	EA	3.02
Wtree MidCap Earn	EZM	EMC	3.02
iShares Russell 1000 Grwth Indx	IWF	ELC	2.99
iShares Core S&P Mid Cap	IJH	EMC	2.97
SPDR Mid Cap Trust	MDY	EMC	2.85
PS Dynmc Energy	PXI	EA	2.81
Wtree Intrntl Div Ex Fincl	DOO	EW	2.80
PS Gbl Listd Prvt Eqty	PSP	EW	2.79
Guggnhm Insdrr Sent	NFO	EMC	2.78
PS Dynmc Media	PBS	EA	2.77
PS S&P SmICap Energy	PSCE	EA	2.76
SPDR S&P Bank	KBE	EA	2.69
PS Hi Yld Eqty Div	PEY	EGI	2.66
Alerian MLP	AMLP	EGI	2.66
Guggnhm Candn Enrg Incm	ENY	EWR	2.65
PS India	PIN	EW	2.59
PS S&P SmICap Indstrils	PSCI	EA	2.51
PS Dynmc Leisure & Enter	PEJ	EA	2.49
SPDR S&P Homebuilders	XHB	EA	2.46
iShares DJ Slct Div	DVY	EGI	2.45
Select SPDR Financls	XLF	EA	2.42
Wtree S&P 500	EPS	ELC	2.41
PS S&P 500 BuyWrite	PBP	ELC	2.39
iShares Russell 2000	IWM	ESC	2.39
US Oil Fund	USO	EA	2.39
PS DB Precious Metals	DBP	EG	2.36
Vngrd TTL Stock	VTI	ELC	2.33
PS Dynmc Energy Explor	PXE	EA	2.30
PS Dynmc Food & Bev	PBJ	EA	2.29
Wtree Eqty Income	DHS	EGI	2.16

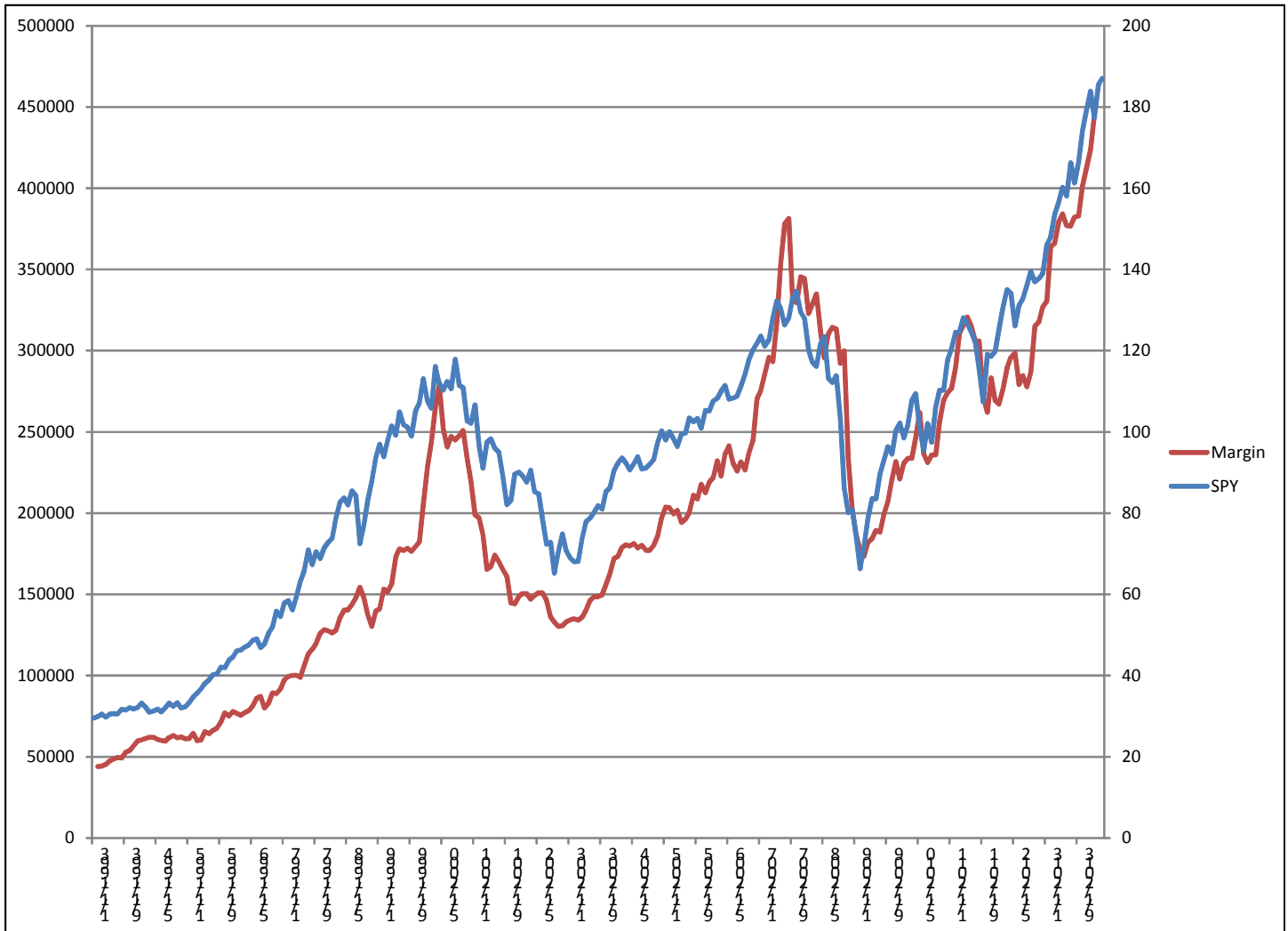
ETF Rankings by C to previous week's end

iShares EMU Indx	EZU	EW	2.16
PS S&P SmICap Utilities	PSCU	EA	2.15
PS Gldn Drgn USX China	PGJ	EW	2.14
PS Dynmc Lrg Cap Value	PWV	ELC	2.14
Wtree Ttl Earn	EXT	ELC	2.13
Vngrd European Indx	VGK	EW	2.13
PS Buyback Achievers	PKW	EGI	2.08
Wtree Div Ex Fincl	DTN	ELC	2.05
Vngrd Fincl Srv	VFH	EA	2.04
Vngrd Large Cap	VV	ELC	1.99
PS FTSE RAFI US 1500 SmI-Mid	PRFZ	EMC	1.98
Guggnhm Intrntl A Incm	HGI	EW	1.98
iShares Germany Indx	EWG	EW	1.97
iShares Russell 1000 Value Indx	IWD	ELC	1.97
iShares Europe 350	IEV	EW	1.94
Wtree Intrntl MC Div	DIM	EW	1.85
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	1.85
iShares Russell 2000 Value Indx	IWN	ESC	1.74
iShares Core S&P 500	IVV	ELC	1.72
Guggnhm Dfnsv Eqty	DEF	EV	1.71
SPDR S&P 500	SPY	ELC	1.70
PS BLDR Europe 100 ADR	ADRU	EW	1.65
PS S&P 500 Low Volatility Portfolio	SPLV	ELC	1.61
PS S&P SmICap Cnsmr Dis	PSCD	EA	1.61
SPDR DJ Industrials	DIA	ELC	1.59
Guggnhm Multi Ast In	CVY	EV	1.54
Wtree DEFA Eqty Incm	DTH	EW	1.51
iShares Telecomm	IYZ	EA	1.46
iShares Slct Div	IDV	ELC	1.37
SPDR Euro Stoxx 50	FEZ	EW	1.34
PS DB Commodity	DBC	EA	1.31
PS Dynmc Technology	PTF	EA	1.28
Guggnhm MidCap Core	CZA	EMC	1.23
Wtree LrgCap Div	DLN	ELC	1.18
PS S&P SmICap Hlth Care	PSCH	EA	1.12
iShares Canada	EWC	EW	1.09
Vngrd Cnsmr Dis	VCR	EA	1.01
iShares S&P 100 Indx	OEF	ELC	1.00
PS DB Energy	DBE	EA	0.99
Market Vectors Oil Services	OIH	EA	0.95
Wtree DEFA	DWM	EW	0.95
PS S&P SmICap Cnsmr Stpl	PSCC	EA	0.90
Select SPDR Enrgy	XLE	EA	0.85
Wtree SmI Cap Div	DES	ESC	0.84
Guggnhm Gbl Div	LVL	EW	0.76
Select SPDR Cnsmr Disc	XLY	EA	0.71
Select SPDR Div	SDY	EGI	0.66
PS Dividend Achievers	PFM	EGI	0.65
Guggnhm Timber	CUT	EA	0.65

ETF Rankings by C to previous week's end

iShares Australia	EW A	EW	0.61
PS Dynmc Fncl	PFI	EA	0.60
Guggnhm Spin Off	CSD	EMC	0.59
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	0.58
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	0.56
Select SPDR Cnsm r Stpl	XLP	EA	0.56
PS Dynmc Oil & Gas Srvcs	PXJ	EA	0.52
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	0.52
W tree Intrntl LC Div	DOL	EW	0.52
PS Gbl Agriculture	PAGG	EA	0.50
PS Dynmc Consmr Staples	PSL	EA	0.47
PS Dynmc Consmr Discr	PEZ	EA	0.47
Vngrd Consmr Stpls	VDC	EA	0.46
iShares Taiwan Indx	EW T	EW	0.44
W tree World Ex US Grth	DNL	EW	0.40
PS Intrntl Dvdnd	PID	EW	0.39
PS S&P SmICap Fincl	PSCF	EA	0.33
Market Vectors Junior Gold Miners	GDXJ	EG	0.32
Vngrd Div Apprctn	VIG	EGI	0.24
SPDR DJ Gbl Titans	DGT	EW	0.22
PS Dyn MagniQuant	PIQ	ELC	0.15
iShares EAFE Indx	EFA	EW	0.08
iShares Pacific ex Jpn	EPP	EW	0.07
Vngrd TTL Intrntl Stk	VXUS	EW	-0.02
W tree Gbl Eqty Incm	DEW	EW	-0.04
Vngrd Europe Pacific	VEA	EW	-0.07
Pro Shares Short S&P 500	SH	EC	-0.58
iShares Silver	SLV	EG	-0.58
W tree Emrg Mrkt SC Div	DGS	EW	-0.68
W tree Intrntl REIT	DRW	ERE	-0.83
iShares Singapore	EW S	EW	-0.89
W tree Japan Hedge Eqty	DXJ	EC	-0.93
W tree Japan SC Div	DFJ	EW R	-1.05
PS FTSE RAFI Asia Pac xJpn	PAF	EW	-1.08
SPDR S&P Retail	XRT	EA	-1.12
PS DB Silver	DBS	EG	-1.19
Vngrd Emrg Mrkt	VWO	EW	-1.23
iShares Malaysia Indx	EW M	EW	-1.37
PS Emrg Mrkt Infrastrctr	PXR	EW	-1.40
Guggnhm China Sml	HAO	EW R	-1.45
iShares Hong Kong Indx	EW H	EW	-1.51
iShares Emrg Mrkt Stk	EEM	EW	-1.52
Guggnhm Frntr	FRN	EW	-1.59
PS DB Base Metals	DBB	EG	-1.60
Pro Shares Short Russell 2000	RWM	ESC	-1.80
PS FTSE RAFI Emrg Mrkt	PXH	EW	-1.92
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-2.05
iShares Japan	EW J	EW	-2.08
iShares Mexico	EW W	EW	-2.24
iShares South Korea Indx	EW Y	EW	-2.42
PS BLDR Asia 50 ADR	ADRA	EW	-2.53
W tree Emrg Mrkt Eincm	DEM	EW	-2.58
PS Dynmc Retail	PMR	EA	-2.64
PS DW A Emrg Mrkt T Ldrs	PIE	EW	-2.72
iShares Latin Am r	ILF	EW	-3.15
Guggnhm China All	YAO	EW R	-3.57
Guggnhm China REIT	TAO	EW R	-4.00
Guggnhm BRIC	EEB	EW	-4.20
iShares Brazil Indx	EW Z	EW	-5.21
iShares China	FXI	EW	-5.81
Market Vectors Russia	RSX	EW	-7.83

Margin Debt (red) and SPY (blue)



This chart shows the amount of leverage or margin debt built into the stock market. Typically the two series track each other. SPY is the S&P 500 ETF. Margin debt is shifted forward one month because it is reported in arrears.

This tracking leads to a cycle on the sell and buy sides. If the market drops, selling is forced. As investors sell, more margin calls go out. This forces more selling. On the other hand, if the market rallies, buying power increases. Investors buy more. As the market increases, margin buying power increases.

So, today, margin is at record levels. It wouldn't take much of a sell off to begin to force the selling cycle.

Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

rent pullback. Yet, the negative divergence must be noted.

As well, it is very interesting to note that IWM (Russell 2000) and QQQ (NASDAQ 100) also failed to reach recovery highs on that recent rally. This is interesting because these were the former leaders. Anytime there is rotation like this, it suggests internal weakness.

The new leaders appear to be internationals. EEM is finally up off the mat, recovering after lagging for some two-years.

On a fundamental basis, as I've been noting here the past few months, the domestic market is overbought and over valued. Per-

haps this is being more recognized. The internationals, especially the emerging markets, are cheaper relatively speaking. Thus the rotation.

The question is whether the rotation continues?

I've shown the margin debt chart before and I've reproduced it on page 11. Margin is buying stocks with borrowed money. It amplifies the gains and losses. The issue is when an investor is fully margined and the market starts downward, what happens. Margin calls will go out. At that point, either the investor puts up more money or the position is sold. The problem is obvious.

In a declining market, when

margin calls go out, further selling may take place. The whole thing becomes a vicious circle.

Where's the trigger point to the start of the margin calls? There's no clear way to tell; it depends on where accounts are relative to starting values. The initial margin is 50%. The maintenance margin is 30%. So in theory and roughly speaking, the market could drop 30% before a call is issued. In reality with all sorts of accounts and values and buying points, the market could drop substantially less than that and calls go out.

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.

4/7 No changes.

3/31 No changes.

3/24 Planning to introduce the World Income Model shortly.

3/17 No changes (comment 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).

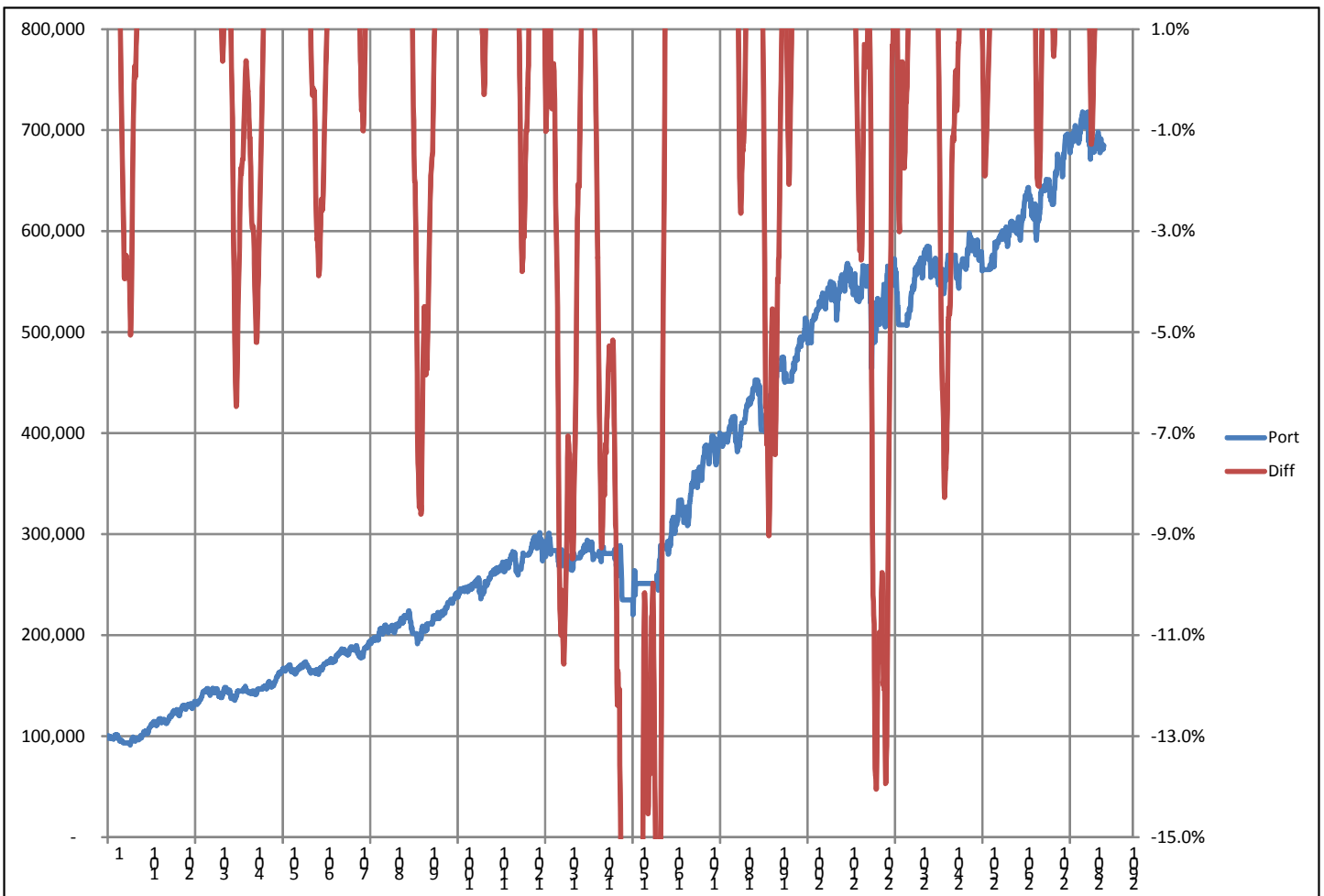
2/18 Still working on the World Income Model.

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 as of 4/4/14)



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, page 2: Uses a proprietary selection methodology on all of the monitored bond-oriented ETFs to pick the top ETFs. I then use a proprietary timing model to decide whether to buy, sell, hold, or avoid. From time to time, timing considerations may take precedence over selections; in other words, we may own lower ranked funds because of anticipated timing changes.

Growth Portfolio, page 6: As of 12/10/12, it is based on the World Growth Index (WGI), which is made up of a static fully invested 20% in each of five ETFs (EEM, EFA, IWM, QQQ, SPY). The Portfolio will buy and sell the WGI based on proprietary timing signals. On 9/23/13, the new C-lect 5 is also part of this portfolio. It too uses timing.

Both portfolios were started on 1/1/10 with \$100,000. As mentioned, the Growth Portfolio strategy was changed on 12/10/12 to the World Growth Model and again on 9/23/13 to incorporate the C-lect 5 model.

Portfolio changes will usually be made at the close on Monday, unless otherwise noted in any emailed hotline update or triggered stop orders. Issues are normally posted on Mondays by 1:35pm cst (Tuesday if Monday is a holiday, defined as market closed).

Portfolios are updated through the Friday close the week before.

Dividends are reinvested in additional shares.

Commissions of \$10 per trade are applied. Interest is currently zero for the money market (cash) position.

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

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