

ETF Selections & Timing

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InvestmentST.com

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Pullback to ???

The domestic stock market pulled back fairly sharply last week. The international markets also corrected, but not by as much. From their peaks about five weeks ago, IWM (Russell 2000) and QQQ are down 8% and 7%. EEM is up 4% over the same period.

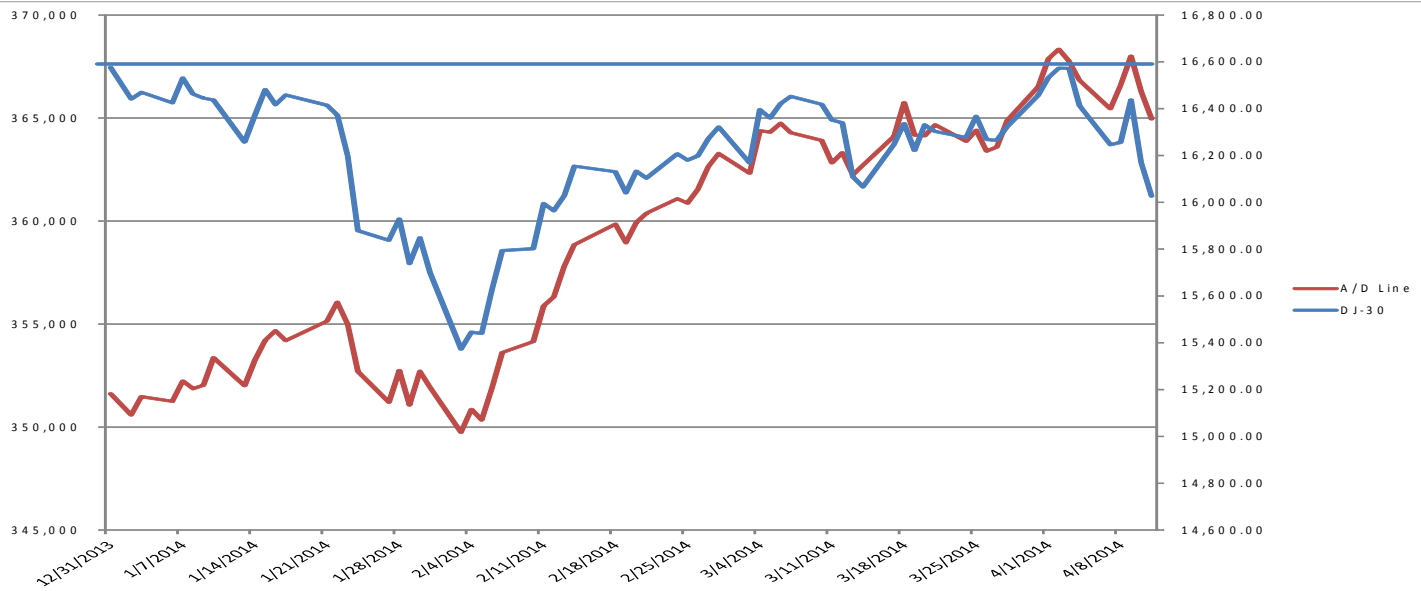
So, is the correction over or is there more to come? Frankly, this is a question about which no one can answer, but many will true. Let me explain.

In a nutshell, the answer involves the unknowable future. Having said that, the answer also depends on your timeframe.

Where will the market be by this Friday? How about by the end of April? How about by the end of 2014? How about by 2015?

The Nobel Prize for Economics was handed out to two parties this past year. It was es-

*(Continued 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 | 0.9% | 1.6% | 1.5 | 0.3 | 0.7 | 0.2% |
| ETF Growth Portfolio | -1.2% | 13.9% | 0.9 | -2.7 | 0.0 | -1.2% |
| Index | | | | | | |
| Aggrgt Bond (AGG) | 1.9% | -0.9% | 1.8 | 1.8 | 0.5 | 0.6% |
| S&P 500 TR (SPY) | -1.3% | 16.1% | 7.2 | -1.4 | -1.7 | -2.6% |
| World Growth Index | -2.1% | 15.8% | 4.8 | -2.0 | -2.1 | -2.4% |

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| 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 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 Insrld CA Muni | PWZ | BI | -6.48 | -9.21 | -8.53 | -7.65 | -2.25 | 1.29 | 22.72 | ** |
| PS Insrld 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 Insrld 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.

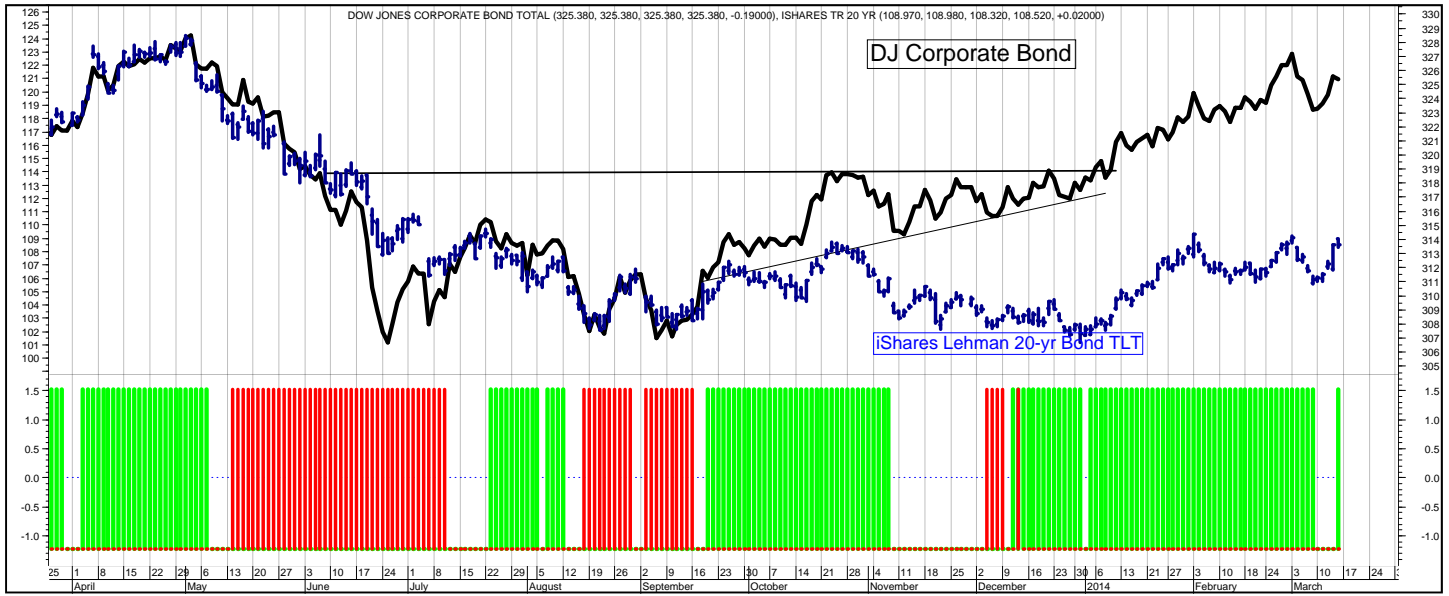
ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

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.

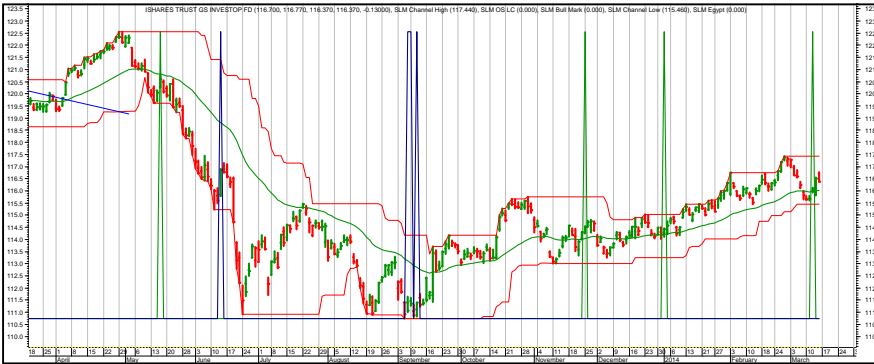
3/3 The bond model is still bullish, unfortunately I'm out. Will try to find a reentry area.

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.

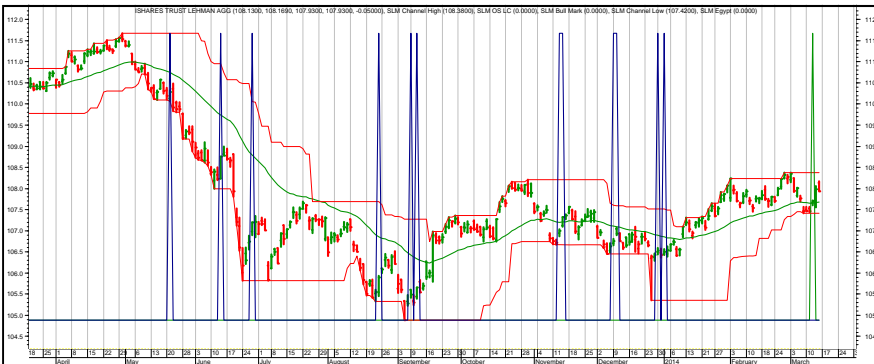
2/10 The bond market has broke its uptrend from what could be a valid breakout zone. This is drawn on the chart above by the last trend lines. Will watch for subsequent action and economic news to decide whether to buy on the pullback or continue to stand aside.

Income Charts (DAILY) (under construction)



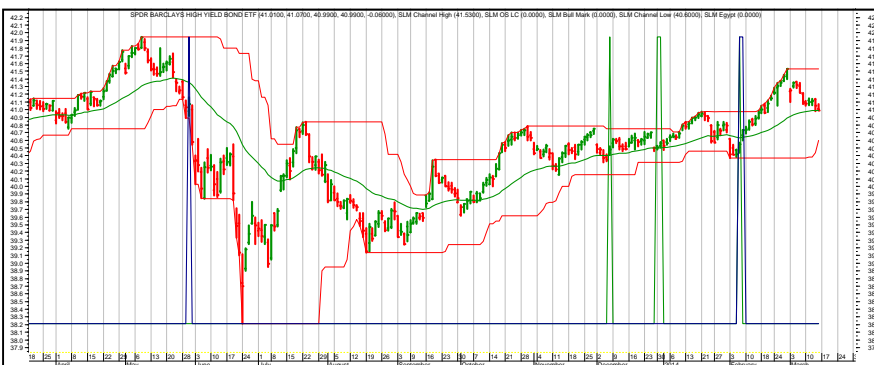
LQD—Investment Grade Corporate

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.



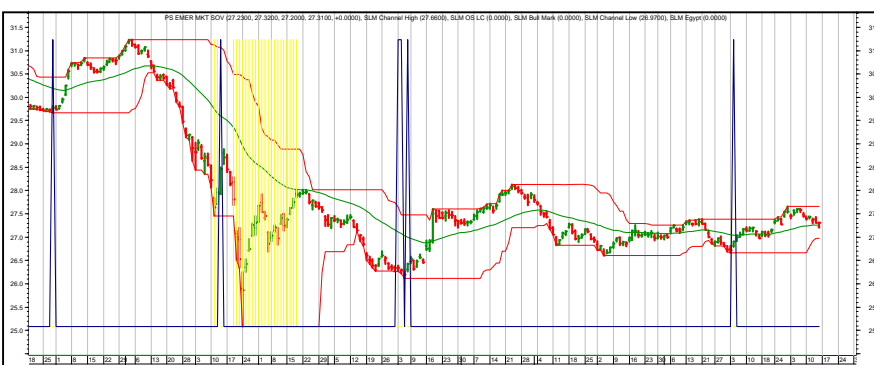
AGG—Aggregate Bond Market

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: 4/11/2014 | | | | | | | |
|-------------|--------|--------|-----------------------------------|-------------|--------------|---|-----------|-------------|-------------|--------------|-------------|---------------|------------------|
| 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 | 41.83 | 539.000 | 22,546.37 | 16.1% |
| | | | this will be about 4% of ttl | | | EFA | | Euro Asia | 66.28 | 66.26 | 318.000 | 21,070.68 | 15.0% |
| 17-Mar | sell | PBE | 44.55 | 129 | 5,737 | IWM | | Rusl 2000 | 113.68 | 110.41 | 185.490 | 20,479.95 | 14.6% |
| 17-Mar | buy | DBA | 28.45 | 200 | 5,680 | QQQ | | Nsdq 100 | 89.54 | 84.11 | 235.540 | 19,811.27 | 14.1% |
| | | | this will be about 4% of ttl | | | SPY | | S&P 500 | 182.85 | 181.51 | 115.520 | 20,968.04 | 14.9% |
| 7-Apr | sell | PJP | 55.10 | 99 | 5,445 | C-lect 5 | | | | | | | |
| 7-Apr | buy | PSI | 20.46 | 278 | 5,678 | DFE | | | 60.48 | 61.35 | 93.030 | 5,707.39 | 4.1% |
| | | | this will be about 4% of ttl | | | UNG | | | 26.12 | 25.74 | 215.000 | 5,534.10 | 3.9% |
| 14-Apr | sell | PSI | | 278 | | GULF | | | 22.09 | 23.55 | 258.240 | 6,081.55 | 4.3% |
| 14-Apr | buy | PGF | | 314 | | PSI | | | 20.46 | 19.91 | 278.000 | 5,534.98 | 3.9% |
| 14-Apr | sell | UNG | | 215 | | DBA | | | 28.45 | 28.56 | 200.000 | 5,712.00 | 4.1% |
| 14-Apr | buy | PFF | | 144 | | Two potential ways to sell: stop loss about 6% lower or timing model signals sell | | | | | | | |
| | | | both buys will be about 4% of ttl | | | 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 | 6,943 | 6,943.00 | 4.9% |
| | | | Total Valuation= | | | | | | | 140,389.33 | 100.0% | | |

WEEKLY REVIEW

4/14 With the market pullback, the sell stop distance narrowed to about 6%. The "window to buy" has also reopened. In the portfolio, we will sell and buy the two new positions noted above.

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.

| | 2010 | 2011 | 2012 | 2013 | ytd 2014 | Incptn |
|----------------------|-------|------|------|------|----------|--------|
| ETF Growth Portfolio | 8.1% | 6.9 | -2.1 | 25.7 | -1.2 | 40.4 |
| World Growth Index | 17.2% | -4.1 | 15.1 | 30.5 | -2.1 | 65.3 |

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 | 23.82 |
| PS DB Agriculture | DBA | EA | 17.25 |
| Wtree Eur SC Div | DFE | EW | 12.89 |
| PS Fincl Pfd | PGF | EGI | 12.19 |
| iShares Prfrd | PFF | EGI | 11.25 |
| PS Dynmc Semicndctr | PSI | EA | 10.89 |
| US Natural Gas | UNG | EA | 10.53 |
| iShares Italy Indx | EWI | EW | 10.15 |
| iShares Cohen&Str REIT | ICF | ERE | 10.13 |
| Vngrd REIT | VNQ | ERE | 9.98 |
| SPDR Wlsh REIT | RWR | ERE | 9.82 |
| iShares REIT | IYR | ERE | 9.32 |
| PS Dynmc Pharma | PJP | EA | 9.25 |
| PS Gbl Clean Enrgy | PBD | EW | 9.00 |
| PS Dynmc Networking | PXQ | EA | 8.98 |
| Vngrd Utilities | VPU | EA | 8.69 |
| PS Dynmc Biotech | PBE | EA | 8.63 |
| Select SPDR Utilities | XLU | EA | 8.56 |
| PS Gbl Water | PIO | EW | 8.14 |
| PS US REIT | PSR | ERE | 7.91 |
| Market Vectors Semiconductor | SMH | EA | 7.69 |
| PS Aerospace & Def | PPA | EA | 7.64 |
| Vngrd Health | VHT | EA | 7.46 |
| PS Dynmc Utilities | PUI | EA | 7.02 |
| Guggnhm Shipping | SEA | EA | 6.99 |
| Guggnhm Gbl Wtr | CGW | EW | 6.74 |
| Select SPDR Health | XLV | EA | 6.64 |
| PS Gbl Gold Precious Mtls | PSAU | EG | 6.33 |
| Wtree India | EPI | EW R | 5.86 |
| PS Dynmc Software | PSJ | EA | 5.77 |
| PS S&P SmICap Mtrls | PSCM | EA | 5.76 |
| Market Vectors Gold Minors | GDX | EG | 5.72 |
| Guggnhm Solar | TAN | EA | 5.58 |
| Vngrd Tech | VGT | EA | 5.52 |
| PS WilderHill CIn Enrgy | PBW | EA | 5.50 |
| PS Dynmc Bldg Cnstrctn | PKB | EA | 5.36 |
| Wtree Intrntl Utilities | DBU | EW | 5.35 |
| iShares DJ US Home Constr. | ITB | EA | 5.32 |
| PS NASDAQ Intrnt | PNQI | EA | 5.25 |
| iShares Spain | EW P | EW | 5.19 |
| iShares Russel MidVal | IW S | EMC | 5.13 |
| Guggnhm Candn Enrg Incm | ENY | EW R | 4.99 |
| PS Dynmc Basic Matrl | PYZ | EA | 4.88 |
| iShares Gold | IAU | EG | 4.80 |
| SPDR Gold | GLD | EG | 4.80 |

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

| | | | |
|-------------------------------------|------|-----|------|
| PS DB Gold | DGL | EG | 4.62 |
| Alerian MLP | AMLP | EGI | 4.58 |
| PS QQQ | QQQ | ELC | 4.58 |
| Vngrd Extnd 4500 | VXF | ELC | 4.50 |
| Vngrd Materials | VAW | EA | 4.49 |
| Guggnhm RJ All | RYJ | ELC | 4.47 |
| PS India | PIN | EW | 4.45 |
| PS Cleantech | PZD | EA | 4.45 |
| Vngrd MidCap Val | VO | EMC | 4.38 |
| PS DB Oil | DBO | EA | 4.33 |
| PS Dynmc Healthcare | PTH | EA | 4.30 |
| PS DWA Dvlpd Mrkt T Ldrs | PIZ | ELC | 4.28 |
| PS Dynmc Energy | PXI | EA | 4.19 |
| PS Hi Yld Eqty Div | PEY | EGI | 4.16 |
| Select SPDR MatrIs | XLB | EA | 4.14 |
| PS S&P SmICap Energy | PSCE | EA | 3.98 |
| Wtree Intrntl SC Div | DLS | EW | 3.97 |
| Vngrd Small Cap Grth | VBK | ESC | 3.95 |
| SPDR S&P Metals & Mining | XME | EA | 3.93 |
| Wtree Intrntl Div Ex Fincl | DOO | EW | 3.87 |
| PS S&P SmICap Info Tech | PSCT | EA | 3.85 |
| Select SPDR Technlgy | XLK | EA | 3.84 |
| iShares DJ Slct Div | DVY | EGI | 3.76 |
| Wtree MidCap Div | DON | EMC | 3.74 |
| Vngrd Small Cap Value | VBR | ESC | 3.70 |
| PS DWA Tech Ldr | PDP | ELC | 3.68 |
| PS Dynmc Lrg Cap Grth | PWB | ELC | 3.68 |
| Wtree Eqty Income | DHS | EGI | 3.59 |
| Guggnhm Dfnsv Eqty | DEF | EV | 3.57 |
| US Oil Fund | USO | EA | 3.56 |
| PS Dyn Mrkt | PWC | ELC | 3.55 |
| PS DB Precious Metals | DBP | EG | 3.52 |
| Vngrd Small Cap | VB | ESC | 3.47 |
| SPDR S&P Oil & Gas Expl. & Prod. | XOP | EA | 3.36 |
| Vngrd Grth | VUG | ELC | 3.33 |
| Market Vectors Junior Gold Miners | GDXJ | EG | 3.33 |
| PS Water Resources | PHO | EA | 3.28 |
| PS Gbl Lstd Prvt Eqty | PSP | EW | 3.24 |
| Wtree Div Ex Fincl | DTN | ELC | 3.22 |
| Guggnhm Intrntl A Incm | HGI | EW | 3.22 |
| PS Dynmc Energy Explor | PXE | EA | 3.19 |
| PS WilderHill Prgsv Enrgy | PUW | EA | 3.09 |
| PS Zacks Micro Cap | PZI | ESC | 3.05 |
| PS Dynmc Food & Bev | PBJ | EA | 3.00 |
| iShares Core S&P Mid Cap | IJH | EMC | 2.93 |
| Guggnhm Multi Ast In | CVY | EV | 2.87 |
| Wtree MidCap Earn | EZM | EMC | 2.83 |
| Select SPDR Indl | XLI | EA | 2.83 |
| SPDR Mid Cap Trust | MDY | EMC | 2.82 |
| PS S&P 500 Low Volatility Portfolio | SPLV | ELC | 2.77 |
| Wtree DEFA Eqty Incm | DTH | EW | 2.68 |
| PS S&P SmICap Utilities | PSCU | EA | 2.66 |
| iShares Russell 1000 Grwth Indx | IWF | ELC | 2.66 |
| iShares EMU Indx | EZU | EW | 2.64 |
| PS Dynmc Lrg Cap Value | PWV | ELC | 2.62 |
| PS DB Commodity | DBC | EA | 2.59 |

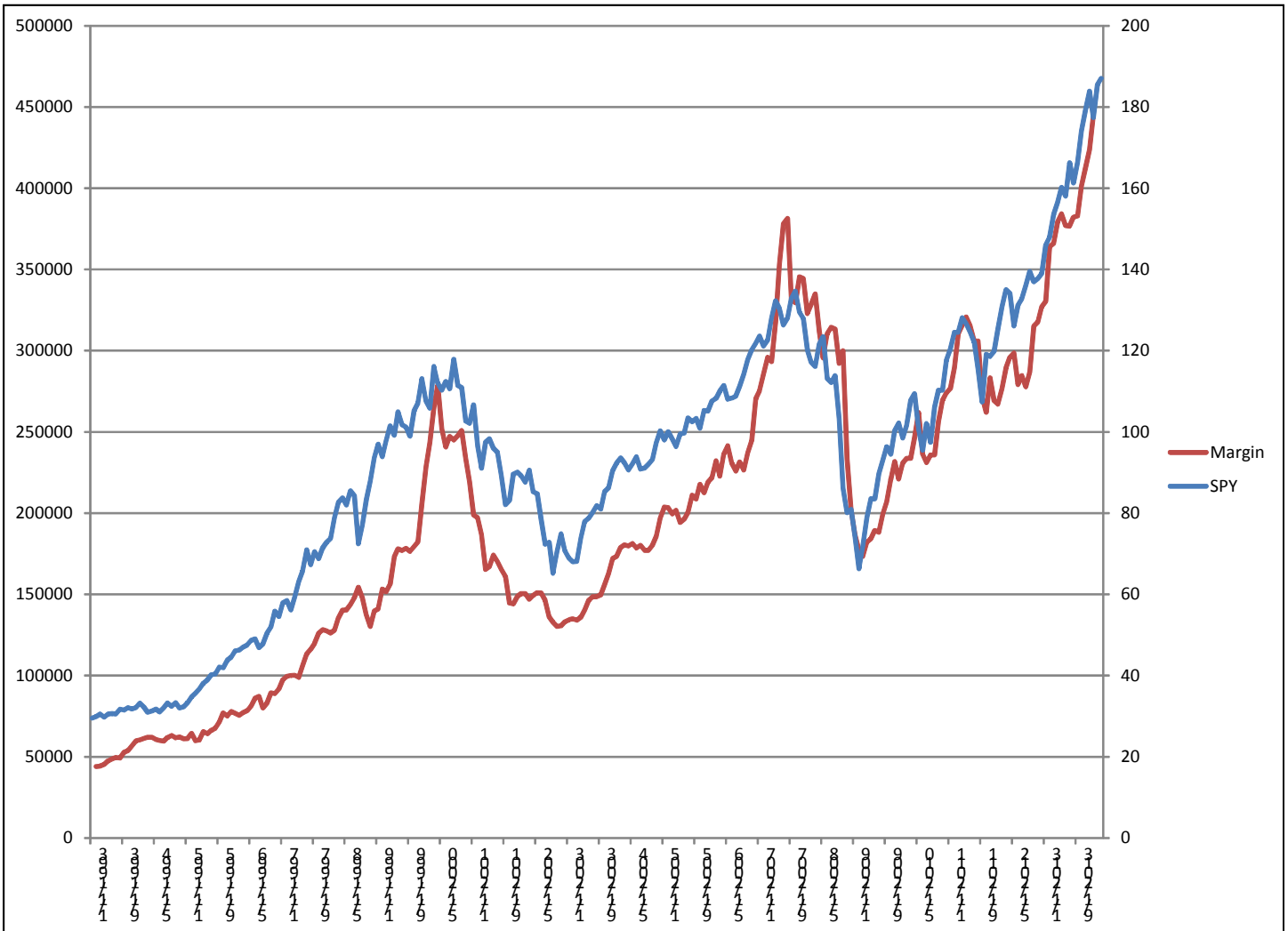
ETF Rankings by C to previous week's end

| | | | |
|---------------------------------|------|-----|------|
| Vngrd European Indx | VGK | EW | 2.59 |
| iShares Slct Div | IDV | ELC | 2.56 |
| PS S&P 500 BuyWrite | PBP | ELC | 2.51 |
| Wtree Intrntl MC Div | DIM | EW | 2.46 |
| iShares Australia | EWA | EW | 2.45 |
| iShares Europe 350 | IEV | EW | 2.45 |
| Wtree S&P 500 | EPS | ELC | 2.45 |
| Guggnhm Insdrr Sent | NFO | EMC | 2.42 |
| SPDR S&P Regional Banking | KRE | EA | 2.41 |
| Guggnhm Gbl Div | LVL | EW | 2.36 |
| iShares Canada | EWC | EW | 2.32 |
| SPDR S&P Bank | KBE | EA | 2.30 |
| iShares Russell 1000 Value Indx | IWD | ELC | 2.27 |
| PS BLDR Europe 100 ADR | ADRU | EW | 2.21 |
| Wtree Ttl Earn | EXT | ELC | 2.19 |
| iShares Taiwan Indx | EWT | EW | 2.18 |
| iShares Russell 2000 | IWM | ESC | 2.14 |
| Select SPDR Financs | XLF | EA | 2.13 |
| Vngrd TTL Stock | VTI | ELC | 2.11 |
| PS Dynmc Leisure & Enter | PEJ | EA | 2.05 |
| SPDR S&P Homebuilders | XHB | EA | 2.05 |
| PS Gldn Drgn USX China | PGJ | EW | 2.02 |
| PS DB Energy | DBE | EA | 1.93 |
| Wtree LrgCap Div | DLN | ELC | 1.90 |
| iShares Pacific ex Jpn | EPP | EW | 1.88 |
| Select SPDR Cnsmr Stpl | XLP | EA | 1.88 |
| PS S&P SmlCap Industrls | PSCI | EA | 1.85 |
| Vngrd Fincl Srv | VFH | EA | 1.85 |
| PS S&P SmlCap Cnsmr Stpl | PSCC | EA | 1.85 |
| SPDR Euro Stoxx 50 | FEZ | EW | 1.85 |
| Vngrd Large Cap | VV | ELC | 1.82 |
| PS FTSE RAFI US 1500 Sml-Mid | PRFZ | EMC | 1.81 |
| Select SPDR Enrgy | XLE | EA | 1.81 |
| Wtree DEFA | DWM | EW | 1.81 |
| Vngrd Cnsmr Stpls | VDC | EA | 1.80 |
| PS Buyback Achievers | PKW | EGI | 1.79 |
| Market Vectors Oil Services | OIH | EA | 1.78 |
| Wtree World Ex US Grth | DNL | EW | 1.77 |
| PS Dynmc Media | PBS | EA | 1.67 |
| iShares Germany Indx | EWG | EW | 1.64 |
| PS Dividend Achievers | PFM | EGI | 1.62 |
| iShares Core S&P 500 | IVV | ELC | 1.60 |
| iShares Russell 2000 Value Indx | IWN | ESC | 1.59 |
| SPDR S&P 500 | SPY | ELC | 1.58 |
| iShares Telecomm | IYZ | EA | 1.55 |
| PS Intrntl Dvdnd | PID | EW | 1.53 |
| SPDR DJ Industrials | DIA | ELC | 1.48 |
| Wtree Intrntl LC Div | DOL | EW | 1.46 |
| PS Dynmc Oil & Gas Srvcs | PXJ | EA | 1.45 |

ETF Rankings by C to previous week's end

| | | | |
|----------------------------------|-------|------|-------|
| PS Gbl Agriculture | PAGG | EA | 1.40 |
| Select SPDR Div | SDY | EGI | 1.35 |
| W tree Emrg Mrkt SC Div | DGS | EW | 1.25 |
| PS Dyn MagniQuant | PIQ | ELC | 1.22 |
| Guggnhm MidCap Core | CZA | EMC | 1.19 |
| PS FTSE RAFI Dvlp Mrkt xUSA | PXF | EW | 1.14 |
| W tree Sm l Cap Div | DES | ESC | 1.10 |
| W tree Gbl Eqty Incm | DEW | EW | 1.07 |
| iShares S&P 100 Indx | OEF | ELC | 1.02 |
| W tree Intrntl REIT | DRW | ERE | 0.94 |
| PS BLDR Dvlpd Mrkt 100 ADR | ADR D | EW | 0.94 |
| PS S&P Sm l Cap Cnsm r Dis | PSCD | EA | 0.91 |
| PS FTSE RAFI Dvlp Mrkt xUSA Sm l | PDN | EW | 0.88 |
| iShares Singapore | EW S | EW | 0.88 |
| SPDR DJ Gbl Titans | DGT | EW | 0.78 |
| PS Dynmc Technology | PTF | EA | 0.77 |
| Vngrd TTL Intrntl Stk | VXUS | EW | 0.76 |
| Vngrd Div Apprctn | VIG | EGI | 0.70 |
| PS S&P Sm l Cap Hlth Care | PSCH | EA | 0.68 |
| Vngrd Consm r Dis | VCR | EA | 0.60 |
| PS FTSE RAFI Asia Pac xJpn | PAF | EW | 0.58 |
| Guggnhm Spin Off | CSD | EMC | 0.52 |
| Guggnhm Timber | CUT | EA | 0.52 |
| iShares EAFE Indx | EFA | EW | 0.51 |
| Vngrd Emrg Mrkt | VW O | EW | 0.47 |
| PS Dynmc Consm r Staples | PSL | EA | 0.45 |
| Pro Shares Short S&P 500 | SH | EC | 0.44 |
| Vngrd Europe Pacific | VEA | EW | 0.42 |
| PS Dynmc Consm r Discr | PEZ | EA | 0.37 |
| Select SPDR Cnsm r Disc | XLY | EA | 0.24 |
| iShares Silver | SLV | EG | 0.18 |
| PS S&P Sm l Cap Fincl | PSCF | EA | 0.18 |
| PS Dynmc Fncl | PFI | EA | 0.17 |
| iShares Emrg Mrkt Stk | EEM | EW | 0.14 |
| PS Emrg Mrkt Infrastrctr | PXR | EW | -0.19 |
| iShares Malaysia Indx | EW M | EW | -0.23 |
| iShares Hong Kong Indx | EW H | EW | -0.24 |
| PS FTSE RAFI Emrg Mrkt | PXH | EW | -0.28 |
| Guggnhm Frntr | FRN | EW | -0.29 |
| PS DB Silver | DBS | EG | -0.33 |
| Pro Shares Short Russell 2000 | RW M | ESC | -0.40 |
| PS BLDR Emrg Mkt 50 ADR | ADRE | EW | -0.43 |
| W tree Japan SC Div | DFJ | EW R | -0.90 |
| PS DB Base Metals | DBB | EG | -1.10 |
| W tree Emrg Mrkt Eincm | DEM | EW | -1.11 |
| W tree Japan Hedge Eqty | DXJ | EC | -1.15 |
| iShares South Korea Indx | EW Y | EW | -1.15 |
| SPDR S&P Retail | XRT | EA | -1.21 |
| Guggnhm China Sm l | HAO | EW R | -1.24 |
| iShares Latin Am r | ILF | EW | -1.29 |
| PS DWA Emrg Mrkt T Ldrs | PIE | EW | -1.51 |
| iShares Mexico | EW W | EW | -1.77 |
| iShares Japan | EW J | EW | -2.14 |
| PS BLDR Asia 50 ADR | ADRA | EW | -2.22 |
| PS Dynmc Retail | PMR | EA | -2.50 |
| Guggnhm China REIT | TAO | EW R | -2.65 |
| Guggnhm China All | YAO | EW R | -2.91 |
| iShares Brazil Indx | EW Z | EW | -2.92 |
| Guggnhm BRIC | EEB | EW | -3.15 |
| iShares China | FXI | EW | -4.79 |
| Market Vectors Russia | RSX | EW | -7.95 |

Margin Debt (red) and SPY (blue) (reiteration)



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**

essentially an agreement that while no one knows the short term (random walk), there might be some indicators that accurately forecast the long term (behavioral).

Those indicators are more along the lines of the valuation measures, such as CAPE (cyclically adjusted 10-year PE ratio) that moves from under valued to over valued. Or Q ratio (market cap to replacement cost) that also moves from under to over valued and back.

As I've been mentioning, those value measures indicate over valuation, which means over the next couple of years the mar-

ket should be lower than where it is (or that earnings will boom). But they tell us little about what might happen to prices tomorrow or next week.

This is where the trend measures come in I've also mentioned. They are still up within this overvalued market.

Why not sell and sit in cash? Because the market is trending higher. There has been money to be made. And no one knows the short-term future.

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).

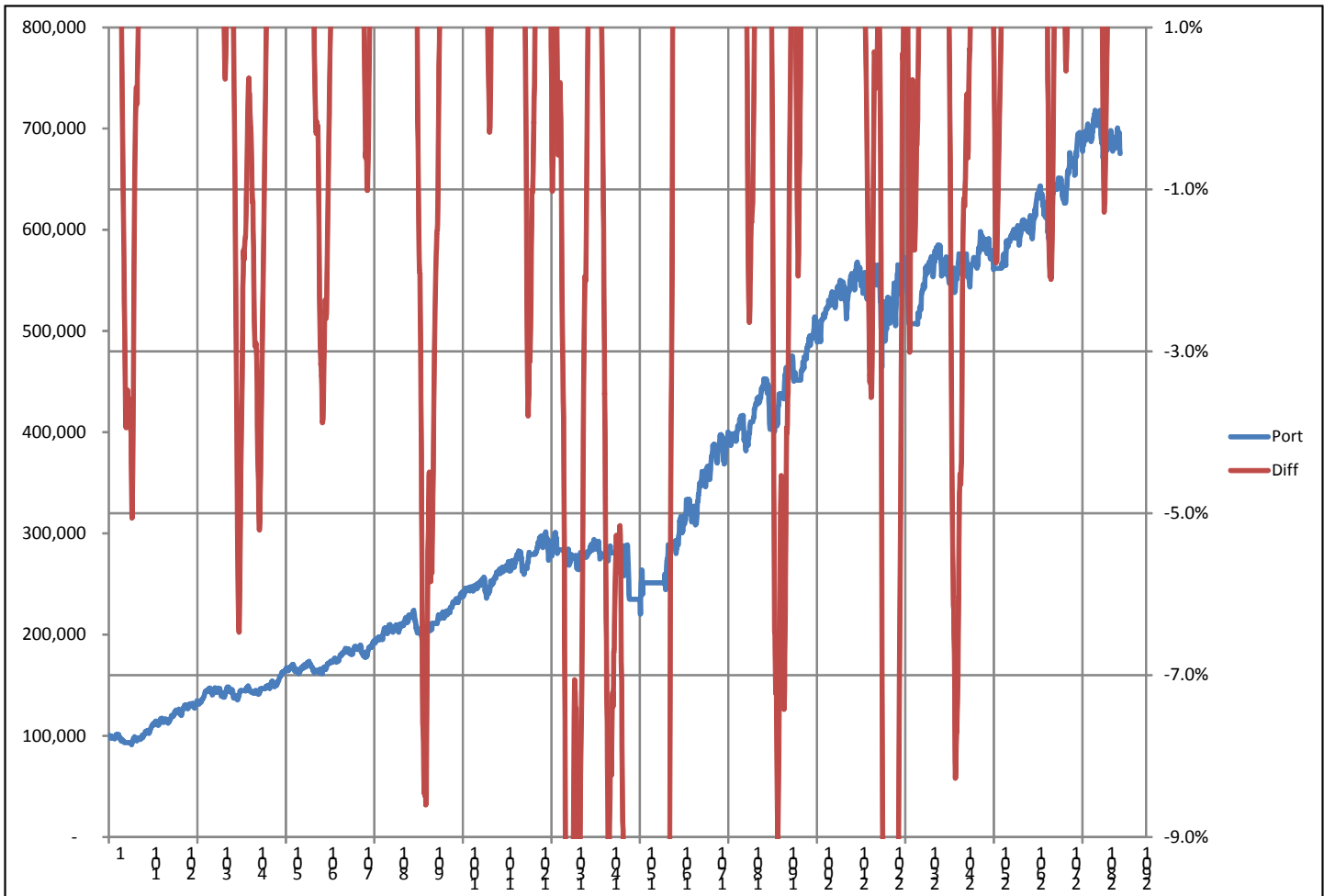
2/18 Still working on the World Income Model.

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 (open as of 4/14/14)



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, 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 ideally 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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