

ETF Selections & Timing

Watercourse Way Holdings, LLC

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

InvestmentST.com

April 21, 2014 (data date through previous Friday close)

Volume 5
Issue 16

Trend Trip

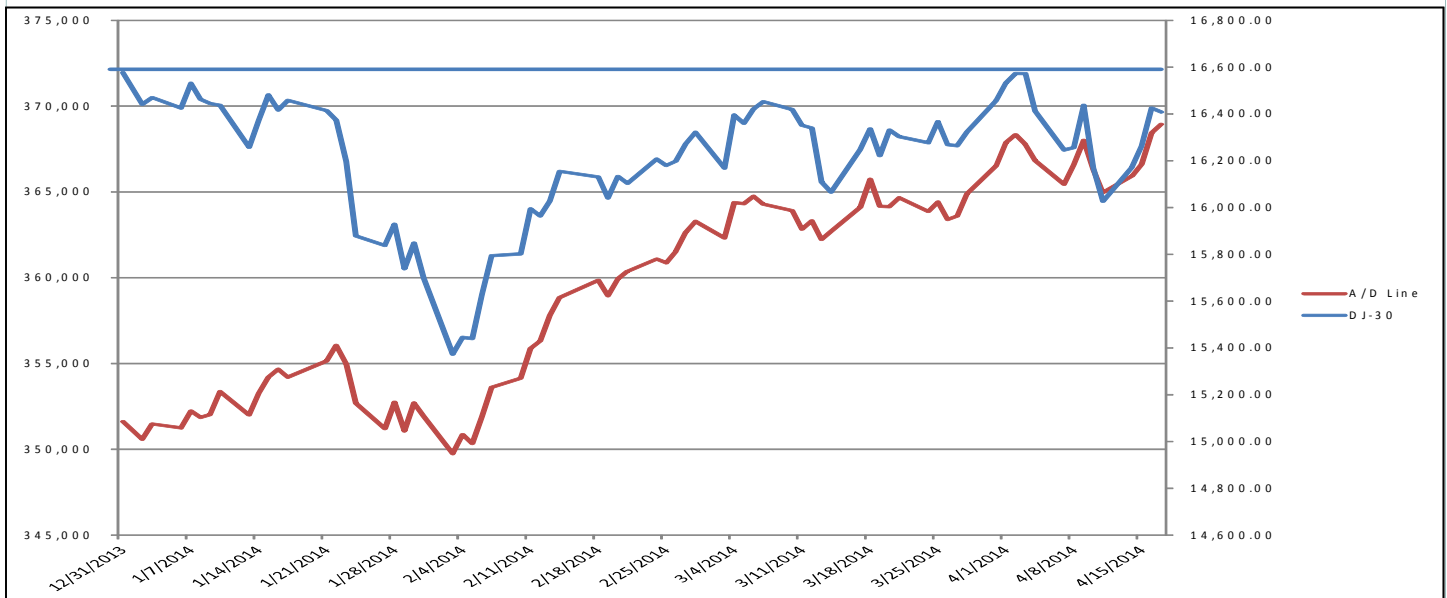
Of the five trend inputs on EEM, EFA, IWM, QQQ, and SPY, one has again turned from bullish to bearish. It takes three bearish trends to trigger an overall sell signal. So, I will be watching this closely as the days unfold.

Why three trend “breaks”

and not one or two or four or five? Based on backtesting, three is a good compromise. One provides too many whipsaws that do not add value. Five takes too long to develop, too much is lost. These comments apply not just to sell signals, but also to buy signals.

In the meantime as you can see on the chart below, on last week’s rally the NYSE advance/decline line made it back to new highs. While this was unaccompanied by the Dow Industrials, it still suggests underlying market

(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%	0.7	0.1	0.7	0.0%
ETF Growth Portfolio	0.2%	18.1%	0.4	-1.7	1.1	1.4%
Index						
Aggrgt Bond (AGG)	1.7%	-1.1%	1.0	0.9	0.5	-0.2%
S&P 500 TR (SPY)	1.4%	21.8%	7.5	1.5	0.2	2.7%
World Growth Index	0.1%	21.2%	4.4	0.1	-0.5	2.3%

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.

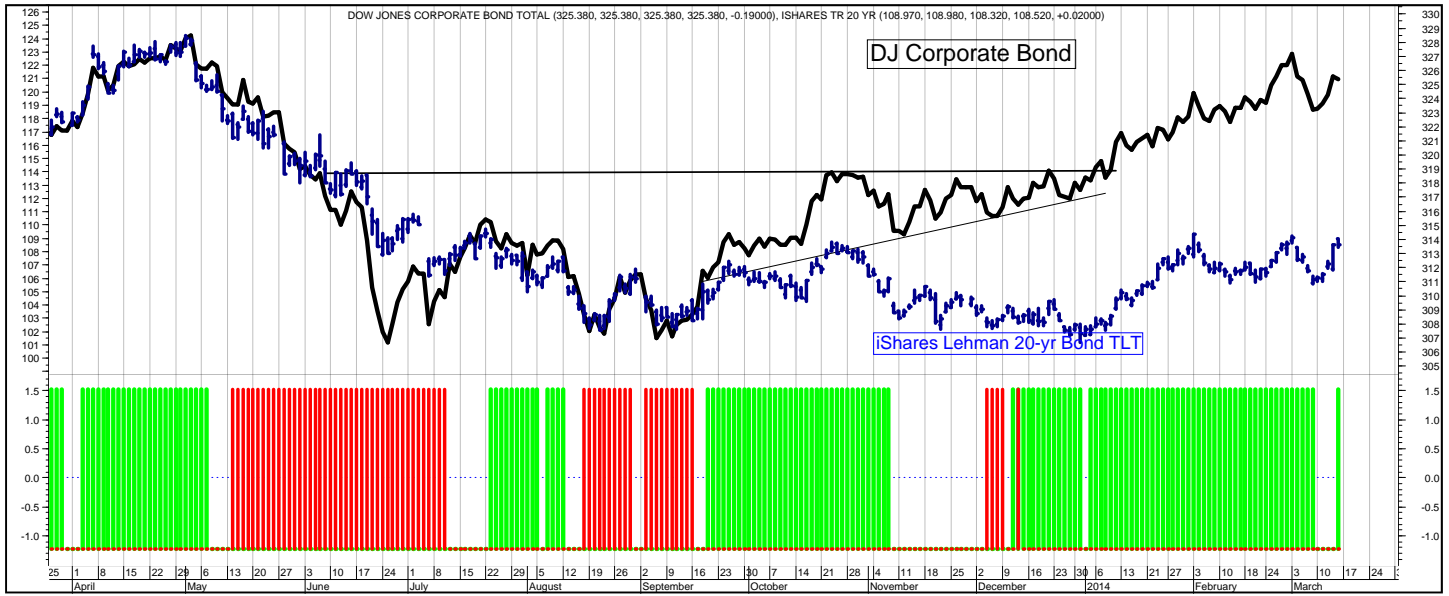
ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

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.

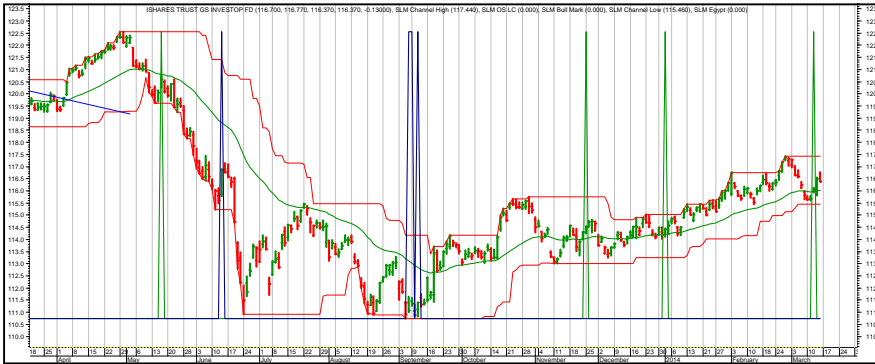
3/3 The bond model is still bullish, unfortunately I'm out. Will try to find a reentry area.

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.

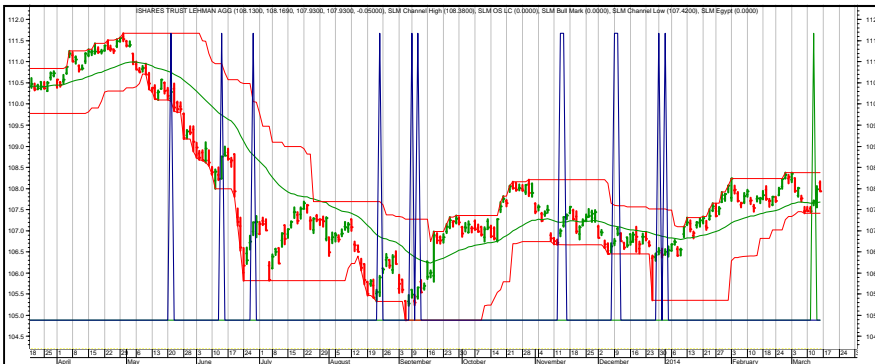
2/10 The bond market has broke its uptrend from what could be a valid breakout zone. This is drawn on the chart above by the last trend lines. Will watch for subsequent action and economic news to decide whether to buy on the pullback or continue to stand aside.

Income Charts (DAILY) (under construction)



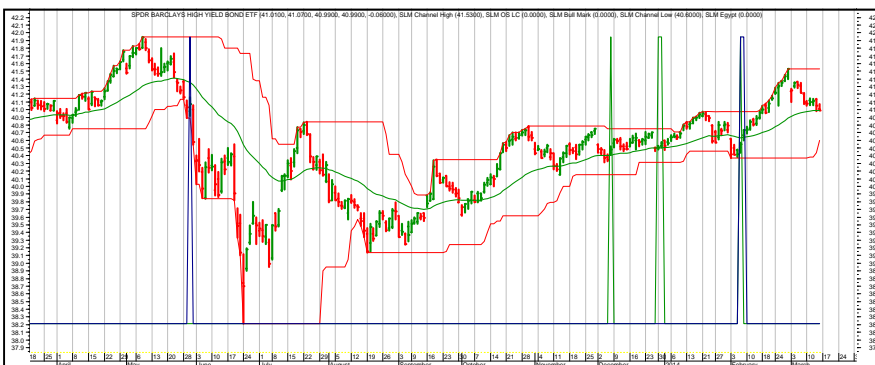
LQD—Investment Grade Corporate

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.



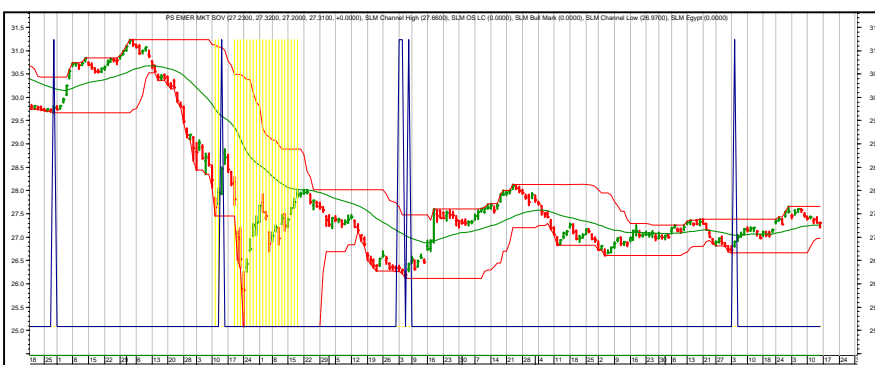
AGG—Aggregate Bond Market

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:				4/18/2014			
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	42.01	539.000	22,643.39	15.9%
			this will be about 4% of ttl			EFA		Euro Asia	66.28	67.28	318.000	21,395.04	15.0%
17-Mar	sell	PBE	44.55	129	5,737	IWM		Rusl 2000	113.68	112.92	185.490	20,945.53	14.7%
17-Mar	buy	DBA	28.45	200	5,700	QQQ		Nsdq 100	89.54	86.20	235.540	20,303.55	14.3%
			this will be about 4% of ttl			SPY		S&P 500	182.85	186.39	115.520	21,531.77	15.1%
7-Apr	sell	PJP	55.10	99	5,445	C-lect 5							
7-Apr	buy	PSI	20.46	278	5,698	DFE			60.48	61.52	93.030	5,723.21	4.0%
			this will be about 4% of ttl			PFF			39.00	39.10	144.000	5,630.40	4.0%
14-Apr	sell	PSI	19.91	278	5,525	GULF			22.09	23.84	258.240	6,156.44	4.3%
14-Apr	buy	PGF	17.89	314	5,627	PGF			17.89	17.82	315.580	5,623.64	3.9%
14-Apr	sell	UNG	25.36	215	5,442	DBA			28.45	28.88	200.000	5,776.00	4.1%
14-Apr	buy	PFF	39.00	144	5,626	Two potential ways to sell: stop loss about 8% 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	6,657	6,657.00	4.7%
						Total Valuation=						142,385.96	100.0%

WEEKLY REVIEW

4/21 No changes this week.

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	0.2	42.4
World Growth Index	17.2%	-4.1	15.1	30.5	0.1	69.0

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	24.59
PS DB Agriculture	DBA	EA	18.55
PS Fincl Pfd	PGF	EGI	13.16
Wtree Eur SC Div	DFE	EW	12.34
iShares Prfrd	PFF	EGI	12.28
iShares Cohen&Str REIT	ICF	ERE	11.70
Vngrd REIT	VNQ	ERE	11.33
SPDR Wlsh REIT	RWR	ERE	11.33
PS Dynmc Semicndctr	PSI	EA	10.96
iShares Italy Indx	EWI	EW	10.95
iShares REIT	IYR	ERE	10.50
US Natural Gas	UNG	EA	10.19
Vngrd Utilities	VPU	EA	10.06
Select SPDR Utilities	XLU	EA	9.97
PS US REIT	PSR	ERE	9.16
PS Gbl Clean Enrgy	PBD	EW	9.00
PS Dynmc Networking	PXQ	EA	8.80
PS Dynmc Pharma	PJP	EA	8.69
PS Gbl Water	PIO	EW	8.29
Market Vectors Semiconductor	SMH	EA	8.20
PS Dynmc Utilities	PUI	EA	8.07
PS Dynmc Biotech	PBE	EA	7.94
Wtree India	EPI	EW R	7.50
Vngrd Health	VHT	EA	7.34
PS Aerospace & Def	PPA	EA	7.20
PS Gbl Gold Precious Mtls	PSAU	EG	6.95
Guggnhm Candn Enrg Incm	ENY	EW R	6.93
Wtree Intrntl Utilities	DBU	EW	6.89
Guggnhm Gbl Wtr	CGW	EW	6.82
Select SPDR Health	XLV	EA	6.58
Market Vectors Gold Minors	GDX	EG	6.37
Guggnhm Shipping	SEA	EA	6.32
Guggnhm Solar	TAN	EA	5.92
PS India	PIN	EW	5.91
PS Dynmc Energy	PXI	EA	5.78
PS S&P SmICap Mtrls	PSCM	EA	5.65
iShares Russel MidVal	IWS	EMC	5.59
PS WilderHill Cln Enrgy	PBW	EA	5.49
Alerian MLP	AMLP	EGI	5.36
iShares Spain	EW P	EW	5.34
PS Hi Yld Eqty Div	PEY	EGI	5.32
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	5.32
PS DB Oil	DBO	EA	5.25
PS S&P SmICap Energy	PSCE	EA	5.20
SPDR Gold	GLD	EG	5.18

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

iShares Gold	IAU	EG	5.18
PS Dynmc Software	PSJ	EA	5.11
PS DB Gold	DGL	EG	5.04
Guggnhm Dfnsv Eqty	DEF	EV	4.99
PS Dynmc Bldg Cnstrctn	PKB	EA	4.95
PS Dynmc Basic Matrl	PYZ	EA	4.92
Vngrd Tech	VGT	EA	4.91
iShares DJ Slct Div	DVY	EGI	4.89
Wtree Eqty Income	DHS	EGI	4.71
PS Dynmc Energy Explor	PXE	EA	4.66
Vngrd Materials	VAW	EA	4.57
PS NASDAQ Intrnt	PNQI	EA	4.54
Wtree Intrntl Div Ex Fincl	DOO	EW	4.50
iShares DJ US Home Constr.	ITB	EA	4.49
Vngrd MidCap Val	VO	EMC	4.46
Vngrd Extnd 4500	VXF	ELC	4.43
US Oil Fund	USO	EA	4.36
Select SPDR Matrls	XLB	EA	4.32
Wtree MidCap Div	DON	EMC	4.31
PS Cleantech	PZD	EA	4.23
Wtree Intrntl SC Div	DLS	EW	4.21
Guggnhm RJ All	RYJ	ELC	4.20
Wtree Div Ex Fincl	DTN	ELC	4.20
PS QQQ	QQQ	ELC	4.12
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	3.99
Guggnhm Intrntl A Incm	HGI	EW	3.97
PS DB Precious Metals	DBP	EG	3.87
Vngrd Small Cap Grth	VBK	ESC	3.85
Market Vectors Junior Gold Miners	GDXJ	EG	3.76
Vngrd Small Cap Value	VBR	ESC	3.69
PS Dynmc Healthcare	PTH	EA	3.67
iShares Australia	EW A	EW	3.67
PS S&P 500 Low Volatility Portfolio	SPLV	ELC	3.66
PS DWA Tech Ldr	PDP	ELC	3.64
PS Dyn Mrkt	PWC	ELC	3.64
Guggnhm Multi Ast In	CVY	EV	3.58
PS S&P SmICap Info Tech	P SCT	EA	3.55
PS Dynmc Food & Bev	PBJ	EA	3.49
PS Dynmc Lrg Cap Grth	PWB	ELC	3.43
Vngrd Small Cap	VB	ESC	3.40
Select SPDR Technlgy	XLK	EA	3.40
Guggnhm Gbl Div	LVL	EW	3.36
PS WilderHill Prgsv Enrgy	PUW	EA	3.32
Wtree DEFA Eqty Incm	DTH	EW	3.32
PS DB Commodity	DBC	EA	3.31
SPDR S&P Metals & Mining	XME	EA	3.30
iShares Taiwan Indx	EW T	EW	3.29
iShares Slct Div	IDV	ELC	3.26
Vngrd Grth	VUG	ELC	3.10
PS Gbl Listd Prvt Eqty	PSP	EW	3.09
iShares Canada	EW C	EW	3.08
Select SPDR Enrgy	XLE	EA	3.05
PS S&P SmICap Utilities	PSCU	EA	3.02
iShares Pacific ex Jpn	EPP	EW	3.01
PS Dynmc Lrg Cap Value	PWV	ELC	3.00
PS Water Resources	PHO	EA	2.97

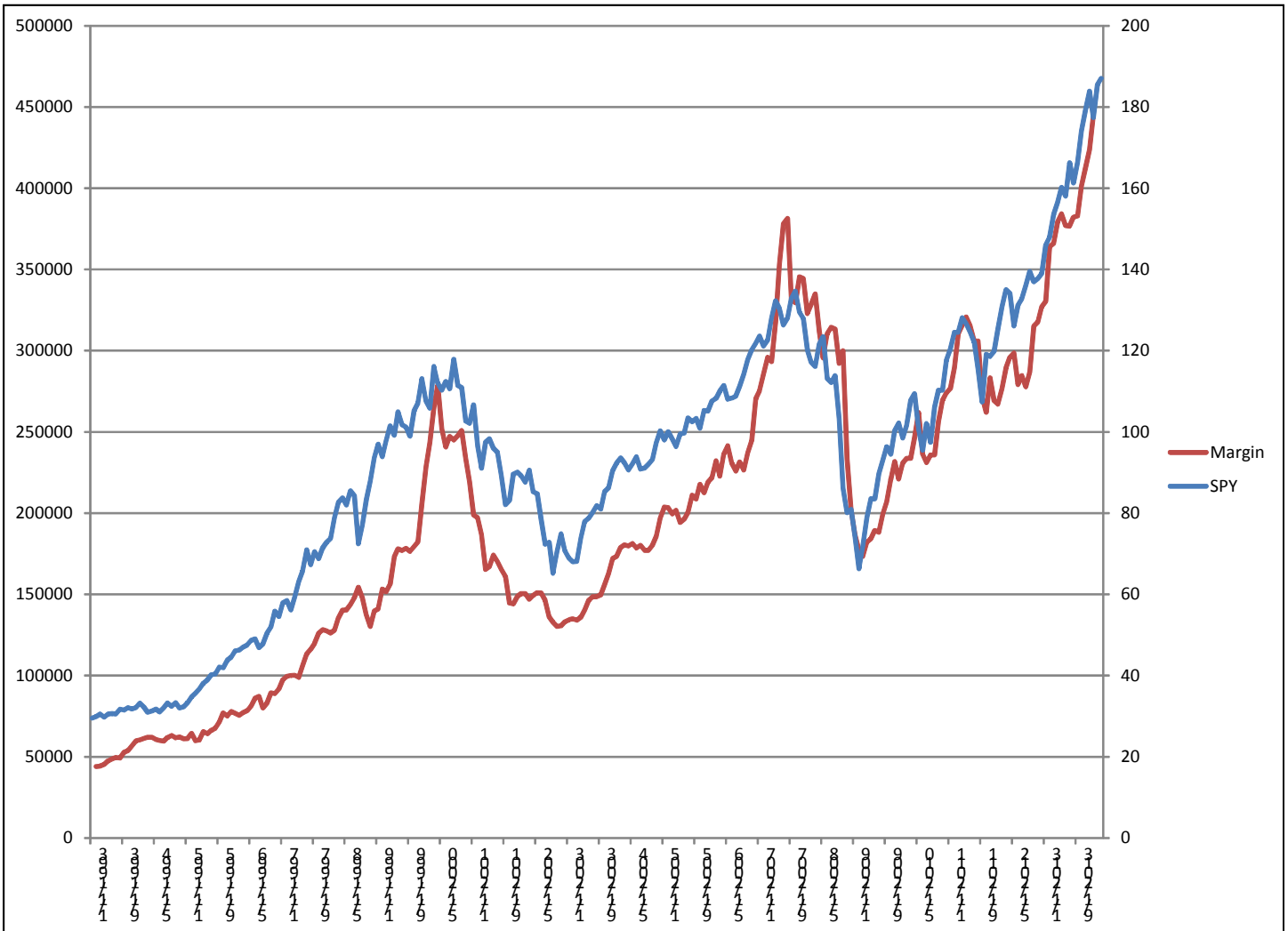
ETF Rankings by C to previous week's end

iShares Core S&P Mid Cap	IJH	EMC	2.93
Wtree MidCap Earn	EZM	EMC	2.86
PS S&P 500 BuyWrite	PBP	ELC	2.85
Select SPDR Cnsmr Stpl	XLP	EA	2.83
SPDR Mid Cap Trust	MDY	EMC	2.82
Market Vectors Oil Services	OIH	EA	2.78
iShares EMU Indx	EZU	EW	2.77
Vngrd Cnsmr Stpls	VDC	EA	2.77
Vngrd European Indx	VGK	EW	2.77
Wtree World Ex US Grth	DNL	EW	2.68
iShares Europe 350	IEV	EW	2.66
Select SPDR Indl	XLI	EA	2.66
iShares Russell 1000 Value Indx	IWD	ELC	2.65
Wtree Intrntl MC Div	DIM	EW	2.64
Wtree Emrg Mrkt SC Div	DGS	EW	2.62
PS Dynmc Oil & Gas Srvcs	PXJ	EA	2.56
PS Zacks Micro Cap	PZI	ESC	2.56
PS DB Energy	DBE	EA	2.55
Wtree LrgCap Div	DLN	ELC	2.49
PS Dividend Achievers	PFM	EGI	2.47
PS BLDR Europe 100 ADR	ADRU	EW	2.47
Wtree S&P 500	EPS	ELC	2.47
iShares Russell 1000 Grwth Indx	IWF	ELC	2.47
Guggnhm Insdrr Sent	NFO	EMC	2.39
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	2.36
Wtree DEFA	DWM	EW	2.23
iShares Singapore	EWS	EW	2.22
PS Intrntl Dvdnd	PID	EW	2.20
Wtree Intrntl REIT	DRW	ERE	2.18
Wtree Ttl Earn	EXT	ELC	2.17
Vngrd TTL Stock	VTI	ELC	2.11
SPDR Euro Stoxx 50	FEZ	EW	2.07
Select SPDR Div	SDY	EGI	2.07
PS Glbl Agriculture	PAGG	EA	2.05
Wtree Intrntl LC Div	DOL	EW	2.01
Select SPDR Financls	XLF	EA	2.01
SPDR S&P Bank	KBE	EA	1.96
iShares Russell 2000	IWM	ESC	1.92
Vngrd Large Cap	VV	ELC	1.86
PS Gldn Drgn USX China	PGJ	EW	1.83
Vngrd Fincl Srv	VFH	EA	1.81
SPDR S&P Regional Banking	KRE	EA	1.80
PS Dynmc Leisure & Enter	PEJ	EA	1.79
Wtree Glbl Eqty Incm	DEW	EW	1.74
PS FTSE RAFI Asia Pac xJpn	PAF	EW	1.70
iShares Core S&P 500	IVV	ELC	1.68
PS Buyback Achievers	PKW	EGI	1.67
SPDR S&P 500	SPY	ELC	1.65
Vngrd Emrg Mrkt	VWO	EW	1.65

ETF Rankings by C to previous week's end

PS FTSE RAFI US 1500 SmI-Mid	PRFZ	EMC	1.59
SPDR S&P Homebuilders	XHB	EA	1.55
PS S&P SmICap Industrls	PSCI	EA	1.44
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	1.43
iShares Russell 2000 Value Indx	IWN	ESC	1.43
Guggnhm MidCap Core	CZA	EMC	1.41
iShares Telecomm	IYZ	EA	1.36
SPDR DJ Industrials	DIA	ELC	1.35
iShares Emrg Mrkt Stk	EEM	EW	1.27
Vngrd Div Apprctn	VIG	EGI	1.25
Wtree SmICap Div	DES	ESC	1.25
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	1.17
PS Dynm MagniQuant	PIQ	ELC	1.16
Vngrd TTL Intrntl Stk	VXUS	EW	1.16
SPDR DJ Gbl Titans	DGT	EW	1.10
iShares S&P 100 Indx	OEF	ELC	1.08
iShares Germany Indx	EWG	EW	1.08
PS FTSE RAFI Dvlp Mrkt xUSA SmI	PDN	EW	0.99
PS FTSE RAFI Emrg Mrkt	PXH	EW	0.78
iShares EAFE Indx	EFA	EW	0.73
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	0.70
PS Dynmc Media	PBS	EA	0.70
Vngrd Europe Pacific	VEA	EW	0.65
PS Emrg Mrkt Infrastrctr	PXR	EW	0.65
Guggnhm Spin Off	CSD	EMC	0.60
Guggnhm Frntr	FRN	EW	0.57
Pro Shares Short S&P 500	SH	EC	0.57
iShares Hong Kong Indx	EW H	EW	0.53
PS Dynmc Technology	PTF	EA	0.49
PS Dynmc Consmr Staples	PSL	EA	0.47
PS S&P SmICap Cnsmr Dis	PSCD	EA	0.46
iShares Malaysia Indx	EW M	EW	0.44
Vngrd Consmr Dis	VCR	EA	0.38
PS Dynmc Consmr Discr	PEZ	EA	0.35
PS S&P SmICap Hlth Care	PSCH	EA	0.34
iShares Silver	SLV	EG	0.29
Guggnhm Timber	CUT	EA	0.21
PS S&P SmICap Fincl	PSCF	EA	0.18
iShares Latin Amr	ILF	EW	0.18
Select SPDR Cnsmr Disc	XLY	EA	0.05
Pro Shares Short Russell 2000	RWM	ESC	-0.08
Wtree Emrg Mrkt Eincm	DEM	EW	-0.12
PS DB Silver	DBS	EG	-0.22
PS Dynmc Fncl	PFI	EA	-0.33
iShares South Korea Indx	EW Y	EW	-0.40
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-0.64
Wtree Japan SC Div	DFJ	EW R	-0.82
iShares Brazil Indx	EW Z	EW	-1.04
PS DB Base Metals	DBB	EG	-1.09
Guggnhm China SmI	HAO	EW R	-1.24
SPDR S&P Retail	XRT	EA	-1.27
iShares Mexico	EW W	EW	-1.37
Wtree Japan Hedge Eqty	DXJ	EC	-1.59
Guggnhm China REIT	TAO	EW R	-1.81
PS BLDR Asia 50 ADR	ADRA	EW	-2.09
iShares Japan	EW J	EW	-2.20
PS Dynmc Retail	PMR	EA	-2.36
Guggnhm BRIC	EEB	EW	-2.58
Guggnhm China All	YAO	EW R	-2.78
iShares China	FXI	EW	-4.53
Market Vectors Russia	RSX	EW	-8.07

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**

strength. Market tops are normally signaled in advance with a weak advance/decline line.

As to fundamental measures, they remain bearish. The market is overvalued on a fundamental basis like PE or Q replacement value or market value ratio to GDP.

As to sentiment, investors remain too bullish. This is a contrary indicator. But I must point out that there is a constant drum of negative headlines about an imminent crash. There's one thing about sudden steep corrections, they won't be signaled, except by luck, in advance. Point is as long as headlines are bearish, it

suggests further rallying. When the headlines are consistently buy/hold, then the top may be signaled.

As a measure of sentiment, I've reiterated the margin chart on page 11. In looking more closely at the previous two major peaks in 2000 and 2007, the S&P 500 actually made a higher peak, but margin debt had already contracted a bit. In other words, that divergence is perhaps a suggestion that some investors had correctly pulled in their (bullish) horns at both tops. Others who didn't would be forced to sell as the market declined. Will this happen a third time to market the top of the current rally? Most

likely but the latest data as of February still shows expanding margin debt, not a contraction. This too suggests a further rally. This will be something else to monitor. Margin debt is reported monthly.

So, fundamentals remain bearish, but overall trends and the mixed sentiment readings remain bullish.

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.

4/21 No changes. Work continues on the models in the background.

4/7 No changes.

3/31 No changes.

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

3/17 No changes (comment added).

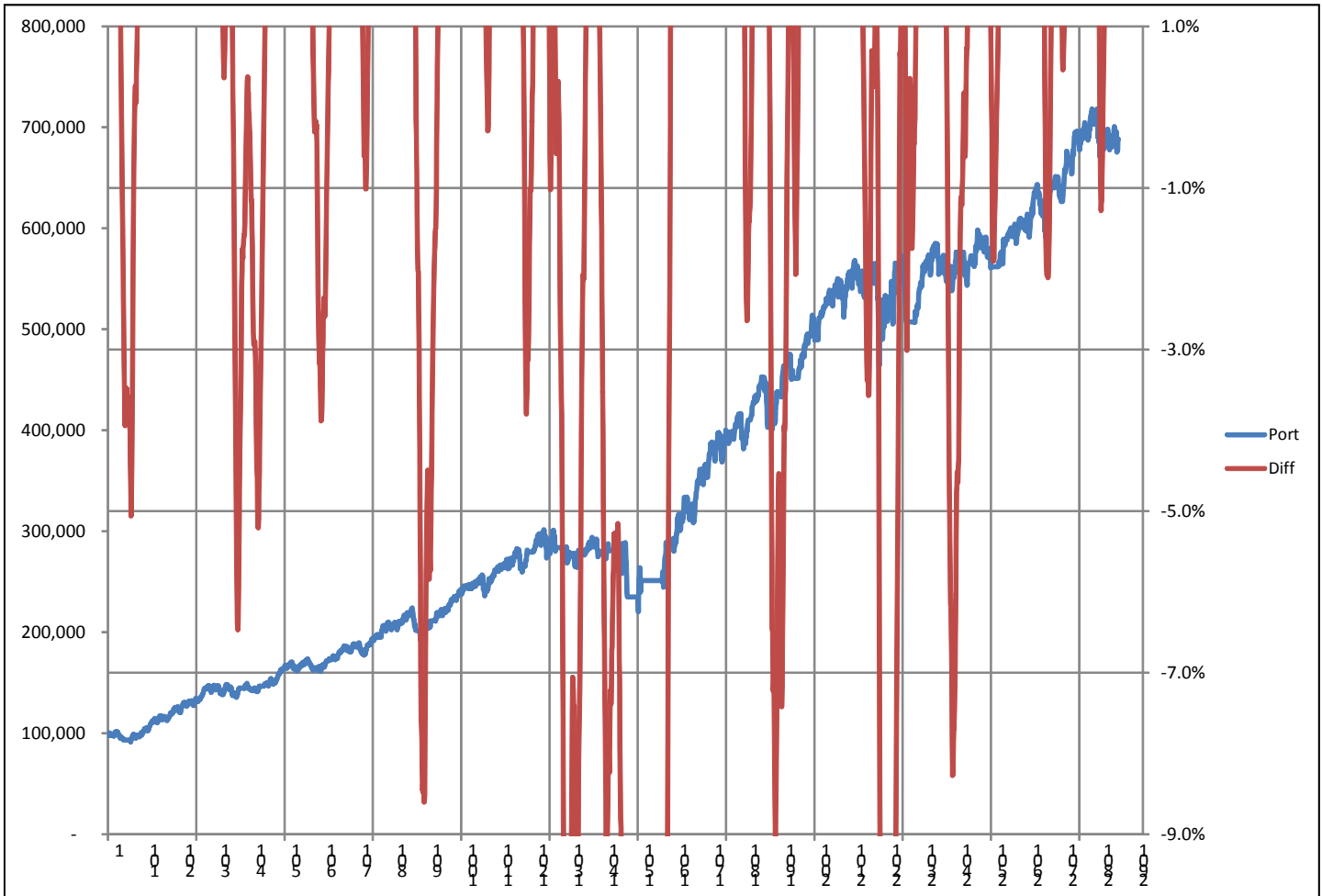
3/10 The "window to buy" chart is updates. See also the new charts on page 11.

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.

Window to Buy (closed as of 4/21/14)



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.

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. There may also be emailed Hotline reports sent between issues.

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.

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 for additional shares, and short-term redemption charges. The World Growth Index and World Income Index are equity and bond indexes and may or may not be useful in comparing returns. Security values fluctuate. Information is provided without consideration for a subscriber's 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 activity shown herein.

COPYRIGHT: Copyright, 2009-14, Watercourse Way Holdings, LLC. All rights reserved.