

ETF Selections & Timing

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Bad News is Good News

By now it is fairly apparent that economic weakness, rather than being a drag to stocks, is actually believed to be a positive. Investors have slowly come around to the idea that a continued weak economy means a continued stimulative, easy money Federal

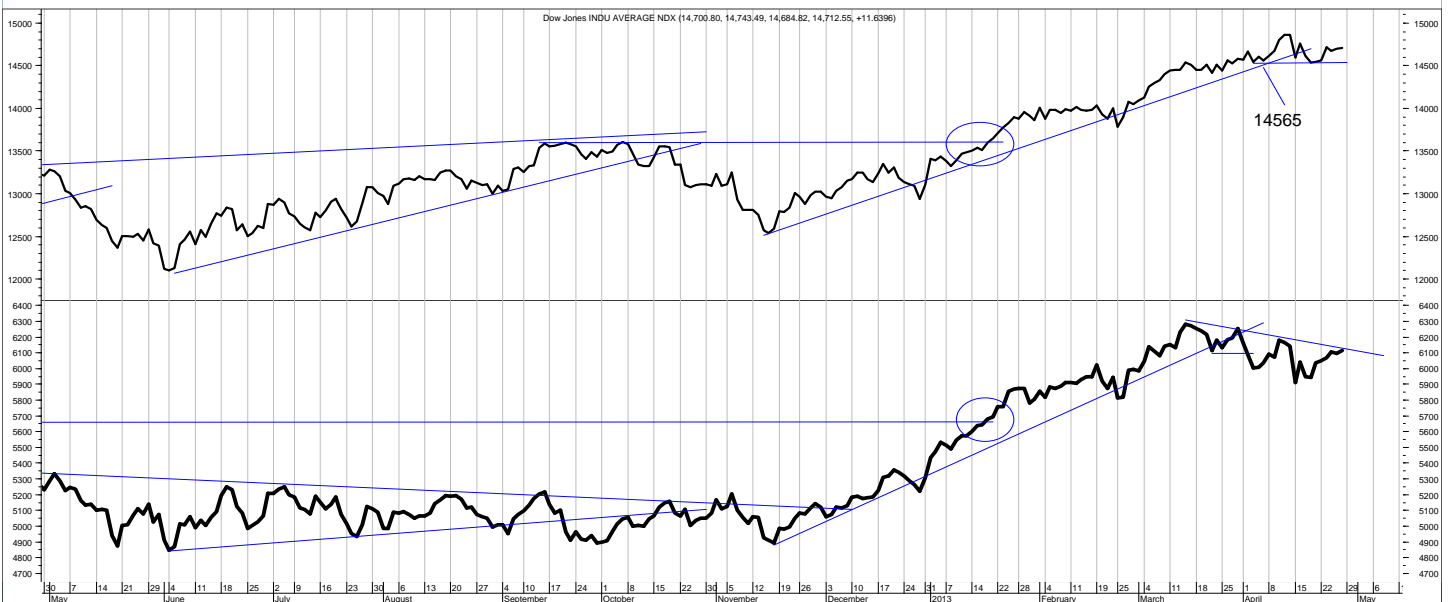
Reserve.

For example, the GDP advance report for Q1 came in worse than expected at 2.5%. It was better than Q4, but still sub par. It does bear mentioning that this is still growing economy, but at some point the question arises whether the stock

market gets priced to perfection. Bad is good? How does one account for that?

The jobs report comes in later this week and it will be interesting to watch the market's reaction to this too.

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



This is the daily chart of the Dow Industrials (top) and Transports (bottom).

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	0.5%	4.0%	0.5	0.9	0.8	0.2%
ETF Growth Portfolio	9.1%	6.1%	9.5	2.7	0.6	2.3%
Aggrgt Bond (AGG)	0.2%	0.8%	-0.5	0.8	0.7	0.2%
S&P 500 TtlRtrn	13.5%	15.2%	13.3	5.8	1.0	1.8%
World Growth Index	10.1%	12.1%	12.0	3.6	0.5	2.2%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 4/26/2013							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 4/15	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total
21-Jan	sell	LQD	120.67	250	30,158								
reducing risk by selling 1/2 of LQD													
21-Jan	buy	BSV	81.01	370	29,984	BSV	79.39	shrt trm	81.01	81.11	373.1	30,262.30	26.5%
29-Jan	sell	LQD	119.73	262	31,383								
stopped out													
19-Feb	buy	JNK	40.79	150	6,129	PCY	30.00	intrntl bond	30.39	30.79	201	6,181.18	5.4%
19-Feb	buy	PCY	30.39	200	6,088								
						AGG	110.30	bond mrkt	110.49	111.49	625	69,681.25	60.9%
4-Mar	sell	CSJ	105.58	400	42,222								
4-Mar	buy	AGG	110.58	425	47,007								
18-Mar	buy	AGG	110.31	200	22,072								
15-Apr	sell	JNK	40.94	152	6,213								
Money Market										1.00	8,282	8,282.00	7.2%
Total Valuation=												114,406.74	100.0%

WEEKLY REVIEW

4/29 No changes.

4/22 Most of the recent economic news is coming in weaker than expected. No changes.

4/15 Take profits in JNK.

4/8 No changes.

4/1 No changes.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Income Portfolio	4.8%	3.6	4.8	0.5	14.4	4.0
Aggregate Bond	2.5%	4.3	0.9	0.2	8.0	2.6

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 3/31/13

Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	Rank
iShares 1-3yr Trsry	SHY	BS	0.52	0.36	0.11	0.11	0.03	0.08	84.47	*****
Vngrd ShrtTrm Bond	BSV	BS	1.89	1.16	0.38	0.22	0.01	0.19	80.99	*****
iShares Agg Bond	AGG	BI	3.68	1.68	0.04	0.07	0.10	0.45	110.73	****
iShares Inter Bond	MBB	BI	1.67	0.69	-0.40	0.14	0.02	0.24	107.94	****
iShares Inter Gov	GVI	BI	3.20	1.71	0.30	0.26	0.11	0.39	112.36	****
Vngrd Intrmtd Bond	BND	BI	3.73	1.49	-0.09	-0.08	0.08	0.45	83.64	****
Wtree Dryfs Chns Yuan	CYB	BF	2.05	2.62	1.93	0.55	0.31	0.42	25.67	****
iShares 10-20yr Trsry	TLH	BL	6.97	-0.58	-1.17	-0.47	0.37	1.65	133.75	***
iShares 3-7yr Trsry	IEI	BI	2.77	0.91	0.11	0.32	0.10	0.49	123.49	***
iShares 7-10yr Trsry	IEF	BI	5.72	0.67	-0.26	0.11	0.29	1.08	107.34	***
iShares High Yld	HYG	BH	11.18	8.53	5.56	2.16	0.87	1.45	94.35	***
iShares Intrntl Tbond	IGOV	BW	1.84	3.08	-1.86	-2.98	-0.47	1.46	99.69	***
iShares Long Corp Bond	LQD	BL	7.75	4.88	0.30	-0.28	-0.05	1.14	119.90	***
iShares Trsry Infltn	TIP	BI	5.40	2.26	0.24	-0.12	0.21	0.90	121.27	***
PS 1-30 Ldr Trsry	PLW	BI	5.96	-1.19	-1.64	-0.71	0.13	1.56	32.19	***
PS Bld America	BAB	BI	9.42	5.75	3.14	1.35	-0.42	1.27	30.29	***
PS DB Dollar Bullish	UUP	BF	3.15	0.58	3.10	3.62	1.03	1.42	22.60	***
PS DB G10 Currency	DBV	BF	8.96	10.73	7.41	4.21	2.29	2.04	27.25	***
PS Emrg Mrkt Svrgn Debt	PCY	BW	11.47	6.92	-0.75	-4.24	-1.23	1.88	29.78	***
PS Fdmntl Hi Yield Corp	PHB	BH	9.32	7.23	4.05	1.77	1.02	1.06	19.36	***
PS Insrld CA Muni	PWZ	BI	6.04	3.78	1.35	0.59	-0.53	0.99	25.18	***
PS Insrld Natl Muni	PZA	BI	6.61	3.67	0.48	-0.50	-1.13	1.18	25.38	***
PS Insrld NY Muni	PZT	BI	4.77	2.49	-0.20	0.00	-1.23	1.13	24.34	***
PS Prfd	PGX	BF	10.44	7.48	3.91	2.98	0.80	1.18	14.88	***
SPDR High Yield	JNK	BH	11.79	9.48	5.59	2.04	1.04	1.62	41.11	***
SPDR Intrntl Tbond	BWX	BW	-0.25	0.62	-3.76	-3.68	-0.35	1.18	58.50	***
Wtree Dryfs Emrg Crrncy	CEW	BF	0.57	4.36	1.35	-0.14	-0.09	1.74	21.06	***
Wtree Emrg Mrkt Lcl Debt	ELD	BF	5.58	7.39	3.03	-0.77	-0.51	1.97	52.53	***
Currency Euro	FXE	BF	-4.24	0.96	-0.47	-2.96	-1.85	2.06	127.09	**
iShares 20+ yr Trsry	TLT	BL	7.74	-4.12	-3.98	-2.40	-0.42	2.64	117.76	**
PS DB Dollar Bearish	UDN	BF	-4.81	-1.81	-3.90	-4.04	-1.14	1.38	26.11	**
Wtree Dryfs Brazil Real	BZF	BF	-4.53	3.64	2.60	2.43	-2.02	2.84	19.37	**
Wtree Dryfs Comdty Cur	CCX	BF	-0.56	3.35	0.19	-1.02	-0.05	1.92	21.26	**
Wtree Dryfs Indn Rupee	ICN	BF	0.28	6.49	-0.14	1.94	0.70	2.58	21.50	**
Wtree Dryfs Euro	EU	BF	3.32	10.79	-3.95	-4.56	-4.61	3.83	21.18	*

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.

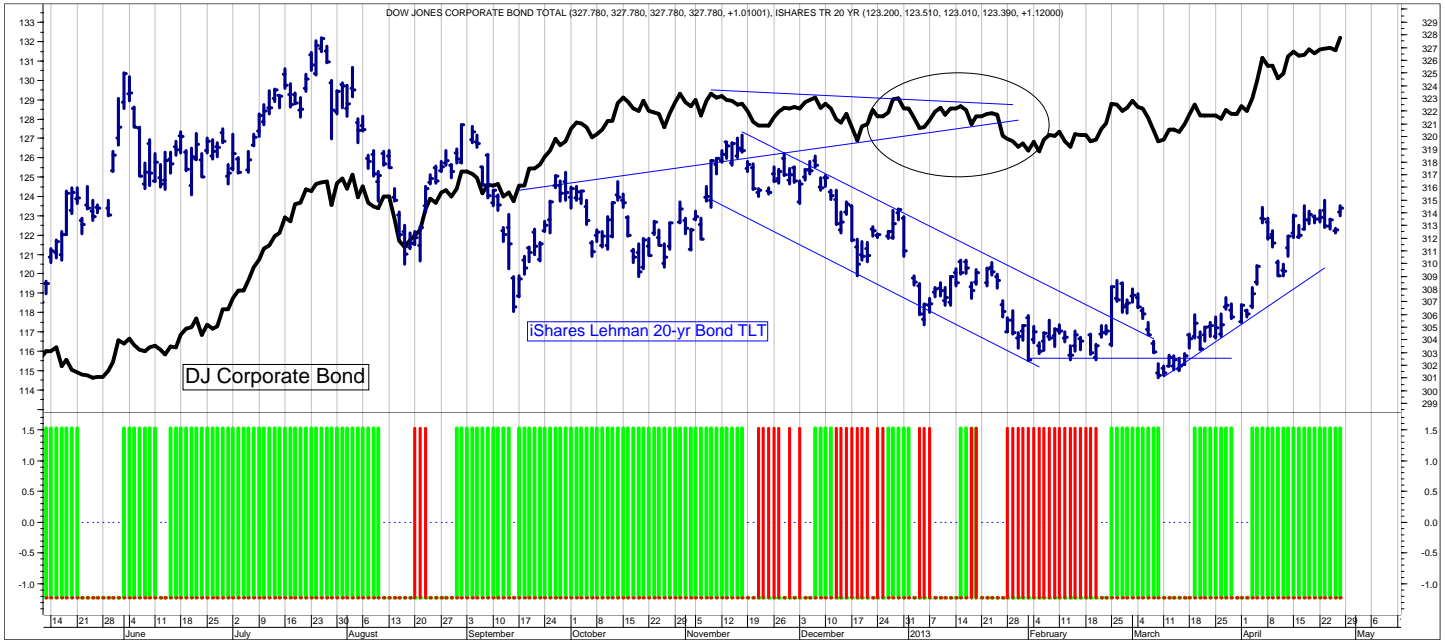
ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

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



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

4/29 No changes.

4/22 The recent trend is still up for bond prices (down for yields).

4/15 No changes.

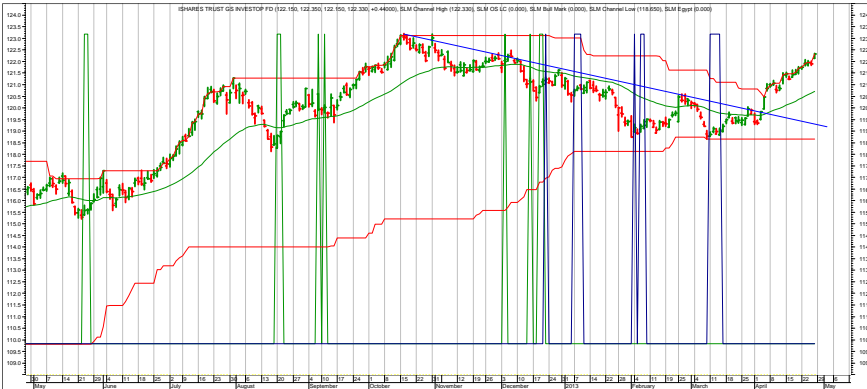
4/8 Bonds have liked all the recent news of economic weakness; they've popped.

4/1 No changes.

3/25 No changes.

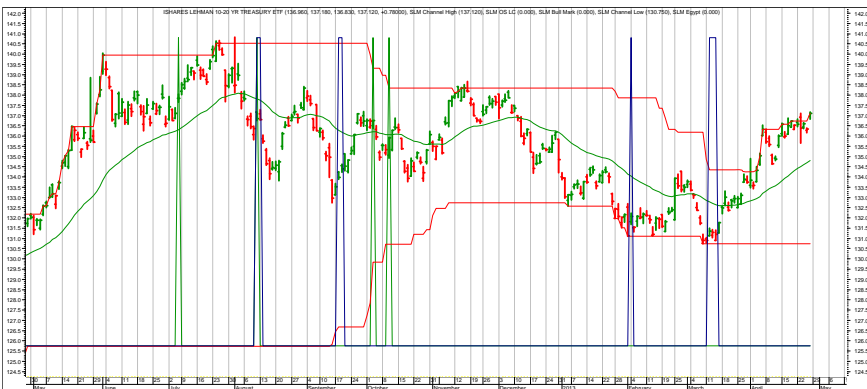
3/18 Still bullish. Buying more, see page 2.

Income Charts



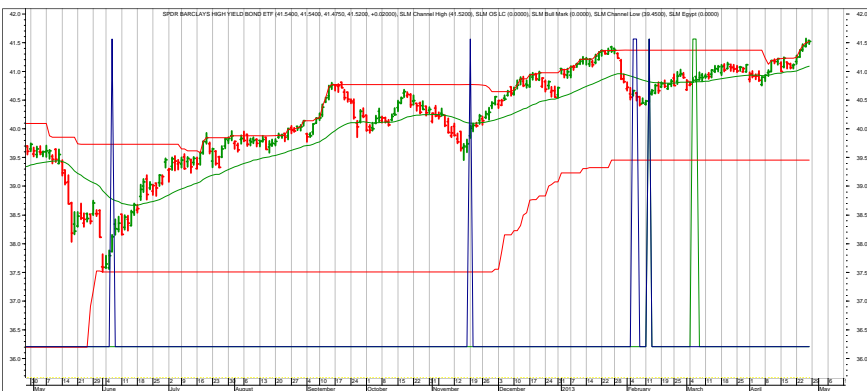
LQD—Investment Grade Corporate

- 4/29 No changes.
- 4/22 No changes.
- 4/15 Recovering.
- 4/8 Watch for new highs.
- 4/1 Possible break to the upside.
- 3/25 Needs to break the down trend.
- 3/18 Buy zone.



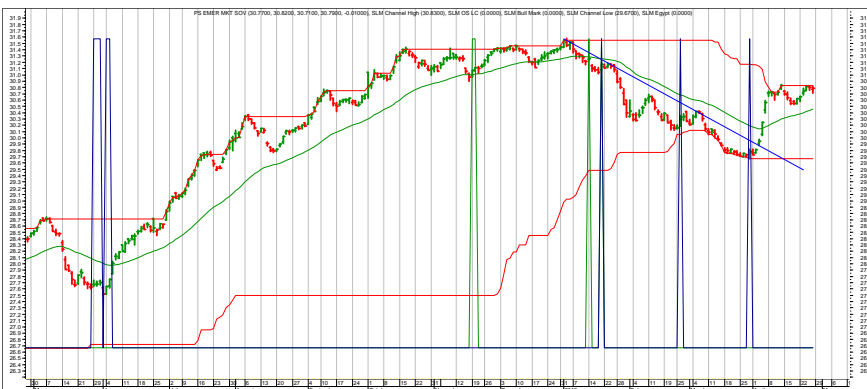
TLH—10-20 year Treasuries

- 4/29 No changes.
- 4/22 No changes.
- 4/15 No changes.
- 4/8 Popped up.
- 4/1 No changes.
- 3/25 No changes.
- 3/18 Buy zone.



JNK—hi-yield bonds

- 4/29 Popping as investors reach for yield.
- 4/22 No changes.
- 4/15 Taking profits.
- 4/8 Economic weakness may not be so bullish for hi-yield bond companies.
- 4/1 No change.
- 3/25 No change.
- 3/18 No change.



PCY—International Bonds

- 4/29 No changes.
- 4/22 Normal pullback. Should recover.
- 4/15 No changes.
- 4/8 Popped on up.
- 4/1 New buy signal.
- 3/25 No change.
- 3/18 World debt is out of favor. Watch stop.
- 3/11 Back to support.

Each chart shows daily prices, a moving average (smoothed green line on price portion), and spikes. The spikes show potential buy signals. The charts do not show sell signals.

Top ETF Growth Ranking to 3/31/13 (month end)

Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	Rank
Guggnhm MidCap Core	CZA	EMC	19.49	22.90	17.52	14.76	4.48	2.60	38.73	*****
Guggnhm Spin Off	CSD	EMC	33.96	33.71	29.48	19.77	9.94	3.48	35.50	*****
iShares DJ US Home Constr.	ITB	EA	63.27	42.77	23.96	12.92	6.24	6.13	23.89	*****
PS Dynmc Bldg Cnstrctn	PKB	EA	43.85	47.50	28.86	16.03	7.28	5.09	20.20	*****
PS Dynmc Food & Bev	PBJ	EA	20.42	18.61	17.63	18.08	7.20	2.27	23.49	*****
PS Dynmc Media	PBS	EA	30.41	34.26	18.91	17.53	8.44	3.98	19.61	*****
Select SPDR Div	SDY	EGI	20.24	21.40	15.34	14.08	4.90	2.18	65.99	*****
Select SPDR Health	XLV	EA	24.81	22.84	15.81	15.87	6.35	2.71	46.01	*****
SPDR S&P Homebuilders	XHB	EA	42.27	41.51	21.53	13.11	6.31	4.94	30.06	*****
Vngrd Health	VHT	EA	24.74	22.35	15.13	15.70	6.17	2.89	82.92	*****
Wtree MidCap Div	DON	EMC	19.98	22.73	16.88	14.23	5.08	2.60	65.21	*****
Guggnhm Dfnsv Eqty	DEF	EV	19.01	16.76	12.74	13.79	4.47	2.01	32.51	****
Guggnhm Timber	CUT	EA	23.76	38.70	26.78	12.67	3.41	4.74	23.03	****
iShares Core S&P Mid Cap	IJH	EMC	17.74	23.67	17.64	13.50	4.90	3.04	115.07	****
iShares Russel MidVal	IWS	EMC	20.95	25.01	18.32	13.87	4.19	2.95	57.00	****
PS Aerospace & Def	PPA	EA	17.35	23.63	17.12	10.51	6.00	2.91	23.14	****
PS Buyback Achievers	PKW	EGI	17.35	20.76	14.47	14.28	6.06	2.74	34.04	****
PS Dyn MagniQuant	PIQ	ELC	20.34	25.55	18.24	15.90	5.56	3.20	31.33	****
PS Dyn Mrkt	PWC	ELC	22.16	23.95	16.98	14.88	5.23	3.58	56.01	****
PS Dynmc Consmr Staples	PSL	EA	20.41	19.49	15.69	16.15	5.71	2.52	38.53	****
PS Dynmc Energy	PXI	EA	23.58	33.00	18.47	15.86	1.99	4.11	49.60	****
PS Dynmc Energy Explor	PXE	EA	29.45	39.84	19.85	17.89	2.23	5.33	31.67	****
PS Dynmc Healthcare	PTH	EA	19.91	19.85	14.01	17.25	5.66	3.73	38.48	****
PS Dynmc Leisure & Enter	PEJ	EA	22.23	23.04	16.60	15.80	6.43	3.54	26.56	****
PS Dynmc Lrg Cap Value	PWV	ELC	20.92	21.03	13.73	12.85	4.66	2.69	24.57	****
PS Dynmc Pharma	PJP	EA	27.63	20.61	15.68	14.39	4.47	3.30	39.49	****
PS Gbl Listd Prvt Eqty	PSP	EW	23.75	32.71	23.05	12.58	1.56	4.49	11.29	****
PS Hi Yld Eqty Div	PEY	EGI	17.11	16.55	11.89	13.34	4.30	1.81	10.57	****
PS S&P 500 LowVolatility Portfolio	SPLV	ELC	19.52	15.31	12.10	13.10	4.89	2.01	31.08	****
PS S&P SmlCap Fincl	PSCF	EA	19.10	19.66	15.16	12.93	4.76	2.78	34.77	****
PS S&P SmlCap Indstrils	PSCI	EA	20.29	28.84	21.22	12.79	3.52	3.60	36.10	****
PS S&P SmlCap Mtrls	PSCM	EA	23.55	30.04	18.61	11.39	4.25	4.06	35.55	****
PS Water Resources	PHO	EA	20.72	27.12	18.14	10.75	2.32	3.38	22.98	****
PS Zacks Micro Cap	PZI	ESC	20.05	24.75	17.90	15.30	5.90	3.95	13.64	****
Select SPDR Cnsmr Disc	XLV	EA	19.49	22.63	14.35	12.06	4.38	3.25	53.00	****
Select SPDR Cnsmr Stpl	XLP	EA	20.26	17.07	12.81	14.52	4.93	2.47	39.77	****
SPDR Mid Cap Trust	MDY	EMC	17.46	23.54	17.35	13.20	4.84	3.01	209.72	****
Vngrd Consmr Dis	VCR	EA	19.27	24.19	14.84	11.81	4.72	3.20	84.83	****
Vngrd Consmr Stpls	VDC	EA	20.13	17.50	13.18	14.58	4.96	2.44	100.73	****
Vngrd Extnd 4500	VXF	ELC	16.92	22.98	16.49	12.85	4.81	3.36	68.25	****
Vngrd Small Cap Value	VBR	ESC	19.78	23.60	17.24	13.11	4.56	3.17	82.15	****
Wtree Div Ex Fincl	DTN	ELC	18.06	18.98	12.53	12.35	4.83	2.36	61.98	****
Wtree Japan Hedge Eqty	DXJ	EC	19.00	31.03	37.47	17.11	5.50	5.55	43.19	****
Wtree MidCap Earn	EZM	EMC	17.48	27.79	19.75	13.30	4.44	3.38	70.55	****
Wtree Sml Cap Div	DES	ESC	20.89	21.77	15.23	12.67	4.20	3.03	57.06	****

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>
Alerian MLP	AMPLP	EGI	13.20	16.14	10.30	12.81	3.75	2.32	17.72	***
Guggnhm China All	YAO	EWR	4.01	10.21	7.70	-5.91	-4.19	4.94	24.03	***
Guggnhm China REIT	TAO	EWR	31.97	23.44	11.39	-3.85	-4.73	6.60	21.97	***
Guggnhm China Sml	HAO	EWR	11.00	20.79	21.16	-1.54	-3.51	5.56	23.62	***
Guggnhm Glbl Div	LVL	EW	5.08	13.72	7.30	3.82	2.80	3.64	13.54	***
Guggnhm Glbl Wtr	CGW	EW	15.72	19.22	12.63	7.64	1.44	2.97	23.94	***
Guggnhm Insdr Sent	NFO	EMC	13.71	21.72	13.97	12.40	3.97	3.24	39.06	***
Guggnhm Intrntl A Incm	HGI	EW	1.37	12.87	6.91	2.92	1.00	3.43	17.12	***
Guggnhm Multi Ast In	CVY	EV	15.42	17.10	9.80	10.29	3.63	2.36	23.85	***
Guggnhm RJ All	RYJ	ELC	12.63	21.44	17.07	13.34	5.56	3.06	26.60	***
Guggnhm Shipping	SEA	EA	-5.73	9.96	15.10	8.52	2.48	4.69	17.43	***
iShares Australia	EWA	EW	21.74	28.20	17.75	7.56	0.60	3.92	27.04	***
iShares Canada	EWC	EW	2.81	11.80	1.40	0.39	1.03	2.90	28.51	***
iShares Cohen&Str REIT	ICF	ERE	10.86	7.26	7.58	5.73	2.46	2.73	82.45	***
iShares Core S&P 500	IVV	ELC	13.84	17.01	10.20	10.46	3.68	2.87	157.36	***
iShares DJ Sltc Div	DVY	EGI	17.57	15.98	11.96	11.76	4.71	1.94	63.40	***
iShares EAFE Indx	EFA	EW	11.21	19.33	12.49	3.73	1.31	3.43	58.98	***
iShares Emrg Mrkt Stk	EEM	EW	1.46	9.97	4.14	-3.56	-1.02	3.66	42.77	***
iShares Europe 350	IEV	EW	10.02	18.55	9.40	1.04	0.08	3.81	39.71	***
iShares Germany Indx	EWG	EW	8.30	23.59	8.42	-0.93	-0.81	4.86	24.47	***
iShares Hong Kong Indx	EWH	EW	17.16	21.81	9.76	2.16	-1.39	4.10	19.84	***
iShares Japan	EWJ	EW	8.26	15.99	19.02	10.77	5.78	3.86	10.80	***
iShares Latin Amr	ILF	EW	-5.88	6.52	3.69	-0.43	0.69	3.96	43.65	***
iShares Malaysia Indx	EWM	EW	4.24	5.94	3.68	-1.06	2.39	2.46	14.97	***
iShares Mexico	EWX	EW	20.80	21.68	14.35	5.76	4.58	4.76	74.59	***
iShares Prfrd	PFF	EGI	10.17	8.59	4.65	3.02	1.12	1.49	40.52	***
iShares REIT	IYR	ERE	15.80	11.85	10.18	8.35	2.87	2.66	69.48	***
iShares Russell 1000 Grwth Indx	IWF	ELC	9.85	14.38	8.02	9.33	3.77	2.86	71.37	***
iShares Russell 1000 Value Indx	IWD	ELC	18.57	21.09	13.80	12.00	4.03	2.87	81.17	***
iShares Russell 2000	IWM	ESC	16.36	20.52	14.47	12.30	4.66	3.47	94.43	***
iShares Russell 2000 Value Indx	IWN	ESC	17.81	21.32	14.94	11.40	4.09	3.28	83.81	***
iShares S&P 100 Indx	OEF	ELC	12.43	14.67	7.24	9.41	3.26	2.80	70.43	***
iShares Singapore	EWS	EW	12.91	16.19	6.74	1.97	2.20	3.69	13.96	***
iShares Sltc Div	IDV	ELC	10.34	16.77	9.51	2.22	0.46	3.48	34.15	***
iShares Taiwan Indx	EWT	EW	1.41	11.27	1.71	-2.06	-1.33	3.90	13.34	***
iShares EMU Indx	EZU	EW	7.01	19.38	9.05	-2.42	-1.42	4.84	32.65	***
Market Vectors Oil Services	OIH	EA	6.74	21.65	7.75	11.08	0.09	4.55	42.91	***
Market Vectors Semiconductor	SMH	EA	1.30	12.52	14.62	9.90	1.17	3.86	35.53	***
PS BLDR Asia 50 ADR	ADRA	EW	7.32	16.13	13.72	3.21	-0.37	3.50	27.02	***
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	10.14	18.03	10.64	2.95	0.42	3.39	21.65	***
PS BLDR Europe 100 ADR	ADRU	EW	10.11	17.17	8.07	1.68	0.71	3.62	21.18	***
PS Cleantech	PZD	EA	8.23	21.39	18.21	10.64	2.28	3.70	25.58	***
PS DB Energy	DBE	EA	-3.13	15.33	2.39	4.19	3.37	4.28	29.11	***
PS DB Oil	DBO	EA	-9.73	9.93	3.41	4.09	5.02	4.95	27.00	***
PS Dividend Achievers	PFM	EGI	16.39	16.33	10.13	11.73	3.77	2.11	17.99	***
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	11.53	22.73	12.39	5.93	1.50	3.31	21.33	***
PS DWA Emrg Mrkt T Ldrs	PIE	EW	13.61	19.27	17.40	8.82	2.74	3.28	20.23	***
PS DWA Tech Ldr	PDP	ELC	14.24	17.93	12.93	10.74	4.35	2.67	30.92	***
PS Dyn OTC	PWO	ESC	6.62	13.19	11.92	12.49	4.72	3.36	54.11	***
PS Dynmc Basic Matrl	PYZ	EA	16.25	23.99	14.95	7.53	2.10	3.84	43.47	***
PS Dynmc Biotech	PBE	EA	15.61	13.02	8.53	14.80	6.07	4.24	26.22	***
PS Dynmc Consmr Discr	PEZ	EA	13.80	20.01	11.89	12.00	4.82	3.01	33.29	***
PS Dynmc Fncl	PFI	EA	17.71	22.31	13.50	11.58	4.65	3.04	23.51	***
PS Dynmc Lrg Cap Grth	PWB	ELC	13.97	17.62	11.36	10.83	4.53	2.96	20.98	***
PS Dynmc Networking	PXQ	EA	-6.67	6.44	6.99	5.05	1.56	4.67	26.61	***
PS Dynmc Oil & Gas Srvcs	PXJ	EA	12.23	31.39	15.84	14.90	0.13	4.45	23.37	***
PS Dynmc Retail	PMR	EA	11.48	16.12	12.65	10.67	6.01	2.73	27.86	***
PS Dynmc Semicndctr	PSI	EA	-2.64	8.21	13.44	8.68	2.89	3.67	15.65	***
PS Dynmc Software	PSJ	EA	12.35	14.39	9.19	11.61	4.45	3.45	30.29	***
PS Dynmc Technology	PTF	EA	7.46	16.01	11.22	12.23	3.74	4.05	29.37	***
PS Dynmc Utilities	PUI	EA	14.61	11.93	6.45	8.34	4.24	2.10	18.69	***
PS Fincl Pfd	PGF	EGI	10.30	7.92	3.66	2.96	0.64	1.63	18.53	***
PS FTSE RAFI Asia Pac xJpn	PAF	EW	15.46	22.63	11.97	2.35	-0.94	3.74	58.19	***
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	6.30	17.61	10.87	1.64	-0.33	4.06	36.97	***
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	12.14	18.80	13.69	4.94	0.86	3.43	24.64	***
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	16.34	22.27	16.05	11.98	4.32	3.61	77.85	***
PS Glbl Agriculture	PAGG	EA	5.59	11.03	5.47	2.61	-0.46	3.20	31.47	***
PS Glbl Clean Enrgy	PBD	EW	-1.94	14.65	14.09	9.46	-0.05	5.41	8.63	***
PS Glbl Water	PIO	EW	8.03	17.09	11.25	6.50	0.95	3.35	19.18	***
PS Intrntl Dvnd	PID	EW	12.94	17.08	11.91	6.97	3.32	2.67	16.88	***

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 Lux Nanotech	PXN	EA	2.71	2.19	6.35	11.24	4.91	3.65	6.63	***
PS MENA Frntr Countries	PMNA	EW	-3.85	0.48	-1.39	-1.75	-2.65	2.21	10.64	***
PS NASDAQ Intrnt	PNQI	EA	8.32	16.19	7.42	8.71	0.94	3.98	45.07	***
PS QQQ	QQQ	ELC	3.44	8.66	1.38	6.14	3.02	3.46	68.97	***
PS S&P 500 BuyWrite	PBP	ELC	3.96	4.59	1.50	4.62	2.08	1.57	20.52	***
PS S&P SmlCap Cnsmr Dis	PSCD	EA	16.10	22.86	12.27	11.70	4.63	3.48	36.83	***
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	16.30	12.80	9.92	14.16	6.14	3.04	39.27	***
PS S&P SmlCap Energy	PSCE	EA	5.04	23.39	13.91	15.46	5.92	4.60	38.84	***
PS S&P SmlCap Hlth Care	PSCH	EA	14.55	12.56	9.68	13.47	4.02	3.81	40.11	***
PS S&P SmlCap Info Tech	PSCT	EA	8.67	18.32	13.93	10.99	3.25	3.22	34.03	***
PS S&P SmlCap Utilities	PSCU	EA	10.94	9.29	2.94	9.39	3.14	2.31	32.21	***
PS US REIT	PSR	ERE	13.31	10.60	10.09	7.95	3.01	2.60	61.30	***
PS WilderHill Prgsv Enrgy	PUW	EA	8.36	20.04	13.21	10.42	3.16	3.88	28.23	***
Select SPDR Enrgy	XLE	EA	12.63	21.19	9.04	11.55	2.54	3.64	79.31	***
Select SPDR Financs	XLF	EA	17.42	26.12	17.94	11.48	3.87	4.17	18.21	***
Select SPDR Indl	XLI	EA	14.17	19.22	15.66	10.66	2.37	2.66	41.76	***
Select SPDR MatrIs	XLB	EA	8.50	13.06	7.86	4.80	2.21	3.16	39.18	***
Select SPDR Technlgy	XLK	EA	2.17	6.84	-0.84	5.35	2.58	3.27	30.27	***
Select SPDR Utilities	XLU	EA	16.06	8.97	9.60	12.94	5.36	2.53	39.10	***
SPDR DJ Gbl Titans	DGT	EW	8.37	17.26	11.18	5.38	1.20	3.06	59.00	***
SPDR DJ Industrials	DIA	ELC	13.10	15.32	9.80	11.92	3.81	2.55	145.32	***
SPDR Euro Stoxx 50	FEZ	EW	6.22	18.42	7.26	-4.48	-1.70	5.14	33.04	***
SPDR S&P 500	SPY	ELC	13.74	17.07	10.09	10.50	3.80	2.84	156.67	***
SPDR S&P Bank	KBE	EA	15.43	24.27	16.13	13.45	3.98	3.94	26.93	***
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	7.66	21.29	9.56	12.16	4.64	4.51	60.49	***
SPDR S&P Regional Banking	KRE	EA	13.89	17.90	12.24	14.01	5.00	3.59	31.79	***
SPDR S&P Retail	XRT	EA	16.76	20.72	13.31	12.94	5.01	3.02	70.39	***
SPDR Wlsh REIT	RWR	ERE	12.95	8.90	9.42	6.95	2.58	2.79	77.63	***
US Natural Gas	UNG	EA	37.44	13.43	2.53	15.77	14.08	9.22	21.88	***
Vngrd Div Apprctn	VIG	EGI	14.91	18.00	11.49	10.78	3.38	2.25	65.70	***
Vngrd Emrg Mrkt	VWO	EW	1.08	10.04	4.03	-3.53	-1.27	3.66	42.90	***
Vngrd Europe Pacific	VEA	EW	10.79	19.43	12.37	3.86	1.19	3.45	36.43	***
Vngrd European Indx	VGK	EW	10.45	18.86	9.94	1.07	0.33	3.88	49.13	***
Vngrd Fincl Srv	VFH	EA	18.29	24.77	17.59	12.00	4.01	3.83	38.11	***
Vngrd Grth	VUG	ELC	10.91	15.37	8.01	9.22	3.75	2.99	77.51	***
Vngrd Large Cap	VV	ELC	13.78	17.44	10.48	10.59	3.63	2.86	71.74	***
Vngrd Materials	VAW	EA	9.96	16.27	9.04	5.37	2.78	3.25	88.73	***
Vngrd MidCap Val	VO	EMC	15.49	22.04	16.08	12.70	4.47	3.05	92.89	***
Vngrd REIT	VNQ	ERE	14.86	10.82	10.72	8.01	2.87	2.81	70.53	***
Vngrd Small Cap	VB	ESC	17.95	22.10	15.86	12.69	4.65	3.35	91.15	***
Vngrd Small Cap Grth	VBK	ESC	16.12	20.53	14.42	12.25	4.86	3.53	99.92	***
Vngrd Tech	VGT	EA	-0.55	7.33	0.50	5.48	2.66	3.55	72.90	***
Vngrd TTL Intrntl Stk	VXUS	EW	8.58	17.35	10.26	2.18	0.93	3.32	47.97	***
Vngrd TTL Stock	VTI	ELC	14.52	18.11	11.24	10.98	3.95	2.92	80.96	***
Vngrd Utilities	VPU	EA	17.66	11.13	10.78	13.53	5.49	2.49	84.75	***
Wtree DEFA	DWM	EW	11.17	18.07	11.90	3.84	1.29	3.48	48.07	***
Wtree DEFA Eqty Incm	DTH	EW	11.91	18.03	10.26	3.61	1.28	3.36	41.66	***
Wtree Emrg Mrkt Einclm	DEM	EW	-1.09	8.45	3.21	-3.49	-0.91	3.03	55.06	***
Wtree Emrg Mrkt SC Div	DGS	EW	10.72	21.57	13.10	4.49	1.49	3.28	51.59	***
Wtree Eqty Income	DHS	EGI	18.90	14.88	10.51	12.75	4.48	2.28	51.19	***
Wtree Eur SC Div	DFE	EW	12.82	25.94	13.90	1.69	-2.30	4.59	41.76	***
Wtree Gbl Eqty Incm	DEW	EW	11.29	14.05	7.84	3.51	1.26	2.61	44.54	***
Wtree Intrntl Div Ex Fincl	DOO	EW	5.47	12.25	6.24	0.84	0.88	3.08	42.10	***
Wtree Intrntl LC Div	DOL	EW	10.89	17.06	9.95	2.95	1.33	3.36	46.03	***
Wtree Intrntl MC Div	DIM	EW	11.75	20.31	13.42	3.78	0.27	3.46	51.96	***
Wtree Intrntl REIT	DRW	ERE	23.24	20.81	10.19	0.67	-0.79	3.78	30.06	***
Wtree Intrntl SC Div	DLS	EW	16.32	27.10	18.54	6.79	1.79	3.66	55.41	***
Wtree Intrntl Utilities	DBU	EW	-1.42	4.69	2.86	-2.31	-0.13	3.03	17.87	***
Wtree Japan SC Div	DFJ	EWR	10.09	15.93	16.86	12.22	7.54	3.15	49.04	***
Wtree LrgCap Div	DLN	ELC	14.66	14.90	9.53	10.51	3.86	2.30	58.90	***
Wtree Middle East Div	GULF	EW	9.82	17.74	11.73	9.50	-1.66	2.49	16.20	***
Wtree S&P 500	EPS	ELC	12.55	17.40	10.14	10.70	3.28	2.92	54.42	***
Wtree Ttl Earn	EXT	ELC	12.86	18.02	10.95	11.54	3.44	2.85	55.99	***
Wtree World Ex US Grth	DNL	EW	4.90	13.29	6.78	-1.89	-1.12	3.58	51.80	***

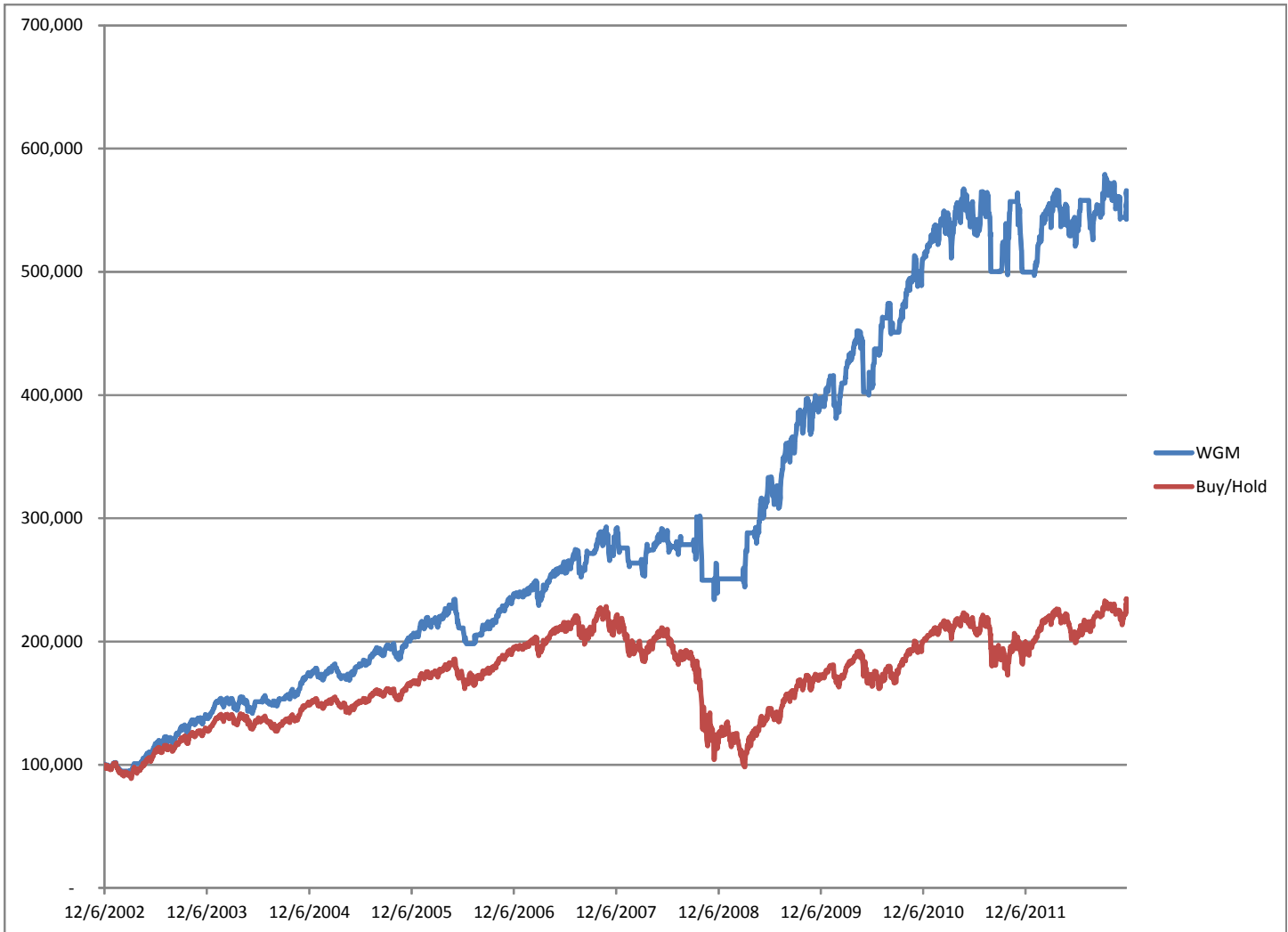
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

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>
iShares Brazil Indx	EWZ	EW	-13.20	6.36	1.72	-2.61	-1.18	4.82	54.48	**
Guggnhm BRIC	EEB	EW	-10.10	4.14	0.03	-4.05	-1.00	4.34	34.56	**
Guggnhm Candn Enrg Incm	ENY	EWR	-8.72	5.45	-8.11	-1.11	3.21	3.97	15.26	**
Guggnhm Frntr	FRN	EW	-8.58	0.79	-2.16	-3.39	-0.42	3.75	19.09	**
Guggnhm Solar	TAN	EA	-29.66	-4.57	4.42	2.30	-10.86	10.89	16.00	**
iPath S&P 500 VIX Shrt Trm	VXX	EC	-69.83	-66.72	-43.75	-36.34	-15.52	15.82	20.25	**
iShares China	FXI	EW	3.46	9.92	6.97	-8.70	-5.19	5.47	36.93	**
iShares Gold	IAU	EG	-4.61	-0.26	-10.13	-4.67	0.98	3.17	15.52	**
iShares Italy Indx	EWI	EW	-7.17	4.82	-1.45	-12.27	-5.14	7.16	11.80	**
iShares Silver	SLV	EG	-12.59	2.93	-18.07	-6.61	-0.40	6.85	27.43	**
iShares South Korea Indx	EWY	EW	0.40	9.06	1.10	-6.19	-3.66	4.30	59.43	**
iShares Spain	EWSP	EW	1.87	16.91	4.71	-6.48	-5.35	7.38	28.30	**
Market Vectors Gold Minors	GDX	EG	-22.82	-14.60	-28.79	-18.41	1.20	6.63	37.85	**
Market Vectors Junior Gold Minors	GDXJ	EG	-29.18	-9.50	-29.67	-15.41	5.75	8.78	16.74	**
Market Vectors Russia	RSX	EW	-7.86	8.77	-1.17	-7.19	-3.81	6.54	27.75	**
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-6.22	4.37	-0.62	-4.03	-1.53	3.80	38.60	**
PS DB Agriculture	DBA	EA	-7.83	-8.22	-11.93	-7.33	-1.89	2.95	25.90	**
PS DB Base Metals	DBB	EG	-12.69	-4.15	-11.41	-9.02	-5.19	4.62	17.54	**
PS DB Commodity	DBC	EA	-5.17	6.06	-4.78	-1.69	0.66	3.47	27.31	**
PS DB Gold	DGL	EG	-5.71	-1.27	-10.81	-5.00	1.00	3.23	54.48	**
PS DB Precious Metals	DBP	EG	-7.51	-0.79	-12.50	-5.50	0.63	3.66	53.95	**
PS DB Silver	DBS	EG	-13.73	2.21	-18.81	-7.32	-0.53	7.04	48.52	**
PS Emrg Mrkt Infrastrctr	PXR	EW	-2.36	10.19	5.62	-4.67	-3.74	4.49	41.19	**
PS FTSE RAFI Emrg Mrkt	PXH	EW	-2.99	9.27	2.40	-4.62	-1.83	4.13	21.73	**
PS Glbl Gold Precious Mtls	PSAU	EG	-22.67	-11.88	-24.53	-17.42	-0.42	6.56	30.62	**
PS Gldn Drgn USX China	PGJ	EW	-9.44	2.28	1.69	-0.16	0.95	4.45	19.13	**
PS India	PIN	EW	-3.09	5.21	-3.37	-1.69	0.06	6.25	18.05	**
PS WilderHill Cln Enrgy	PBW	EA	-19.22	-0.98	4.57	6.62	-1.14	5.87	4.35	**
Pro Shares Short Russell 2000	RWM	ESC	-17.64	-19.16	-14.05	-11.72	-4.79	3.57	21.47	**
Pro Shares Short S&P 500	SH	EC	-14.18	-15.83	-9.95	-9.81	-3.76	2.90	30.69	**
SPDR Gold	GLD	EG	-4.72	-0.46	-10.13	-4.66	0.96	3.16	154.47	**
SPDR S&P Metals & Mining	XME	EA	-17.61	-1.50	-6.53	-10.28	-0.17	5.57	40.39	**
US Oil Fund	USO	EA	-11.42	9.17	1.85	4.14	5.11	5.39	34.75	**
Wtree India	EPI	EWR	-6.00	4.89	-5.00	-7.23	-1.80	7.19	17.97	**

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.

World Growth Model vs. World Growth Index



The chart above compares the past ten years of the backtested World Growth Model (WGM) with a buy/hold of the same five underlying indexes (EEM, EFA, IWM, QQQ, SPY), which is the fully invested always World Growth Index (WGI). Dividends are reinvested. No commissions included to buy/sell. Past performance does not guarantee future performance.

The five ETF indexes are static; that is, they were the only ETFs used over the period. So, the selecting model was static. No attempt was made to buy the top-ranked by C (risk-adjusted relative performance) ETFs. Presumably, if the top ETFs had been picked, the performance would be greater.

What was used for this WGM was a newish timing model that combines a number of features, including two timing models with two stop orientations. The clearest use of stops is shown in the 2008 bear market. While the bear erased all of the gains of the buy/hold index (WGI) from 12/6/2002, the WGM was stopped out back to cash, thus preventing further losses.

I've begun to implement this Model in this Newsletter based on these results as of 12/10/12.

As mentioned, the next step is to incorporate the selecting model (buy the top ETFs by C) with the timing model.

Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

On a technical basis, the market is rallying and continues generally “in gear” to the upside, albeit the minor negative divergences that show up from time to time. I’ve noted these over the past few months. They form, there’s a small pullback, but no confirmation, and then the market rallies and gets back “in gear”.

There was, however, a brief one day pullback last week where things looked decidedly worri-

some. The economic bad news may have caused it, but the Fed good news reversed it.

In addition, investor sentiment from advisors is too bullish, which is bearish. Individual investors, however, remain decidedly nonplussed by the rally. They remain neutral.

So, the policies of the last year or so remain in place. The Fiscal Cliff was a worry, but higher taxes, normally a negative, are no problem. Sequestration

was a worry, but lower spending, normally a negative, is no problem.

If the Fed ever begins to tighten, it’ll be watch out below, is the new worry.

Please see the individual portfolio pages for any changes.

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.

New portfolio stops are being implemented. These are internal and will be emailed if triggered.

4/29 No changes.

4/22 The allocation model to sort and pick the top ETFs is finally finished. It’s been a labor. Back testing may now begin in order to find some combination of the best number of ETFs to hold and under what conditions to buy and sell.

4/15 No changes.

3/11 Right now the World Growth Model is set up to signal one buy and then one sell and then one buy, etc. Given that new subscribers or new money gets allocated to this Model, I am reviewing whether a window of buys makes sense or not. The question basically hinges on where one might buy more that is not too far away from the stop level, where risk of loss exceeds potential for gain. In other words, as an example, if one bought today, the stop level is about 8% away. Based on past history, this is too far away to be within that buy window. A pullback such that the stop is less than 5% away (based on history) is much better risk/reward ratio. This will be communicated in subsequent issues as to when this window is open or closed. It is closed right now.

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, 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.

Both portfolios were started on 1/1/10 with \$100,000. However, the Growth Portfolio strategy was changed on 12/10/12 to the World Growth 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).

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 zero for the money market (cash) position.

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