

ETF Selections & Timing

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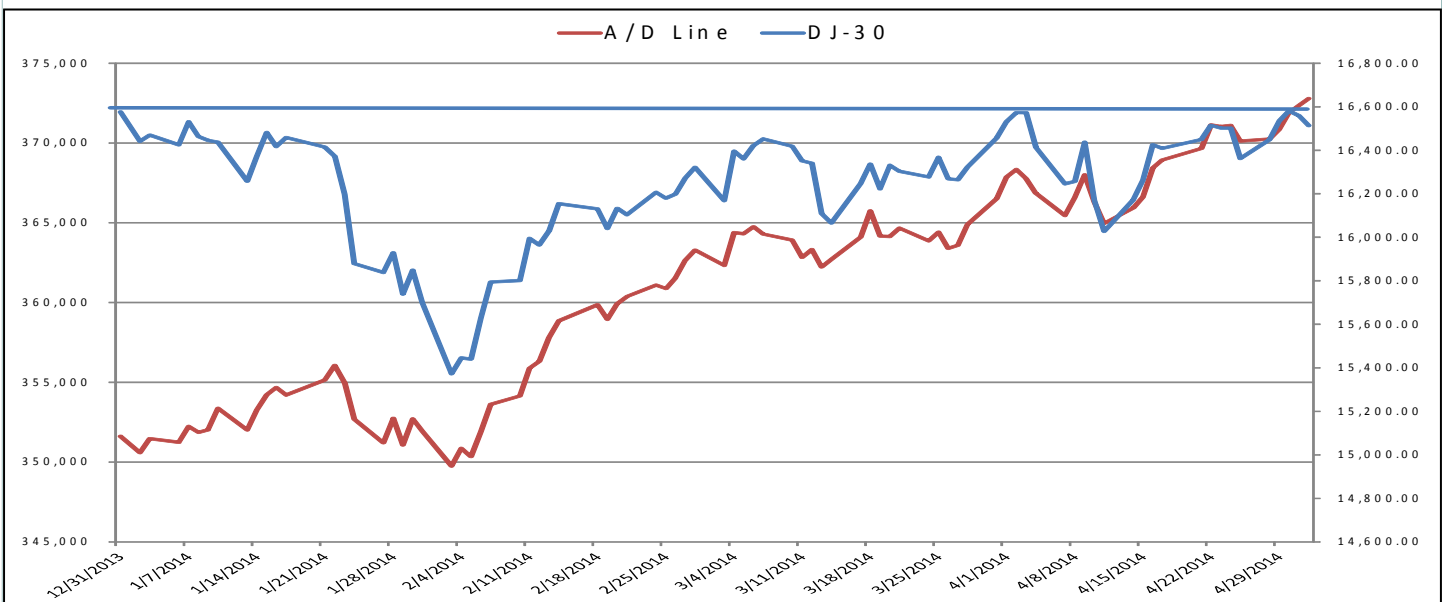
Now What Is It?

If you like to trace ideas backwards in time to their sources, which I do, it would be an interesting exercise to trace technical trading ideas backwards also. I have in a general skim-the-surface way, but nothing too deep. I ponder this for two reasons.

The first reason is to wonder if the early market technicians sort of invented things as they went along. For example, when does a double top morph into a triple top? Does it add value or was it just a way to maintain a bearish opinion stretched over more time? This

is a timely question. As you can see on the chart below, the Dow Industrials, though it did finally close at a record high on the third try has for all intents and purposes set up a triple top. Wasn't the double top sufficient

*(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%	1.7%	0.6	0.9	0.2	0.0%
ETF Growth Portfolio	0.6%	12.9%	1.9	0.3	0.6	0.9%
Index						
Aggrgt Bond (AGG)	2.1%	-0.6%	1.5	0.8	0.8	0.3%
S&P 500 TR (SPY)	2.3%	18.3%	7.3	5.5	0.9	0.9%
World Growth Index	0.6%	16.3%	5.1	3.8	0.3	1.0%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 5/2/2014								
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 4/28	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total	
11-Apr	sell	JNK	41.05	342	14,014								0.0%	
21-Apr	sell	AGG	108.18	130	14,080								0.0%	
21-Apr	sell	PCY	28.27	512	14,464								0.0%	
21-Apr	buy	BSV	80.09	362	29,003								0.0%	
			this new buy w ill be about 25% of total			BSV			80.09	80.10	362.4	29,024.48	25.0%	
28-Apr	sell	LQD	117.87	120	14,176									
						Money Market					1.00	87,033	87,033.00	75.0%
												Total Valuation=	116,057.48	100.0%

WEEKLY REVIEW

5/5 Given the Fed's tapering (less bond buying), it is interesting to note that bonds continue to rally (higher prices, lower yields).

4/28 There's a good possibility that the LQD position will close below its sell stop level today. Watch it at quarter to the close for a signal. If its below it, we'll sell back to cash.

4/21 With today's large increase in the leading economic indicators report (see Conference Board), the risk has increased that the current bond counter rally should soon end. Bonds actually peaked last April 2013 or July 2012 (depends on the bond) and then took a large selloff ending last Aug/Sept. Since then, bonds have counter rallied. I expect this rally to end as the economy continues to strengthen through 2014. Plus the Fed is tapering its bond buying program (QE). As to raising short-term rates, that is still projected in 2015. Sell a couple positions and buy BSV (short-term bond ETF) as noted above. I raised the stop on LQD. I will watch for pullbacks to perhaps reenter.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Income Portfolio	4.8%	3.6	4.8	1.1	0.9	16.1
Aggregate Bond	6.4%	7.7	3.9	-2.2	2.1	19.0

This shows the total returns of previous years, year to date (ytd), and from inception (incptn). It also shows standard deviation (SD).

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.

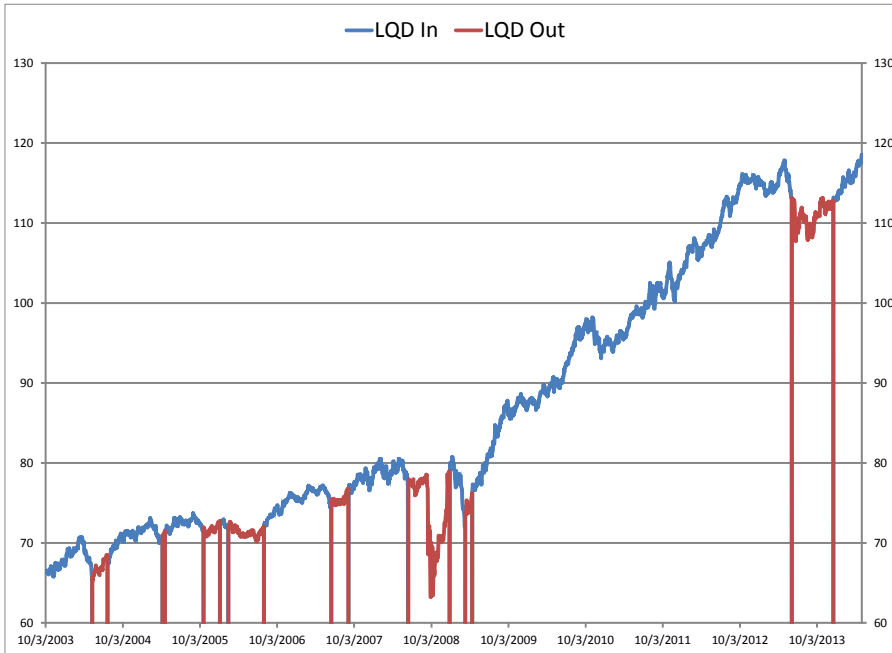
ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

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 (preliminary)



The chart above is LQD from 10/2003 through the present. The blue portion represents bullish on bond prices (yields falling). The red portion (red prices between red spikes) represents bearish on bond prices (yields rising).

The chart to the left reflects the beginnings of the new Bond Timing model. Right now it is based on LQD (corporate bond ETF).

The reason for the change was there were too many whipsaws in the old model. And I plan to incorporate more information like international bonds, if the back test proves useful.

I plan to also back test this on information before the recent 30-year secular bull market in bonds. In other words, I don't want a model that only works because the wind of lower and lower and lower yields (higher and higher and higher prices) was at its back.

WEEKLY REVIEW

5/5 The chart reflects the beginnings of the new World Income Model (timing). The selecting based on C of the bond ETFs still needs completing.

4/4 No updates.

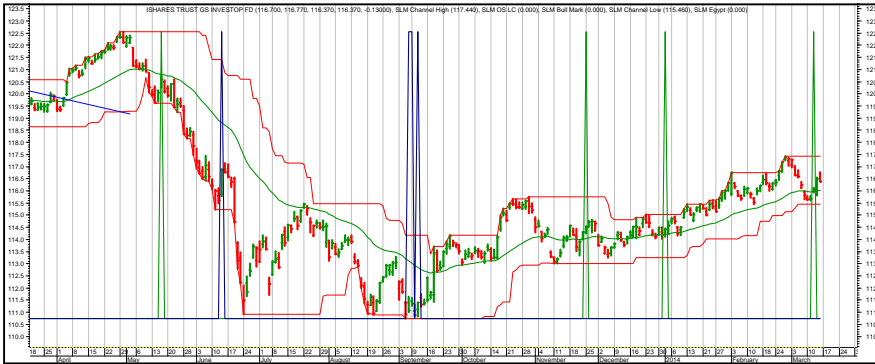
3/24 As previously mentioned, I am planning to introduce the new World Income Model ASAP. So, this chart and the charts on the next page are not updated. (Trend is still bullish.)

3/17 No changes. Still trending bullish.

3/10 No changes.

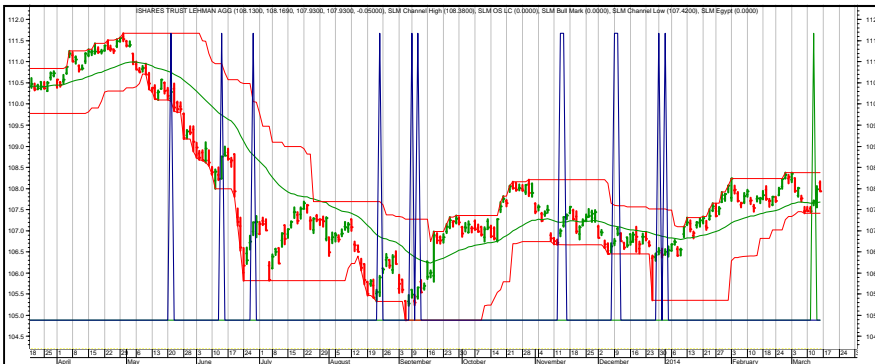
3/3 The bond model is still bullish, unfortunately I'm out. Will try to find a reentry area.

Income Charts (DAILY) (under construction)



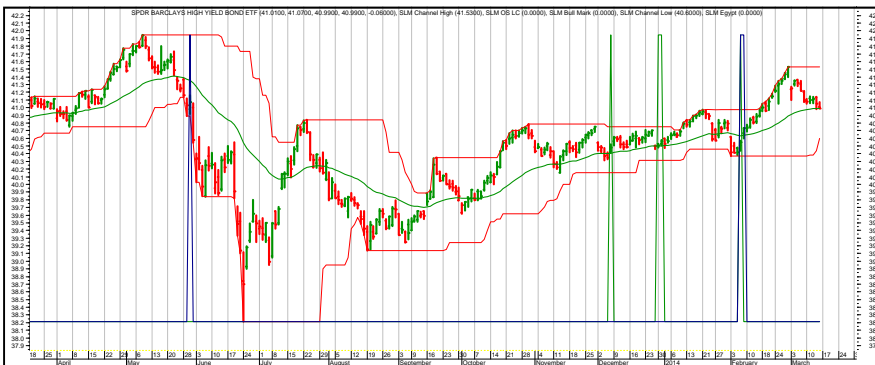
LQD—Investment Grade Corporate

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.



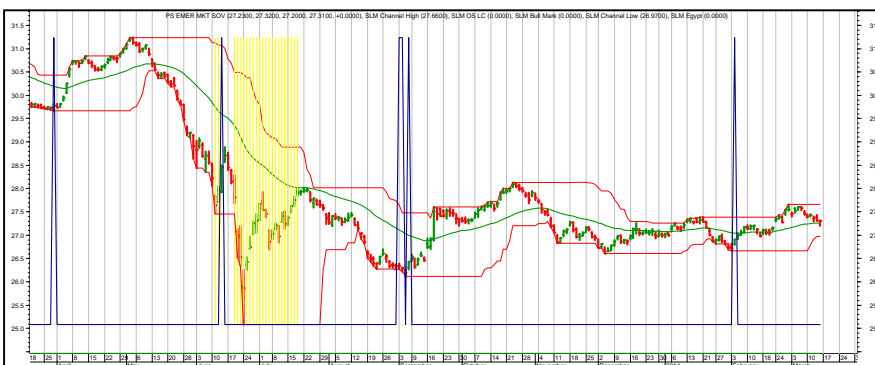
AGG—Aggregate Bond Market

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:				5/2/2014			
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	41.52	539.000	22,379.28	15.7%
			this will be about 4% of ttl			EFA		Euro Asia	66.28	68.37	318.000	21,741.66	15.2%
17-Mar	sell	PBE	44.55	129	5,737	IWM		Rusl 2000	113.68	111.98	185.490	20,771.17	14.5%
17-Mar	buy	DBA	28.45	200	5,700	QQQ		Nsdq 100	89.54	87.48	235.540	20,605.04	14.4%
			this will be about 4% of ttl			SPY		S&P 500	182.85	188.02	115.520	21,720.07	15.2%
7-Apr	sell	PJP	55.10	99	5,445	C-lect 5							
7-Apr	buy	PSI	20.46	278	5,698	ICF			85.25	85.81	67.000	5,749.27	4.0%
			this will be about 4% of ttl			PFF			39.00	39.45	144.710	5,708.81	4.0%
14-Apr	sell	PSI	19.91	278	5,525	GULF			22.09	23.53	258.240	6,076.39	4.3%
14-Apr	buy	PGF	17.89	314	5,627	PGF			17.89	18.02	315.580	5,686.75	4.0%
14-Apr	sell	UNG	25.36	215	5,442	DBA			28.45	28.94	200.000	5,788.00	4.1%
14-Apr	buy	PFF	39.00	144	5,626	Two potential ways to sell: stop loss about 8.5% lower or timing model signals sell							
			both buys (above) will be about 4% of ttl			Two potential ways to buy: lower-risk "window to buy" may open or timing model signals buy.							
28-Apr	sell	DFE	61.55	93	5,716	C-lect Short							
28-Apr	buy	ICF	85.25	67	5,722	(under construction)							
			this buy above will be about 4% of ttl										
									Cash from short	1.00	-	-	0.0%
									Money Market	1.00	6,657	6,657.00	4.7%
									Total Valuation=		142,883.44	100.0%	

WEEKLY REVIEW

5/5 No ETF rotations this week. Because the market rallied (as measured by the World Growth Index), the portfolio stop widened to 8.5% from 7.5%. The 'window to buy' remains closed.

4/28 There is one sell and buy today as noted above.

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.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Growth Portfolio	8.1%	6.9	-2.1	25.7	0.6	42.9
World Growth Index	17.2%	-4.1	15.1	30.5	0.6	69.8

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>	C
Wtree Middle East Div	GULF	EW	24.00
PS DB Agriculture	DBA	EA	20.52
PS Fincl Pfd	PGF	EGI	15.53
iShares Prfrd	PFF	EGI	14.79
iShares Cohen&Str REIT	ICF	ERE	14.42
SPDR Wlsh REIT	RWR	ERE	13.93
Vngrd REIT	VNQ	ERE	13.77
iShares REIT	IYR	ERE	12.73
Select SPDR Utilities	XLU	EA	12.39
Vngrd Utilities	VPU	EA	12.36
iShares Italy Indx	EWI	EW	12.35
PS US REIT	PSR	ERE	11.50
PS Dynmc Semicndctr	PSI	EA	11.45
Wtree Eur SC Div	DFE	EW	10.79
Wtree India	EPI	EW R	10.23
US Natural Gas	UNG	EA	10.21
Guggnhm Candn Enrg Incm	ENY	EW R	9.91
PS Dynmc Utilities	PUI	EA	9.89
Wtree Intrntl Utilities	DBU	EW	9.15
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	8.98
Market Vectors Semiconductor	SMH	EA	8.37
PS Dynmc Energy	PXI	EA	8.26
PS India	PIN	EW	8.03
Guggnhm Dfnsv Eqty	DEF	EV	7.97
PS Gbl Clean Enrgy	PBD	EW	7.75
PS Dynmc Energy Explor	PXE	EA	7.63
PS Dynmc Networking	PXQ	EA	7.57
PS S&P SmICap Energy	PSCE	EA	7.44
PS Gbl Gold Precious Mtls	PSAU	EG	7.37
PS Gbl Water	PIO	EW	7.35
PS Dynmc Pharma	PJP	EA	7.23
PS Hi Yld Eqty Div	PEY	EGI	7.18
iShares DJ Slct Div	DVY	EGI	6.88
Market Vectors Gold Minors	GDX	EG	6.86
Alerian MLP	AMLP	EGI	6.83
Guggnhm Gbl Wtr	CGW	EW	6.77
Wtree Eqty Income	DHS	EGI	6.75
iShares Russel MidVal	IWS	EMC	6.27
Vngrd Health	VHT	EA	6.20
Wtree Div Ex Fincl	DTN	ELC	6.03
PS DB Oil	DBO	EA	5.98
Wtree Intrntl Div Ex Fincl	DOO	EW	5.96
iShares Spain	EW P	EW	5.94
PS Aerospace & Def	PPA	EA	5.90
PS Dynmc Biotech	PBE	EA	5.78

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

Select SPDR Health	XLV	EA	5.74
iShares Australia	EW A	EW	5.61
Select SPDR Enrgy	XLE	EA	5.53
SPDR Gold	GLD	EG	5.49
iShares Gold	IAU	EG	5.48
Wtree MidCap Div	DON	EMC	5.44
PS S&P 500 Low Volatility Portfolio	SPLV	ELC	5.36
PS DB Gold	DGL	EG	5.35
PS S&P SmICap Mtrls	PSCM	EA	5.26
US Oil Fund	USO	EA	5.25
Guggnhm Gbl Div	LVL	EW	5.25
Select SPDR Cnsmr Stpl	XLP	EA	5.12
Market Vectors Oil Services	OIH	EA	5.10
Guggnhm Intrntl A Incm	HGI	EW	5.09
Vngrd Consmr Stpls	VDC	EA	5.04
iShares Canada	EW C	EW	5.03
iShares Slct Div	IDV	ELC	5.02
Guggnhm Shipping	SEA	EA	4.97
Wtree DEFA Eqty Incm	DTH	EW	4.92
Guggnhm Multi Ast In	CVY	EV	4.88
PS Dynmc Oil & Gas Srvcs	PXJ	EA	4.85
iShares Pacific ex Jpn	EPP	EW	4.66
Guggnhm Solar	TAN	EA	4.51
PS Dynmc Basic Matrl	PYZ	EA	4.43
Vngrd Materials	VAW	EA	4.40
iShares Singapore	EW S	EW	4.39
Select SPDR Matrls	XLB	EA	4.37
Wtree Intrntl SC Div	DLS	EW	4.33
iShares Taiwan Indx	EW T	EW	4.33
PS DB Commodity	DBC	EA	4.30
PS WilderHill Cln Enrgy	PBW	EA	4.18
PS DB Precious Metals	DBP	EG	4.13
Wtree Intrntl REIT	DRW	ERE	4.10
Wtree Emrg Mrkt SC Div	DGS	EW	4.06
PS Dynmc Food & Bev	PBJ	EA	4.01
Vngrd MidCap Val	VO	EMC	4.00
PS Dynmc Lrg Cap Value	PWV	ELC	3.96
Wtree LrgCap Div	DLN	ELC	3.86
PS Dividend Achievers	PFM	EGI	3.86
Wtree World Ex US Grth	DNL	EW	3.85
Vngrd Tech	VGT	EA	3.82
PS Dynmc Bldg Cnstrctn	PKB	EA	3.65
Vngrd European Indx	VGK	EW	3.60
iShares Europe 350	IEV	EW	3.59
Vngrd Extnd 4500	VXF	ELC	3.58
PS Intrntl Dvdnd	PID	EW	3.56
iShares EMU Indx	EZU	EW	3.49
Market Vectors Junior Gold Miners	GDXJ	EG	3.45
PS QQQ	QQQ	ELC	3.44
PS S&P SmICap Utilities	PSCU	EA	3.41
Wtree Intrntl MC Div	DIM	EW	3.39
PS FTSE RAFI Asia Pac xJpn	PAF	EW	3.39
iShares Russell 1000 Value Indx	IWD	ELC	3.39
PS Dyn Mrkt	PWC	ELC	3.34
Wtree Intrntl LC Div	DOL	EW	3.32

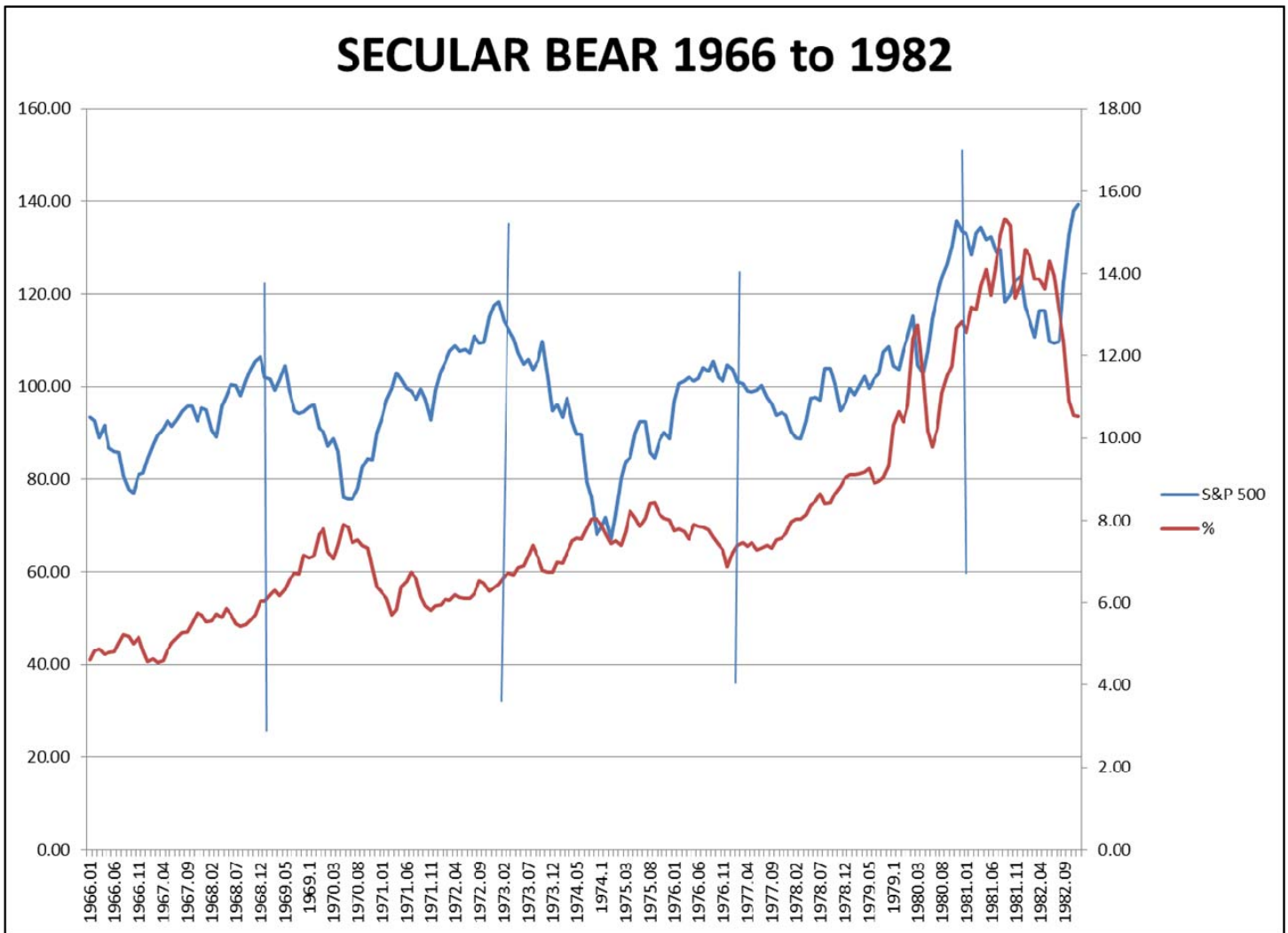
ETF Rankings by C to previous week's end

Select SPDR Div	SDY	EGI	3.30
Vngrd Small Cap Value	VBR	ESC	3.29
PS DB Energy	DBE	EA	3.29
PS WilderHill Prgsv Enrgy	PUW	EA	3.29
PS S&P 500 BuyWrite	PBP	ELC	3.28
Vngrd Emrg Mrkt	VW O	EW	3.24
Wtree Gbl Eqty Incm	DEW	EW	3.23
Wtree DEFA	DW M	EW	3.22
PS Gbl Agriculture	PAGG	EA	3.20
PS DWA Tech Ldr	PDP	ELC	3.12
PS Dynmc Software	PSJ	EA	3.09
Select SPDR Technlgy	XLK	EA	3.06
iShares Latin Am r	ILF	EW	3.05
PS S&P SmICap Cnsmr Stpl	PSCC	EA	3.03
SPDR Euro Stoxx 50	FEZ	EW	3.02
Vngrd Small Cap Grth	VBK	ESC	2.99
Guggnhm RJ All	RYJ	ELC	2.96
PS Cleantech	PZD	EA	2.95
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	2.81
iShares Emrg Mrkt Stk	EEM	EW	2.76
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	2.72
iShares Brazil Indx	EW Z	EW	2.70
Wtree S&P 500	EPS	ELC	2.68
SPDR S&P Metals & Mining	XME	EA	2.68
Wtree Ttl Earn	EXT	ELC	2.67
Vngrd Small Cap	VB	ESC	2.65
PS S&P SmICap Info Tech	P SCT	EA	2.58
iShares DJ US Home Constr.	ITB	EA	2.56
iShares Core S&P Mid Cap	IJH	EMC	2.49
Vngrd Grth	VUG	ELC	2.49
Wtree MidCap Earn	EZM	EMC	2.47
SPDR Mid Cap Trust	MDY	EMC	2.39
PS NASDAQ Intrnt	PNQI	EA	2.36
PS FTSE RAFI Emrg Mrkt	PXH	EW	2.32
PS Water Resources	PHO	EA	2.32
Select SPDR Indl	XLI	EA	2.26
PS Dynmc Lrg Cap Grth	PWB	ELC	2.25
PS Gbl Listd Prvt Eqty	PSP	EW	2.25
PS FTSE RAFI Dvlpd Mrkt xUSA	PXF	EW	2.23
Guggnhm Frntr	FRN	EW	2.14
Vngrd TTL Intrntl Stk	VXUS	EW	2.09
Vngrd Large Cap	VV	ELC	2.01
Vngrd Div Apprctn	VIG	EGI	1.96
Vngrd TTL Stock	VTI	ELC	1.96
PS Dynmc Healthcare	PTH	EA	1.93
iShares Core S&P 500	IVV	ELC	1.88
PS BLDR Dvlpd Mrkt 100 ADR	ADR D	EW	1.85
SPDR S&P 500	SPY	ELC	1.85
iShares Russell 1000 Grwth Indx	IW F	ELC	1.85
SPDR DJ Gbl Titans	DGT	EW	1.81
Guggnhm MidCap Core	CZA	EMC	1.81
PS Zacks Micro Cap	PZI	ESC	1.66
iShares S&P 100 Indx	OEF	ELC	1.61
iShares Malaysia Indx	EW M	EW	1.58
iShares Telecomm	IYZ	EA	1.55

ETF Rankings by C to previous week's end

PS Emrg Mrkt Infrastrctr	PXR	EW	1.51
iShares EAFE Indx	EFA	EW	1.50
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	1.48
Vngrd Europe Pacific	VEA	EW	1.46
Select SPDR Financls	XLF	EA	1.43
Vngrd Fincl Srv	VFH	EA	1.36
Guggnhm Insdrr Sent	NFO	EMC	1.32
Wtree Sml Cap Div	DES	ESC	1.31
PS Dynmc Leisure & Enter	PEJ	EA	1.31
PS Buyback Achievers	PKW	EGI	1.24
iShares Hong Kong Indx	EW H	EW	1.22
SPDR DJ Industrials	DIA	ELC	1.20
SPDR S&P Bank	KBE	EA	1.19
iShares Russell 2000 Value Indx	IW N	ESC	1.18
iShares Russell 2000	IW M	ESC	1.18
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	1.15
Wtree Emrg Mrkt Eincm	DEM	EW	1.07
iShares Germany Indx	EW G	EW	0.97
SPDR S&P Regional Banking	KRE	EA	0.97
iShares South Korea Indx	EW Y	EW	0.90
PS Dyn MagniQuant	PIQ	ELC	0.90
Pro Shares Short Russell 2000	RW M	ESC	0.70
Pro Shares Short S&P 500	SH	EC	0.67
PS S&P SmlCap Indstrils	PSCI	EA	0.61
Guggnhm Spin Off	CSD	EMC	0.54
PS Dynmc Consmr Staples	PSL	EA	0.45
PS Gldn Drgn USX China	PGJ	EW	0.40
PS DWA Emrg Mrkt T Ldrs	PIE	EW	0.20
SPDR S&P Homebuilders	XHB	EA	0.19
iShares Silver	SLV	EG	0.18
PS Dynmc Consmr Discr	PEZ	EA	0.13
PS S&P SmlCap Fincl	PSCF	EA	0.03
Guggnhm Timber	CUT	EA	0.00
PS DB Silver	DBS	EG	-0.26
PS S&P SmlCap Cnsmr Dis	PSCD	EA	-0.30
Vngrd Consmr Dis	VCR	EA	-0.40
PS S&P SmlCap Hlth Care	PSCH	EA	-0.55
PS Dynmc Technology	PTF	EA	-0.57
Wtree Japan SC Div	DFJ	EW R	-0.69
PS DB Base Metals	DBB	EG	-0.69
Select SPDR Cnsmr Disc	XLY	EA	-0.73
Guggnhm China REIT	TAO	EW R	-0.95
PS Dynmc Fncl	PFI	EA	-1.02
iShares Mexico	EW W	EW	-1.04
SPDR S&P Retail	XRT	EA	-1.25
PS Dynmc Retail	PMR	EA	-1.48
PS Dynmc Media	PBS	EA	-1.53
Guggnhm BRIC	EEB	EW	-1.56
Guggnhm China Sml	HAO	EW R	-1.59
Wtree Japan Hedge Eqty	DXJ	EC	-2.10
iShares Japan	EW J	EW	-2.33
Guggnhm China All	YAO	EW R	-2.57
iShares China	FXI	EW	-3.68
Market Vectors Russia	RSX	EW	-9.47

Simultaneous Bond and Stock Bears (reiteration)



The Fed is tapering (cutting back) its bond buying program known as quantitative easing. They have also said they don't plan to raise short-term rates until maybe 2015 into 2016. But they are also monitoring inflation and employment numbers. If they show too much strength, the Fed will compress its timetable for tapering and for raising rates. So, one contrarian, unexpected scenario might be this.

The economy and inflation do pick up more steam in 2014. The stock market should like increased GDP (earnings), but with rates artificially low and a less benign Fed, the scenario may be set for a strong economy, falling stocks, and rising interest rates. The market would react negatively in anticipation of this. It is at record highs because of the strong economy. That is already discounted. What's not expected is too much strength and strong jobs, which thus leads to more sooner rising rates.

At least the last two of the three projections took place during the last secular bear market in the Sixties, as the chart above shows. The blue line is the S&P 500. The red line is interest rates (rising interest rates means falling bond prices). Rates rose either because of inflation or bubbling economic strength, which should be a positive for stocks, but they fell (along with rising rates).

Just something else to keep in mind as the months unfold. How could stocks fall in a strong economy?

Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

or was it just noise? It's a "known only in hindsight" problem that doesn't help today. Sort of like the old 5/3 wave theory.

The second reason I mention this is I recently stumbled across a review of the Dow Theory's (DT) history. The point of the paper was that the DT actually was useful in forecasting the market, but the early analysts actually misunderstood DT applications. The rules were misapplied. As a result of their apparent erroneous conclusion that the market cannot be timed, it instead led to the better known "random walk" explanation of market prices. In turn this led to Modern Portfolio The-

ory (MPT) that says rational investors discount markets immediately. Again, the market cannot be timed is the conclusion.

However, more recently MPT has been challenged by behavioral economics that says investors in fact are not rational. The market does swing irrationally between overvalued and undervalued extremes.

So, in the short-term, perhaps, markets cannot be predicted, but over the longer-term, markets might be.

What's the application of this for today's markets? They remain overvalued. They need to drop about 50% to become undervalued. In the meantime, the

trends remain higher and the markets now are back "in gear". The DT suggests all is right in the world for the intermediate-term, but the longer-term value measures suggests another severe bear market will take place.

Stay tuned.

As a reminder, I will be holding two workshops at the upcoming MoneyShow in Las Vegas next month (May) and will be a participant on an investment panel selected from the top performing newsletters. You may find more information at moneyshow.com. If you register to attend, please mention me. I hope to see you there.

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.

5/5 See new information on Bond Timing on page 4.

4/28 I deleted two ETFs this past week due to their low volumes. The bid/ask spread is too great.

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).

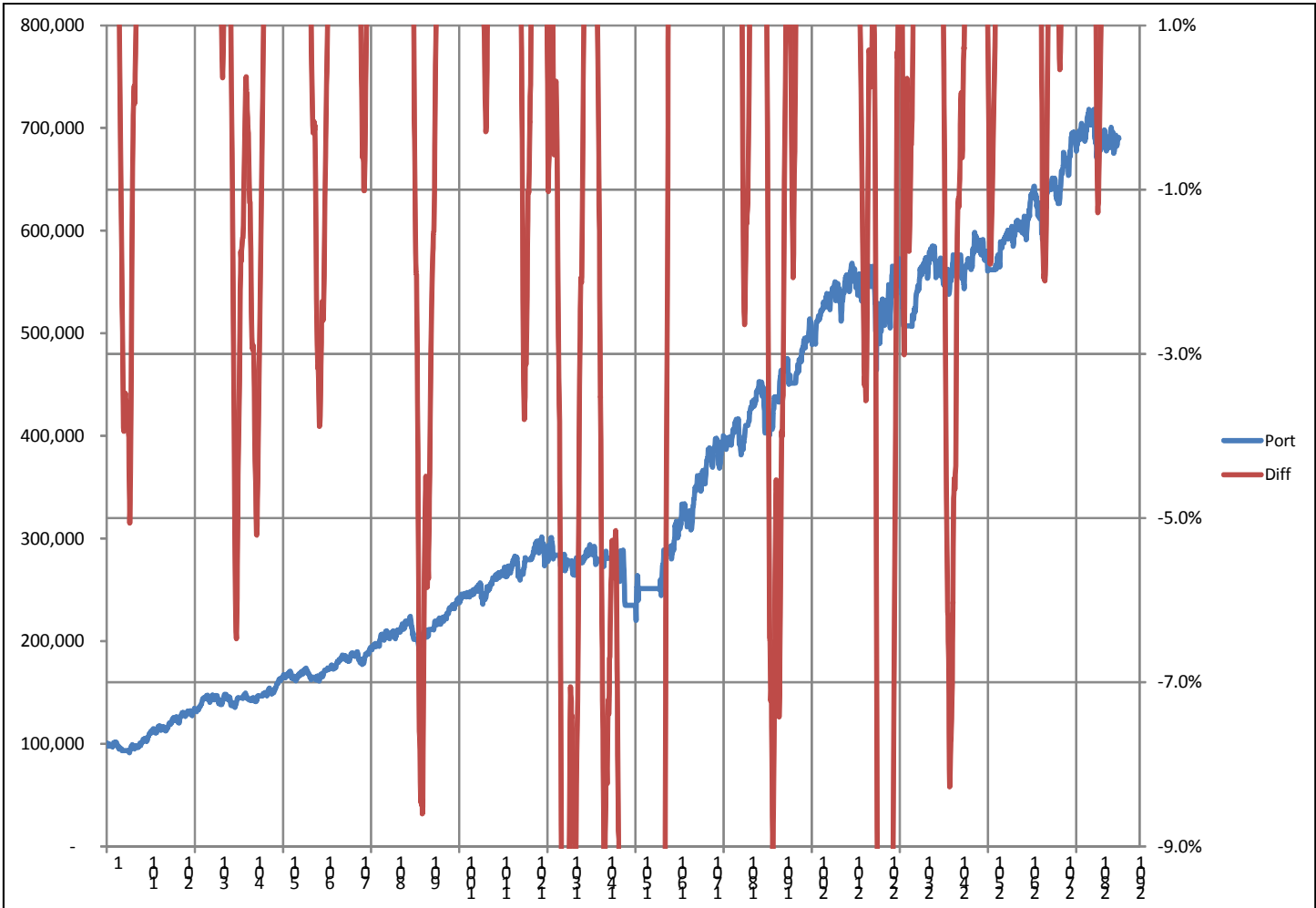
3/10 The "window to buy" chart is updates. See also the new charts on page 11.

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 5/5/14)



The chart above shows the World Growth Model (WGM-blue line) and the Window to buy (DIFF 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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