

ETF Selections & Timing

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New Bear Begins?

With the technical sell off to new lows as shown on the chart below and the fundamental economic deterioration, the question has to be asked whether a new bear market has begun or not? Let's look at the evidence.

Sentiment. Investor senti-

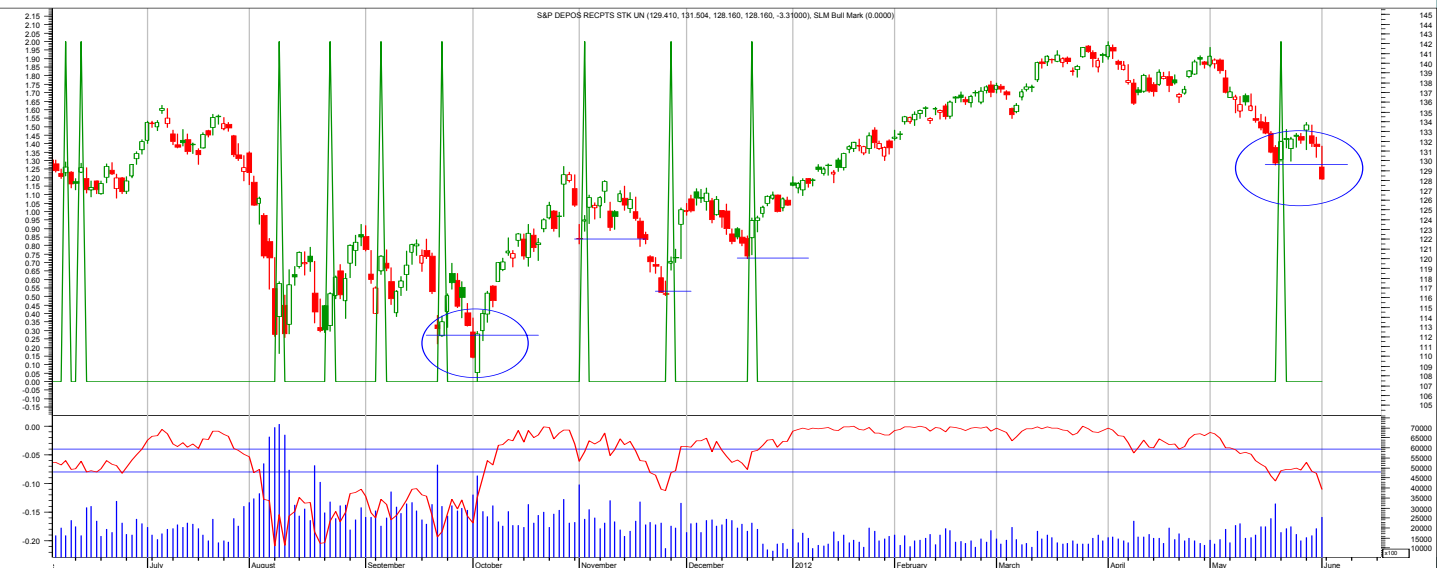
ment remains in neutral territory. It is neither too bullish or bearish. We can't say it is complacent, we can't say it is fearful. This indicator really is not much help.

Market Action. Both the Dow Industrials and Dow Transports (and other indexes)

have moved below previous lows that were set up before the negative divergence evolved. This is definitely a negative. It defines the bear market.

Monetary Policy. The latest Fed action, Operation Twist

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



This is the daily chart of SPY (S&P 500 index). The green spikes show potential buying areas.

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	-0.2%	0.6%	1.4	-2.5	-1.7	-0.6%
ETF Growth Portfolio	-3.6%	-0.7%	-4.2	-4.9	-3.9	-1.9%
Aggrgt Bond (AGG)	1.2%	4.0%	2.3	1.0	0.9	0.6%
Wilshire 5000	2.6%	-1.0%	3.5	-6.7	-6.6	-3.2%

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Income Portfolio

ACTION FOR						PORTFOLIO DETAILS						Value as of date: 5/25/2012		
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 5/28	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total	
21-May	buy	PCY	27.78	1,200.0	33,346	AGG							0.0%	
21-May	buy	JNK	38.48	900.0	34,642	LQD	115.00	invst grd	116.05	117.29	350	41,051.50	37.9%	
each buy is roughly 34% of total portfolio will be roughly 68% invested and 32% cash						JNK	38.00	hi yield						
29-May	buy	LQD	116.05	350.0	40,628	PCY	27.25	emrg debt	27.78	27.52	1,200	33,024.00	30.5%	
1-Jun	sell	JNK	37.30	900.0	33,560									
						Money Market					1.00	34,315	34,315.00	31.7%
								Total Valuation=				108,390.50	100.0%	

WEEKLY REVIEW

6/4 The Treasury market is very overbought. Don't chase and consider taking profits.

5/28 Investment Grade bonds (LQD) have pulled back, so time to reenter as noted above..

5/21 Reenter the positions as noted above and with new stop levels. They should rally back. Treasuries have been relatively strong, while sovereign debt and junk (hi-yield) weakened. I expect this to reverse.

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	-0.2	8.4	3.2
Aggregate Bond	2.5%	4.3	1.2	8.2	2.1

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

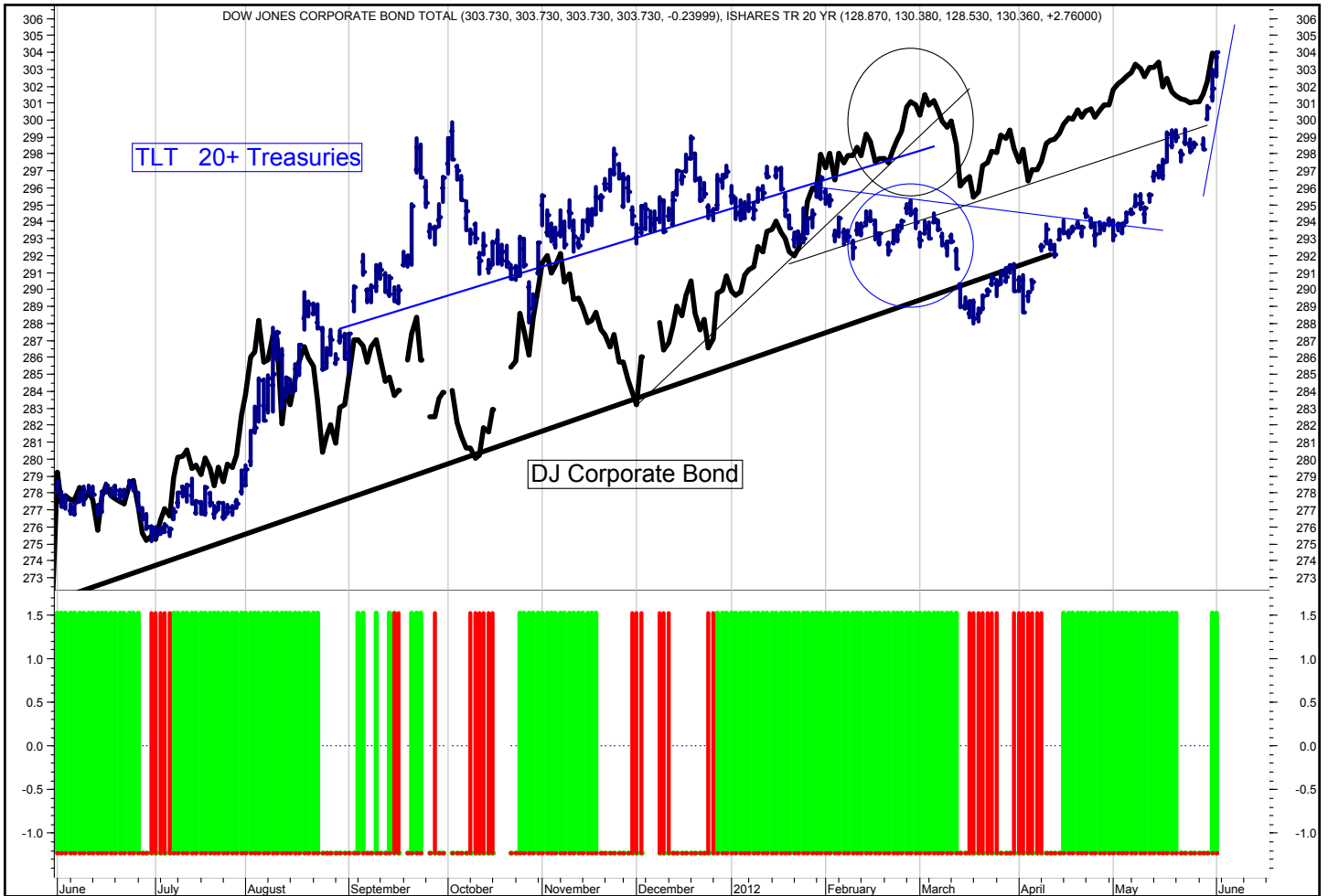
ETF Income Database and Ranking to 5/31/12

<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 20+ yr Trsry	TLT	BL	31.97	19.22	8.25	8.66	8.76	4.25	127.60	*****
iShares Trsry Infltn	TIP	BI	9.43	6.11	3.91	2.22	1.58	1.04	121.31	*****
iShares 10-20yr Trsry	TLH	BL	18.66	9.59	6.04	5.17	4.71	2.61	138.25	****
PS 1-30 Ldr Trsry	PLW	BI	17.51	9.67	5.30	4.97	4.74	2.57	33.56	****
PS Bld America	BAB	BI	12.76	9.61	5.54	2.11	2.04	1.95	30.04	****
PS Insrđ CA Muni	PWZ	BI	8.72	6.23	5.33	0.80	0.80	1.19	25.07	****
PS Insrđ Natl Muni	PZA	BI	8.98	6.33	5.93	1.16	1.12	1.43	25.37	****
PS Insrđ NY Muni	PZT	BI	8.15	5.41	4.65	0.45	0.82	1.13	24.54	****
iShares 3-7yr Trsry	IEI	BI	5.01	1.71	1.58	1.17	0.75	0.79	123.35	***
iShares 7-10yr Trsry	IEF	BI	12.38	5.39	4.48	3.26	2.71	1.78	108.55	**
iShares Agg Bond	AGG	BI	3.82	1.88	1.99	0.72	0.87	0.76	111.56	**
iShares High Yld	HYG	BH	-5.01	-0.30	1.35	-4.73	-3.76	2.37	87.77	**
iShares Inter Bond	MBB	BI	1.31	0.00	0.61	0.25	0.16	0.38	108.46	**
iShares Inter Gov	GVI	BI	2.52	0.86	1.58	0.39	0.32	0.58	112.26	**
iShares Intrntl Tbond	IGOV	BW	-8.55	-11.41	-2.22	-3.67	-3.52	1.99	97.40	**
iShares Long Corp Bond	LQD	BL	4.96	4.13	5.67	-0.62	0.42	1.46	116.97	**
PS DB Dollar Bullish	UUP	BF	7.74	9.11	4.22	4.69	5.41	2.03	22.99	**
PS DB G10 Currency	DBV	BF	-4.97	-3.05	-1.42	-7.94	-5.12	2.57	23.53	**
PS Emrg Mrkt Svrgn Debt	PCY	BW	1.95	-0.43	2.82	-1.32	-2.77	1.87	27.70	**
PS Fdmntl Hi Yield Corp	PHB	BH	-1.66	2.34	2.45	-2.49	-1.92	1.48	18.39	**
PS Low Duration	PLK	BS	-0.05	-0.17	-0.05	-0.52	-0.04	0.30	25.39	**
PS Prfd	PGX	BF	-1.45	0.92	4.17	-1.45	-0.97	1.40	14.23	**
SPDR High Yield	JNK	BH	-6.78	-1.75	0.61	-4.94	-4.08	2.45	38.11	**
SPDR Intrntl TBond	BWX	BW	-5.27	-7.11	-0.85	-3.07	-3.07	1.83	58.64	**
Vngrđ Intrmđt Bond	BND	BI	3.45	1.33	1.38	0.73	0.70	0.67	84.51	**
Vngrđ ShrtTrm Bond	BSV	BS	0.05	-0.72	-0.07	-0.01	0.00	0.35	81.19	**
Wtree Dryfs Chns Yuan	CYB	BF	-1.45	-2.75	-1.95	-1.22	-0.99	0.78	25.11	**
Wtree Dryfs Emrg Crrncy	CEW	BF	-15.67	-14.64	-7.44	-7.87	-6.51	3.35	19.54	**
Wtree Dryfs Jpn Yen	JYF	BF	2.49	-4.69	-3.19	2.52	1.09	2.08	32.50	**
Wtree Dryfs N Zlnd Dollar	BNZ	BF	0.34	-0.85	0.56	-8.00	-10.93	3.66	23.46	**
Wtree Dryfs S Africa Rand	SZR	BF	-18.00	-17.53	-4.03	1.32	-1.29	3.98	24.56	**
Currency Euro	FXE	BF	-14.19	-14.04	-8.08	-7.23	-6.59	2.58	123.03	**
PS DB Dollar Bearish	UDN	BF	-9.21	-9.96	-5.03	-4.98	-5.35	2.00	26.03	**
Wtree Dryfs Brazil Real	BZF	BF	-35.20	-35.74	-28.04	-12.86	-4.61	6.01	18.63	**
Wtree Dryfs Comdty Cur	CCX	BF	-28.13	-28.55	-22.66	-9.09	-6.53	4.68	19.90	**
Wtree Dryfs Euro	EU	BF	-20.39	-20.37	-8.11	-10.72	-10.84	3.34	18.58	**
Wtree Dryfs Indn Rupee	ICN	BF	-27.26	-26.47	-17.73	-10.65	-6.32	4.22	19.72	**
Wtree Emrg Mrkt Lcl Debt	ELD	BF	-9.34	-10.05	-1.76	-7.89	-6.56	3.10	48.43	**
iShares 1-3yr Trsry	SHY	BS	0.13	-0.27	-0.07	0.07	0.02	0.16	84.48	*
PS VRDO Tax Free Wkly	PVI	BS	0.00	-0.08	-0.04	0.00	-0.04	0.03	24.99	*

ETF data on pages 3, 7, 8, 9, and 10 are for the periods shown (12months, 9, 6, 3, and 1) through the previous month's close. Generally, we want to own the top ranked ETFs (shown in green) and avoid or short the lower ranked ETFs (shown in red).

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.

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

6/4 Spike moves (up or down) are typically not sustainable. You can see the latest spike move in Treasuries above. If you have some, consider taking profits. A pullback is normal.

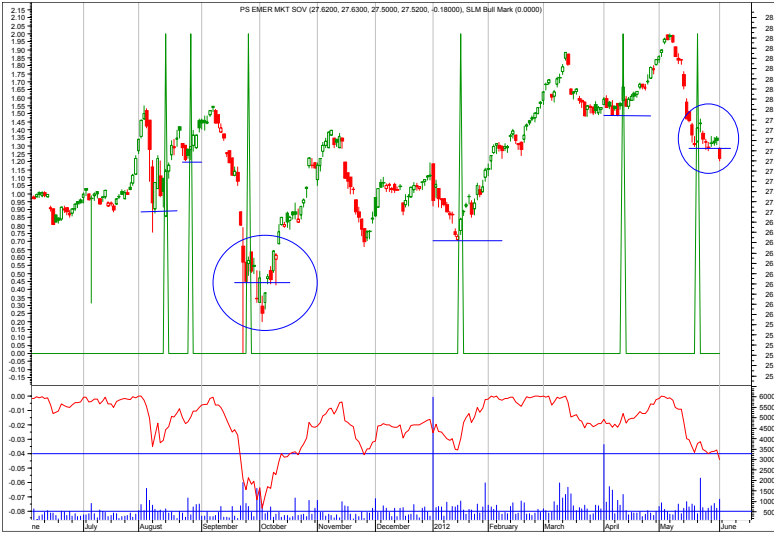
5/29 Treasuries benefiting from EU (Greece and Spain) worries. But is the relative strength waning?

5/21 Treasuries have had a huge rally based on Greece and EU worries.

5/14 No change.

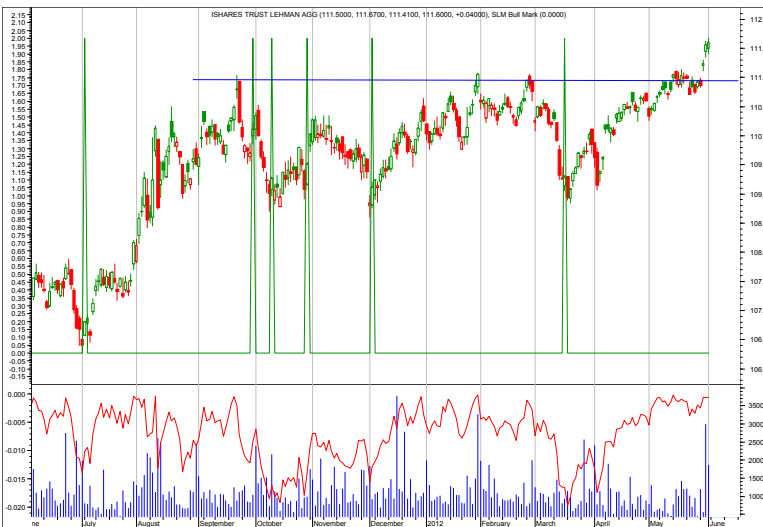
5/4 Still bullish, still waiting for a pullback.

Income Charts



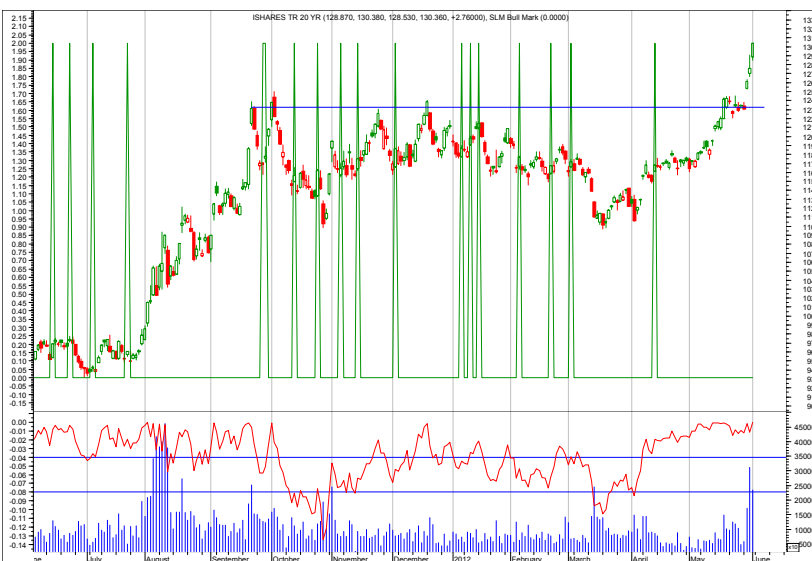
PCY—emerging market sovereign debt

- 6/4 Of six signals, two went below their previous lows. This is circled.
- 5/28 Low risk buying area.
- 5/21 Time to reenter because it is oversold.
- 5/14 No changes.
- 5/4 It closed the gap from March and then some.
- 4/30 No change. It may close the gap.
- 4/23 No change.
- 4/16 Still attractive.
- 4/8 No changes.
- 4/2 If the crisis in Europe is reaching an end, then PCY may benefit.



AGG—Aggregate Bond Index

- 6/4 It will be interesting to see if AGG (the aggregate bond market, including Treasuries) can sustain this breakout. Are yields at a permanent new low level?
- 5/28 Potential breakout with weak economy.
- 5/21 No changes.



TLT—20 year Treasuries

- 6/4 New breakout to permanent new low interest rates?

Each chart shows daily prices, a moving average (smoothed red line on price portion), and spikes. The spikes show potential buy and sell short signals. Generally speaking, if the moving average is trending down, the spike shows a potential sell short. If the moving average is trending up, the spike shows a potential buy. The charts do not show selling or covering signals.

Growth Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 5/25/2012								
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 5/21	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
21-May	buy	EEM	38.20	800	30,570	LONG ETFs-								
21-May	buy	QQQ	62.45	500	31,235								0.0%	
21-May	buy	SPY	132.00	240	31,690								0.0%	
each purchase is roughly 27% of total portfolio value will leave roughly 80% invested, 20% cash *corrected above						EEM	37.00	Emrg Mkt					0.0%	
						QQQ	60.00	Nas 100	62.45	60.43	500	30,215.00	27.1%	
						SPY	129.00	S&P 500					0.0%	
1-Jun	sell	EEM	36.70	800	29,350	SHORT ETFs-								
1-Jun	sell	SPY	128.01	240	30,712									
						Cash from short Money Market			1.00		-	-	0.0%	
									1.00		81,107	81,107.00	72.9%	
									Total Valuation=			111,322.00	100.0%	

WEEKLY REVIEW

6/4 Couple of positions were stopped out in the latest sell off.

5/28 No changes.

5/21 Buy as noted above. Watch the stops. The market is oversold and should bounce back into previous support. This will probably be just a short-term trade.

5/14 Watch the stops, if the market rolls over.

5/4 Buy GLD (gold) again with another tight stop as noted above.

	2010	2011	ytd 2012	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	-3.6	11.3	5.8
Wilshire 5000 TR	17.7%	0.5	2.6	21.3	10.9

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

Top ETF Growth Ranking to 5/31/12 (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>
Guggnhm Spin Off	CSD	EMC	4.40	16.43	11.94	0.00	-4.01	3.60	25.87	*****
PS Dynmc Leisure & Enter	PEJ	EA	8.12	15.84	17.42	3.68	-3.60	4.25	21.43	*****
PS Dynmc Pharma	PJP	EA	13.76	19.59	13.26	0.65	-3.60	3.73	30.83	*****
PS Dynmc Retail	PMR	EA	14.43	24.85	16.26	1.19	-4.70	4.19	24.74	*****
Select SPDR Cnsmr Disc	XLY	EA	6.58	14.72	11.25	-0.21	-5.50	3.62	43.10	*****
Select SPDR Cnsmr Stpl	XLP	EA	4.55	9.36	5.89	1.66	-1.17	2.39	33.78	*****
Select SPDR Utilities	XLU	EA	5.88	5.81	1.85	2.78	0.56	1.72	35.86	*****
Vngrd Cnsmr Stpls	VDC	EA	4.16	7.82	4.74	1.68	-1.56	2.24	85.12	*****
Vngrd Utilities	VPU	ELC	4.69	5.27	1.58	2.27	0.17	1.67	76.28	*****
Guggnhm Airline	FAA	EA	-15.20	8.90	17.91	5.90	4.02	5.57	31.07	****
Guggnhm Dfnsv Eqty	DEF	EV	2.82	7.47	4.10	-0.29	-3.19	2.10	27.62	****
Guggnhm Sctr Rotn	XRO	ELC	0.03	-4.23	10.77	11.98	6.74	4.68	25.89	****
iShares Cohen&Str REIT	ICF	ERE	-0.58	7.60	11.10	2.27	-4.52	4.99	75.18	****
iShares DJ Sict Div	DVY	EGI	1.46	7.73	3.92	-0.94	-3.16	2.41	54.90	****
iShares REIT	IYR	ERE	-2.52	6.99	11.03	1.80	-4.21	4.42	61.22	****
PS Buyback Achievers	PKW	EGI	1.43	12.38	5.45	-3.12	-5.95	3.22	27.67	****
PS Dividend Achievers	PFM	EGI	0.72	7.67	3.73	-1.67	-3.10	2.46	15.30	****
PS DWA Tech Ldr	PDP	ELC	-0.19	8.23	8.63	-0.42	-5.63	3.85	26.30	****
PS Dynmc Banking	PJB	EA	0.40	21.03	13.04	-1.71	-5.40	4.89	12.66	****
PS Dynmc Cnsmr Discr	PEZ	EA	2.86	12.82	13.09	-1.58	-5.87	4.51	28.07	****
PS Dynmc Lrg Cap Grth	PWB	ELC	1.15	12.13	8.95	-1.02	-5.77	3.88	17.65	****
PS Hi Yld Eqty Div	PEY	EGI	1.33	8.05	1.33	-2.25	-2.35	2.01	9.13	****
PS QQQ	QQQ_O	ELC	6.34	12.71	10.05	-3.65	-7.04	4.02	62.06	****
PS S&P 500 High Qlty	PIV	ELC	7.99	-0.30	4.66	5.27	3.99	2.95	14.59	****
PS S&P SmlCap Cnsmr Dis	PSCD	EA	0.84	14.44	13.84	-2.50	-5.27	4.88	30.03	****
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	0.69	7.96	8.52	3.25	-2.06	2.86	33.36	****
PS S&P SmlCap Fincl	PSCF	EA	0.35	11.61	8.99	-0.97	-5.04	4.03	28.45	****
PS US REIT	PSR	ERE	1.86	8.44	10.85	1.97	-4.18	4.40	53.73	****
Select SPDR Health	XLV	EA	0.11	8.23	6.70	-0.08	-3.63	2.94	36.15	****
Select SPDR Technlgy	XLK	EA	5.56	14.28	9.02	-3.51	-6.34	3.66	27.93	****
SPDR Wish REIT	RWR	ERE	0.27	8.66	12.04	2.76	-4.59	4.96	69.63	****
Vngrd Cnsmr Dis	VCR	EA	4.43	13.45	10.14	-1.34	-5.93	3.83	68.41	****
Vngrd Grth	VUG	ELC	0.76	9.46	6.44	-3.59	-6.29	3.54	66.31	****
Vngrd Health	VHT	EA	-0.12	9.16	7.24	0.34	-3.34	3.06	65.05	****
Vngrd Tech	VTG	EA	2.71	12.75	6.87	-5.79	-8.18	4.39	66.75	****
Wtree Eqty Income	DHS	EGI	3.30	9.42	5.59	-0.18	-2.61	2.30	44.04	****
Wtree LrgCap Div	DLN	ELC	1.02	8.93	5.12	-2.60	-4.59	2.70	50.52	****

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>
Guggnhm China All	YAO	EWR	-24.65	-13.32	-5.93	-14.28	-10.39	7.36	21.73	***
Guggnhm China REIT	TAO	EWR	-16.59	-6.38	10.06	-11.10	-7.31	8.55	16.74	***
Guggnhm China Sml	HAO	EWR	-31.36	-16.49	-8.50	-15.68	-8.88	8.51	20.01	***
Guggnhm Euro-Pac	EEN	EW	-15.35	-15.68	-3.35	12.31	4.08	6.10	17.18	***
Guggnhm Frntr	FRN	EW	-16.08	-10.83	0.97	-8.07	-8.68	5.24	19.26	***
Guggnhm Gbl Wtr	CGW	EW	-10.89	-1.40	0.82	-4.22	-7.15	3.89	19.71	***
Guggnhm Inscr Sent	NFO	EMC	-13.18	-0.66	-0.32	-8.42	-8.53	5.06	31.43	***
Guggnhm Intrntl SmlCap	XGC	EW	-20.76	-21.38	-7.87	12.80	7.46	7.10	18.86	***
Guggnhm MidCap Core	CZA	EMC	-2.40	9.56	7.12	-3.38	-4.78	3.75	31.30	***
Guggnhm Multi Ast In	CVY	EV	-5.85	1.47	2.02	-6.03	-5.26	2.97	20.72	***
Guggnhm RJ All	RYJ	ELC	-6.57	8.43	6.35	-6.45	-7.97	4.92	21.60	***
Guggnhm Shipping	SEA	EA	-35.18	-9.76	11.43	-10.97	-11.27	8.25	15.99	***
iShares China	FXI	EW	-26.18	-13.31	-7.54	-16.87	-11.69	6.86	33.49	***
iShares Emrg Mrkt Stk	EEM	EW	-22.32	-11.81	-5.77	-14.96	-10.70	6.49	37.70	***
iShares Europe 350	IEV	EW	-26.71	-11.17	-7.46	-14.04	-11.83	5.76	32.13	***
iShares Gold	IAU	EG	1.47	-14.65	-10.84	-7.71	-6.28	5.82	15.21	***
iShares Latin Amr	ILF	EW	-23.31	-14.68	-7.91	-17.38	-12.18	6.02	40.17	***
iShares Mexico	EWX	EW	-12.64	-7.32	-1.00	-8.19	-11.90	5.03	54.48	***
iShares Prfrd	PFF	EGI	-4.44	1.43	6.59	-2.07	-1.62	2.28	38.31	***
iShares Russel 2000	IWM	ESC	-10.29	4.76	3.23	-6.10	-6.58	4.59	76.11	***
iShares Russel MidVal	IWS	EV	-8.40	5.25	4.05	-4.99	-6.03	3.87	44.91	***
iShares Silver	SLV	EG	-28.30	-33.35	-15.75	-19.64	-10.46	13.09	26.96	***
PS Aerospace & Def	PPA	EA	-8.55	5.11	2.49	-7.63	-7.41	3.80	18.50	***
PS BLDR Asia 50 ADR	ADRA	EW	-19.75	-10.55	-5.25	-13.85	-11.33	4.91	22.39	***
PS DB Gold	DGL	EG	0.20	-15.47	-11.54	-8.03	-6.45	5.78	53.97	***
PS DB Oil	DBO	EA	-19.60	-5.90	-13.94	-20.60	-18.19	7.15	24.70	***
PS DB Precious Metals	DBP	EG	-6.80	-19.63	-12.47	-10.49	-7.11	7.31	53.56	***
PS DB Silver	DBS	EG	-28.83	-33.94	-16.21	-20.16	-10.81	13.32	48.09	***
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-14.22	-10.99	-2.01	-9.19	-10.40	5.83	16.11	***
PS Dyn Dvlp Intrnl Opp	PFA	EW	-15.24	-20.16	-16.76	-0.26	7.26	5.03	15.63	***
PS Dyn MagniQuant	PIQ	ELC	-7.31	5.15	6.05	-5.11	-6.58	4.70	24.71	***
PS Dyn Mrkt	PWC	ELC	-8.92	5.91	7.76	-4.03	-6.86	4.48	43.58	***
PS Dyn OTC	PWO	ESC	-12.35	3.20	5.36	-5.80	-9.09	4.57	46.79	***
PS Dynmc Basic Matrl	PYZ	EA	-14.03	0.50	5.85	-8.29	-9.88	6.17	34.40	***
PS Dynmc Biotech	PBE	EA	-8.16	8.10	9.37	-3.74	-3.91	4.64	21.36	***
PS Dynmc Bldg Cnstrctn	PKB	EA	-6.72	12.02	9.71	-6.24	-10.32	5.99	12.77	***
PS Dynmc Consmr Staples	PSL	EA	-1.35	4.98	4.38	-0.87	-3.03	2.70	31.72	***
PS Dynmc Energy	PXI	EA	-14.60	-4.62	-5.70	-13.43	-9.76	6.23	36.54	***
PS Dynmc Energy Explor	PXE	EA	-17.10	-7.18	-5.40	-16.11	-11.49	6.69	21.72	***
PS Dynmc Fncl	PFI	EA	-5.59	8.37	6.52	-4.57	-6.18	4.38	18.78	***
PS Dynmc Food & Bev	PBJ	EA	-3.53	1.92	4.57	1.08	-0.51	2.40	19.68	***
PS Dynmc Healthcare	PTH	EA	-3.95	9.69	8.55	-1.41	-5.27	4.12	30.67	***
PS Dynmc Indstrls	PRN	EA	-10.01	7.34	5.34	-4.65	-5.00	4.80	28.54	***
PS Dynmc Lrg Cap Value	PWV	ELC	-2.85	8.58	4.17	-2.81	-4.64	3.05	19.74	***
PS Dynmc Media	PBS	EA	-9.35	6.30	9.45	-4.61	-5.51	4.80	14.04	***
PS Dynmc Networking	PXQ	EA	-15.26	7.14	-4.04	-12.30	-12.17	6.43	24.32	***
PS Dynmc Oil & Gas Srvcs	PXJ	EA	-28.25	-17.32	-15.88	-18.91	-13.04	8.06	17.80	***
PS Dynmc Semicndctr	PSI	EA	-20.08	7.10	2.69	-8.36	-8.94	6.49	14.31	***
PS Dynmc Software	PSJ	EA	-6.04	10.87	3.81	-3.19	-6.32	4.45	25.19	***
PS Dynmc Technology	PTF	EA	-10.06	9.26	4.79	-8.03	-10.25	5.13	24.51	***
PS Dynmc Utilities	PUI	EA	-6.36	1.73	1.67	-0.80	-1.24	2.13	16.44	***
PS Emrg Mrkt Infrastrctr	PXR	EW	-31.32	-17.05	-4.13	-17.22	-12.07	8.10	37.17	***
PS Fincl Pfd	PGF	EGI	-4.17	1.33	8.12	-1.68	-1.40	2.47	17.57	***
PS FTSE RAFI Asia Pac xJpn	PAF	EW	-22.43	-12.42	-8.10	-13.43	-11.01	6.42	46.13	***
PS FTSE RAFI Emrg Mrkt	PXH	EW	-25.38	-14.89	-8.37	-18.25	-12.37	6.45	19.49	***
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	-10.74	4.40	3.30	-6.94	-7.61	4.72	61.85	***
PS Gbl Agriculture	PAGG	EA	-18.49	-14.40	-3.23	-9.46	-8.61	5.12	27.13	***
PS Gbl Listd Prvt Eqty	PSP	EW	-29.93	-9.45	1.10	-11.78	-11.02	7.02	8.24	***
PS Gbl Nuclr Enrgy	PKN	EW	-25.91	-13.76	-11.09	-16.58	-10.82	6.17	14.67	***
PS Gbl Water	PIO	EW	-22.89	-8.50	-1.52	-8.19	-8.61	5.32	16.13	***
PS Ibtstn Altrntv	PTO	ELC	-11.61	-9.97	-4.28	-9.60	-7.09	3.56	10.74	***

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	-33.01	-15.34	-1.12	-5.08	-2.99	5.47	6.17	***
PS Mega Cap	PMA	ELC	-2.31	5.18	2.74	-7.51	-9.10	3.59	26.61	***
PS MENA Frntr Countries	PMNA	EW	-14.97	-7.13	-1.39	-5.94	-6.23	3.07	10.68	***
PS Mrngstr Stk	PYH	ELC	-3.20	5.65	3.99	-3.79	-6.07	3.45	20.58	***
PS NASDAQ Intrnt	PNQI	EA	-4.43	2.69	8.96	-3.70	-8.01	5.73	37.80	***
PS RvrFrnt Tac Bal	PAO	EGI	-13.08	-2.45	0.96	-6.78	-6.70	3.40	11.56	***
PS RvrFrnt Tac G&I	PCA	EGI	-7.11	-0.48	1.72	-4.39	-3.94	2.49	12.42	***
PS S&P 500 BuyWrite	PBP	ELC	-8.24	1.54	-5.44	-2.65	-4.16	2.92	19.81	***
PS S&P SmlCap Energy	PSCE	EA	-22.92	-8.24	-13.01	-20.64	-16.90	7.94	30.30	***
PS S&P SmlCap Hlth Care	PSCH	EA	-3.80	11.73	5.64	-2.39	-4.47	4.51	33.15	***
PS S&P SmlCap Indstrils	PSCI	EA	-8.29	3.98	2.82	-6.99	-6.74	4.92	27.67	***
PS S&P SmlCap Info Tech	PSCT	EA	-11.88	8.22	1.18	-8.65	-8.68	5.27	28.18	***
PS S&P SmlCap Mtrls	PSCM	EA	-13.48	-1.07	1.13	-9.12	-9.82	4.88	25.90	***
PS S&P SmlCap Utilities	PSCU	EA	-4.43	-2.36	-2.85	-4.65	-1.07	2.27	29.20	***
PS Water Resources	PHO	EA	-11.81	2.03	2.03	-7.19	-6.45	4.73	17.55	***
PS WilderHill Prgsv Enrgy	PUW	EA	-21.13	-4.00	-0.04	-13.38	-10.87	6.57	23.04	***
PS Zacks Micro Cap	PZI	ESC	-13.54	4.98	4.36	-5.22	-7.14	4.99	10.54	***
Select SPDR Div	SDY	EGI	-1.45	5.29	1.41	-2.41	-3.71	2.35	54.56	***
Select SPDR Enrgy	XLE	EA	-17.48	-7.30	-10.22	-15.02	-10.68	5.49	63.63	***
Select SPDR Financils	XLF	EA	-11.55	4.71	9.37	-5.08	-9.20	5.77	14.01	***
Select SPDR Indl	XLI	EA	-7.87	7.01	2.30	-6.88	-6.32	4.39	34.67	***
Select SPDR Matrils	XLB	EA	-14.92	-4.30	-2.03	-8.52	-7.77	5.02	33.82	***
SPDR DJ Gbl Titans	DGT	EW	-19.10	-7.70	-4.50	-11.67	-8.94	4.65	49.29	***
SPDR DJ Industrials	DIA	ELC	-1.43	6.68	2.92	-4.32	-6.15	3.09	123.70	***
SPDR Gold	GLD	EG	1.32	-14.69	-10.88	-7.71	-6.34	5.79	151.62	***
SPDR S&P 500	SPY	ELC	-2.54	7.57	5.18	-4.05	-6.01	3.45	131.47	***
Vngrd Div Aprprctn	VIG	EGI	-1.62	6.65	2.50	-3.16	-4.37	2.91	55.80	***
Vngrd Emrg Mrkt	VWO	EW	-22.58	-13.45	-6.86	-14.81	-10.66	6.43	38.02	***
Vngrd Extnd 4500	VXF	ELC	-8.62	5.44	4.31	-5.85	-7.02	4.60	54.70	***
Vngrd Fincl Srv	VFH	EA	-10.24	5.49	9.72	-3.93	-8.14	5.38	29.80	***
Vngrd Large Cap	VV	ELC	-3.00	7.34	5.25	-4.05	-6.15	3.50	60.10	***
Vngrd Materials	VAW	ELC	-14.53	-3.98	-2.59	-8.92	-8.63	5.40	74.47	***
Vngrd MidCap Val	VO	EMC	-8.58	4.24	2.92	-5.93	-7.10	4.23	75.31	***
Vngrd Small Cap	VB	ESC	-8.83	5.43	3.18	-5.55	-6.72	4.62	72.68	***
Vngrd Small Cap Grth	VBK	ESC	-8.87	5.84	3.45	-6.06	-7.20	4.91	79.89	***
Vngrd Small Cap Value	VBR	ESC	-8.79	4.95	2.78	-5.05	-6.32	4.35	65.28	***
Vngrd TTL Stock	VTI	ELC	-3.75	7.25	5.14	-4.37	-6.23	3.57	67.33	***
Wtree Div Ex Fincl	DTN	ELC	-1.71	5.29	1.21	-4.98	-5.29	2.57	51.76	***
Wtree Emrg Mrkt Eincm	DEM	EW	-17.80	-10.20	-1.68	-11.71	-9.15	5.28	51.51	***
Wtree Emrg Mrkt SC Div	DGS	EW	-21.22	-9.72	0.87	-10.42	-9.32	6.14	43.09	***
Wtree Eur SC Div	DFE	EW	-28.01	-11.62	-1.36	-13.35	-12.08	6.45	33.32	***
Wtree Gbl Eqty Incm	DEW	EW	-18.05	-8.67	-3.57	-9.63	-8.25	4.09	37.81	***
Wtree India	EPI	EWR	-32.75	-23.68	-9.75	-22.48	-13.64	8.71	15.83	***
Wtree Intrntl REIT	DRW	ERE	-17.41	-6.88	2.66	-7.12	-7.08	5.37	25.05	***
Wtree Intrntl SC Div	DLS	EW	-19.14	-9.90	-3.34	-10.86	-10.01	4.32	43.76	***
Wtree Japan Hedge Eqty	DXJ	EC	-14.01	-6.50	-4.03	-13.24	-9.61	3.96	30.93	***
Wtree Japan SC Div	DFJ	EWR	-1.82	-5.68	-2.74	-6.50	-7.03	3.19	41.17	***
Wtree LrgCap Grth	ROI	ELC	-2.13	7.45	6.29	-6.10	-5.99	4.02	38.00	***
Wtree MidCap Div	DON	EMC	-5.28	4.65	3.63	-4.26	-5.57	3.36	53.09	***
Wtree MidCap Earn	EZM	EMC	-7.77	4.93	2.89	-9.33	-8.05	4.62	55.04	***
Wtree Middle East Div	GULF	EW	-11.67	-3.77	-3.77	-5.95	-4.72	3.08	14.53	***
Wtree S&P 500	EPS	ELC	-1.39	8.39	5.61	-5.44	-6.48	3.57	45.65	***
Wtree Sml Cap Div	DES	ESC	-5.61	5.90	3.85	-4.23	-4.91	3.59	46.14	***
Wtree Ttl Earn	EXT	ELC	-1.77	8.43	5.98	-4.42	-5.97	3.66	46.95	***

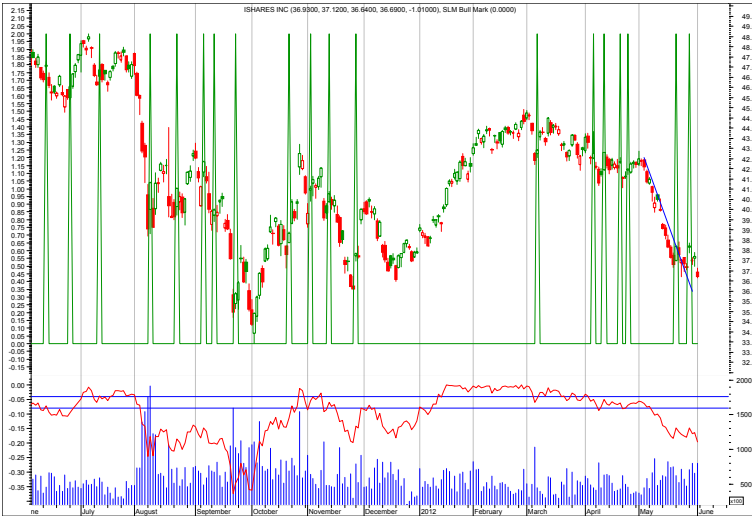
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Bottom ETF Growth Ranking to same month end

<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>
Guggnhm BRIC	EEB	EW	-28.25	-19.99	-13.04	-20.34	-13.38	6.82	32.94	**
Guggnhm Candn Enrg Incm	ENY	EWR	-33.23	-19.55	-11.80	-19.60	-14.66	6.71	14.73	**
Guggnhm Intrntl A Incm	HGI	EW	-24.63	-14.50	-8.71	-16.58	-12.06	5.26	15.09	**
Guggnhm Timber	CUT	EA	-29.62	-15.23	-7.08	-16.58	-12.74	5.73	15.75	**
iShares Canada	EWC	EW	-23.04	-15.29	-7.79	-12.75	-10.72	4.38	25.32	**
iShares EAFE Indx	EFA	EW	-23.04	-10.85	-6.79	-12.62	-11.14	4.94	47.76	**
iShares Slct Div	IDV	ELC	-23.32	-13.24	-7.79	-13.11	-11.04	5.12	28.31	**
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	-22.22	-10.39	-7.46	-13.12	-10.53	4.99	17.75	**
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-22.67	-14.13	-8.75	-16.76	-11.52	5.67	36.40	**
PS BLDR Europe 100 ADR	ADRU	EW	-23.96	-10.08	-7.95	-13.36	-10.75	5.20	17.36	**
PS Cleantech	PZD	EA	-28.40	-15.21	-7.21	-13.09	-9.16	5.62	20.85	**
PS DB Base Metals	DBB	EG	-23.79	-21.27	-8.41	-13.40	-9.28	5.44	18.29	**
PS DB Commodity	DBC	EA	-16.56	-16.31	-8.68	-13.92	-11.16	4.69	25.24	**
PS DB Energy	DBE	EA	-17.13	-12.45	-9.83	-16.59	-14.41	5.47	25.59	**
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	-26.84	-15.08	-7.10	-12.68	-12.13	5.70	17.00	**
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	-28.72	-14.86	-11.06	-16.79	-12.59	5.82	30.10	**
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	-20.95	-13.77	-6.83	-12.72	-10.42	4.28	20.04	**
PS Gbl Steel	PSTL	EA	-39.69	-27.87	-14.39	-24.06	-14.00	7.88	13.51	**
PS Gldn Drgn USX China	PGJ	EW	-29.81	-21.08	-9.92	-15.26	-10.84	6.66	19.17	**
PS India	PIN	EW	-30.30	-21.98	-11.59	-20.38	-10.65	7.46	15.94	**
PS Intrntl Dvnd	PID	EW	-16.21	-8.60	-5.63	-9.97	-9.51	3.75	13.90	**
SPDR Euro Stoxx 50	FEZ	EW	-36.53	-19.04	-14.79	-19.71	-12.65	7.05	26.44	**
Wtree DEFA	DWM	EW	-24.29	-13.09	-8.36	-13.57	-11.36	4.87	38.92	**
Wtree DEFA Eqty Incm	DTH	EW	-25.87	-14.46	-10.34	-13.45	-10.17	5.05	33.90	**
Wtree Intrntl Div Ex Fincl	DOO	EW	-25.17	-14.13	-10.99	-13.58	-9.89	4.64	36.52	**
Wtree Intrntl LC Div	DOL	EW	-23.58	-11.82	-8.39	-13.28	-10.67	5.06	37.69	**
Wtree Intrntl MC Div	DIM	EW	-24.14	-13.56	-5.62	-12.83	-10.62	4.92	41.91	**
Wtree Intrntl Utilities	DBU	EA	-21.66	-13.67	-6.88	-11.04	-8.29	3.88	16.93	**
Guggnhm Gbl Div	LVL	EW	-25.08	-15.56	-11.36	-15.09	-9.77	4.62	12.10	*
Guggnhm Solar	TAN	EA	-76.53	-67.80	-42.74	-39.19	-20.63	13.71	17.58	*
iShares Spain	EWP	EW	-50.59	-40.55	-35.06	-31.49	-17.97	6.94	21.36	*
PS DB Agriculture	DBA	EA	-20.32	-23.54	-10.04	-10.84	-4.43	3.34	26.08	*
PS Gbl Clean Enrgy	PBD	EW	-49.59	-35.22	-19.61	-22.25	-12.20	8.58	7.34	*
PS Gbl Coal	PKOL	EA	-47.43	-38.12	-29.55	-30.35	-21.91	8.67	19.04	*
PS Gbl Gold Precious Mtls	PSAU	EG	-30.35	-33.69	-27.51	-24.78	-9.91	7.07	33.20	*
PS Gbl Wind Energy	PWND	EW	-50.33	-37.94	-27.98	-28.47	-17.19	7.98	5.25	*
PS WilderHill Cln Enrgy	PBW	EA	-55.39	-41.24	-22.83	-26.04	-16.14	8.79	4.26	*
Wtree World Ex US Grth	DNL	EW	-22.93	-14.79	-6.57	-15.88	-12.30	5.78	44.37	*

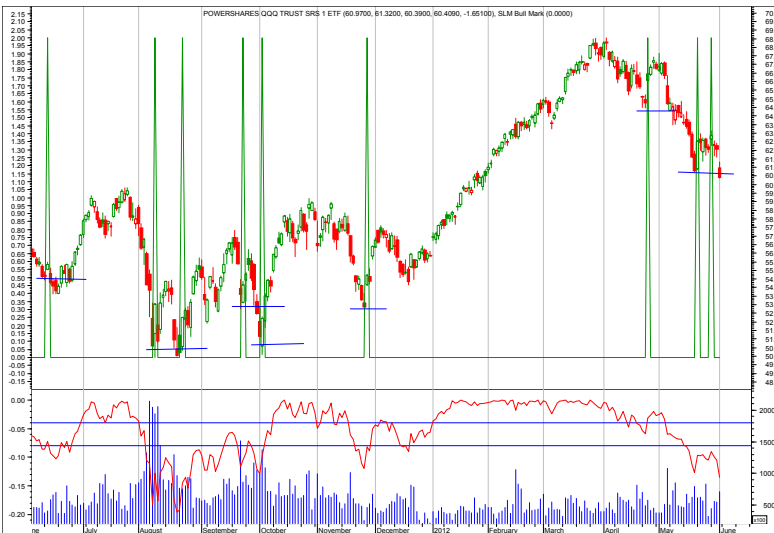
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Growth Charts



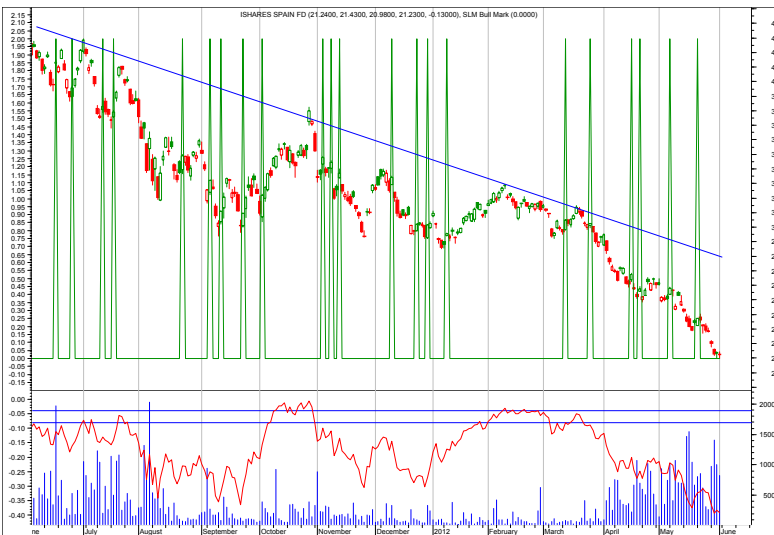
EEM—Emerging Markets

6/4 Stopped out.
5/28 No changes.
5/21 Oversold, time to reenter.



QQQ—NASDAQ 100

6/4 Stopped out, as the lows do not hold.
5/28 No changes.
5/21 Also oversold. Due for a bounce.



EWP—Spain

6/4 No good to buy when the primary trend is down. The definition of a bear market is when it is making lower lows and lower highs. When you buy into that, you're nearly guaranteed losses.
5/28 We were short this one, but too tight of stops. Spain has lost 50% in the last 12 months, but no reason at this point to buy.

Each chart shows daily prices, a moving average (smoothed red line on price portion), and spikes. The spikes show potential buy and sell short signals. Generally speaking, if the moving average is trending down, the spike shows a potential sell short. If the moving average is trending up, the spike shows a potential buy. The charts do not show selling or covering signals.

Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) *REVIEW*

wherein it sells short-term bills and buys long-term notes and bonds, is set to expire at month's end. Unless it is extended, this is a negative.

But 10-year Treasuries are already at historic lows around 1.5%. Given the weak job market, it is doubtful the Fed won't try to do something more. It will most likely continue its Operation Twist program. Meanwhile, it is committed to keeping short-term rates near zero at least through the end of 2014. Unfortunately, each program has had less and less of a positive impact. So, this is a mildly positive position, but one already discounted.

Economy. Clearly the EU is

in a recession. China is slowing. Brazil is slowing. The US is slowing. However, the latter three are still in a growth phase, just not as robust as it was. The fear is we will continue to slow down. Where's the demand?

Politics. There is great uncertainty as to who the next president will be and which party will dominate Congress. Believe it's called a lame duck. Major policy issues abound nonetheless. If the tax cuts expire and spending cuts retained, various studies have suggested this will automatically push the US also into recession next year. Given that the stock market looks ahead, we may already be seeing this anticipated. Obviously a recession hurts cor-

porate profits, so a PE of 14x may easily become 21x in a slow-down. The market marks itself down to reflect that.

So, to answer the question whether a bear market has begun, the answer appears to be yes.

To be sure, like any other bear, or bull market for that matter, nothing moves in a straight line. There will be rallies and sell offs. But the main trend now appears to be down.

The secular bear dating from 2000 continues and appears to now be joined by the start of a cyclical bear market whose eventual bottom looks to be 2013-2014. A typical cyclical bear will decline roughly 40% peak to trough.

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 2-5 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 over different time periods. For example, we may be in a secular bear market, but there are cyclical bull and bear markets.

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.

6/4/11 ETF rankings are updated through 5/31/12. A couple of ETFs were deleted that quit trading.

5/28/12 No changes

5/21/12 No newsletter changes.

5/14/12 No changes.

5/7/12 ETF monthly rankings are updated through 4/30/12.

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.

Growth Portfolio, page 6: Uses the same methodologies as in the Income Portfolio, except as it is applied to stock-oriented ETFs.

Both portfolios were started on 1/1/10 with \$100,000.

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.

Portfolios are updated through the Friday close the week before.

Dividends are reinvested in additional shares. Commissions of \$10/trade and short-term redemption charges, if any, are applied.

Interest is zero for the money market (cash) position.

Wilshire 5000 TR (total return) includes dividend reinvestment. This is a broad based index of domestic stocks.

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