

ETF Selections & Timing

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Rolling

The minor negative divergence between the Dow Industrials and Transports I talked about last week has been confirmed by both indexes with their closings below their previous low prices established before the divergence. This is marked on the chart be-

low with a vertical line.

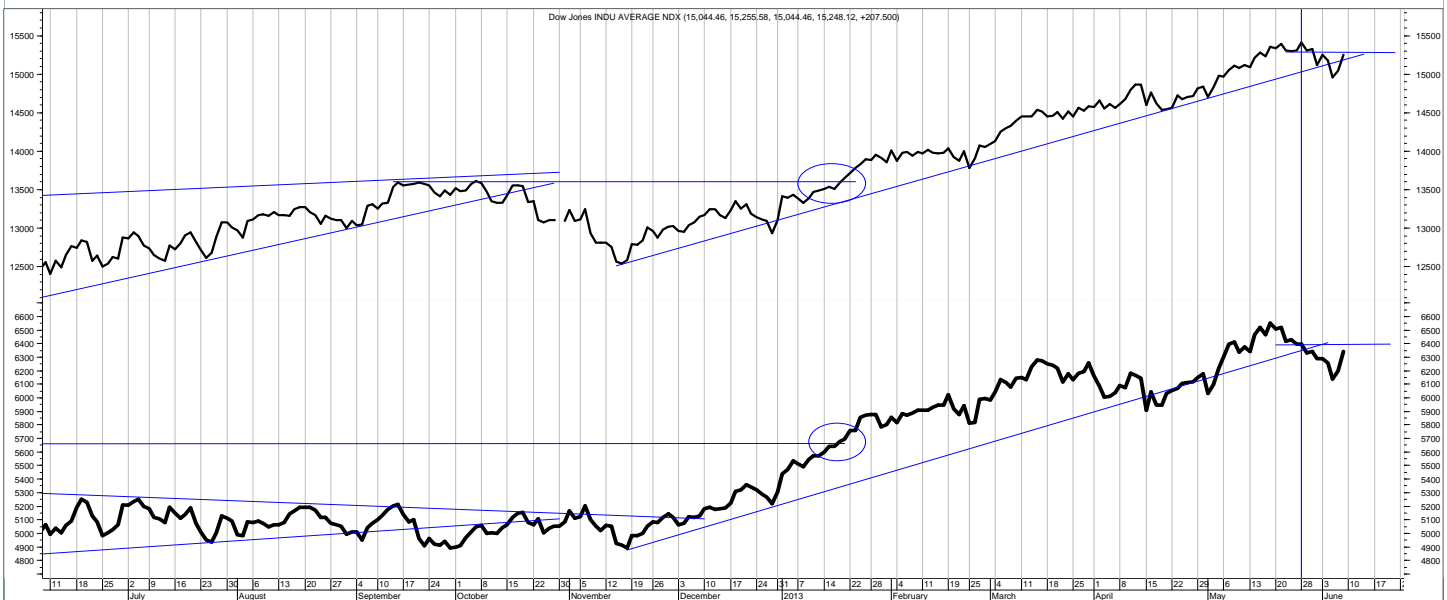
This is new market behavior from over the last 6 months when negative divergences were not confirmed with both selling off and when they were fairly quickly erased by combined rallies in both indexes.

In addition to the negative

divergence, both indexes broke through their uptrend lines.

To be sure, this is a very tight and narrow divergence at the present. Still, the most likely scenario to watch for now, therefore, is for a further minor

(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	-0.4%	4.0%	-1.0	0.3	-0.3	0.0%
ETF Growth Portfolio	11.4%	11.9%	11.0	2.5	-1.5	0.1%
Aggrgt Bond (AGG)	-2.4%	-2.1%	-2.7	-1.1	-1.7	-0.5%
S&P 500 TtlRtrn	18.2%	26.6%	17.1	6.5	0.9	0.8%
World Growth Index	13.6%	24.3%	13.9	4.1	-0.5	0.4%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 6/7/2013								
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 5/6	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total	
6-May	sell	PCY	31.07	201	6,235									
6-May	buy	LQD	121.14	50	6,067									
14-May	sell	AGG	110.12	627	69,068	BSV	80.00	shrt trm	81.01	80.46	374.0	30,089.55	26.5%	
28-May	buy	JNK	41.14	150	6,181	JNK	39.00	high yield	41.14	40.31	150.8	6,076.81	5.4%	
28-May	sell	LQD	118.34	50	5,907									
						Money Market					1.00	77,244	77,244.00	68.1%
										Total Valuation=		113,410.36	100.0%	

WEEKLY REVIEW

6/10 Sell off continues, but perhaps getting overdone. Watching for potential entry points.

6/3 The bond market is selling off on fears the Fed is pulling the punch bowl from the 30-year secular bond market (see Special Report). In addition to being stopped out of AGG, we're now stopped out of LQD. JNK, the new position, is hanging in there, but it may just be a matter of time before it too is stopped out.

5/28 As mentioned last week, we're stopped out of AGG. It has traded lower since then and is now below previous lows from a few months ago (see chart page 5). I'll be watching for a reversal. Often times securities will trade below previous lows, which takes out the stops, and then reverses.

JNK has pulled back to support; so, time to reenter as noted above.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Income Portfolio	4.8%	3.6	4.8	-0.4	13.4	4.0
Aggregate Bond	2.5%	4.3	0.9	-2.4	5.3	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 5/31/13

Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	Rank
iShares 1-3yr Trsry	SHY	BS	0.19	0.06	0.07	-0.03	-0.13	0.08	84.38	*****
Vngrd ShrtTrm Bond	BSV	BS	0.98	0.20	-0.07	-0.22	-0.53	0.20	80.58	*****
iShares 3-7yr Trsry	IEI	BI	-0.08	-0.70	-0.87	-0.69	-1.34	0.53	122.39	*****
iShares Inter Bond	MBB	BI	-0.35	-1.34	-1.06	-1.16	-1.77	0.37	106.34	****
iShares Inter Gov	GVI	BI	1.06	-0.16	-0.71	-0.58	-1.27	0.43	111.25	****
Vngrd Intrmtdt Bond	BND	BI	0.61	-0.84	-1.18	-0.85	-1.93	0.60	82.40	****
Wtree Dryfs Chns Yuan	CYB	BF	4.43	4.06	1.72	1.68	0.35	0.45	26.02	****
Currency Euro	FXE	BF	4.67	3.04	-0.24	-0.55	-1.34	2.14	128.78	***
iShares 7-10yr Trsry	IEF	BI	-1.38	-2.22	-2.45	-1.35	-3.11	1.26	105.32	**
iShares Agg Bond	AGG	BI	0.59	-0.75	-1.23	-0.95	-2.00	0.60	109.11	**
iShares High Yld	HYG	BH	13.00	5.56	3.05	0.35	-2.58	1.53	92.92	**
iShares Intrntl Tbond	IGOV	BW	3.15	-1.10	-3.25	-1.36	-3.14	1.56	98.72	**
iShares Long Corp Bond	LQD	BL	4.62	0.28	-1.72	-1.16	-3.22	1.24	117.85	**
iShares Trsry Inflttn	TIP	BI	-1.91	-2.71	-4.34	-3.23	-4.19	1.05	116.73	**
PS Bld America	BAB	BI	4.60	2.01	0.46	-0.77	-2.73	1.39	29.95	**
PS DB Dollar Bearish	UDN	BF	-0.15	-2.88	-4.10	-1.59	-2.11	1.50	25.99	**
PS DB Dollar Bullish	UUP	BF	-1.65	1.39	3.15	1.07	1.85	1.51	22.61	**
PS DB G10 Currency	DBV	BF	12.66	6.30	2.83	-0.49	-3.35	1.82	26.51	**
PS Fdmntl Hi Yield Corp	PHB	BH	9.58	4.29	2.33	0.90	-1.72	1.08	19.19	**
PS Insrđ CA Muni	PWZ	BI	3.18	1.26	-1.69	-0.96	-1.63	0.95	24.92	**
PS Insrđ Natl Muni	PZA	BI	2.87	0.50	-3.01	-1.62	-2.15	1.21	25.10	**
PS Insrđ NY Muni	PZT	BI	2.09	-0.13	-2.90	-1.51	-1.64	1.11	24.12	**
PS Prfd	PGX	BF	10.00	4.05	2.56	0.53	-1.44	0.92	14.69	**
SPDR High Yield	JNK	BH	13.75	6.07	3.24	0.76	-2.31	1.59	40.58	**
SPDR Intrntl TBond	BWX	BW	-0.15	-3.62	-5.25	-2.11	-4.34	1.45	57.35	**
Wtree Dryfs Comdty Cur	CCX	BF	2.11	-2.50	-3.42	-4.47	-5.31	1.83	20.32	**
Wtree Dryfs Emrg Crncy	CEW	BF	4.50	0.34	-1.87	-3.13	-4.22	1.61	20.42	**
Wtree Emrg Mrkt Lcl Debt	ELD	BF	8.27	1.25	-2.39	-4.29	-6.12	1.98	50.21	**
iShares 10-20yr Trsry	TLH	BL	-3.50	-4.09	-4.09	-1.61	-4.34	1.96	130.66	**
PS 1-30 Ldr Trsry	PLW	BI	-4.02	-4.51	-4.17	-1.75	-4.29	1.87	31.47	**
PS Emrg Mrkt Svrgn Debt	PCY	BW	9.23	-1.02	-5.97	-3.47	-6.43	2.37	28.91	**
Wtree Dryfs Brazil Real	BZF	BF	-1.02	-1.65	1.99	-6.73	-5.68	2.64	18.44	**
Wtree Dryfs Euro	EU	BF	17.06	0.54	-2.44	-3.75	-1.63	3.76	21.32	**
Wtree Dryfs Indn Rupee	ICN	BF	6.03	2.45	-0.43	-2.06	-4.61	2.38	20.91	**
iShares 20+ yr Trsry	TLT	BL	-7.99	-8.65	-7.11	-2.81	-6.76	3.21	114.45	*

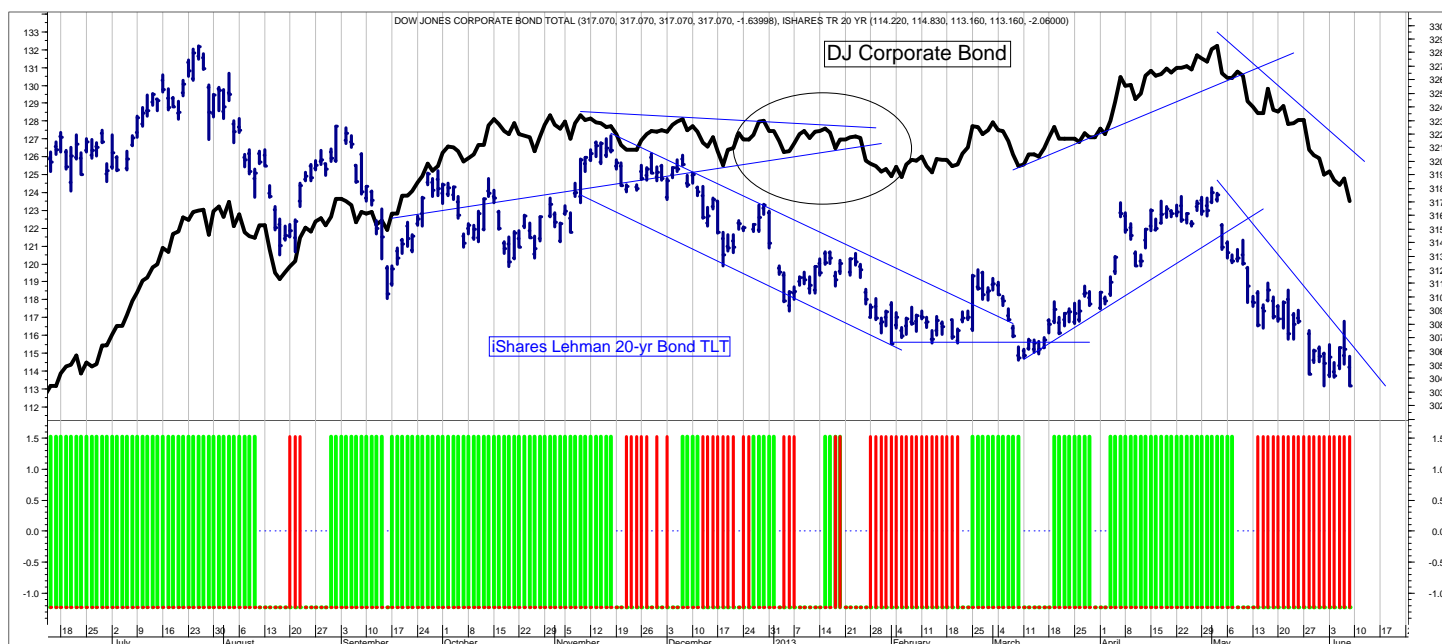
This is the ETF Income Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. CS is Comet Strength (not shown). C is Comet (not shown), which is an ETF's risk-adjusted performance; the higher the better. V, CS, 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

6/10 Trend still up for yields and down for prices (the chart above shows prices). It's been a quick sentiment change when the Fed just began talking about its end game for removing quantitative easing. A couple of months ago they had said they wouldn't make changes until unemployment reaches 6.5%, but with unemployment at 7.6% as of the latest reporting period (May), it is apparently getting close enough to start talking about it. Still "talk" itself is not action, so a buying zone may be getting set up.

6/3 Still trending bearish.

5/28 No changes. Still trending bearish.

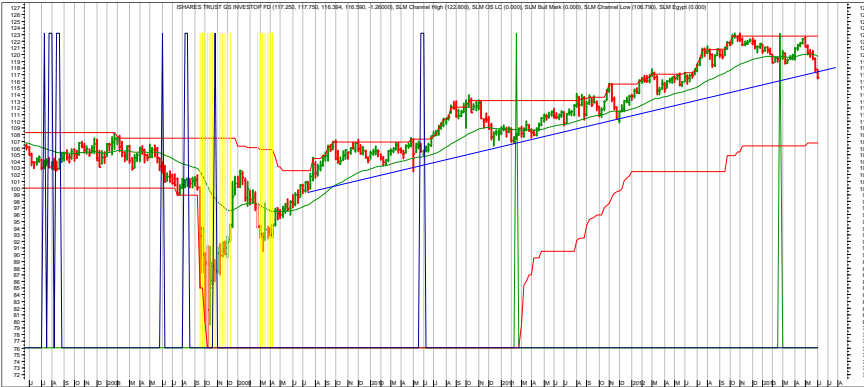
5/20 The trend following Bond Model has turned bearish. I'll move from bullish to neutral, expecting a sideways market to develop, rather than a continued selloff. We know the Fed will keep rates low, and selloffs may be good accumulation times.

5/13 Pullback in bonds continued, breaking some short-term up-trend lines. Timing model still bullish.

5/6 Pullback in bonds today and Friday on the better than expected jobs report. But it's only one data point in a sea of weak economic news. Still bullish on bonds.

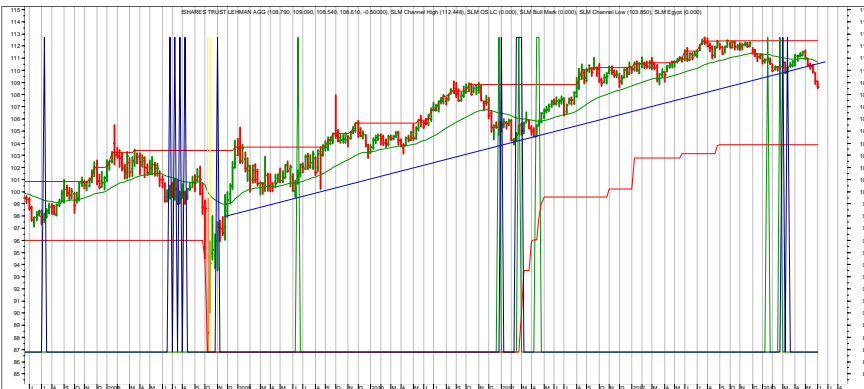
4/22 The recent trend is still up for bond prices (down for yields).

Income Charts (WEEKLY)



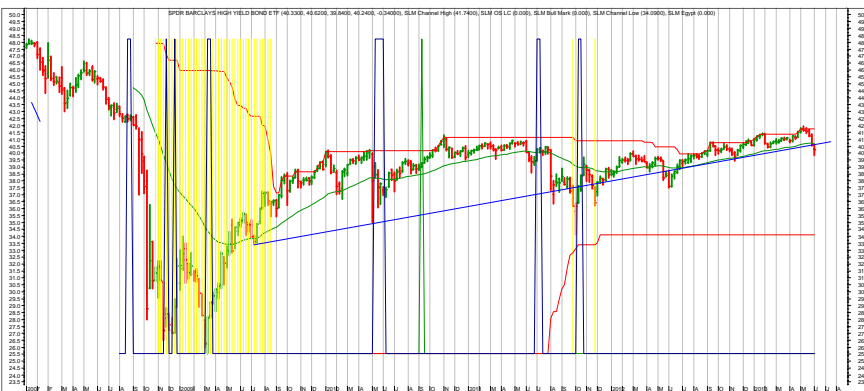
LQD—Investment Grade Corporate

6/10 Thought to back out the view from daily to weekly on all charts on this page to show the severity of the current correction. Most ETFs are breaking their long-term up-trend lines.
6/3 Stopped out of LQD. A possible buy will come if it rebounds above previous lows.



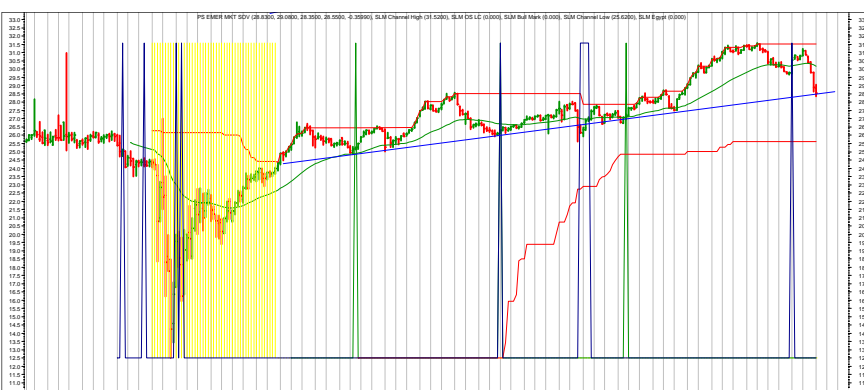
AGG—Aggregate Bond Market

6/10 Lows didn't hold. Long-term up-trend line also broken.
6/3 Hit the new lows. Watching for a reversal to signal a possible buy.
5/28 Watch for lows and reversal to signal a possible buy.



JNK—hi-yield bonds

6/10 Also in a sharp selloff.
6/3 Broke its uptrend. Watch stop level.
5/28 Pullback to support. See page 2.
5/20 Not much of a pullback, so standing aside.
5/13 Watch for a deeper pullback.
5/6 Sold too soon apparently, but I'll let others chase yield.



PCY—International Bonds

6/10 Pullback to long-term trend line. Continue to watch for potential reversal (and buy).
6/3 Pullback below previous lows. Watch for reversal.
5/28 Pullback below \$30.50, but ideally it will continue lower than previous lows, taking out the stops, and then reverse; at which point, I'll buy.

Each chart shows daily (or weekly if noted in page title at top) 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.

Growth Portfolio (changed as of 12/10/12)

ACTION FOR			PORTFOLIO DETAILS				Value as of date:			6/7/2013			
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
						LONG ETFs-							
10-Dec	buy	EEM	43.03	526	22,644	EEM		Emrg Mkt	43.03	40.69	529.380	21,540.47	17.1%
10-Dec	buy	EFA	55.55	409	22,730	EFA		Euro Asia	55.55	60.03	413.490	24,821.80	19.7%
10-Dec	buy	IWM	82.54	274	22,626	IWM		Rusl 2000	82.54	98.20	277.290	27,229.88	21.6%
10-Dec	buy	QQQ	65.12	347	22,607	QQQ		Nsdq 100	65.12	73.39	349.800	25,671.82	20.4%
10-Dec	buy	SPY	142.47	159	22,663	SPY		S&P 500	142.47	164.80	160.920	26,519.62	21.1%
						Two potential ways to sell: Stop loss is roughly 5% below current level, or timing model may also signal sell.							
						SHORT ETFs-							
						Cash from short							
						Money Market							
						Total Valuation=							
						125,950.59							
						100.0%							

WEEKLY REVIEW

6/10 No changes. The 'entry window' is still closed.

6/3 No changes. If the market "rolls over", a sell signal may be triggered.

5/28 No changes. EEM clearly holding back performance. Work continues on the newish selection model.

4/8 On the current pullback, the window to accumulate has reopened. The thinking behind this is to provide a **window of time** to buy for new subscribers or to add to positions for current subscribers. The window opens when the index's price pulls back (or hasn't accelerated enough) such that a new sell signal would be close enough to the window prices to try to avoid a loss of more than 5% on the new purchases. There are, of course, no guarantees, but this is the rationale behind the window. Since the Portfolio above is fully invested as of the previous buy signal, no changes are made. See also the comment of 3/11 on page 12.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	-2.1	11.4	26.0	5.4
World Growth Index	17.2%	-4.2	14.3	13.6	46.9	10.5

The ETF Growth Portfolio changed as of 12/10/12. 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 is WGM uses timing and WGI is always fully invested. WGI is rebalanced to 20% in each position daily (this accounts for the different returns when WGM is invested). Returns are of previous years, year to date (ytd), and from inception (incptn). It also shows standard deviation (SD). Work continues on Selecting models to buy the top ETFs and short the bottom ETFs. These, if warranted, will be incorporated into the Growth Portfolio also.

Top ETF Growth Ranking to 5/31/13 (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 Solar	TAN	EA	55.05	63.12	90.48	38.83	22.28	12.38	24.92	*****
Guggnhm Spin Off	CSD	EMC	44.56	40.49	29.41	15.52	6.91	3.40	37.30	*****
PS Aerospace & Def	PPA	EA	36.59	27.24	21.20	13.28	6.50	2.71	24.73	*****
PS Dynmc Bldg Cnstrctn	PKB	EA	59.84	37.81	20.97	7.81	3.41	4.61	20.30	*****
PS Dynmc Media	PBS	EA	48.42	30.91	27.03	14.30	2.78	3.61	20.67	*****
PS Dynmc Pharma	PJP	EA	40.16	28.69	23.69	12.54	4.50	3.23	42.54	*****
PS Glbl Clean Enrgy	PBD	EW	43.20	40.21	40.84	19.18	11.97	5.69	10.29	*****
PS S&P SmlCap Cnsmr Dis	PSCD	EA	36.27	27.81	24.74	15.03	6.58	3.25	40.49	*****
Select SPDR Financs	XLF	EA	44.27	32.70	27.11	13.17	6.10	3.88	19.84	*****
SPDR S&P Retail	XRT	EA	34.98	28.45	23.89	15.76	5.62	2.90	77.60	*****
Wtree Japan Hedge Eqty	DXJ	EC	52.13	48.73	38.67	13.04	-2.69	5.51	46.28	*****
Guggnhm RJ All	RYJ	ELC	28.55	22.97	20.98	9.80	3.98	2.52	27.67	****
iShares DJ US Home Constr.	ITB	EA	60.29	34.52	19.15	8.20	0.29	5.14	24.33	****
iShares Russel MidVal	IWS	EMC	33.58	24.50	20.50	7.37	1.71	2.57	58.74	****
PS Buyback Achievers	PKW	EGI	30.95	23.22	20.98	11.58	3.41	2.58	35.81	****
PS Dyn MagniQuant	PIQ	ELC	35.86	26.86	23.41	10.92	4.61	2.89	32.92	****
PS Dyn Mrkt	PWC	ELC	35.55	22.77	22.20	9.07	3.37	3.12	58.05	****
PS Dyn OTC	PWO	ESC	27.69	18.99	26.02	13.72	6.24	3.31	58.76	****
PS Dynmc Biotech	PBE	EA	39.65	28.41	27.97	20.67	5.41	4.43	29.83	****
PS Dynmc Cnsmr Discr	PEZ	EA	30.34	23.34	21.37	13.89	6.23	2.82	36.17	****
PS Dynmc Energy Explor	PXE	EA	50.58	27.17	21.06	3.07	5.62	5.02	31.93	****
PS Dynmc Fncl	PFI	EA	33.94	24.60	19.88	10.17	3.51	2.76	24.75	****
PS Dynmc Healthcare	PTH	EA	34.70	26.16	24.68	12.25	5.66	3.60	40.88	****
PS Dynmc Leisure & Enter	PEJ	EA	33.31	31.02	25.77	13.64	4.15	3.30	28.36	****
PS Dynmc Lrg Cap Value	PWV	ELC	33.29	22.39	20.18	9.43	1.86	2.63	25.69	****
PS Dynmc Retail	PMR	EA	27.87	24.25	21.26	17.46	6.23	2.69	30.87	****
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	34.86	25.99	22.15	9.88	5.49	3.28	82.00	****
PS Glbl Listd Prvt Eqty	PSP	EW	45.90	30.97	21.97	4.07	-1.62	3.79	11.57	****
PS S&P SmlCap Indstrils	PSCI	EA	36.16	28.90	20.34	5.78	6.68	3.75	36.89	****
PS S&P SmlCap Mtrls	PSCM	EA	41.49	29.08	20.07	6.48	5.15	3.75	36.31	****
PS WilderHill Cln Enrgy	PBW	EA	32.33	32.40	42.56	24.09	13.99	6.57	5.46	****
PS Zacks Micro Cap	PZI	ESC	37.12	28.07	24.06	10.09	5.43	3.81	14.18	****
Select SPDR Cnsmr Disc	XLY	EA	32.36	24.81	19.19	10.52	2.77	2.94	56.12	****
Select SPDR Health	XLV	EA	35.78	25.70	20.73	11.21	1.65	2.73	48.11	****
SPDR S&P Bank	KBE	EA	33.50	27.59	23.31	9.42	7.35	3.76	28.34	****
SPDR S&P Homebuilders	XHB	EA	50.76	31.65	17.85	9.28	2.01	4.00	30.90	****
Vngrd Cnsmr Dis	VCR	EA	34.17	26.25	20.15	11.62	3.42	2.85	90.42	****
Vngrd Fincl Srv	VFH	EA	39.08	28.46	24.14	10.53	3.71	3.44	40.50	****
Vngrd Health	VHT	EA	35.84	25.37	21.16	11.31	1.93	2.82	86.93	****
Vngrd Small Cap	VB	ESC	32.74	23.75	20.62	8.73	3.60	2.93	94.71	****
Vngrd Small Cap Value	VBR	ESC	33.27	24.39	20.63	7.90	3.11	2.75	84.78	****
Wtree MidCap Earn	EZM	EMC	35.11	26.53	20.19	8.12	3.96	2.86	73.04	****
Wtree Middle East Div	GULF	EW	31.54	29.70	24.19	10.42	3.06	2.92	18.19	****

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

Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	Rank
Alerian MLP	AMPLP	EGI	17.60	11.48	9.76	3.41	-0.78	2.12	17.40	***
Guggnhm China REIT	TAO	EWR	31.66	19.98	-1.65	-6.07	-5.62	5.49	21.66	***
Guggnhm China Sml	HAO	EWR	23.14	31.28	9.47	-0.69	1.50	4.30	24.31	***
Guggnhm Dfnsv Eqty	DEF	EV	20.74	13.94	12.86	4.43	-2.43	2.16	32.50	***
Guggnhm Gbl Wtr	CGW	EW	26.11	18.48	13.45	3.22	0.50	2.45	24.36	***
Guggnhm Insdr Sent	NFO	EMC	32.23	21.99	19.91	8.73	3.16	2.80	40.85	***
Guggnhm Intrntl A Incm	HGI	EW	19.19	10.09	7.28	1.42	-1.43	2.90	17.19	***
Guggnhm MidCap Core	CZA	EMC	28.56	22.94	20.08	7.23	1.77	2.19	39.75	***
Guggnhm Multi Ast In	CVY	EV	23.14	12.98	12.24	4.85	-0.45	1.99	24.13	***
Guggnhm Shipping	SEA	EA	12.26	17.33	13.68	2.48	1.99	3.64	17.43	***
Guggnhm Timber	CUT	EA	42.06	28.29	14.74	-0.76	-2.39	4.09	22.10	***
iShares Canada	EWC	EW	11.93	2.17	-0.04	-1.74	-1.03	2.49	27.73	***
iShares Cohen&Str REIT	ICF	ERE	13.21	5.42	9.82	2.64	-6.49	3.15	82.59	***
iShares Core S&P 500	IVV	ELC	27.30	17.75	16.42	8.25	2.40	2.57	164.30	***
iShares Core S&P Mid Cap	IJH	EMC	29.83	23.16	19.23	7.88	2.22	2.48	118.33	***
iShares DJ Slct Div	DVY	EGI	22.17	16.21	14.21	6.75	-1.28	2.04	64.63	***
iShares EAFE Indx	EFA	EW	30.18	17.68	10.26	3.18	-3.02	3.29	60.07	***
iShares Europe 350	IEV	EW	33.86	18.08	10.09	4.74	0.14	3.42	41.56	***
iShares Germany Indx	EWG	EW	38.24	23.23	11.18	6.00	2.67	4.08	26.15	***
iShares Hong Kong Indx	EWH	EW	27.52	16.75	3.79	-2.09	-3.71	3.41	19.70	***
iShares Italy Indx	EWI	EW	35.33	14.00	4.88	6.99	1.22	7.26	13.31	***
iShares Japan	EWJ	EW	24.43	20.91	17.42	6.17	-7.35	4.28	10.84	***
iShares Malaysia Indx	EWM	EW	17.26	11.27	10.06	9.51	1.20	2.31	16.01	***
iShares Prfrd	PFF	EGI	11.66	5.83	3.82	1.52	-0.66	0.93	40.33	***
iShares REIT	IYR	ERE	16.50	7.73	10.21	1.70	-6.49	2.99	68.69	***
iShares Russell 1000 Grwth Indx	IWF	ELC	22.34	14.05	13.84	8.02	1.93	2.41	74.29	***
iShares Russell 1000 Value Indx	IWD	ELC	32.45	22.32	19.31	8.42	2.67	2.65	84.59	***
iShares Russell 2000	IWM	ESC	31.13	22.42	20.52	8.39	3.93	3.10	97.80	***
iShares Russell 2000 Value Indx	IWN	ESC	31.19	22.31	19.58	7.21	2.96	2.93	86.32	***
iShares S&P 100 Indx	OEF	ELC	25.39	15.29	14.81	8.04	2.42	2.51	73.69	***
iShares Singapore	EWS	EW	21.08	5.67	2.54	-0.95	-6.30	3.11	13.53	***
iShares Slct Div	IDV	ELC	25.01	9.46	4.06	-1.16	-6.87	3.68	33.60	***
iShares Spain	EWP	EW	49.16	18.54	7.03	1.04	-3.14	8.07	30.21	***
iShares Taiwan Indx	EWT	EW	15.28	9.91	2.62	0.89	-2.57	3.36	13.64	***
iShares EMU Indx	EZU	EW	39.43	21.15	10.16	5.62	1.30	4.48	34.98	***
Market Vectors Oil Services	OIH	EA	23.91	8.42	12.84	0.84	1.08	3.76	43.23	***
Market Vectors Semiconductor	SMH	EA	25.92	18.67	22.11	9.03	3.35	3.50	38.29	***
PS BLDR Asia 50 ADR	ADRA	EW	23.99	17.66	11.31	0.52	-4.85	3.20	27.26	***
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	30.43	17.41	10.65	3.62	-1.80	3.24	22.34	***
PS BLDR Europe 100 ADR	ADRU	EW	31.91	16.48	9.58	4.99	0.09	3.40	22.08	***
PS Cleantech	PZD	EA	27.54	24.90	19.48	5.24	3.91	3.28	26.32	***
PS Dividend Achievers	PFM	EGI	22.76	14.72	13.71	5.84	0.11	1.97	18.35	***
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	31.66	18.21	10.12	4.35	-0.23	2.79	21.93	***
PS DWA Emrg Mrkt T Ldrs	PIE	EW	26.83	20.70	13.49	3.00	-3.61	3.06	20.28	***
PS DWA Tech Ldr	PDP	ELC	22.14	17.08	14.38	7.49	0.31	2.16	31.85	***
PS Dynmc Basic Matrl	PYZ	EA	31.77	22.64	14.71	4.68	2.91	2.93	44.57	***
PS Dynmc Consmr Staples	PSL	EA	28.82	22.25	18.06	9.77	0.83	2.57	40.01	***
PS Dynmc Energy	PXI	EA	38.43	22.90	19.56	2.43	2.91	3.77	49.81	***
PS Dynmc Food & Bev	PBJ	EA	25.68	21.58	20.64	11.04	3.09	2.40	24.33	***
PS Dynmc Lrg Cap Grth	PWB	ELC	25.03	18.43	15.38	8.77	2.54	2.53	21.83	***
PS Dynmc Oil & Gas Srvc	PXJ	EA	29.83	17.73	16.89	-1.11	2.67	4.30	23.08	***
PS Dynmc Semicndctr	PSI	EA	14.09	10.43	16.02	6.44	6.58	3.49	16.19	***
PS Dynmc Software	PSJ	EA	20.25	11.20	14.00	4.45	0.80	2.84	30.29	***
PS Dynmc Technology	PTF	EA	24.57	13.71	19.36	7.03	4.37	3.41	30.30	***
PS Dynmc Utilities	PUI	EA	19.45	13.50	12.89	6.70	-3.29	2.55	19.13	***
PS Fincl Pfd	PGF	EGI	11.38	4.43	3.02	0.83	-1.12	1.00	18.38	***
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	31.85	18.70	11.51	3.85	-1.51	3.74	38.52	***
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	24.75	16.06	8.97	-0.20	-3.83	3.12	24.38	***
PS Gbl Agriculture	PAGG	EA	14.70	6.44	2.24	-2.87	-2.75	2.66	30.71	***
PS Gbl Water	PIO	EW	24.89	17.92	14.48	4.00	1.75	2.73	19.76	***
PS Gldn Drgn USX China	PGJ	EW	13.82	19.15	16.28	12.51	8.94	4.20	21.32	***
PS Hi Yld Eqty Div	PEY	EGI	21.31	16.12	14.62	5.32	-1.09	1.90	10.61	***
PS Intrntl Dvdnd	PID	EW	25.68	15.38	11.24	4.05	-1.85	2.57	17.00	***
PS Lux Nanotech	PXN	EA	15.44	15.06	21.79	11.08	3.24	3.54	7.02	***
PS MENA Frntr Countries	PMNA	EW	10.73	8.66	10.21	5.67	4.81	2.20	11.55	***
PS NASDAQ Intrnt	PNQI	EA	28.37	21.59	21.01	8.62	5.18	3.60	48.50	***
PS QQQ	QQQ	ELC	19.58	8.63	12.21	9.42	3.58	2.88	73.25	***
PS S&P 500 BuyWrite	PBP	ELC	9.21	3.92	5.52	3.42	-0.10	1.42	20.79	***
PS S&P 500 LowVolatility Portfolio	SPLV	ELC	20.14	14.03	12.34	4.92	-3.61	2.34	30.95	***

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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 S&P SmlCap Cnsmr Stpl	PSCC	EA	25.23	17.82	18.83	11.85	2.88	3.22	41.38	***
PS S&P SmlCap Energy	PSCE	EA	33.32	23.54	21.71	9.35	4.07	4.20	40.10	***
PS S&P SmlCap Fincl	PSCF	EA	27.26	18.34	18.65	6.32	1.32	2.47	35.29	***
PS S&P SmlCap Hlth Care	PSCH	EA	28.03	17.15	20.61	9.65	7.28	3.91	42.28	***
PS S&P SmlCap Info Tech	PSCT	EA	28.72	20.15	22.26	8.92	8.23	3.27	35.90	***
PS S&P SmlCap Utilities	PSCU	EA	17.80	10.39	13.23	5.90	-3.11	2.89	33.07	***
PS US REIT	PSR	ERE	16.20	8.86	11.58	3.32	-4.79	2.82	61.48	***
PS Water Resources	PHO	EA	31.62	22.36	13.26	1.96	3.85	3.11	22.90	***
PS WilderHill Prgsv Enrgy	PUW	EA	25.95	19.14	17.10	5.21	5.19	3.27	28.79	***
Select SPDR Cnsmr Stpl	XLP	EA	22.18	15.60	12.94	5.67	-2.17	2.47	40.05	***
Select SPDR Div	SDY	EGI	27.68	20.89	17.30	7.30	0.37	2.08	67.50	***
Select SPDR Enrgy	XLE	EA	28.91	14.13	14.38	4.08	2.85	3.37	80.50	***
Select SPDR Indl	XLI	EA	28.45	21.91	18.61	6.71	5.02	2.37	43.53	***
Select SPDR MatrIs	XLB	EA	22.00	15.12	11.24	5.13	1.90	2.58	40.30	***
Select SPDR Technlgy	XLK	EA	15.39	5.30	9.76	7.29	2.79	2.69	31.66	***
SPDR DJ Gbl Titans	DGT	EW	27.75	18.79	13.95	5.32	0.72	2.60	61.40	***
SPDR DJ Industrials	DIA	ELC	25.20	17.62	17.61	8.34	2.37	2.41	151.10	***
SPDR Euro Stoxx 50	FEZ	EW	41.22	20.34	9.18	6.48	1.42	4.93	35.79	***
SPDR Mid Cap Trust	MDY	EMC	29.57	22.79	19.15	7.88	2.29	2.47	215.80	***
SPDR S&P 500	SPY	ELC	27.09	17.76	16.31	8.29	2.36	2.53	163.45	***
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	27.62	15.72	14.91	4.46	5.26	4.39	60.39	***
SPDR S&P Regional Banking	KRE	EA	25.71	19.93	20.34	8.40	5.70	3.47	32.82	***
SPDR Wsh REIT	RWR	ERE	15.37	7.64	11.38	3.01	-5.96	3.14	77.95	***
US Natural Gas	UNG	EA	26.92	13.23	4.51	11.11	-9.20	8.94	21.31	***
Vngrd Cnsmr Stpls	VDC	EA	23.26	16.39	13.64	6.25	-1.65	2.42	101.97	***
Vngrd Div Aprprctn	VIG	EGI	24.00	16.80	14.47	6.33	1.15	2.08	67.57	***
Vngrd Europe Pacific	VEA	EW	30.43	17.74	10.52	3.30	-2.97	3.29	37.19	***
Vngrd European Indx	VGK	EW	34.55	18.34	10.23	4.91	0.02	3.46	51.37	***
Vngrd Extnd 4500	VXF	ELC	31.25	23.57	20.23	8.45	2.79	2.80	70.62	***
Vngrd Grth	VUG	ELC	22.72	13.96	12.99	7.26	1.74	2.48	80.13	***
Vngrd Large Cap	VV	ELC	27.15	18.09	16.49	8.02	2.20	2.54	74.78	***
Vngrd Materials	VAW	EA	23.92	15.57	11.37	4.92	2.26	2.61	90.58	***
Vngrd MidCap Val	VO	EMC	29.63	22.66	19.75	8.25	1.85	2.56	96.25	***
Vngrd REIT	VNQ	ERE	17.35	9.04	12.43	3.23	-5.98	3.16	70.78	***
Vngrd Small Cap Grth	VBK	ESC	31.43	22.13	19.82	9.05	4.40	3.11	103.91	***
Vngrd Tech	VGT	EA	15.82	6.45	10.89	7.59	4.24	2.87	76.40	***
Vngrd TTL Intrntl Stk	VXUS	EW	24.46	14.12	7.25	1.02	-3.30	2.99	48.01	***
Vngrd TTL Stock	VTI	ELC	27.93	18.67	17.01	8.20	2.44	2.57	84.27	***
Vngrd Utilities	VPU	EA	11.95	8.91	10.25	2.31	-8.20	3.13	82.19	***
Wtree DEFA	DWM	EW	28.76	14.42	8.71	1.69	-4.45	3.46	48.26	***
Wtree DEFA Eqty Incm	DTH	EW	30.86	15.30	9.78	3.08	-3.92	3.54	42.40	***
Wtree Div Ex Fincl	DTN	ELC	27.49	17.18	14.83	6.88	-0.49	2.24	62.88	***
Wtree Emrg Mrkt SC Div	DGS	EW	21.56	15.78	9.66	-0.22	-3.70	2.61	50.72	***
Wtree Eqty Income	DHS	EGI	23.23	15.10	14.43	6.45	-2.08	2.50	51.88	***
Wtree Eur SC Div	DFE	EW	40.11	29.05	18.97	4.95	3.17	3.94	44.86	***
Wtree Gbl Eqty Incm	DEW	EW	22.52	10.62	6.85	1.13	-3.16	2.61	44.48	***
Wtree Intrntl Div Ex Fincl	DOO	EW	22.73	9.82	6.59	2.54	-2.97	3.15	42.79	***
Wtree Intrntl LC Div	DOL	EW	27.85	13.49	7.88	2.16	-3.95	3.39	46.41	***
Wtree Intrntl MC Div	DIM	EW	30.45	19.83	11.12	2.00	-3.17	3.25	52.86	***
Wtree Intrntl REIT	DRW	ERE	27.34	12.25	2.80	-2.77	-8.65	3.80	29.46	***
Wtree Intrntl SC Div	DLS	EW	32.07	23.14	14.55	2.07	-3.76	3.40	55.56	***
Wtree Intrntl Utilities	DBU	EW	12.62	8.66	6.19	2.10	-3.99	3.27	18.27	***
Wtree Japan SC Div	DFJ	EWR	15.38	12.10	9.74	1.80	-10.33	3.83	46.42	***
Wtree LrgCap Div	DLN	ELC	24.18	15.67	14.73	7.31	0.68	2.14	60.59	***
Wtree MidCap Div	DON	EMC	30.02	21.85	18.19	7.40	0.44	2.32	66.38	***
Wtree S&P 500	EPS	ELC	27.86	18.71	17.14	8.34	2.92	2.62	57.09	***
Wtree Sml Cap Div	DES	ESC	31.90	22.26	19.21	6.86	2.14	2.71	58.26	***
Wtree Ttl Earn	EXT	ELC	29.25	21.00	18.86	9.81	4.08	2.66	59.44	***
Wtree World Ex US Grth	DNL	EW	16.90	7.68	0.66	-3.77	-4.05	3.05	50.41	***

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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>
iShares Brazil Indx	EWZ	EW	0.75	-2.57	-0.41	-7.69	-7.72	4.10	50.89	**
Guggnhm BRIC	EEB	EW	3.98	1.36	-0.70	-4.47	-4.96	3.61	33.35	**
Guggnhm Candn Enrg Incm	ENY	EWR	0.80	-10.08	-6.56	-2.40	-1.23	3.77	14.43	**
Guggnhm China All	YAO	EWR	13.34	13.18	1.10	-3.99	-1.19	3.92	24.08	**
Guggnhm Frntr	FRN	EW	-8.12	-8.46	-8.02	-10.43	-7.44	3.43	17.17	**
Guggnhm Glbl Div	LVL	EW	16.17	6.43	4.23	-1.15	-5.17	3.58	13.02	**
iShares Australia	EWA	EW	24.46	7.75	1.27	-9.19	-13.13	4.35	24.41	**
iShares China	FXI	EW	10.46	9.13	-2.86	-7.55	-4.58	4.92	36.01	**
iShares Emrg Mrkt Stk	EEM	EW	11.35	5.55	-0.79	-4.65	-4.83	2.98	41.20	**
iShares Gold	IAU	EG	-11.51	-18.33	-19.30	-12.43	-6.20	3.13	13.46	**
iShares Latin Amr	ILF	EW	3.52	-1.50	-1.67	-6.60	-6.55	3.53	40.49	**
iShares Mexico	EWX	EW	27.01	11.61	1.85	-4.18	-5.54	4.65	68.34	**
iShares South Korea Indx	EWY	EW	10.18	3.00	-2.79	-6.57	-1.34	3.56	57.64	**
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	4.80	0.24	-2.23	-5.13	-5.05	3.27	37.19	**
PS DB Agriculture	DBA	EA	-2.26	-16.21	-11.65	-3.45	-2.78	3.13	25.49	**
PS DB Base Metals	DBB	EG	-6.12	-3.86	-10.71	-7.19	1.90	4.13	17.17	**
PS DB Commodity	DBC	EA	2.46	-10.18	-7.97	-4.68	-1.56	3.23	25.86	**
PS DB Energy	DBE	EA	6.41	-5.88	-3.03	-3.30	-1.63	4.00	27.23	**
PS DB Gold	DGL	EG	-13.01	-19.45	-20.21	-12.96	-6.47	3.22	46.95	**
PS DB Oil	DBO	EA	2.67	-6.83	0.04	-1.36	-1.71	4.77	25.36	**
PS Dynmc Networking	PXQ	EA	7.29	6.15	6.80	-0.65	4.45	4.47	26.03	**
PS Emrg Mrkt Infrastrctr	PXR	EW	5.91	6.02	-3.24	-9.49	-5.12	3.56	38.73	**
PS FTSE RAFI Asia Pac xJpn	PAF	EW	21.11	7.70	0.18	-7.68	-8.36	3.47	54.23	**
PS FTSE RAFI Emrg Mrkt	PXH	EW	8.94	2.22	-2.26	-6.25	-5.55	3.43	20.75	**
PS India	PIN	EW	11.44	5.02	-4.05	-2.61	-7.14	5.56	17.57	**
Pro Shares Short S&P 500	SH	EC	-23.20	-16.51	-14.91	-8.22	-2.37	2.64	29.27	**
Select SPDR Utilities	XLU	EA	9.32	6.86	8.82	1.54	-9.05	3.25	37.68	**
SPDR Gold	GLD	EG	-11.67	-18.45	-19.35	-12.47	-6.20	3.12	133.92	**
US Oil Fund	USO	EA	0.00	-9.14	0.15	-1.36	-1.66	5.20	32.61	**
Vngrd Emrg Mrkt	VWO	EW	11.91	6.08	0.01	-4.40	-5.07	3.05	41.54	**
Wtree Emrg Mrkt Eincl	DEM	EW	6.90	3.35	0.51	-4.24	-4.93	2.58	53.21	**
Wtree India	EPI	EWR	12.45	7.13	-6.10	-3.55	-6.71	6.03	17.65	**
iPath S&P 500 VIX Shrt Trm	VXX	EC	-77.02	-58.43	-35.38	-20.15	0.90	14.09	19.14	*
iShares Silver	SLV	EG	-20.47	-30.37	-33.75	-22.15	-8.61	6.81	21.44	*
Market Vectors Gold Minors	GDX	EG	-31.93	-37.84	-37.33	-21.12	-2.83	7.36	29.50	*
Market Vectors Junior Gold Miners	GDXJ	EG	-35.36	-42.40	-42.08	-24.07	-6.24	9.03	12.02	*
Market Vectors Russia	RSX	EW	8.41	-4.10	-6.82	-12.31	-5.39	5.63	25.30	*
PS DB Precious Metals	DBP	EG	-14.66	-21.69	-23.11	-14.74	-6.64	3.76	45.71	*
PS DB Silver	DBS	EG	-22.06	-31.58	-35.07	-23.17	-9.12	7.01	37.48	*
PS Glbl Gold Precious Mtls	PSAU	EG	-28.45	-34.47	-36.69	-22.96	-5.28	7.41	23.69	*
Pro Shares Short Russell 2000	RWM	ESC	-27.02	-20.70	-18.69	-8.96	-4.29	3.22	20.53	*
SPDR S&P Metals & Mining	XME	EA	-3.09	-7.09	-10.61	-6.95	1.29	5.18	37.65	*

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World Growth Model vs. World Growth Index (to 4/29/13)



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.

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pullback and then another rally that takes the Industrials probably (but either one) to recovery highs, but that high again is unaccompanied by the Transports (or the other). This is a topping or distribution phase. After which should come a bear market that takes the market down a “normal” 20%-50%.

Stocks, after all, have come a long way in terms of duration and magnitude since their March 2009 bottom. A bear market is past due.

Since 2009, the economy has recovered. Jobs are being created. Real estate has turned the corner. Leading indicators are still trending higher. The odds of

a recession are basically at zero percent. Stocks have rallied for good reasons.

So, why, given the decent economy and recovery, would the stock market roll over?

The PE ratio for example, depending on how one measures it, is nearing 20x. That is expensive. Dividend yields are low; the S&P 500 yields a mere 2.2%. But the main driver to rallying stocks, obviously, has been lower interest rates in the form of quantitative easing. What happens when the “punch bowl” is pulled from the party? That is the new talk.

Higher interest rates should knock stocks lower, even if the economy remains in recovery

mode. Right now, it is simply the talk of higher rates that is increasing rates, rather than fundamentals, like higher inflation. But with 10-year Treasuries recently hitting 2.2%, the same as the S&P 500 yield, the spread is not as attractive as it has been.

So, I’m watching for another rally to recovery highs that sets up a larger negative divergence that is accompanied by excessive bullishness and increasing interest rates.

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 for the World Growth Model are being implemented. These are internally maintained because they may change daily. They will be emailed when close or if triggered.

6/10 No changes.

6/3 ETF rankings are updated through 5/31/13.

The allocation model is completed. The back testing of various selecting strategies has begun. Initially this will be done without the timing in order to find, if possible, a strategy that “works” in both up and down markets.

5/28 No changes.

5/20 Work continues on the selection of top ETFs process for the new timing model.

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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Unless otherwise noted, the weekly eNewsletter is posted by 1:35 PM central time each Monday, except for holidays and then on Tuesday. It may contain actionable, specific buy or sell advice to take that day at the Monday 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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