

ETF Selections & Timing

Watercourse Way Holdings, LLC

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

InvestmentST.com

June 23, 2014 (data date through previous Friday close)

Volume 5
Issue 25

Called

Given the duration of this bull market whose bottom was way back in March, 2009, it is really remarkable that it remains “in gear” to the upside. See the chart below that shows the Dow Industrials and the NYSE advance/decline line

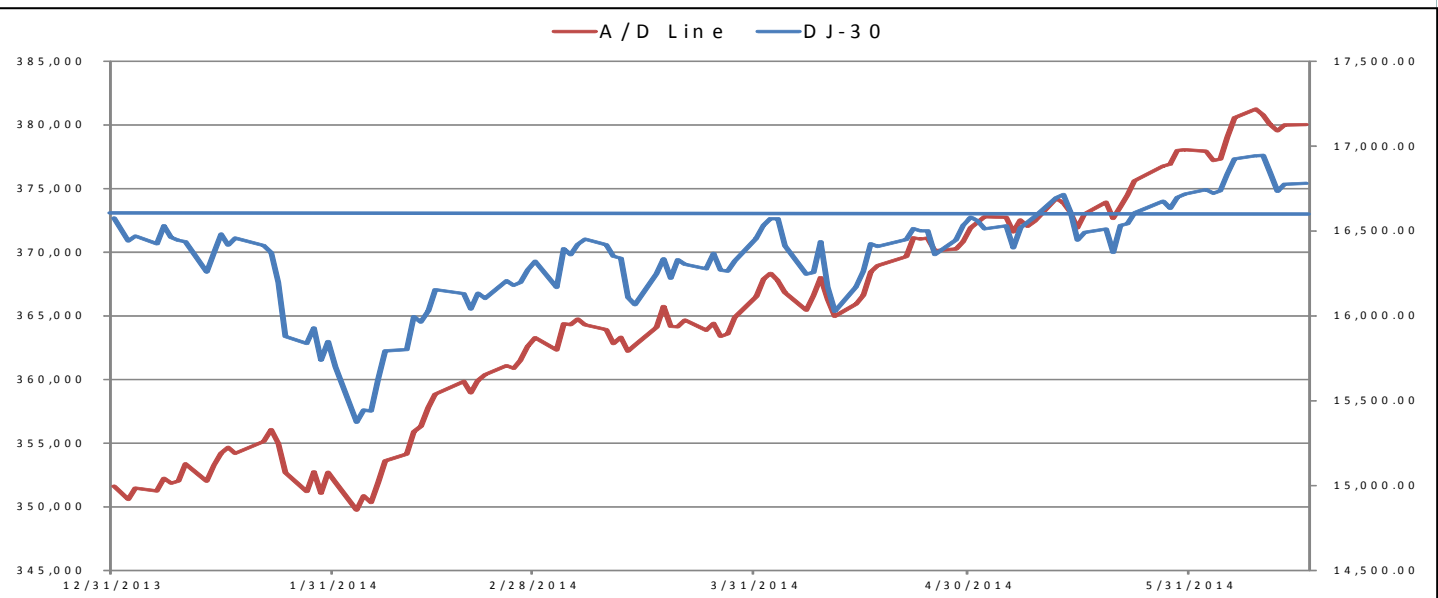
both making new highs.

Five years is a long time for a cyclical bull market to last, but there was a fairly significant correction of near 20% in 2011. So, if we measure the bull from there, it is “only” three years old. Statistically, however, either way we measure it, it is get-

ting long in the tooth. It simply lasts until it ends.

But these have been extraordinary times with Quantitative Easing. What is surprising is we all know the Fed is winding down the program and it

*(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%	2.7%	0.7	0.8	0.0	0.0%
ETF Growth Portfolio	4.3%	22.7%	5.0	5.2	2.5	0.8%
Index						
Aggrgt Bond (AGG)	2.4%	3.5%	2.1	1.2	-0.2	0.1%
S&P 500 TR (SPY)	6.6%	24.5%	7.9	5.3	3.0	0.9%
World Growth Index	5.4%	25.4%	6.9	4.7	3.4	1.1%

CONTENTS

Pages 2-5	Income
Pages 6-10	Growth
Page 11	Info Chart
Page 12	Overflow
Page 13	Buy Window
Page 14	Disclaimers

Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 6/20/2014								
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	80.15	362.7	29,070.81		25.0%
28-Apr	sell	LQD	117.87	120	14,176									
						Money Market					1.00	87,033	87,033.00	75.0%
												Total Valuation=	116,103.81	100.0%

WEEKLY REVIEW

6/23 No changes. Inflation is picking up, so it will be interesting to see if bonds start reacting, by selling off.

6/16 No changes.

6/9 The President of the St. Louis Federal Reserve James Bullard said inflation is moving higher. Presumably this is good, a positive sign, for the economy, but bad for interest rate policy. Fed tapering should end in October. When will actual interest rates increase? It may be sooner after that, rather than later, as the market expects. If rates begin to increase (prices fall), this would be the reasoning.

6/2 No changes.

	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	2.4	19.3

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 Inflt	TIP	BI	-7.29	-8.84	-7.78	-4.71	-1.83	1.18	110.64	**
PS 1-30 Ldr Trsry	PLW	BI	-8.64	-8.31	-5.99	-4.31	-0.96	1.45	29.88	**
PS Bld America	BAB	BI	-5.98	-7.40	-8.54	-7.83	-1.41	1.59	27.14	**
PS DB Dollar Bearish	UDN	BF	-1.27	-2.51	0.04	1.65	-0.49	1.29	26.42	**
PS DB Dollar Bullish	UUP	BF	-0.49	1.23	-0.80	-1.86	0.41	1.28	22.19	**
PS DB G10 Currency	DBV	BF	-0.76	-4.00	-7.09	-6.64	-2.44	1.72	24.75	**
PS Fdmntl Hi Yield Corp	PHB	BH	3.25	1.31	-0.10	-0.99	-0.88	1.23	18.71	**
PS Insr CA Muni	PWZ	BI	-6.48	-9.21	-8.53	-7.65	-2.25	1.29	22.72	**
PS Insr NY Muni	PZT	BI	-9.02	-11.54	-10.28	-8.91	-2.61	1.51	21.68	**
PS Prfd	PGX	BF	-0.95	-2.38	-4.30	-4.81	-1.65	1.18	13.68	**
SPDR High Yield	JNK	BH	5.27	2.46	0.00	-0.75	-1.03	1.56	39.46	**
SPDR Intrntl TBond	BWX	BW	-4.13	-5.75	-2.63	-0.53	-1.15	1.48	56.79	**
Vngrd Intrmdt Bond	BND	BI	-2.94	-3.28	-2.96	-2.12	-0.86	0.62	79.99	**
Wtree Dryfs Comdty Cur	CCX	BF	-6.19	-7.08	-8.09	-3.79	-2.15	1.55	19.55	**
Wtree Dryfs Emrg Crrncy	CEW	BF	-3.44	-5.57	-6.78	-3.77	-2.82	1.44	19.65	**
iShares 20+ yr Trsry	TLT	BL	-14.79	-13.35	-9.34	-6.72	-1.34	2.46	105.71	**
PS Emrg Mrkt Svrgn Debt	PCY	BW	-8.80	-13.37	-11.06	-7.86	-3.36	2.67	26.24	**
PS Insr Natl Muni	PZA	BI	-8.56	-11.75	-10.49	-9.01	-1.56	1.56	22.52	**
Wtree Dryfs Brazil Real	BZF	BF	-10.67	-7.36	-15.28	-9.16	-3.29	2.37	16.75	**
Wtree Emrg Mrkt Lcl Debt	ELD	BF	-7.81	-11.12	-12.85	-8.94	-4.35	2.09	45.45	**
Wtree Dryfs Indn Rupee	ICN	BF	-11.22	-13.71	-15.13	-13.34	-5.23	2.58	18.12	*

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

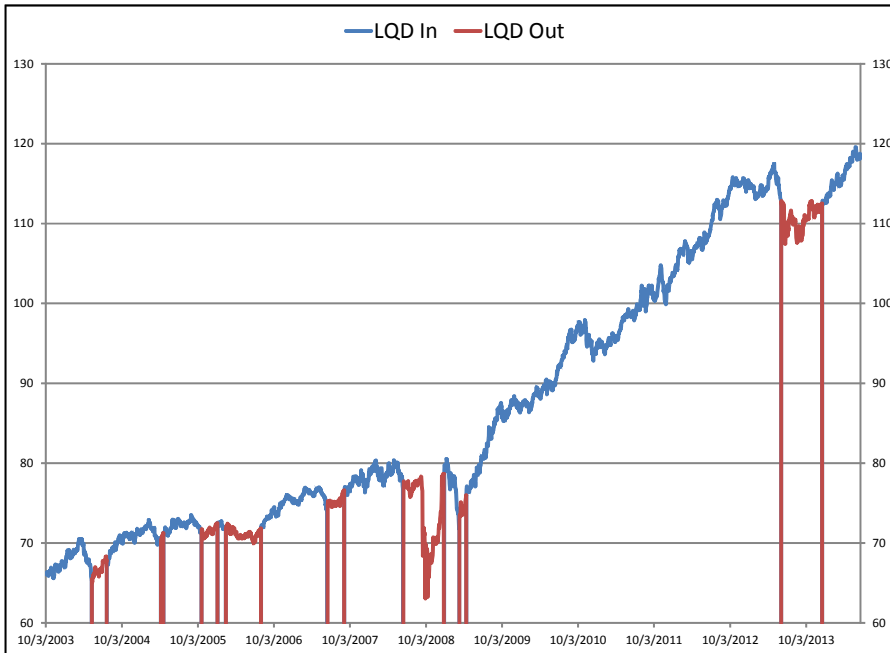
ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

Column headings: The first column shows the ETF name, the second column shows its symbol. The third column shows the ETF Style. The first letter is always either B (Bond) or E (Equity) or H (Hybrid). The next letter(s) is the style. So, BS-bond short, BI-bond intermediate, BL-bond long, BF-flexible, BW-world, BH-high yield. And for Equity, EA-equity aggressive, EC-equity contrary, EG-equity gold (precious metals), ESC-small cap, EMC-mid cap, ELC-large cap, EW-world, EGI-growth/income, ERE-real estate, EV-value.

Columns 4-8 show percentage returns for the periods shown (12 months, 9, 6, 3, and 1 month). Column 9 is V (volatility); a measure of risk; the lower the V, the less risk. Column 10 is the NAV. Column 11 is the C (comet) ranking. C is the risk-adjusted (V) relative performance (CS). The higher the C indicates the most return for the amount of risk taken.

Generally, our ETF strategy is to own the top ranked ETFs (shown in green) and avoid or short the lower ranked ETFs (shown in red).

SLM Bond Timing Model (preliminary)



The chart above is LQD (corporate bonds) 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

6/23 No changes.

6/16 No changes.

6/9 As mentioned on page 2, if inflation is picking up, we should begin to see this reflected by the market in the form of higher interest rates and lower bond prices.

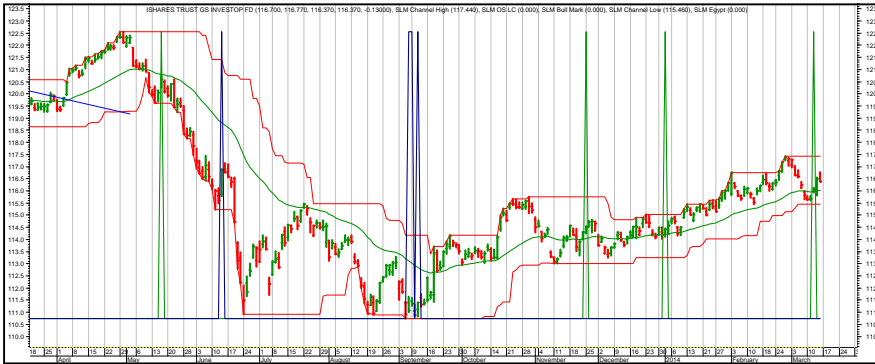
6/2 No changes.

5/26 No changes. Yields still falling, despite Fed tapering.

5/19 No changes. Bonds continue to rally.

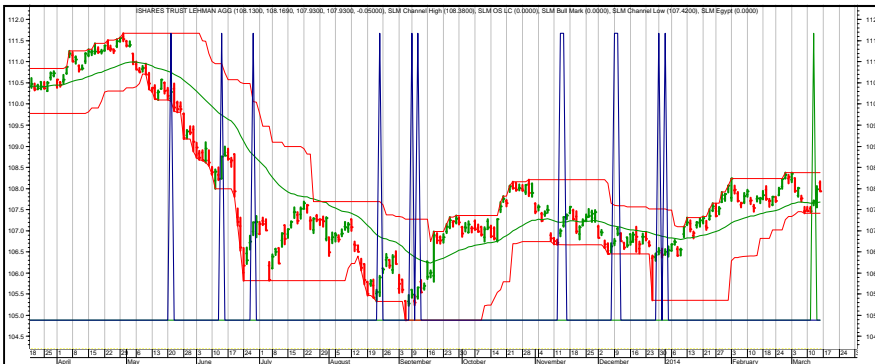
5/12 No changes.

Income Charts (DAILY) (under construction)



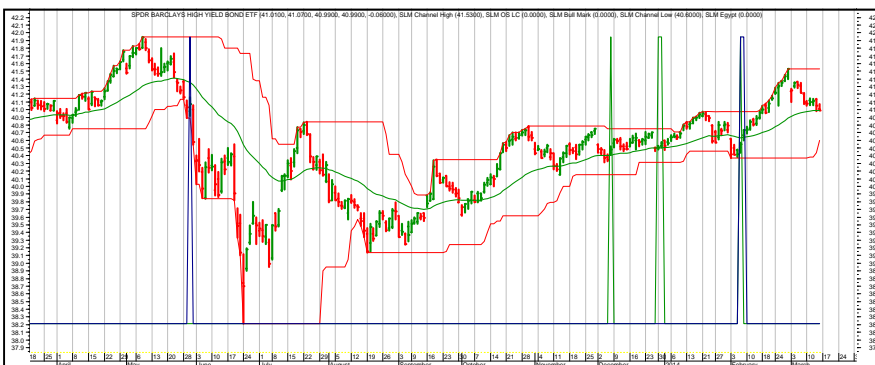
LQD—Investment Grade Corporate

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.



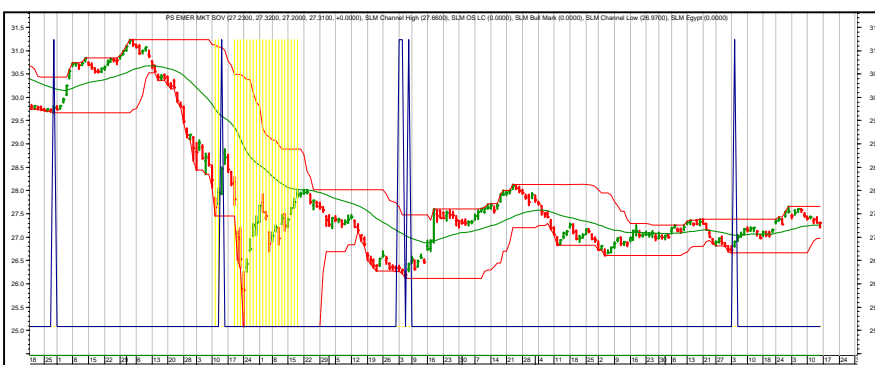
AGG—Aggregate Bond Market

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:				6/20/2014			
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
7-Apr	sell	PJP	55.10	99	5,445	World Growth							
7-Apr	buy	PSI	20.46	278	5,698	EEM		Emrg Mrkt	39.13	43.48	539.000	23,435.72	15.8%
			this will be about 4% of ttl			EFA		Euro Asia	66.28	70.54	318.000	22,431.72	15.1%
14-Apr	sell	PSI	19.91	278	5,525	IWM		Rusl 2000	113.68	118.25	185.490	21,934.19	14.8%
14-Apr	buy	PGF	17.89	314	5,627	QQQ		Nsdq 100	89.54	92.72	235.540	21,839.27	14.7%
14-Apr	sell	UNG	25.36	215	5,442	SPY		S&P 500	182.85	195.97	115.520	22,638.45	15.3%
14-Apr	buy	PFF	39.00	144	5,626	C-lect 5							
			both buys (above) will be about 4% of ttl			ICF			85.25	88.21	67.000	5,910.07	4.0%
28-Apr	sell	DFE	61.55	93	5,716	RWR			82.93	83.12	70.000	5,818.40	3.9%
28-Apr	buy	ICF	85.25	67	5,722	ENY			16.75	17.55	354.000	6,212.70	4.2%
			this buy above will be about 4% of ttl			EPI			21.91	22.12	254.000	5,618.48	3.8%
27-May	sell	PGF	18.16	317	5,750	DBA			28.45	27.77	200.000	5,554.00	3.7%
27-May	buy	EPI	21.91	254	5,575	Two potential ways to sell: Stop loss 10% lower or timing model signals sell							
27-May	sell	PFF	39.67	145	5,731	Two potential ways to buy: "Window to buy" may open or timing model signals buy.							
27-May	buy	RWR	82.93	70	5,815								
			both buys (above) about 4% of ttl										
9-Jun	sell	GULF	23.16	258	5,971	C-lect Short							
9-Jun	buy	ENY	16.75	354	5,940	(under construction)							
			this buy above will be about 4% of ttl										
23-Jun	sell	DBA		200									
23-Jun	buy	DEF		158									
			this buy above will be about 4% of ttl										
									Cash from short	1.00	-	-	0.0%
									Money Market	1.00	6,779	6,779.00	4.6%
									Total Valuation=		148,172.01	100.0%	

WEEKLY REVIEW

6/23 Make the sell and buy as noted above.

6/16 No changes.

6/9 With the rally, the stop loss is still 10% away from current portfolio values. Make the sell and buy as noted above.

6/2 No changes.

5/26 Make the two sells and buys as noted above. Stop loss is at its max distance. Window to buy closed.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Growth Portfolio	8.1%	6.9	-2.1	25.7	4.3	48.2
World Growth Index	17.2%	-4.1	15.1	30.5	5.4	77.8

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 India	EPI	EWR	20.99
iShares Cohen&Str REIT	ICF	ERE	17.39
Guggnhm Candn Enrg Incm	ENY	EWR	16.71
SPDR Wlsh REIT	RWR	ERE	14.28
Guggnhm Dfnsv Eqty	DEF	EV	13.72
PS Fincl Prfrd	PGF	EGI	13.51
Wtree Intrntl Utilities	DBU	EW	13.47
iShares Prfrd	PFF	EGI	13.36
PS DB Agriculture	DBA	EA	13.15
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	12.40
PS Dynmc Energy	PXI	EA	11.70
Select SPDR Enrgy	XLE	EA	11.18
PS Dynmc Energy Explor	PXE	EA	10.98
iShares DJ Slct Div	DVY	EGI	10.65
Select SPDR Utilities	XLU	EA	10.07
Wtree Middle East Div	GULF	EW	9.98
Wtree Intrntl REIT	DRW	ERE	9.72
Guggnhm Gbl Div	LVL	EW	9.67
Wtree Eqty Income	DHS	EGI	9.64
PS Hi Yld Eqty Div	PEY	EGI	9.36
PS Dynmc Semicndctr	PSI	EA	9.28
Market Vectors Oil Services	OIH	EA	9.21
Alerian MLP	AMLP	EGI	9.21
iShares Singapore	EWS	EW	9.12
iShares Latin Amr	ILF	EW	8.95
Vngrd Consmr Stpls	VDC	EA	8.93
iShares Canada	EWC	EW	8.85
Select SPDR Cnsmr Stpl	XLP	EA	8.82
Wtree Div Ex Fincl	DTN	ELC	8.65
Vngrd Emrg Mrkt	VWO	EW	8.50
PS FTSE RAFI Emrg Mrkt	PXH	EW	8.36
Market Vectors Semiconductor	SMH	EA	8.30
PS Dynmc Oil & Gas Srvcs	PXJ	EA	8.01
PS S&P 500 LowVolatility Portfolio	SPLV	ELC	7.79
Guggnhm Gbl Wtr	CGW	EW	7.62
Guggnhm Intrntl A Incm	HGI	EW	7.56
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	7.54
iShares Italy Indx	EWI	EW	7.47
PS S&P SmICap Energy	PSCE	EA	7.19
PS Dynmc Utilities	PUI	EA	7.15

This page and the next three show the equity ETF database rankings from high to low based on C. C is Comet, which is the risk-adjusted relative performance; the higher the C ranking, the better. Comets, not stars, because comets come into and out of prominence over time. We want the metaphor to match reality.

The first column shows the name. The second column shows the symbol. The third column shows the style; it begins with E for Equity and then the style (A is aggressive, W is world, WR is world regional, SC is small cap, MC is mid cap, LC is large cap, GI is growth/income, V is value). The fourth column shows the C level.

ETF Rankings by C to previous week's end

iShares Brazil Indx	EWZ	EW	7.14
Wtree Intrntl Div Ex Fincl	DOO	EW	7.10
iShares Pacific ex Jpn	EPP	EW	6.99
iShares Slct Div	IDV	ELC	6.95
iShares Taiwan Indx	EW T	EW	6.93
Guggnhm Multi Ast In	CVY	EV	6.93
PS Intrntl Dvdnd	PID	EW	6.87
PS Dynmc Lrg Cap Value	PWV	ELC	6.46
PS FTSE RAFI Asia Pac xJpn	PAF	EW	6.43
Wtree DEFA Eqty Incm	DTH	EW	6.42
Wtree Gbl Eqty Incm	DEW	EW	6.34
Wtree LrgCap Div	DLN	ELC	6.18
Wtree Emrg Mrkt SC Div	DGS	EW	6.09
PS Dividend Achievers	PFM	EGI	6.06
Wtree MidCap Div	DON	EMC	6.06
Wtree World Ex US Grth	DNL	EW	5.97
iShares Spain	EW P	EW	5.94
iShares Australia	EW A	EW	5.90
iShares Core S&P 500	IVV	ELC	5.50
Wtree Intrntl LC Div	DOL	EW	5.42
SPDR S&P 500	SPY	ELC	5.34
Wtree Emrg Mrkt Eincm	DEM	EW	5.33
PS DB Oil	DBO	EA	5.30
iShares Russel MidVal	IW S	EMC	5.21
Guggnhm Shipping	SEA	EA	5.06
iShares Europe 350	IEV	EW	5.05
PS Gbl Agriculture	PAGG	EA	4.97
Select SPDR Div	SDY	EGI	4.94
iShares Emrg Mrkt Stk	EEM	EW	4.84
iShares Russell 1000 Value Indx	IW D	ELC	4.67
iShares Malaysia Indx	EW M	EW	4.58
iShares South Korea Indx	EW Y	EW	4.42
US Oil Fund	USO	EA	4.42
Select SPDR Matrls	XLB	EA	4.36
Guggnhm BRIC	EEB	EW	4.32
Wtree DEFA	DW M	EW	4.28
Guggnhm MidCap Core	CZA	EMC	4.20
Guggnhm Frntr	FRN	EW	4.13
PS Dynmc Food & Bev	PBJ	EA	4.05
Vngrd TTL Intrntl Stk	VXUS	EW	4.02
SPDR Euro Stoxx 50	FEZ	EW	3.97
Wtree S&P 500	EPS	ELC	3.97
PS Gbl Water	PIO	EW	3.64
Vngrd Materials	VAW	EA	3.57
PS QQQ	QQQ	ELC	3.56
SPDR DJ Gbl Titans	DGT	EW	3.54
Wtree Ttl Earn	EXT	ELC	3.42
PS Dynmc Basic Matr	PYZ	EA	3.37
PS DWA Emrg Mrkt T Ldrs	PIE	EW	3.30
iShares Mexico	EW W	EW	3.30
Vngrd Div Apprctn	VIG	EGI	3.26
PS S&P SmICap Cnsmr Stpl	PSCC	EA	3.23
Vngrd European Indx	VGK	EW	3.17
PS DB Commodity	DBC	EA	3.17
iShares S&P 100 Indx	OEF	ELC	3.17

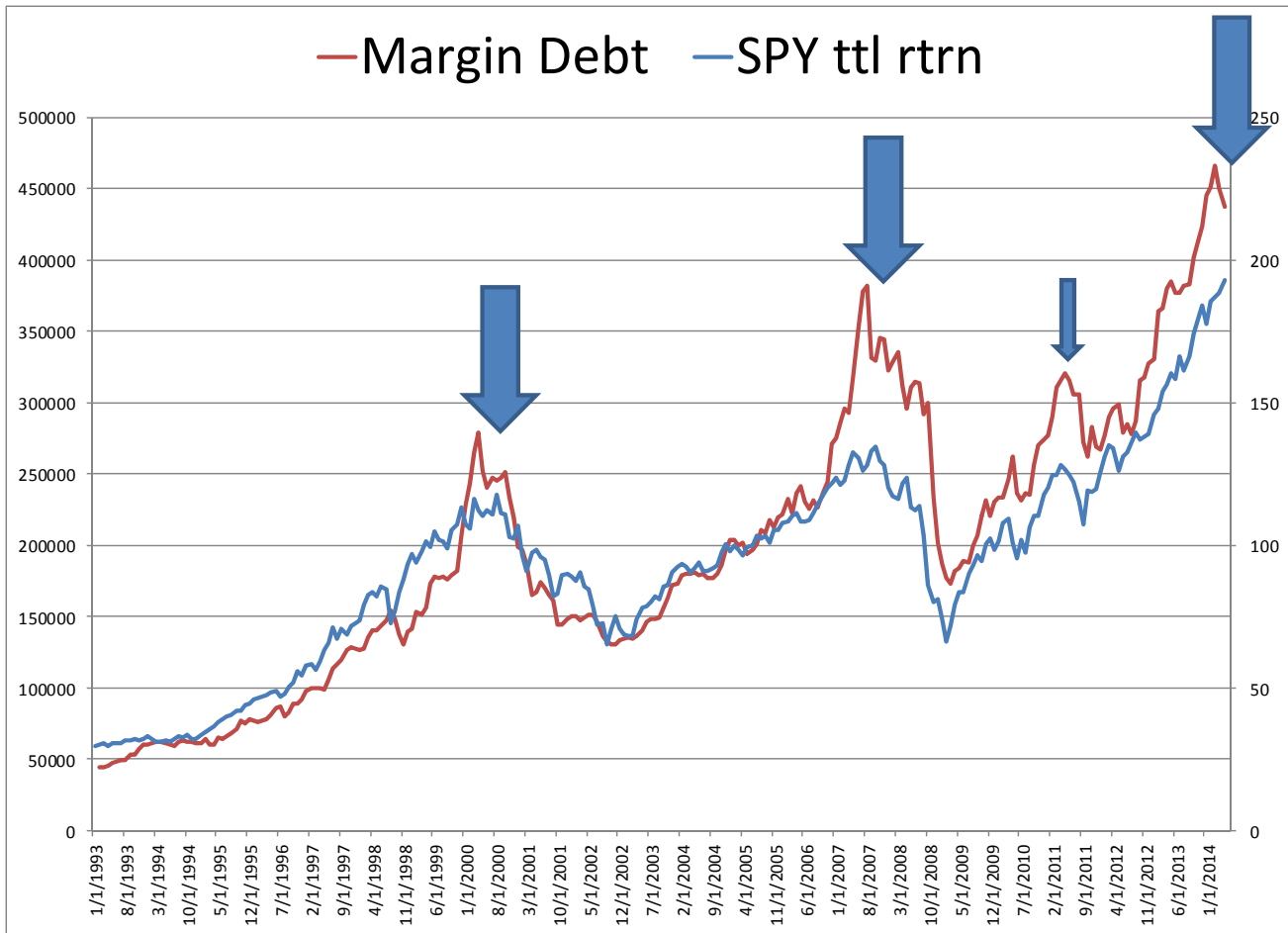
ETF Rankings by C to previous week's end

iShares EAFE Indx	EFA	EW	3.12
Select SPDR Indl	XLI	EA	3.11
PS Emrg Mrkt Infrastrctr	PXR	EW	3.09
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	3.09
PS Dyn Mrkt	PWC	ELC	2.99
Wtree Intrntl MC Div	DIM	EW	2.94
PS S&P 500 BuyWrite	PBP	ELC	2.88
PS S&P SmICap Mtrls	PSCM	EA	2.85
iShares EMU Indx	EZU	EW	2.83
Guggnhm Insdr Sent	NFO	EMC	2.79
iShares Core S&P Mid Cap	IJH	EMC	2.77
Select SPDR Technlgy	XLK	EA	2.64
Wtree Eur SC Div	DFE	EW	2.60
Vngrd Europe Pacific	VEA	EW	2.53
iShares Hong Kong Indx	EW H	EW	2.53
Vngrd Large Cap	VV	ELC	2.51
Vngrd Small Cap Value	VBR	ESC	2.41
PS DB Energy	DBE	EA	2.37
PS S&P SmICap Utilities	PSCU	EA	2.37
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	2.29
PS WilderHill Prgsv Enrgy	PUW	EA	2.27
Guggnhm RJ All	RYJ	ELC	2.25
PS Dynmc Pharma	PJP	EA	2.09
PS Gbl Clean Enrgy	PBD	EW	1.95
SPDR DJ Industrials	DIA	ELC	1.89
Wtree Intrntl SC Div	DLS	EW	1.84
Wtree MidCap Earn	EZM	EMC	1.78
Vngrd TTL Stock	VTI	ELC	1.66
SPDR Gold	GLD	EG	1.56
Vngrd MidCap Val	VO	EMC	1.56
Select SPDR Health	XLV	EA	1.38
iShares Germany Indx	EWG	EW	1.35
PS DB Gold	DGL	EG	1.34
Wtree SmI Cap Div	DES	ESC	1.31
PS Buyback Achievers	PKW	EGI	1.25
iShares Telecomm	IYZ	EA	1.17
PS FTSE RAFI Dvlp Mrkt xUSA SmI	PDN	EW	1.16
Guggnhm Spin Off	CSD	EMC	1.15
Vngrd Tech	VGT	EA	1.14
Select SPDR Financs	XLF	EA	1.11
Vngrd Fincl Srv	VFH	EA	1.05
Vngrd Grth	VUG	ELC	1.03
PS Aerospace & Def	PPA	EA	0.98
SPDR Mid Cap Trust	MDY	EMC	0.98
iShares Gold	IAU	EG	0.95
Vngrd Health	VHT	EA	0.92
PS DWA Tech Ldr	PDP	ELC	0.85
US Natural Gas	UNG	EA	0.75
iShares Russell 1000 Grwth Indx	IWF	ELC	0.71
Pro Shares Short Russell 2000	RWM	ESC	0.68
Vngrd Small Cap	VB	ESC	0.62
PS Dynmc Consmr Staples	PSL	EA	0.59
Vngrd Extnd 4500	VXF	ELC	0.57
iShares Russell 2000 Value Indx	IWN	ESC	0.57
Wtree Japan SC Div	DFJ	EW R	0.53

ETF Rankings by C to previous week's end

PS Dynmc Retail	PMR	EA	0.51
PS DB Precious Metals	DBP	EG	0.47
iShares Russell 2000	IWM	ESC	0.41
PS FTSE RAFI US 1500 SmI-Mid	PRFZ	EMC	0.36
PS Cleantech	PZD	EA	0.33
Guggnhm China REIT	TAO	EWR	0.16
PS Gbl Listd Prvt Eqty	PSP	EW	0.13
PS Dynmc Lrg Cap Grth	PWB	ELC	0.02
SPDR S&P Metals & Mining	XME	EA	-0.02
PS Water Resources	PHO	EA	-0.06
PS S&P SmICap Info Tech	P SCT	EA	-0.17
PS Dynmc Consmr Discr	PEZ	EA	-0.17
SPDR S&P Retail	XRT	EA	-0.30
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	-0.32
PS S&P SmICap Fincl	P SCF	EA	-0.35
PS Dynmc Networking	PXQ	EA	-0.46
PS DB Base Metals	DBB	EG	-0.50
Vngrd Small Cap Grth	VBK	ESC	-0.52
iShares Japan	EWJ	EW	-0.53
SPDR S&P Regional Banking	KRE	EA	-0.54
PS Gbl Gold Precious Mtls	PSAU	EG	-0.54
PS S&P SmICap Cnsmr Dis	PSCD	EA	-0.55
SPDR S&P Bank	KBE	EA	-0.55
Wtree Japan Hedge Eqty	DXJ	EC	-0.66
PS Dynmc Bldg Cnstrctn	PKB	EA	-0.73
Vngrd Consmr Dis	VCR	EA	-0.76
iShares China	FXI	EW	-0.77
PS S&P SmICap Indstrils	PSCI	EA	-0.84
Guggnhm China All	YAO	EWR	-0.84
Select SPDR Cnsmr Disc	XLY	EA	-0.89
PS Dynmc Fncl	PFI	EA	-0.97
PS Dynmc Leisure & Enter	PEJ	EA	-0.99
PS Zacks Micro Cap	PZI	ESC	-1.23
iShares DJ US Home Constr.	ITB	EA	-1.25
Guggnhm Timber	CUT	EA	-1.28
Pro Shares Short S&P 500	SH	EC	-1.32
PS S&P SmICap Hlth Care	PSCH	EA	-1.38
Guggnhm Solar	TAN	EA	-1.52
SPDR S&P Homebuilders	XHB	EA	-1.95
Market Vectors Gold Minors	GDX	EG	-2.07
PS Dynmc Software	PSJ	EA	-2.35
Guggnhm China SmI	HAO	EWR	-2.60
iShares Silver	SLV	EG	-2.77
PS Dynmc Technology	PTF	EA	-2.99
PS DB Silver	DBS	EG	-3.14
PS Dynmc Biotech	PBE	EA	-3.36
PS Dynmc Media	PBS	EA	-3.47
PS Dynmc Healthcare	PTH	EA	-3.84
PS Gldn Drgn USX China	PGJ	EW	-3.86
Market Vectors Russia	RSX	EW	-4.04
PS WilderHill CIn Enrgy	PBW	EA	-4.58
PS NASDAQ Intrnt	PNQI	EA	-4.75
Market Vectors Junior Gold Miners	GDXJ	EG	-8.71

S&P 500 (SPY) and NYSE Margin Debt (EDITED)



EDIT TO ADD: I went back and looked a third time at the two previous tops. For both, the trigger of the subsequent severe sell off was 5%. So if SPY closes 5% lower than its recent peak at 196.5 (below 186.7), odds are that won't be a buying opportunity.

Last week edit: A member asked about depth of loss and duration to bottom of the previous two signals. The first bear lasted 16 months and lost 51%. The second bear lasted 25 months and lost 45%. So IF the market follows the previous averages and peaks this month, the bottom would fall somewhere between 10/15 and 7/16 with the Dow Industrials around 8,400 (current about 16,800).

Previous week: The chart shows the total return (dividends included) of SPY (the S&P 500 etf) (blue line, right scale) and NYSE margin debt (red line, left scale) from 1/29/1993 through 5/31/2014. I shift the margin debt data forward by one month.

As you can see, the two series are closely correlated. But the point is to show that at the two previous major peaks in 2000 and 2007 (large blue down arrows) that preceded 50% losses in SPY, the debt series peaked from 2 to 4 months ahead of the market's peak.

The smaller down arrow marks a coincident peak in 2011 when the market plunged near 20% but did recover. Again, the major peaks were preceded by reductions in margin debt. This is similar to what is happening now. NYSE margin debt peaked in March 2014 (again I shift the data forward one month to make it more timely). The stock market as measured by SPY has continued to climb during April and May.

So, we are now 2 months from the NYSE margin debt peak and entering month 3 with June. If past parameters hold, we are either peaking now or will peak by 7/31. The move thereafter would be another 50% decline.

The reason for this is maintenance. An account with margin debt must maintain enough equity to offset any market decline. If the equity is not enough, then the account must sell to raise cash (or the holder must add cash).

Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) *REVIEW*

should conclude by October, if not before.

I say before because the economy really is improving, unemployment is down, and inflation is picking up. The new question now is whether the Fed overplayed its hand. Like in Texas Hold 'Em, playing three of a kind like it was a full house.

The Fed was "all in". I suspect 2014 and 2015 will end up to be very interesting years. Volatility has come way down since that last significant correction in 2011. It may start to pick up.

In the meantime, indicators remain in gear and trends remain up. The main worry is the not

well known NYSE margin debt indicator that is shown again on page 11 with an update.

As mentioned there, I revisited the data and found that after the margin debt peak, the trigger before the more severe sell off was an initial 5% decline. Once that decline is met, margin calls go out. Rather than being an oversold buying opportunity, it ends up being more of a forced selling area that induces more selling that leads to the waterfall type declines.

Previously I mentioned that the today's potential market top was about 0-8 weeks away, but this was 2 weeks earlier, so we are now 0-6 weeks out or by the

end of July, assuming past measures fit today's market.

So, it will all be interesting in the months ahead. We'll be, of course, vigilant to monitor these things.

See the 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.

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.

6/23 No changes.

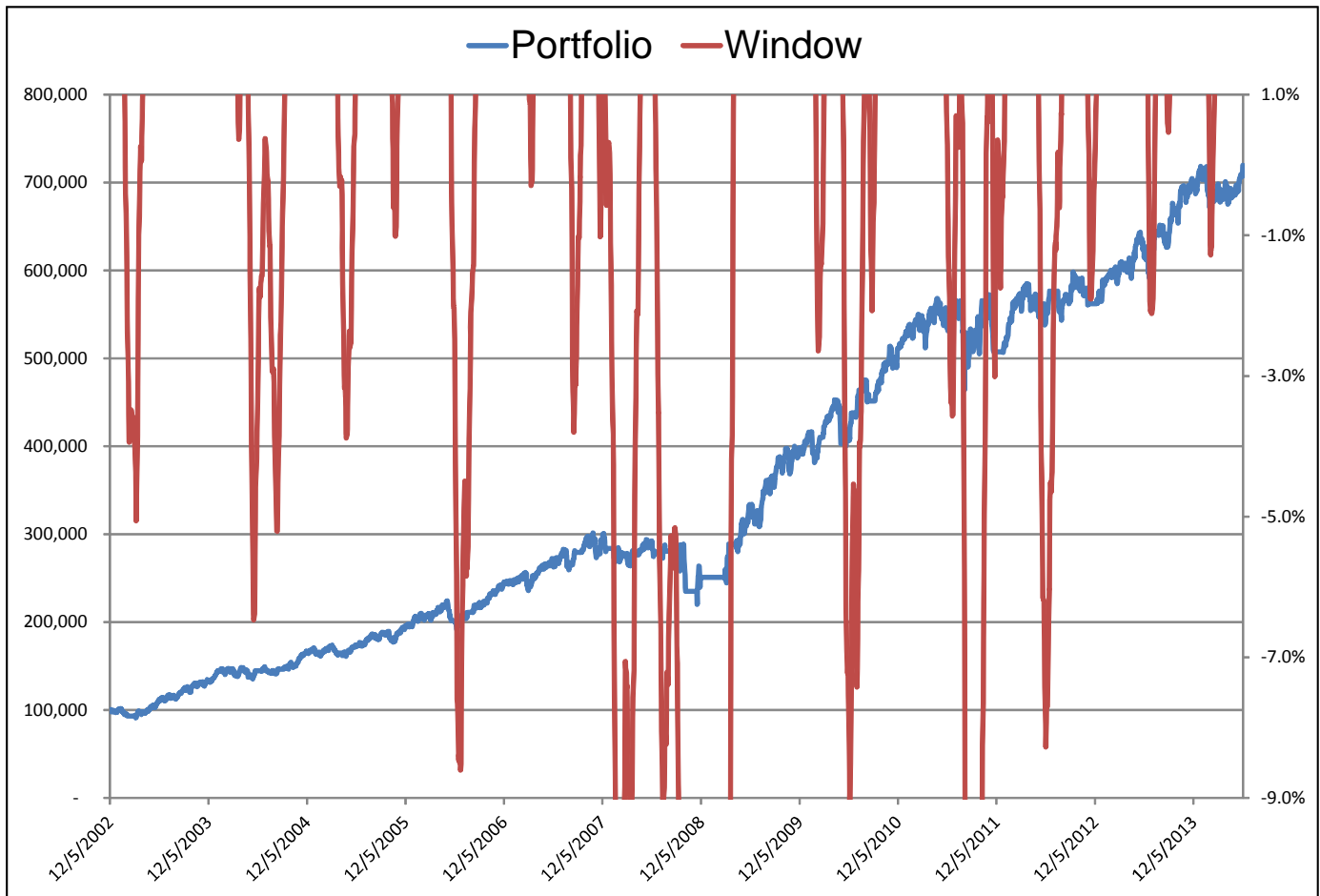
6/16 No changes.

6/9 I deleted five ETFs because of potential style overlapping at the top and bottom rankings. In other words, if REITs are doing the best based on C, I do not want to own 5 REITs, but prefer to have some style diversification. By deleting overlapping ETFs, I will limit the top 5 to a maximum of 2 ETFs in the same style.

For those members who also subscribe to the monthly No-Load Mutual Fund Selections & Timing Newsletter, I want to provide a heads up that the hybrid selecting model is completed. The last piece was to account for the funds' holding periods in order to avoid any short-term redemption charges. What happens is if the fund drops out of the top ranks, but is not held at least three months, the finished model forces it to hold anyway. Once it is held long enough and if it is no longer highly ranked, then it sells and buys the highly ranked hybrid not already owned. Oddly enough, the end result after accounting for the holding period was to slightly improve performance of the model. The hybrid selecting model is the same as the ETF selecting model. Both are based on C (risk-adjusted, relative performance). But they are based on a different time frames; hybrid is monthly and ETF is weekly.

I updated and clarified the Window to Buy chart on page 13.

Window to Buy (closed as of 6/23/14)



The chart above shows the World Growth Model (Portfolio-blue line) and the Window to Buy (Window-red spikes). The chart covers the period from 12/5/2002 through the present.

The Window to Buy is to answer the question, when should I buy if I missed the initial timing model buy signal, or when do I buy more after my initial position to 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 (and bought on the initial buy). 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 -9%. When the base line is above zero, the Window is closed. It doesn't mean the market can't or won't go higher. It just means that the downside risk to the potential stop or sell signal is fairly wide. When the WGM drops enough, then the Window to buy opens.

When the Window opens, it represents a lower-risk entry period. If the market recovers, the Window will close again. If the market continues lower, either the sell stop will be triggered or the timing model will signal a sell. The timing model sell signal overrides the Window to Buy.

What ideally happens in up markets is the timing model remains on a buy, while the market corrects and opens the Window to Buy. It then reverses and heads higher with more investment dollars on board for the rally.

Descriptions & Disclosures

PORTFOLIO DESCRIPTIONS (pages 2 and 6)

Our guiding goal is to provide the most return with the least risk consistently through bull and bear markets.

Income Portfolio, page 2: Uses a proprietary selection methodology on all of the monitored bond-oriented ETFs to pick the top ETFs. I then use a proprietary timing model to decide whether to buy, sell, hold, or avoid. From time to time, timing considerations may take precedence over selections; in other words, we may own lower ranked funds because of anticipated timing changes.

Growth Portfolio, page 6: As of 12/10/12, it is based on the World Growth Index (WGI), which is made up of a static fully invested 20% in each of five ETFs (EEM, EFA, IWM, QQQ, SPY). The Portfolio will buy and sell the WGI based on proprietary timing signals. On 9/23/13, the new C-lect 5 is also part of this portfolio. It too uses timing.

Both portfolios were started on 1/1/10 with \$100,000. As mentioned, the Growth Portfolio strategy was changed on 12/10/12 to the World Growth Model and again on 9/23/13 to incorporate the C-lect 5 model.

Portfolio changes will usually be made at the close on Monday, unless otherwise noted in any emailed hotline update or triggered stop orders. Issues are normally posted on Mondays by 1:35pm cst (Tuesday if Monday is a holiday, defined as market closed).

Portfolios are updated through the Friday close the week before.

Dividends are reinvested in additional shares.

Commissions of \$10 per trade are applied. Interest is currently zero for the money market (cash) position.

SUBSCRIPTIONS: To receive *ETF Selections & Timing*, you may subscribe in one of three ways. You may subscribe on the web site InvestmentST.com using PayPal or call 1-800-800-6563 for Amex, Visa, MasterCard, or Discover orders or send a check to the address on the front page. Subscriptions may be tax deductible.

The recurring monthly subscription is \$24.00. An annual subscription is \$240.00. Subscribers receive this weekly eNewsletter. There is no mailed issue. Subscribers retrieve the current weekly issue at the web site InvestmentST.com by logging in with a user name and password. There may also be emailed Hotline reports sent between issues.

Unless otherwise noted, the weekly eNewsletter is posted by 1:35 PM central time each Monday, except for holidays (closed stock market) and then on Tuesday. It may contain actionable, specific buy or sell advice to take that day at the Monday (or Tuesday) close in each portfolio. We may also use stop orders. For stops, check the ETF at quarter to the close. If it is below (or above) a stop level, assume it will close there and act on that. Portfolio data will be updated through the previous Friday's close. Fund symbols, rather than names, are the official identification used for activity.

GUARANTEE: Subscriptions may be cancelled at any time. Annual subscriptions are refundable for the weekly term remaining with a four-week minimum charge, using a 52-week count. Monthly subscriptions just expire.

PUBLISHER: Watercourse Way Holdings, LLC publishes this newsletter.

REPRINTS: This eNewsletter is intended for subscribers only, reprints are not permitted.

DISCLAIMER: The information contained herein is assembled from sources who are believed reliable, but the accuracy of data or advice cannot be guaranteed. Past performance does not guarantee future performance. Portfolio values include a commission of \$10/trade, dividend reinvestment for additional shares, and short-term redemption charges. The World Growth Index and World Income Index are equity and bond indexes and may or may not be useful in comparing returns. Security values fluctuate. Information is provided without consideration for a subscriber's personal situation. Watercourse Way Holdings, LLC its members and associates may or may not invest identically to or at the same time as portfolios or activity shown herein.

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