

# ETF Selections & Timing

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## Trend Changes

There was a big rebound in stocks last week, even as bond prices continued to plunge (yields rose). This is a large divergence between the two that should not be ignored.

Higher yields definitely provide competition for the investor dollar, thus potentially

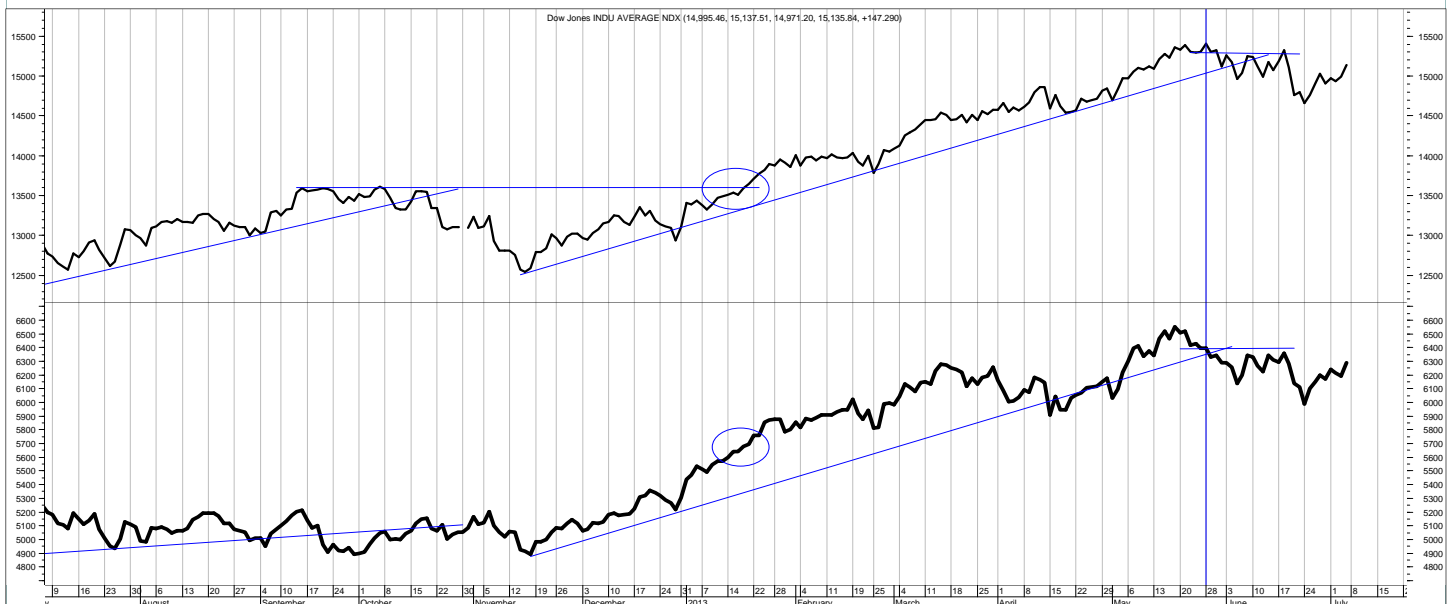
weakening stock support. Higher yields may curb economic growth, especially in the rebounding housing and car markets. The consumer will not benefit.

Savers to the contrary may enjoy the higher yields, but keep in mind that there is a huge

problem buying bond funds in a rising rate environment.

Unlike individual bonds, bond funds/etfs do not have a stated maturity date or a par value. In other words, we know when interest rates rise, bond

*(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	-0.8%	2.0%	-0.6	-1.0	-0.4	0.0%
ETF Growth Portfolio	9.9%	10.7%	5.6	3.0	-1.4	1.9%
Aggrgt Bond (AGG)	-4.9%	-5.1%	-4.5	-4.8	-2.6	-1.3%
S&P 500 TtlRtrn	16.9%	22.4%	11.9	5.1	-1.1	1.6%
World Growth Index	11.8%	18.5%	7.2	3.7	-1.6	1.4%

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# ETF Income Database and Ranking to 6/30/13

Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	CS	Rank	C= CS/V
iShares 1-3yr Trsry	SHY	BS	0.19	-0.05	-0.06	-0.16	-0.10	0.08	84.26	-36.5	*****	-0.3
iShares 3-7yr Trsry	IEI	BI	-1.19	-1.97	-1.77	-2.08	-1.30	0.58	120.68	-44.6	****	-2.6
iShares Inter Bond	MBB	BI	-1.48	-2.55	-2.02	-2.15	-0.99	0.43	105.16	-45.5	****	-2.0
iShares Inter Gov	GVI	BI	-0.14	-1.52	-1.56	-1.81	-1.13	0.48	109.66	-42.5	****	-2.0
Vngrd ShrtTrm Bond	BSV	BS	0.38	-0.39	-0.55	-0.77	-0.53	0.22	79.99	-38.2	****	-0.8
Wtree Dryfs Chns Yuan	CYB	BF	3.78	3.08	1.68	1.13	-0.23	0.44	25.96	-26.9	****	-1.2
Currency Euro	FXE	BF	2.42	0.97	-1.55	1.45	0.12	2.15	128.93	-32.9	***	-7.1
iShares 7-10yr Trsry	IEF	BI	-3.49	-4.38	-4.03	-4.13	-2.55	1.32	102.36	-54.9	***	-7.3
iShares Agg Bond	AGG	BI	-0.97	-2.56	-2.54	-2.60	-1.56	0.67	107.01	-46.5	***	-3.1
iShares High Yld	HYG	BH	6.14	3.24	-0.08	-2.20	-1.69	1.58	90.40	-30.9	***	-4.9
iShares Intrntl Tbond	IGOV	BW	-0.12	-4.91	-6.00	-3.11	-2.24	1.63	96.41	-52.7	***	-8.6
iShares Long Corp Bond	LQD	BL	0.33	-4.05	-4.61	-4.35	-3.27	1.37	113.29	-52.3	***	-7.1
iShares Trsry Inflt	TIP	BI	-5.00	-6.88	-7.21	-7.11	-3.80	1.24	111.86	-66.3	***	-8.2
PS 1-30 Ldr Trsry	PLW	BI	-5.49	-5.93	-5.03	-4.35	-2.52	1.88	30.62	-59.6	***	-11.2
PS Bld America	BAB	BI	-0.45	-2.91	-4.59	-5.86	-5.53	1.71	28.18	-55.6	***	-9.5
PS DB Dollar Bearish	UDN	BF	-2.18	-4.27	-4.41	-0.38	0.08	1.49	26.01	-47.5	***	-7.1
PS DB Dollar Bullish	UUP	BF	0.40	2.92	3.44	-0.18	-0.22	1.51	22.56	-29.9	***	-4.5
PS DB G10 Currency	DBV	BF	3.25	0.16	-2.83	-6.75	-4.15	1.95	25.41	-46.6	***	-9.1
PS Fdmntl Hi Yield Corp	PHB	BH	4.44	1.34	-0.88	-2.60	-2.49	1.19	18.64	-36.5	***	-4.3
PS Insr CA Muni	PWZ	BI	-0.95	-3.27	-3.99	-4.55	-4.13	1.19	23.82	-53.2	***	-6.4
PS Insr Natl Muni	PZA	BI	-1.41	-4.45	-5.38	-4.90	-4.43	1.44	23.91	-56.9	***	-8.2
PS Insr NY Muni	PZT	BI	-1.80	-4.38	-4.19	-4.19	-3.91	1.31	23.10	-54.8	***	-7.2
PS Prfd	PGX	BF	4.68	1.20	0.29	-2.61	-2.35	1.08	14.27	-35.1	***	-3.8
SPDR High Yield	JNK	BH	6.77	2.98	-0.48	-2.47	-2.20	1.66	39.29	-31.7	***	-5.3
SPDR Intrntl TBond	BWX	BW	-2.86	-7.10	-7.02	-3.46	-1.72	1.51	56.20	-58.5	***	-8.9
Vngrd Intrmdt Bond	BND	BI	-1.11	-2.65	-2.64	-2.56	-1.65	0.67	80.71	-46.9	***	-3.2
Wtree Dryfs Emrg Crrncy	CEW	BF	-0.64	-3.51	-4.93	-4.80	-1.81	1.64	20.05	-52.0	***	-8.5
iShares 10-20yr Trsry	TLH	BL	-5.43	-5.99	-5.33	-4.88	-2.97	1.99	126.31	-60.9	**	-12.1
PS Emrg Mrkt Svrgn Debt	PCY	BW	-0.94	-8.05	-11.28	-7.35	-5.20	2.70	27.31	-69.1	**	-18.7
Wtree Dryfs Brazil Real	BZF	BF	-5.56	-6.51	-6.66	-8.88	-4.28	2.58	17.65	-68.2	**	-17.6
Wtree Dryfs Comdty Cur	CCX	BF	-3.50	-6.46	-7.59	-6.63	-2.31	1.83	19.85	-62.8	**	-11.5
Wtree Dryfs Indn Rupee	ICN	BF	-1.58	-7.71	-5.78	-7.58	-4.97	2.52	19.87	-63.9	**	-16.1
Wtree Emrg Mrkt Lcl Debt	ELD	BF	-0.84	-4.87	-8.38	-7.66	-4.02	2.17	48.04	-62.1	**	-13.5
iShares 20+ yr Trsry	TLT	BL	-9.48	-9.35	-7.85	-5.59	-3.27	3.14	110.19	-71.8	*	-22.6

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.

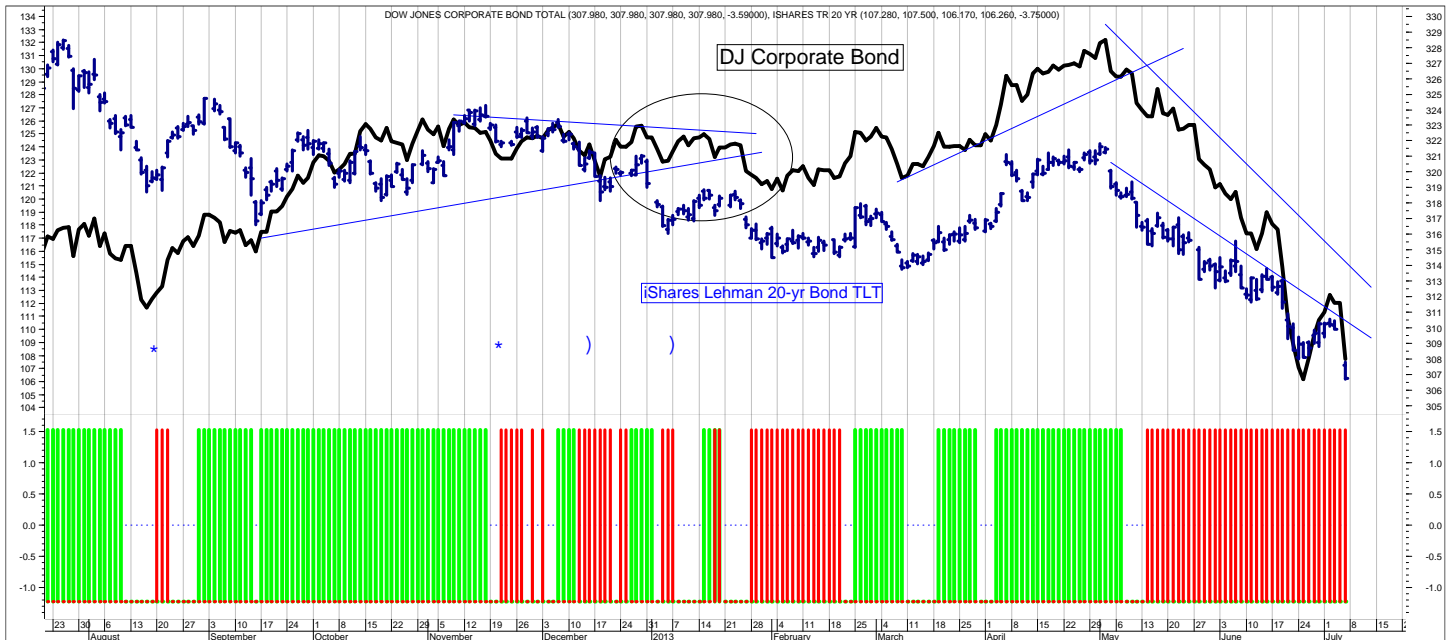
## ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

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

7/8 Oversold with a decent (low risk, high reward potential) trade. See page 2 and 5.

7/1 Still oversold. Will watch for testing and backfilling to form a tradeable bottom.

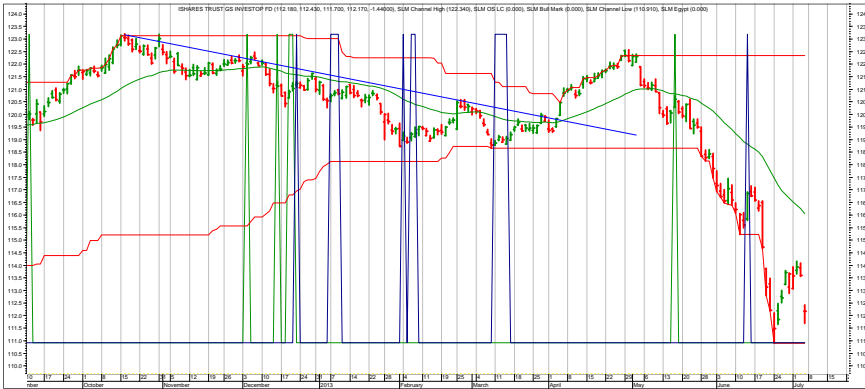
6/24 Oversold.

6/17 Bonds still negative, but watching for a turning point. The Fed is still committed to easing.

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.

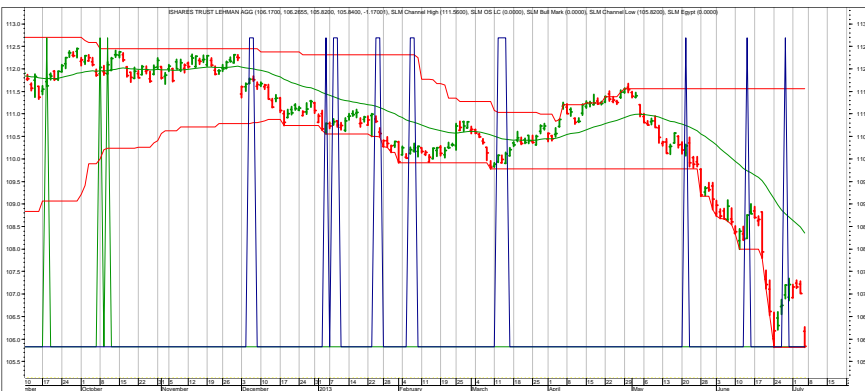
6/3 Still trending bearish.

# Income Charts (DAILY)



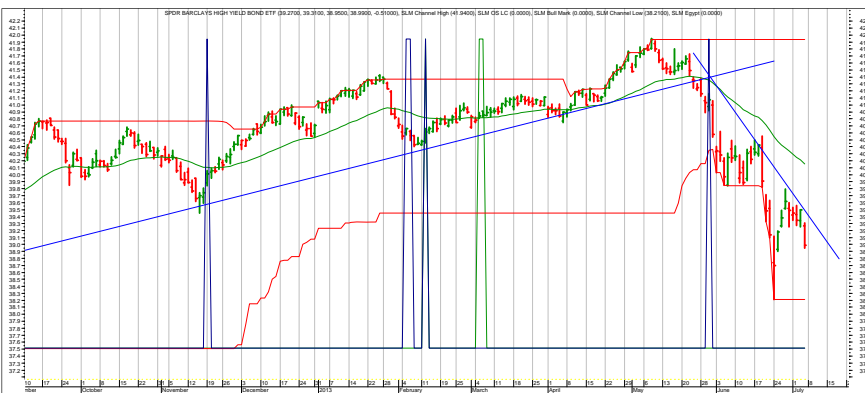
## LQD—Investment Grade Corporate

7/8 Short-term bottom bounce due.  
 7/1 Watch for bottom.  
 6/24 Oversold.  
 6/17 Potential buy spike.  
 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.



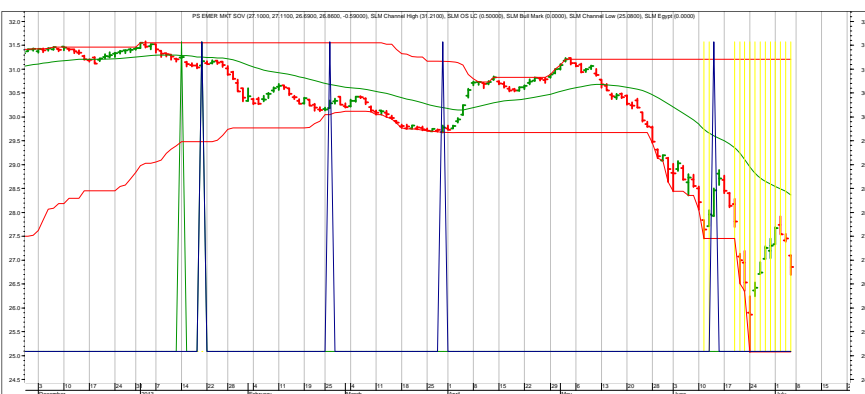
## AGG—Aggregate Bond Market

7/8 Tradeable bounce.  
 7/1 No changes.  
 6/24 Oversold.  
 6/17 Another potential buy spike.  
 6/10 Lows didn't hold. Long-term up-trend line also broken.



## JNK—hi-yield bonds

7/8 Yield highest in a year, so bounce due.  
 7/1 Watch for retest.  
 6/24 Oversold.  
 6/17 Possibly forming a bottom.  
 6/10 Also in a sharp selloff.  
 6/3 Broke its uptrend. Watch stop level.  
 5/28 Pullback to support. See page 2.



## PCY—International Bonds

7/8 International central banks will keep rates low they say. Bonds should rebound.  
 7/1 Very oversold.  
 6/24 Still very oversold.  
 6/17 Yellow bars indicate very oversold.

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:			7/5/2013																							
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																				
						<b>LONG ETFs-</b>																											
10-Dec	buy	EEM	43.03	526	22,644	EEM		Emrg Mkt	43.03	37.34	535.440	19,993.33	16.1%																				
10-Dec	buy	EFA	55.55	409	22,730	EFA		Euro Asia	55.55	57.84	422.060	24,411.95	19.7%																				
10-Dec	buy	IWM	82.54	274	22,626	IWM		Rusl 2000	82.54	99.67	278.740	27,782.02	22.4%																				
10-Dec	buy	QQQ	65.12	347	22,607	QQQ		Nsdq 100	65.12	72.58	351.000	25,475.58	20.5%																				
10-Dec	buy	SPY	142.47	159	22,663	SPY		S&P 500	142.47	163.02	161.870	26,388.05	21.2%																				
						Two potential ways to sell: Stop loss is roughly 2% below current level, or timing model may also signal sell.																											
						<b>SHORT ETFs-</b>																											
						Cash from short																											
						Money Market																											
						<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">1.00</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 10%; text-align: right;">0.0%</td> </tr> <tr> <td></td> <td style="text-align: right;">1.00</td> <td style="text-align: right;">167</td> <td style="text-align: right;">167.00</td> <td style="text-align: right;">0.1%</td> </tr> <tr> <td></td> <td colspan="3" style="text-align: right;">Total Valuation=</td> <td style="text-align: right;">124,217.92</td> </tr> <tr> <td></td> <td colspan="3"></td> <td style="text-align: right;">100.0%</td> </tr> </table>									1.00	-	-	0.0%		1.00	167	167.00	0.1%		Total Valuation=			124,217.92					100.0%
	1.00	-	-	0.0%																													
	1.00	167	167.00	0.1%																													
	Total Valuation=			124,217.92																													
				100.0%																													

## WEEKLY REVIEW

7/8 With the stock markets rallying again, the sell stop is inching away.

7/1 No change.

6/24 The drop in ETFs is very close to triggering a sell stop. It is also getting close to an oversold buy condition. See page 11. Watch for daily emails to be sent at 1/2 hour to the close (for Central Standard Time, the market closes at 3pm, so emails should be sent at about 2:30 for potential action at the close). If you don't get one today, please email me (smckee@investmentst.com) and we will check the distribution list for you.

The stop is set at a 10% decline from previous peaks. This allows for market pullbacks, but tries to avoid full blown bear markets of 20%-40% or more declines.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	-2.1	9.9	24.2	5.4
World Growth Index	17.2%	-4.2	14.3	11.8	44.5	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 6/30/13 (month end)

Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	CS	Rank	C= CS/V
Alerian MLP	AMLP	EGI	18.75	12.77	15.35	2.25	2.59	2.11	17.85	15.4	*****	7.3
Guggnhm RJ All	RYJ	ELC	29.11	24.47	20.49	6.32	2.20	2.49	28.28	46.3	*****	18.6
Guggnhm Spin Off	CSD	EMC	39.10	34.69	24.60	4.03	-0.99	3.28	36.93	65.1	*****	19.8
PS Aerospace & Def	PPA	EA	33.04	26.02	18.91	7.61	0.69	2.72	24.76	50.0	*****	18.4
PS Dynmc Consmr Discr	PEZ	EA	29.93	21.15	21.27	8.27	-0.35	2.59	35.95	44.0	*****	17.0
PS Dynmc Food & Bev	PBJ	EA	24.11	23.09	23.56	4.64	1.03	2.35	24.51	40.1	*****	17.1
PS Dynmc Media	PBS	EA	43.84	27.39	25.92	7.13	1.64	3.52	20.97	69.6	*****	19.8
PS Dynmc Retail	PMR	EA	26.86	23.06	20.91	9.25	-1.40	2.47	30.34	42.4	*****	17.2
PS S&P SmlCap Cnsmr Dis	PSCD	EA	35.69	23.99	23.37	10.44	0.46	3.00	40.56	57.6	*****	19.2
Select SPDR Cnsmr Disc	XLY	EA	30.92	22.07	19.63	6.76	0.82	2.68	56.40	43.9	*****	16.4
SPDR S&P Retail	XRT	EA	31.77	23.69	23.28	9.15	-0.99	2.69	76.61	50.6	*****	18.8
Vngrd Consmr Dis	VCR	EA	33.42	23.39	20.13	7.44	0.80	2.63	91.14	48.9	*****	18.6
Guggnhm MidCap Core	CZA	EMC	26.04	20.53	17.69	2.56	-0.08	2.11	39.72	30.4	****	14.4
Guggnhm Solar	TAN	EA	41.65	55.00	51.85	48.44	-4.70	11.76	23.75	155.9	****	13.3
iShares Russel MidVal	IWS	EMC	27.03	20.23	15.71	1.61	-1.40	2.51	57.61	26.9	****	10.7
iShares Russell 1000 Value Indx	IWD	ELC	25.00	17.47	15.62	3.23	-0.95	2.50	83.32	24.1	****	9.6
PS Buyback Achievers	PKW	EGI	26.40	19.81	19.62	4.67	-0.50	2.42	35.54	33.7	****	13.9
PS Dyn MagniQuant	PIQ	ELC	29.49	21.95	19.54	3.14	-1.84	2.88	32.21	36.0	****	12.5
PS Dynmc Consmr Staples	PSL	EA	24.01	20.06	20.54	3.78	-0.06	2.42	39.79	32.0	****	13.2
PS Dynmc Fncl	PFI	EA	28.24	19.00	16.99	4.85	-0.40	2.57	24.51	32.4	****	12.6
PS Dynmc Healthcare	PTH	EA	26.00	19.86	23.26	5.13	-1.04	3.38	40.34	36.9	****	10.9
PS Dynmc Leisure & Enter	PEJ	EA	29.68	22.90	22.05	5.40	-1.29	2.99	27.96	42.4	****	14.2
PS Dynmc Lrg Cap Value	PWV	ELC	25.43	17.87	16.96	3.64	-0.87	2.50	25.31	26.7	****	10.7
PS Dynmc Pharma	PJP	EA	29.44	24.15	22.76	7.32	-0.38	3.08	42.26	47.0	****	15.3
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	27.87	21.37	17.12	4.59	-0.71	3.16	81.02	33.9	****	10.7
PS Gbl Clean Enrgy	PBD	EW	30.21	29.57	24.31	13.57	-4.76	5.70	9.75	56.6	****	9.9
PS NASDAQ Intrnt	PNQI	EA	26.06	16.55	17.95	8.50	0.82	3.25	48.90	33.6	****	10.3
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	19.75	16.69	21.19	6.16	0.75	2.89	41.69	28.2	****	9.8
PS S&P SmlCap Fincl	PSCF	EA	22.99	18.36	16.07	2.78	1.26	2.26	35.49	25.2	****	11.1
PS WilderHill Cln Enrgy	PBW	EA	24.08	31.02	33.58	25.29	-0.19	6.37	5.39	77.5	****	12.2
PS Zacks Micro Cap	PZI	ESC	29.55	22.44	19.74	3.85	-0.11	3.53	14.09	39.2	****	11.1
Select SPDR Financls	XLF	EA	35.25	26.48	19.55	7.24	-1.57	3.49	19.45	50.6	****	14.5
Select SPDR Health	XLV	EA	27.68	20.37	20.44	3.94	-0.60	2.47	47.61	35.5	****	14.4
SPDR S&P Bank	KBE	EA	33.10	24.38	21.50	7.10	1.78	3.39	28.72	51.6	****	15.2
SPDR S&P Regional Banking	KRE	EA	26.21	20.15	22.04	7.04	3.68	3.30	33.88	42.8	****	13.0
Vngrd Fincl Srv	VFH	EA	31.43	23.88	17.99	5.34	-0.87	3.07	39.91	41.5	****	13.5
Vngrd Health	VHT	EA	27.47	19.95	20.54	4.18	-0.62	2.58	86.39	35.2	****	13.7
Vngrd MidCap Val	VO	EMC	24.99	18.90	15.43	2.42	-1.15	2.51	95.14	24.3	****	9.7
Vngrd Small Cap Value	VBR	ESC	25.94	19.46	15.24	1.89	-1.27	2.68	83.70	24.9	****	9.3
Wtree Japan Hedge Eqty	DXJ	EC	39.15	45.99	24.37	6.20	-0.89	5.34	45.61	78.5	****	14.7
Wtree MidCap Div	DON	EMC	24.16	18.24	15.56	1.16	-1.03	2.23	65.56	21.8	****	9.8
Wtree MidCap Earn	EZM	EMC	30.93	22.69	16.08	2.46	-1.04	2.87	71.97	34.8	****	12.1
Wtree Middle East Div	GULF	EW	28.04	21.51	19.08	8.75	-3.15	3.04	17.26	37.9	****	12.5
Wtree Sml Cap Div	DES	ESC	25.34	18.62	15.98	2.94	0.38	2.56	58.35	26.9	****	10.5

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	CS	Rank	C= CS/V
Guggnhm China Sml	HAO	EWR	13.58	13.93	-7.42	-5.97	-8.64	4.27	22.21	-30.8	***	-13.2
Guggnhm Dfnsv Eqty	DEF	EV	16.94	12.91	13.97	0.15	0.18	2.09	32.56	7.9	***	3.8
Guggnhm Glbl Div	LVL	EW	5.93	-0.06	-3.29	-6.85	-3.13	3.68	12.20	-43.7	***	-16.1
Guggnhm Glbl Wtr	CGW	EW	16.19	9.76	4.90	-2.55	-4.23	2.56	23.33	-12.2	***	-3.1
Guggnhm Insdrr Sent	NFO	EMC	24.37	16.45	14.85	2.18	-2.30	2.83	39.91	19.2	***	6.8
Guggnhm Intrntl A Incm	HGI	EW	8.87	3.12	-0.72	-3.54	-3.93	3.08	16.30	-32.5	***	-10.0
Guggnhm Multi Ast In	CVY	EV	15.68	8.47	8.96	-1.21	-2.35	2.13	23.18	-6.7	***	-1.4
Guggnhm Shipping	SEA	EA	10.10	15.24	8.66	0.12	0.12	3.21	17.26	-2.1	***	-0.7
Guggnhm Timber	CUT	EA	30.69	19.46	6.16	-5.78	-1.81	4.20	21.70	12.4	***	3.0
iShares Canada	EWC	EW	3.74	-5.91	-6.85	-7.21	-4.60	2.64	26.15	-57.1	***	-15.1
iShares Cohen&Str REIT	ICF	ERE	5.66	5.98	4.15	-1.49	-1.66	2.92	80.62	-23.7	***	-6.9
iShares Core S&P 500	IVV	ELC	20.23	13.23	13.50	2.75	-1.59	2.46	160.88	11.8	***	4.8
iShares Core S&P Mid Cap	IJH	EMC	24.61	18.54	14.36	0.76	-2.01	2.49	115.50	20.0	***	8.0
iShares DJ Slct Div	DVY	EGI	18.09	13.99	13.79	1.81	-0.12	1.92	64.01	11.3	***	5.9
iShares DJ US Home Constr.	ITB	EA	33.77	16.14	5.80	-6.30	-8.00	5.29	22.38	5.1	***	1.0
iShares EAFE Indx	EFA	EW	18.26	11.48	2.80	-0.90	-2.70	3.44	57.30	-7.4	***	-2.5
iShares Europe 350	IEV	EW	18.36	9.22	0.88	-0.16	-4.60	3.72	38.75	-12.6	***	-4.7
iShares Germany Indx	EWG	EW	26.93	11.35	1.75	2.71	-3.89	4.24	24.70	2.5	***	0.6
iShares Hong Kong Indx	EWH	EW	15.16	3.78	-3.41	-5.45	-4.78	3.44	18.33	-31.0	***	-10.7
iShares Japan	EWJ	EW	21.01	24.18	15.56	4.33	3.95	4.42	11.22	32.7	***	7.4
iShares Malaysia Indx	EWM	EW	11.63	9.25	4.26	5.37	-1.48	2.37	15.55	-7.3	***	-1.7
iShares Prfrd	PFF	EGI	6.61	2.75	1.14	-1.82	-2.20	1.07	39.12	-29.8	***	-3.2
iShares REIT	IYR	ERE	7.93	6.32	4.55	-3.51	-2.40	2.85	66.43	-23.4	***	-6.7
iShares Russell 1000 Grwth Indx	IWF	ELC	16.58	10.10	11.43	1.92	-2.09	2.33	72.45	1.6	***	0.7
iShares Russell 2000	IWM	ESC	23.80	17.58	15.36	2.72	-0.82	2.99	96.58	22.3	***	7.5
iShares Russell 2000 Value Indx	IWN	ESC	24.35	17.80	14.18	2.49	-0.49	2.76	85.40	22.0	***	8.0
iShares S&P 100 Indx	OEF	ELC	17.79	10.16	12.38	2.72	-1.83	2.40	71.95	4.9	***	2.0
iShares Singapore	EWS	EW	8.44	-0.37	-4.84	-6.68	-3.71	3.36	12.79	-43.5	***	-14.6
iShares Slct Div	IDV	ELC	11.75	4.80	-2.17	-4.30	-2.73	3.81	31.83	-29.0	***	-11.0
iShares Taiwan Indx	EWT	EW	10.94	1.40	-2.35	-0.30	-2.49	3.43	13.30	-29.1	***	-10.0
iShares EMU Indx	EZU	EW	21.65	11.12	-0.57	1.90	-4.89	4.79	32.48	-7.1	***	-3.4
Market Vectors Oil Services	OIH	EA	21.31	7.45	10.74	-0.30	-1.04	3.38	42.78	1.9	***	0.5
Market Vectors Semiconductor	SMH	EA	19.49	21.71	16.58	6.08	-1.57	3.36	37.69	26.0	***	7.7
PS BLDR Asia 50 ADR	ADRA	EW	15.04	12.66	2.25	-0.93	-1.81	3.23	26.58	-9.1	***	-2.9
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	18.57	11.15	3.42	0.46	-2.65	3.40	21.53	-5.4	***	-1.8
PS BLDR Europe 100 ADR	ADRU	EW	17.05	7.95	1.57	-0.11	-4.18	3.65	21.08	-14.0	***	-5.1
PS Cleantech	PZD	EA	21.08	17.91	10.36	-0.26	-3.06	3.46	25.32	9.7	***	2.8
PS DB Energy	DBE	EA	7.65	-4.43	-2.76	-6.66	-0.22	3.87	27.17	-42.7	***	-16.5
PS DB Oil	DBO	EA	5.54	-0.73	-0.08	-4.00	2.21	4.66	25.92	-33.4	***	-15.6
PS Dividend Achievers	PFM	EGI	17.18	10.93	12.54	0.73	-1.25	1.92	18.00	3.8	***	2.0
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	21.84	11.58	5.16	-0.73	-3.45	2.99	21.10	-1.9	***	-0.6
PS DWA Tech Ldr	PDP	ELC	19.29	14.24	12.02	1.15	-1.80	2.06	31.23	8.6	***	4.2
PS Dyn Mrkt	PWC	ELC	24.62	17.61	15.50	0.54	-2.99	3.13	56.08	19.0	***	6.1
PS Dyn OTC	PWO	ESC	20.36	19.02	19.62	6.34	-2.08	3.19	57.44	27.0	***	8.4
PS Dynmc Basic Matrl	PYZ	EA	21.59	12.72	5.44	-1.94	-4.36	3.12	42.43	-2.9	***	-0.9
PS Dynmc Biotech	PBE	EA	24.53	19.58	26.49	10.18	-3.15	4.49	28.89	41.3	***	9.2
PS Dynmc Bldg Cnstrctn	PKB	EA	37.64	20.25	8.27	-6.68	-7.14	4.84	18.85	16.0	***	3.3
PS Dynmc Energy	PXI	EA	28.06	14.06	11.55	-3.72	-4.13	3.82	47.57	9.5	***	2.5
PS Dynmc Energy Explor	PXE	EA	30.67	11.99	10.16	-6.56	-7.32	5.31	29.46	2.7	***	0.5
PS Dynmc Lrg Cap Grth	PWB	ELC	20.53	14.11	13.57	2.47	-1.52	2.34	21.45	12.9	***	5.5
PS Dynmc Networking	PXQ	EA	4.79	5.33	3.42	-1.55	0.64	4.31	26.10	-23.7	***	-10.2
PS Dynmc Oil & Gas Srvcs	PXJ	EA	29.61	14.28	13.34	-1.35	-0.11	3.97	23.03	19.5	***	4.9
PS Dynmc Semicndctr	PSI	EA	10.38	15.71	10.86	2.00	-1.40	3.33	15.88	1.2	***	0.4
PS Dynmc Software	PSJ	EA	12.31	7.21	9.58	-1.82	-1.82	2.72	29.74	-10.8	***	-2.9
PS Dynmc Technology	PTF	EA	18.54	13.64	14.67	2.18	-0.96	3.25	30.01	11.8	***	3.6
PS Dynmc Utilities	PUI	EA	14.89	9.26	11.20	2.64	0.28	2.47	19.07	2.0	***	0.8
PS Fincl Pfd	PGF	EGI	5.79	1.61	0.92	-1.98	-2.17	1.10	17.89	-32.1	***	-3.5
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	18.16	11.38	2.11	0.46	-3.58	3.93	36.82	-7.8	***	-3.1
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	15.34	10.37	1.88	-2.91	-1.88	3.12	23.80	-13.5	***	-4.2
PS Glbl Agriculture	PAGG	EA	3.72	-1.48	-4.15	-6.59	-4.28	2.89	29.28	-49.1	***	-14.2
PS Glbl Listd Prvt Eqty	PSP	EW	32.23	22.60	12.17	-0.37	-2.78	3.87	10.91	27.6	***	7.1
PS Glbl Water	PIO	EW	15.51	9.76	5.06	-1.35	-4.24	2.81	18.81	-11.6	***	-3.2
PS Gldn Drgn USX China	PGJ	EW	12.86	12.21	10.18	10.35	-0.98	3.98	21.04	8.3	***	2.1
PS Hi Yld Eqty Div	PEY	EGI	19.39	14.61	16.10	2.43	1.46	1.92	10.73	17.7	***	9.2
PS Intrntl Dvdnd	PID	EW	14.55	9.50	4.67	-2.16	-2.85	2.76	16.35	-12.6	***	-3.5
PS Lux Nanotech	PXN	EA	3.48	7.70	12.65	1.26	-4.37	3.78	6.67	-15.6	***	-5.9
PS MENA Frntr Countries	PMNA	EW	5.27	3.30	2.93	4.76	-3.49	2.41	11.01	-23.5	***	-5.7
PS QQQ	QQQ	ELC	12.64	5.10	10.03	3.66	-2.39	2.70	71.27	-7.3	***	-2.0
PS S&P 500 BuyWrite	PBP	ELC	4.18	1.09	4.21	-0.40	-1.69	1.44	20.14	-28.9	***	-4.2

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

Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	CS	Rank	C= CS/V
PS S&P 500 LowVolatility Portfolio	SPLV	ELC	16.24	13.00	14.01	0.81	0.78	2.20	31.12	8.6	***	3.9
PS S&P SmiCap Energy	PSCE	EA	24.53	14.96	16.53	0.93	-2.24	4.18	39.20	18.4	***	4.4
PS S&P SmiCap Hlth Care	PSCH	EA	20.72	17.63	21.69	7.25	1.74	3.79	43.01	32.7	***	8.6
PS S&P SmiCap Indstrils	PSCI	EA	29.55	21.89	13.42	0.55	-1.60	3.65	36.25	27.5	***	7.5
PS S&P SmiCap Info Tech	PSCT	EA	23.92	19.32	16.24	4.73	-0.72	3.15	35.64	27.2	***	8.6
PS S&P SmiCap Mtrls	PSCM	EA	28.59	17.28	10.15	-1.12	-3.19	3.83	35.10	15.4	***	4.0
PS S&P SmiCap Utilities	PSCU	EA	10.94	4.49	11.04	1.51	-1.14	2.91	32.49	-9.5	***	-2.8
PS US REIT	PSR	ERE	8.60	8.11	6.00	-1.80	-2.09	2.63	59.99	-17.5	***	-4.6
PS Water Resources	PHO	EA	22.38	13.74	6.62	-3.73	-3.39	3.22	22.04	-0.7	***	-0.2
PS WilderHill Prgsv Enrgy	PUW	EA	16.05	9.45	6.75	-3.32	-5.20	3.54	27.02	-12.6	***	-4.4
Select SPDR Cnsmr Stpl	XLP	EA	17.53	13.25	14.97	0.39	-0.31	2.28	39.67	9.5	***	4.2
Select SPDR Div	SDY	EGI	22.74	16.62	15.35	1.11	-1.15	2.02	66.30	18.4	***	9.1
Select SPDR Enrgy	XLE	EA	20.22	8.16	10.65	-0.80	-2.27	3.26	78.30	-0.3	***	-0.1
Select SPDR Indl	XLI	EA	22.35	18.70	13.57	2.63	-1.54	2.41	42.64	19.4	***	8.0
Select SPDR Mtrls	XLB	EA	11.52	6.38	3.37	-1.37	-4.11	2.83	38.35	-20.5	***	-5.8
Select SPDR Technlgy	XLK	EA	8.52	0.71	7.01	1.57	-2.89	2.58	30.59	-21.4	***	-5.5
Select SPDR Utilities	XLU	EA	5.93	6.55	9.79	-2.78	0.88	3.22	37.63	-15.9	***	-5.1
SPDR DJ Gbl Titans	DGT	EW	18.13	12.01	6.17	0.75	-3.19	2.79	58.75	-2.4	***	-0.7
SPDR DJ Industrials	DIA	ELC	18.57	12.90	15.08	2.82	-1.49	2.37	148.55	11.6	***	4.9
SPDR Euro Stoxx 50	FEZ	EW	21.61	10.15	-1.90	2.70	-5.19	5.20	33.13	-8.9	***	-4.6
SPDR Mid Cap Trust	MDY	EMC	24.20	17.98	13.81	0.54	-2.29	2.49	210.10	17.9	***	7.2
SPDR S&P 500	SPY	ELC	20.50	13.32	13.74	2.93	-1.34	2.40	160.42	12.9	***	5.4
SPDR S&P Homebuilders	XHB	EA	38.61	19.04	10.79	-2.04	-4.71	3.89	29.42	25.4	***	6.5
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	17.06	5.73	8.25	-3.49	-3.33	4.35	58.18	-12.1	***	-5.3
SPDR Wsh REIT	RWR	ERE	7.48	7.98	5.56	-1.31	-1.71	2.91	75.95	-18.3	***	-5.3
US Oil Fund	USO	EA	7.38	0.18	2.43	-1.64	4.81	5.25	34.18	-23.1	***	-12.2
Vngrd Cnsmr Stpls	VDC	EA	18.98	14.60	16.03	1.26	0.03	2.22	102.00	14.6	***	6.6
Vngrd Div Apprctn	VIG	EGI	19.52	12.93	12.21	1.29	-1.51	2.04	66.20	8.1	***	4.0
Vngrd Europe Pacific	VEA	EW	18.54	11.54	3.09	-0.74	-2.77	3.46	35.60	-6.6	***	-2.3
Vngrd European Indx	VGK	EW	18.78	9.87	1.01	-0.07	-4.42	3.75	48.13	-11.1	***	-4.2
Vngrd Extnd 4500	VXF	ELC	25.82	19.19	15.46	2.32	-1.12	2.74	69.83	25.4	***	9.3
Vngrd Grth	VUG	ELC	16.72	9.27	10.49	1.17	-2.14	2.39	78.15	-0.8	***	-0.2
Vngrd Large Cap	VV	ELC	20.76	13.60	13.72	2.83	-1.35	2.41	73.41	13.2	***	5.5
Vngrd Materials	VAW	EA	13.38	6.34	2.76	-2.48	-4.47	2.87	86.53	-20.8	***	-6.0
Vngrd REIT	VNQ	ERE	9.01	8.92	6.25	-1.63	-1.98	2.94	68.72	-15.7	***	-4.6
Vngrd Small Cap	VB	ESC	25.53	19.11	15.86	2.81	-1.06	2.84	93.71	26.0	***	9.1
Vngrd Small Cap Grth	VBK	ESC	24.17	17.88	15.64	3.02	-0.93	3.02	102.94	23.5	***	7.8
Vngrd Tech	VGX	EA	8.92	1.99	7.05	1.48	-3.17	2.77	73.98	-20.0	***	-5.6
Vngrd TTL Intrntl Stk	VXUS	EW	13.26	6.42	-1.39	-3.49	-3.57	3.19	45.68	-25.1	***	-8.0
Vngrd TTL Stock	VTI	ELC	21.19	14.13	13.87	2.60	-1.43	2.47	82.67	14.0	***	5.7
Vngrd Utilities	VPU	EA	8.84	8.49	11.19	-2.07	0.98	3.11	82.19	-8.9	***	-2.8
Wtree DEFA	DWM	EW	15.41	9.38	1.50	-2.25	-2.64	3.62	46.02	-14.9	***	-5.4
Wtree DEFA Eqty Incm	DTH	EW	15.98	8.35	1.80	-1.74	-3.45	3.77	40.01	-15.4	***	-5.8
Wtree Div Ex Fincl	DTN	ELC	20.43	13.90	13.71	1.22	-0.72	2.19	62.27	12.2	***	5.6
Wtree Emrg Mrkt SC Div	DGS	EW	10.47	2.76	-5.06	-9.14	-7.58	3.11	46.04	-44.9	***	-13.9
Wtree Eqty Income	DHS	EGI	16.96	12.51	14.79	1.81	-0.07	2.34	51.70	9.7	***	4.2
Wtree Eur SC Div	DFE	EW	31.39	18.83	6.10	4.33	-2.88	4.10	42.38	21.5	***	5.2
Wtree Gbl Eqty Incm	DEW	EW	9.61	3.64	-0.52	-3.89	-3.76	2.85	42.00	-31.2	***	-8.9
Wtree Intrntl Div Ex Fincl	DOO	EW	9.49	3.63	-1.64	-2.45	-4.02	3.39	40.09	-31.3	***	-10.6
Wtree Intrntl LC Div	DOL	EW	14.23	7.29	0.46	-2.42	-3.22	3.59	44.09	-20.0	***	-7.2
Wtree Intrntl MC Div	DIM	EW	19.18	12.35	2.80	-0.94	-2.63	3.40	50.27	-5.5	***	-1.9
Wtree Intrntl REIT	DRW	ERE	13.39	3.43	-5.51	-6.14	-4.23	3.94	27.26	-35.4	***	-13.9
Wtree Intrntl SC Div	DLS	EW	23.09	14.80	3.41	-3.16	-3.42	3.53	52.24	-1.6	***	-0.6
Wtree Intrntl Utilities	DBU	EW	2.36	0.57	-4.48	-2.23	-4.37	3.55	17.08	-44.5	***	-15.8
Wtree Japan SC Div	DFJ	EWR	13.53	14.44	9.90	-2.07	3.46	3.83	47.33	3.0	***	0.8
Wtree LrgCap Div	DLN	ELC	17.44	11.95	12.96	2.21	-1.07	2.03	59.81	7.2	***	3.5
Wtree S&P 500	EPS	ELC	21.90	14.37	14.95	3.83	-1.02	2.50	56.25	17.7	***	7.1
Wtree Ttl Earn	EXT	ELC	22.90	15.53	16.15	4.13	-1.91	2.56	58.04	20.5	***	8.0
Wtree World Ex US Grth	DNL	EW	5.20	-0.84	-8.89	-7.14	-4.58	3.14	47.43	-52.5	***	-16.5

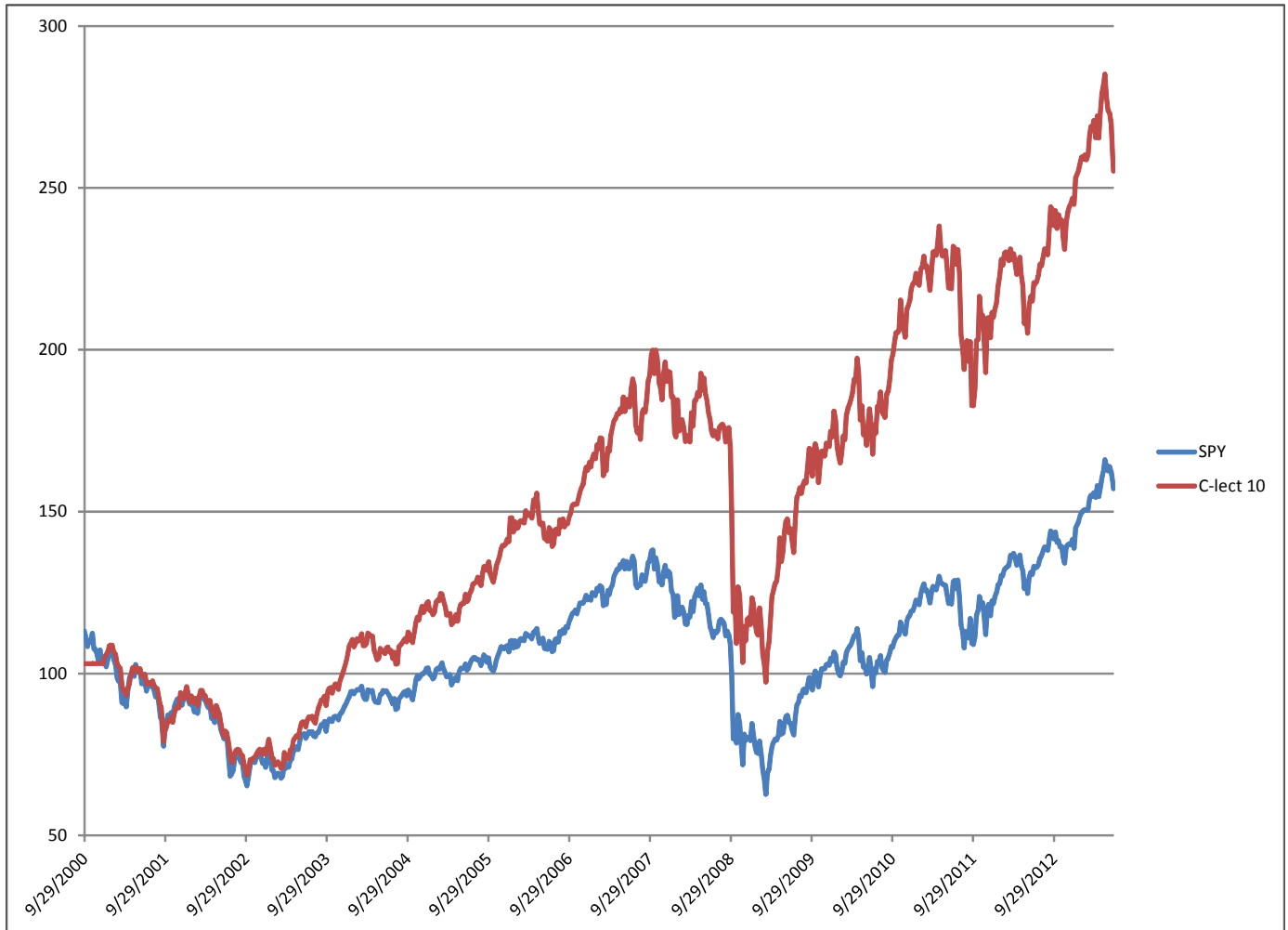
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

# Bottom ETF Growth Ranking to same month end

Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	CS	Rank	C= CS/V
iShares Brazil Indx	EWZ	EW	-12.72	-16.53	-20.08	-17.94	-12.15	4.47	43.86	-115.7	**	-51.8
Guggnhm BRIC	EEB	EW	-7.49	-11.14	-14.77	-11.17	-7.95	3.83	30.70	-88.8	**	-34.1
Guggnhm Candn Enrg Incm	ENY	EWR	-6.57	-18.59	-12.39	-11.40	-6.30	3.82	13.39	-91.6	**	-35.0
Guggnhm China All	YAO	EWR	3.05	0.71	-12.02	-6.49	-6.69	3.91	22.47	-57.7	**	-22.6
Guggnhm China REIT	TAO	EWR	14.23	3.07	-11.03	-7.46	-6.14	5.23	20.33	-43.6	**	-22.8
Guggnhm Fntr	FRN	EW	-15.26	-17.74	-18.78	-15.92	-6.52	3.68	16.05	-110.5	**	-40.7
iShares Australia	EWA	EW	9.57	0.64	-8.07	-14.53	-5.32	4.64	22.58	-54.0	**	-25.0
iShares China	FXI	EW	-0.64	-3.31	-17.48	-9.61	-7.30	4.80	32.52	-74.6	**	-35.9
iShares Emrg Mrkt Stk	EEM	EW	0.26	-5.05	-12.07	-8.83	-5.35	3.13	38.50	-67.3	**	-21.1
iShares Gold	IAU	EG	-22.94	-30.57	-26.35	-22.74	-10.92	3.77	11.99	-149.8	**	-56.5
iShares Italy Indx	EWI	EW	7.06	0.66	-10.39	2.14	-9.45	7.74	11.81	-46.3	**	-35.9
iShares Latin Amr	ILF	EW	-8.69	-11.12	-14.65	-14.28	-7.59	3.90	36.76	-92.6	**	-36.1
iShares Mexico	EWX	EW	7.21	0.75	-6.82	-11.89	-3.83	4.55	65.25	-50.9	**	-23.1
iShares South Korea Indx	EWY	EW	-2.37	-9.50	-16.02	-10.48	-7.70	4.04	53.20	-82.4	**	-33.2
iShares Spain	EWSP	EW	16.50	4.34	-6.81	-0.35	-6.65	8.11	27.69	-29.3	**	-23.7
Market Vectors Russia	RSX	EW	-1.31	-10.32	-15.79	-9.26	-0.47	5.23	25.18	-73.4	**	-38.4
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-6.22	-10.71	-13.77	-10.15	-6.74	3.49	34.36	-83.9	**	-29.2
PS DB Agriculture	DBA	EA	-11.76	-15.33	-10.91	-3.86	-2.31	3.03	24.90	-80.5	**	-24.4
PS DB Base Metals	DBB	EG	-11.69	-18.38	-16.18	-7.87	-5.88	4.20	16.16	-96.3	**	-40.5
PS DB Commodity	DBC	EA	-2.41	-12.38	-9.54	-7.98	-2.82	3.30	25.13	-71.4	**	-23.5
PS DB Gold	DGL	EG	-24.47	-31.76	-27.32	-23.49	-11.22	3.87	41.68	-154.6	**	-59.8
PS DWA Emrg Mrkt T Ldrs	PIE	EW	6.51	4.84	-2.82	-10.70	-10.92	3.71	18.01	-49.4	**	-18.3
PS Emrg Mrkt Infrastrctr	PXR	EW	-4.37	-8.34	-17.27	-13.22	-7.71	3.77	35.67	-87.2	**	-32.9
PS FTSE RAFI Asia Pac xJpn	PAF	EW	6.95	-2.35	-10.74	-12.79	-6.42	3.75	50.37	-61.6	**	-23.1
PS FTSE RAFI Emrg Mrkt	PXH	EW	-3.11	-9.20	-15.43	-11.33	-7.14	3.65	19.15	-82.5	**	-30.1
PS India	PIN	EW	-3.28	-11.17	-9.62	-8.07	-5.56	5.55	16.54	-74.0	**	-41.0
Pro Shares Short Russell 2000	RWM	ESC	-22.33	-17.41	-15.17	-3.91	0.49	3.05	20.63	-94.6	**	-28.9
Pro Shares Short S&P 500	SH	EC	-18.57	-12.88	-12.75	-3.26	1.43	2.51	29.69	-82.3	**	-20.6
SPDR Gold	GLD	EG	-23.25	-30.71	-26.48	-22.89	-11.06	3.77	119.11	-150.7	**	-56.8
Vngrd Emrg Mrkt	VWO	EW	0.91	-4.61	-11.54	-8.30	-5.30	3.23	38.80	-65.2	**	-21.0
Wtree Emrg Mrkt Eincom	DEM	EW	-2.89	-7.58	-13.59	-10.46	-7.34	3.01	48.33	-78.2	**	-23.5
Wtree India	EPI	EWR	-5.02	-13.98	-16.00	-9.45	-7.81	6.18	16.20	-88.6	**	-54.7
iPath S&P 500 VIX Shrt Trm	VXX	EC	-65.96	-42.47	-34.89	2.27	8.20	12.53	20.71	-169.2	*	-212.0
iShares Silver	SLV	EG	-28.82	-43.34	-35.41	-30.84	-11.52	7.15	18.97	-186.2	*	-133.1
Market Vectors Gold Minors	GDX	EG	-44.74	-53.92	-47.21	-35.30	-16.98	7.78	24.49	-234.5	*	-182.5
Market Vectors Junior Gold Miners	GDXJ	EG	-50.46	-61.50	-53.71	-45.28	-23.79	9.82	36.64	-271.1	*	-266.0
PS DB Precious Metals	DBP	EG	-25.67	-34.45	-29.20	-25.08	-11.57	4.36	40.42	-162.3	*	-70.8
PS DB Silver	DBS	EG	-31.05	-45.23	-37.48	-32.54	-12.67	7.41	32.73	-195.3	*	-144.7
PS Gbl Gold Precious Mtls	PSAU	EG	-42.94	-51.13	-46.53	-35.25	-16.31	7.83	19.81	-228.5	*	-178.9
SPDR S&P Metals & Mining	XME	EA	-18.74	-22.89	-25.99	-17.50	-11.50	5.69	33.16	-132.9	*	-75.6
US Natural Gas	UNG	EA	-1.76	-11.20	0.26	-13.39	-11.07	8.17	18.95	-73.5	*	-60.0

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.

## C-lect 10 (reiteration)



The weekly chart above shows a preliminary back test of the new selecting model from 9/29/2000 through the present. It is called C-lect 10. The results from this look promising. As you can see, the upside was substantially better when invested using the top ETFs as measured by their risk-adjusted relative performance.

C, of course, stands for comet; it is the risk-adjusted relative performance. 10 is the number of ETFs used out of a basket of 35. I plan to expand the basket, but the 35 were the oldest and most liquid.

Both C-lect 10 and SPY (S&P 500) started about 100. SPY ended at 157 and C-lect 10 ended at 255, which is about 66% better. Both measures were 100% invested (no timing used).

One caveat was the number of trades. Commissions to buy and sell were not included as costs, but I plan to add this as the back testing continues. There was nearly always an exchange from one ETF to another to be made weekly, though not of all 10 funds.

I also back tested some other indicators, but none worked as well as C. I also added some timing both directly on the etfs and on the market overlay. Adding timing also improves results. But for this testing, I wanted to actually test a stand alone selecting method that does better than the market.

# Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) *REVIEW*

prices decline. This will happen whether you own a bond fund or the bond directly. Both will drop in price. The difference between them is that if you own the bond itself, the bond will eventually mature at par at its maturity date. Your paper loss will disappear at maturity. A bond fund, however, has no maturity value. In fact, due to a bond fund's cash flows, you are never certain of getting back your principle, and quite frankly, most likely never will in a rising rate environment.

To take a concrete example, on April 30th, AGG (the US bond market etf) traded at 111.50.

With the rate rise since then, prices have dropped to 106. If the secular trend has changed, those who bought at 111 are not assured of ever getting back there principle. Had an investor bought a bond itself at par, at 100, it may be at a paper loss also, dropping to 97, but it eventually will mature back at 100.

See my Special Report on Secular Bond Markets at InvestmentST.com for more information.

Stocks for their part have rebounded, choosing to follow some apparent upbeat economic reports like continued jobs recovery. After all if the Fed feels it

okay to stop buying bonds, then the economy must be on solid footing. True enough, but the question is whether it will continue to recover or have stocks actually peaked for this cycle? Is there a recession ahead for the US? For our part, we will hang on to the uptrend for now, but monitor the stop levels very closely. Recession induced stock bear markets typically see losses of 30%.

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.

7/8 The monthly ETF rankings though 6/30 have been updated. When the C-lection model is done, the plan is to change the rankings to weekly. Incidentally, the C-lect model may end up being 10 or 8 or 12; it depends on the backtesting results. We want diversification that improves results, but not diversification for the sake of diversification.

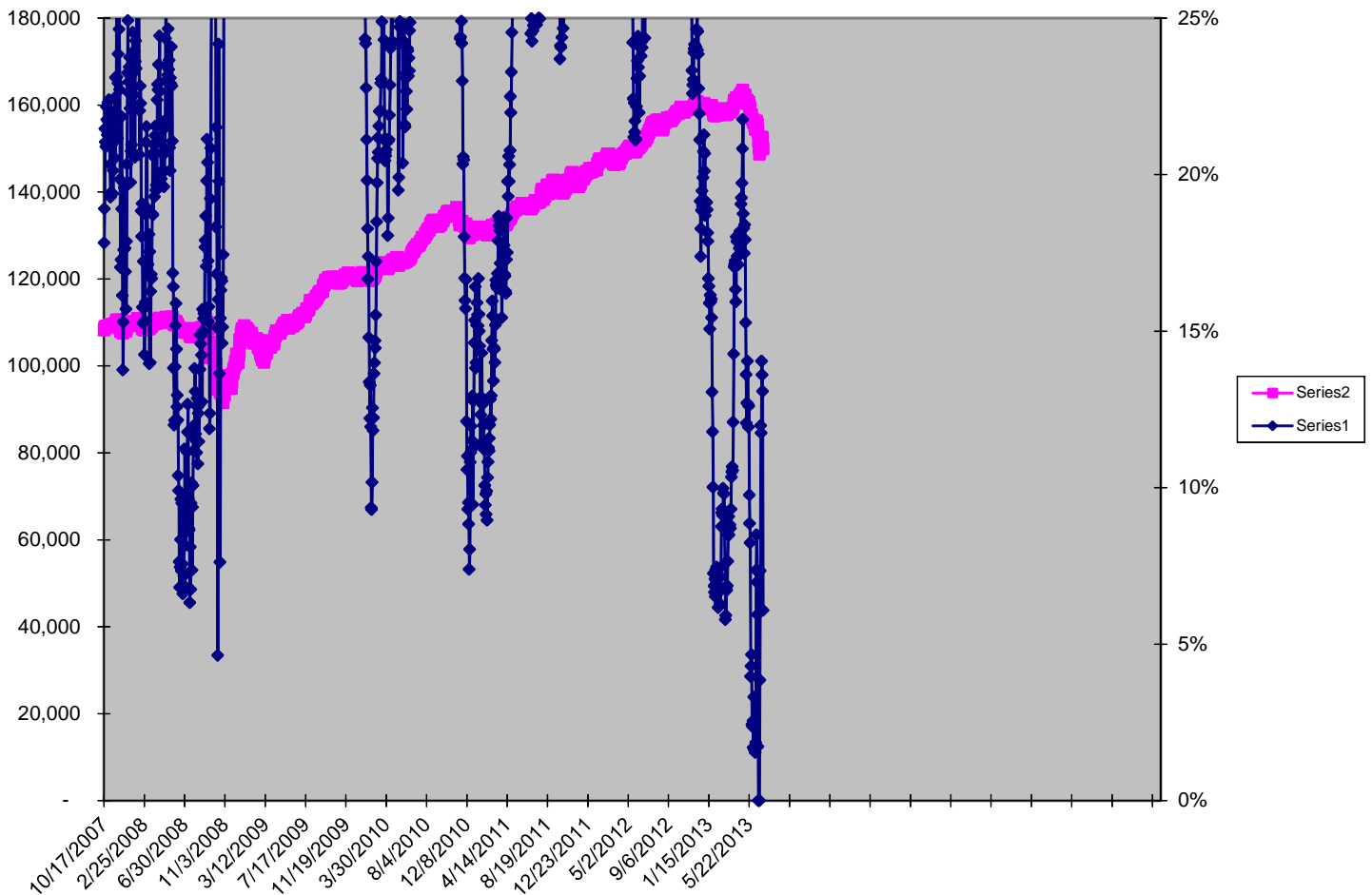
7/1 C-lect 10 model preliminary results shown.

6/24 New page 13 added.

6/17 No changes.

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

# World Income Index and oversold indicator



The World Income Index is still very oversold. The tapering talk caught bond participants flat-footed, yet a panicky stampede to the exits took place anyway. I suspect a bond rally will unfold soon, but as mentioned in my Special Report on Secular Bond Bull and Bear Markets (see the website to read/print it), if the trend in the Federal deficit has turned, and with higher taxes and lower spending it looks like it just might, the secular (5-30 years) trend in bond prices is now changing from up to down and conversely in bond yields is now changing from down to up.

Like with stocks though, the secular bond bear market won't be in a straight line over the next, say 10-20 years, but will be interspersed with cyclical (1-5 years) bull and bear markets. Counter rallies to the secular trend will develop that we plan to try to take advantage of.

The World Income Index is comprised of fully and always invested by 20% each in JNK (hi-yield), PCY (international), AGG (domestic), TLH (10-20 year Treasuries), and LQD (corporates).

# 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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