

# ETF Selections & Timing

## Watercourse Way Holdings, LLC

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

InvestmentST.com

July 16, 2012 (data through previous Friday close)

Volume 3  
Issue 29

## Data Pointing

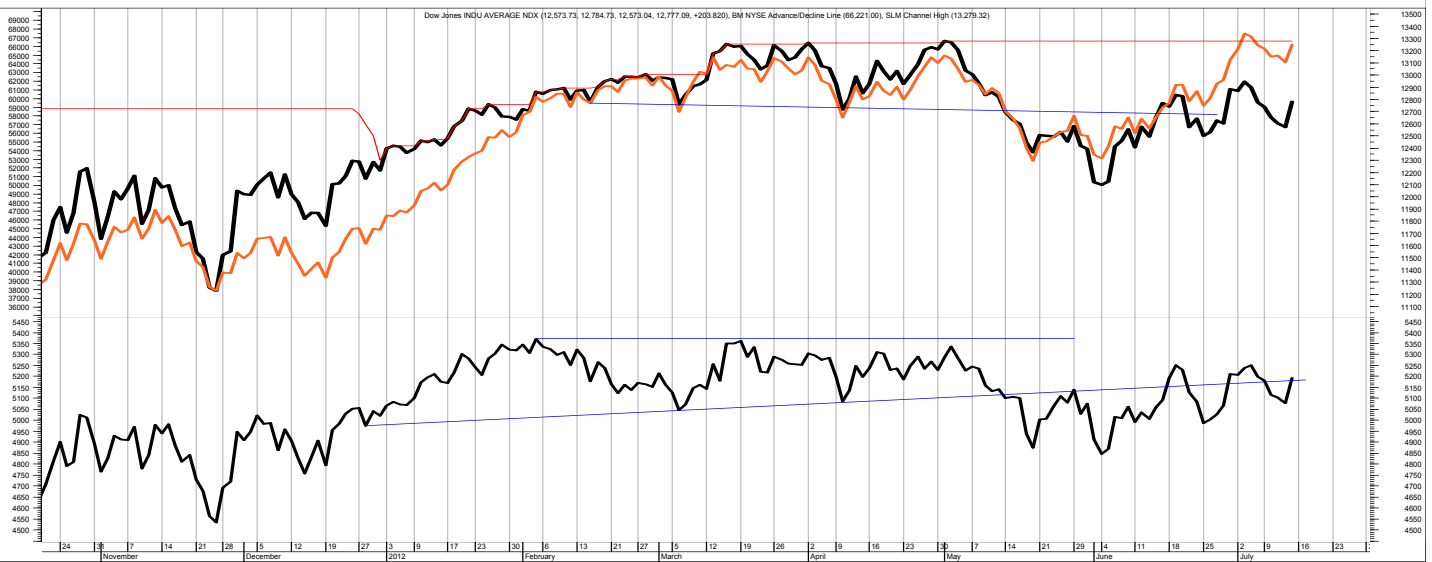
Inventory numbers rose in the latest reporting period. Like other indicators we can read this in one of two ways. Either retailers are stocking up as they expect a robust back to school season or inventory is piling up on the shelves. We have to look at re-

tail sales to make sense of inventory. Sales are declining for three straight months. So, the inventory numbers suggest weakness. Moreover it suggests weak manufacturing ahead as they try to lower inventory levels. Orders should decline.

Those fundamentals simply

confirm other reports that the economy is slowing. We know Europe is in a recession. Is the US far behind? China's growth has moderated to about 8%. Wouldn't that be a great number to complain about?

*(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

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	2.3%	4.4%	1.7	1.5	1.2	0.4%
ETF Growth Portfolio	-3.0%	-0.8%	-3.0	-3.1	0.0	-0.2%
Aggrgt Bond (AGG)	1.7%	4.2%	1.4	1.6	0.6	0.4%
Wilshire 5000	9.2%	3.6%	6.1	-0.8	1.5	-0.1%

## CONTENTS

Pages 2-5	Income
Page 4	Bond Model
Pages 6-11	Growth
Page 12	Overflow
Page 13	Disclaimers

# Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 7/13/2012							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 5/28	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total	
21-May	buy	PCY	27.78	1,200.0	33,346	AGG							0.0%	
21-May	buy	JNK	38.48	900.0	34,642	LQD	115.00	invst grd	116.05	119.41	352	42,085.70	37.9%	
each buy is roughly 34% of total portfolio will be roughly 68% invested and 32% cash														
29-May	buy	LQD	116.05	350.0	40,628	PCY								
1-Jun	sell	JNK	37.30	900.0	33,560	BSV		shrt term cor	81.13	81.24	802	65,164.39	58.6%	
18-Jun	sell	PCY	28.52	1,210.4	34,511									
18-Jun	buy	BSV	81.13	800.0	64,914									
						Money Market					1.00	3,912	3,912.00	3.5%
										Total Valuation=		111,162.09	100.0%	

## WEEKLY REVIEW

7/16 No changes.

7/9 No changes.

7/1 No changes.

6/25 No changes.

6/18 Take profits in PCY; it is extended to the upside (the old buy the rumor, sell the news). Buy the short-term bond fund BSV.

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	2.3	11.2	3.2
Aggregate Bond	2.5%	4.3	1.7	8.6	2.2

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 6/30/12

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
iShares Trsry Infltn	TIP	BI	8.19	4.72	2.58	1.74	-1.33	1.06	119.70	*****
PS Emrg Mrkt Svrgn Debt	PCY	BW	6.42	10.25	5.37	2.89	4.08	2.09	28.83	*****
iShares 10-20yr Trsry	TLH	BL	19.24	3.36	2.78	6.94	-1.17	2.66	136.63	****
iShares 20+ yr Trsry	TLT	BL	33.05	3.64	3.26	11.59	-1.88	4.35	125.20	****
iShares 7-10yr Trsry	IEF	BI	12.59	2.72	2.24	4.50	-0.57	1.79	107.93	****
PS 1-30 Ldr Trsry	PLW	BI	18.09	2.63	2.13	6.59	-1.19	2.62	33.16	****
PS Insrđ CA Muni	PWZ	BI	8.53	4.00	3.06	1.13	-0.48	1.14	24.95	****
PS Insrđ Natl Muni	PZA	BI	8.71	3.96	3.11	1.74	-0.63	1.37	25.21	****
iShares 3-7yr Trsry	IEI	BI	5.04	1.25	0.79	1.57	-0.28	0.79	123.00	***
iShares Agg Bond	AGG	BI	4.34	1.08	0.95	1.32	-0.23	0.75	111.30	***
iShares High Yld	HYG	BH	-0.02	10.21	2.08	0.63	4.01	2.60	91.29	***
iShares Inter Bond	MBB	BI	1.62	0.23	0.34	0.45	-0.02	0.37	108.44	***
iShares Inter Gov	GVI	BI	2.73	0.85	0.75	0.90	-0.12	0.57	112.12	***
iShares Intrntl Tbond	IGOV	BW	-7.80	-6.12	-1.67	-1.60	0.85	2.01	98.23	***
iShares Long Corp Bond	LQD	BL	6.77	4.70	3.37	1.70	0.53	1.43	117.59	***
PS Bld America	BAB	BI	14.27	3.05	3.48	2.20	-1.13	2.01	29.70	***
PS DB Dollar Bearish	UDN	BF	-7.55	-2.10	-0.97	-3.06	2.15	2.06	26.59	***
PS DB Dollar Bullish	UUP	BF	5.89	0.74	0.00	2.56	-2.26	2.09	22.47	***
PS DB G10 Currency	DBV	BF	-0.69	7.23	3.58	-1.60	4.59	2.74	24.61	***
PS Fdmntl Hi Yield Corp	PHB	BH	1.19	6.72	1.41	0.59	1.85	1.59	18.73	***
PS Insrđ NY Muni	PZT	BI	7.67	3.43	2.21	1.16	-0.45	1.10	24.43	***
PS Prfd	PGX	BF	1.26	6.92	6.06	1.04	2.04	1.46	14.52	***
SPDR High Yield	JNK	BH	-1.89	9.04	2.63	0.23	3.54	2.64	39.46	***
SPDR Intrntl Tbond	BWX	BW	-4.27	-1.63	0.51	-1.35	0.84	1.83	59.13	***
Vngrđ Intrmđt Bond	BND	BI	3.97	0.76	1.01	1.32	-0.15	0.65	84.38	***
Wtree Dryfs Chns Yuan	CYB	BF	-0.83	-0.28	0.08	-0.55	0.40	0.80	25.21	***
Wtree Dryfs Comđty Cur	CCX	BF	-26.01	-17.26	1.28	-3.79	3.37	4.80	20.57	***
Wtree Dryfs Emrg Crrncy	CEW	BF	-13.35	-2.42	2.44	-3.63	3.28	3.42	20.18	***
Wtree Dryfs Jpn Yen	JYF	BF	2.18	-2.84	-3.54	5.88	0.80	2.03	32.76	***
Wtree Dryfs N Zlnd Dollar	BNZ	BF	0.34	-0.85	0.56	-8.00	-10.93	3.66	23.46	***
Wtree Dryfs S Africa Rand	SZR	BF	-18.97	-4.36	1.94	-4.86	5.01	4.43	23.67	***
Wtree Emrg Mrkt Lcl Debt	ELD	BF	-5.42	5.22	4.07	-2.45	4.52	3.28	50.62	***
Currency Euro	FXE	BF	-12.87	-5.69	-2.36	-5.15	2.32	2.55	125.88	**
PS Low Duration	PLK	BS	-0.08	-0.82	-0.16	-0.28	-0.03	0.28	25.38	**
Vngrđ ShrtTrm Bond	BSV	BS	0.12	-0.36	0.36	0.23	-0.07	0.33	81.13	**
Wtree Dryfs Brazil Real	BZF	BF	-36.06	-23.46	-4.01	-7.89	0.32	5.85	18.69	**
Wtree Dryfs Euro	EU	BF	-17.38	-11.59	-1.77	-6.89	4.68	3.46	19.45	**
Wtree Dryfs Indn Rupee	ICN	BF	-26.40	-18.75	0.35	-5.83	2.38	4.26	20.19	**
iShares 1-3yr Trsry	SHY	BS	0.08	-0.24	-0.15	0.06	-0.13	0.15	84.37	*
PS VRDO Tax Free Wkly	PVI	BS	0.00	0.00	-0.08	0.04	0.04	0.03	25.00	*

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

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

# SLM Bond Timing Model



The SLM Bond Timing Model is based on the expected direction of the Corporate Bond market. The green bars are bullish (expect higher prices and lower yields) and the red bars are bearish (expect lower prices and higher yields). White spaces indicate that the previous signal is still in effect.

## WEEKLY REVIEW

7/16 Still trending higher.

7/9 No changes.

7/1 No changes.

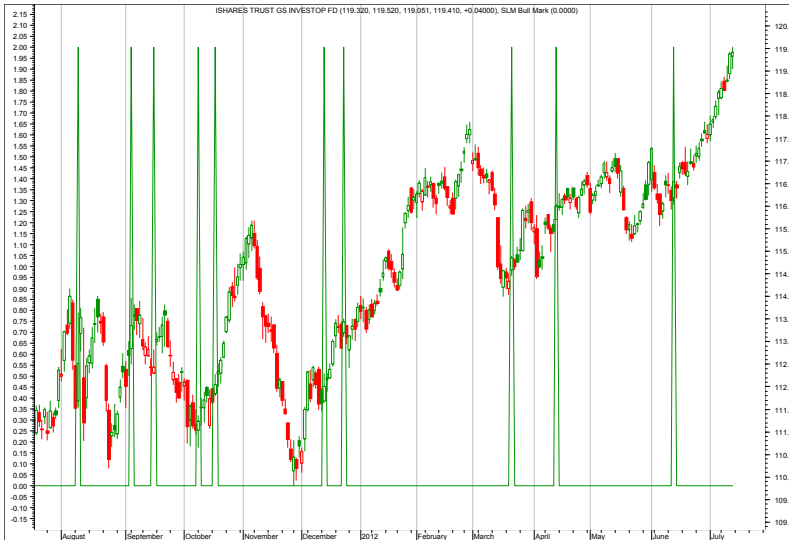
6/25 No changes. Still trending higher.

6/18 The SLM Bond Timing Model remains bullish on bonds.

6/11 After the spike move, Treasuries have come back down to support levels.

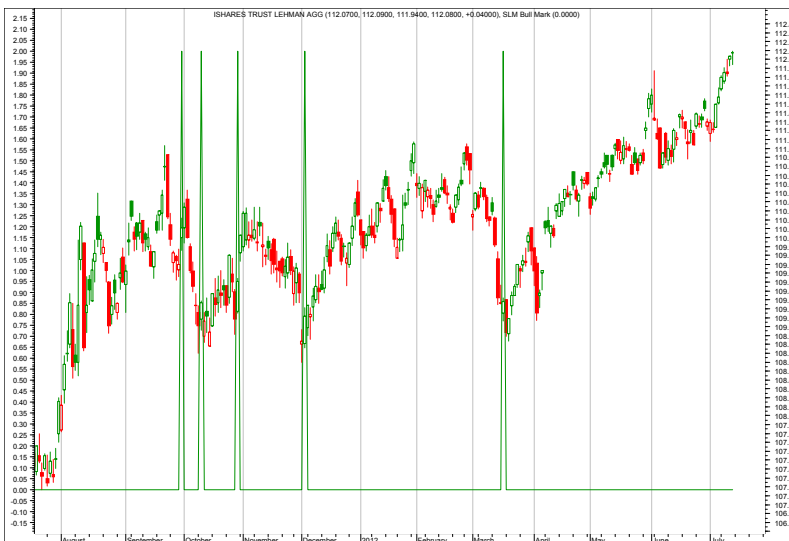
6/4 Spike moves (up or down) are typically not sustainable. You can see the latest spike move in Treasuries above. If you have some, consider taking profits. A pullback is normal.

# Income Charts



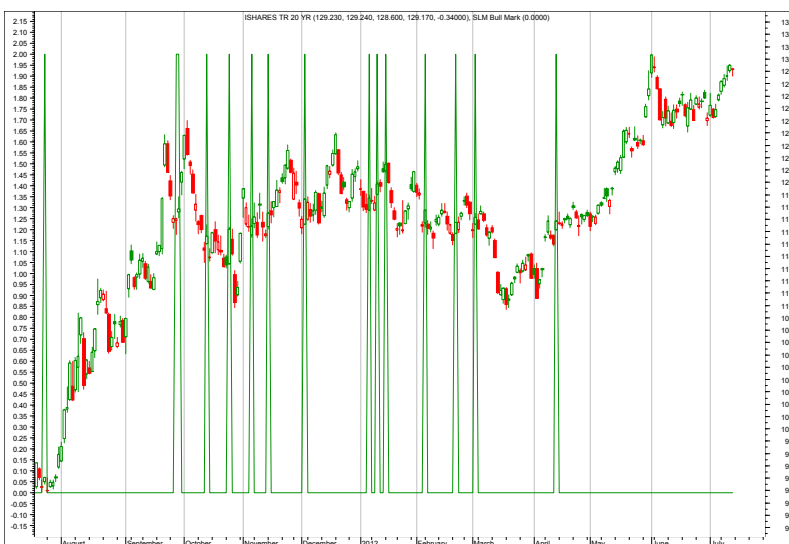
## LQD—Investmnt Grd Corporate

7/16 Appears to be going parabolic, which is a terminal move.



## AGG—Aggregate Bond Index

7/16 No changes.  
 7/9 Still moving up.  
 7/1 No changes.  
 6/25 No changes.  
 6/18 See if the breakout is valid.  
 6/11 Pullback into support. Should hold.  
 6/4 It will be interesting to see if AGG (the aggregate bond market, including Treasuries) can sustain this breakout. Are yields at a permanent new low level?  
 5/28 Potential breakout with weak economy.  
 5/21 No changes.



## TLT—20+ year Treasuries

7/16 Record low yields for Treasuries.  
 7/9 Still moving up.  
 7/1 No changes.  
 6/25 These should generally benefit from the six-month extension of Operation Twist.  
 6/18 No changes.  
 6/11 Pullback after the spike.  
 6/4 New breakout to permanent new low interest rates?

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

# Growth Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date: 7/13/2012						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Closing Stop as of 5/21	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
						<b>LONG ETFs-</b>							
18-Jun	buy	EEM	39.14	155	6,077								
18-Jun	buy	EFA	49.59	125	6,209	EEM	Emrg Mrkt	39.14	38.49	155	5,965.95	5.3%	
18-Jun	buy	IWM	77.36	80	6,199	EFA	Intrntl	49.59	49.35	125	6,168.75	5.5%	
18-Jun	buy	QQQ	63.70	95	6,062	IWM	Rus 2000	77.36	79.77	80	6,381.60	5.7%	
18-Jun	buy	SPY	134.67	45	6,070	QQQ	Nas 100	63.70	63.38	95	6,021.10	5.4%	
						SPY	S&P 500	134.67	135.75	45	6,108.75	5.5%	
						<b>SHORT ETFs-</b>							
						<b>Cash from short Money Market</b>							
								1.00		-	-	0.0%	
								1.00		81,385	81,385.00	72.6%	
						<b>Total Valuation=</b>						<b>112,031.15</b>	<b>100.0%</b>

## WEEKLY REVIEW

7/16 No changes.

7/9 No changes.

7/1 No changes.

6/25 No changes.

6/18 As mentioned, the preliminary allocation model for large cap indexes is completed. It is time to implement as shown above.

6/11 The market has rallied back into resistance. Time to take profits.

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

	2010	2011	ytd 2012	Incptn	SD
<b>ETF Growth Portfolio</b>	8.1%	6.9	-3.0	12.0	5.7
<b>Wilshire 5000 TR</b>	17.7%	0.5	9.2	29.1	10.9

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

# Top ETF Growth Ranking to 6/30/12 (month end)

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
Guggnhm Dfnsv Eqty	DEF	EV	7.53	14.65	4.50	1.93	3.44	2.20	28.57	*****
Guggnhm Spin Off	CSD	EMC	8.99	27.80	13.16	0.17	2.88	3.62	26.62	*****
PS Dynmc Pharma	PJP	EA	23.69	34.96	17.67	5.50	7.56	3.92	33.16	*****
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	7.59	20.37	11.53	2.89	5.14	2.89	35.08	*****
Select SPDR Cnsmr Stpl	XLP	EA	11.34	17.23	7.02	2.02	2.93	2.54	34.77	*****
Select SPDR Utilities	XLU	EA	10.48	10.02	2.81	5.55	3.15	1.88	36.99	*****
Vngrd Cnsmr Stpls	VDC	EA	10.38	15.72	8.27	2.24	3.63	2.36	88.21	*****
Vngrd Health	VHT	EA	7.39	21.52	12.55	1.95	5.90	3.30	68.89	*****
Vngrd Utilities	VPU	ELC	9.07	9.87	2.11	4.90	2.92	1.85	78.51	*****
Wtree Eqty Income	DHS	EGI	10.75	19.20	7.06	2.57	4.34	2.55	45.95	*****
iShares Cohen&Str REIT	ICF	ERE	8.45	28.16	11.99	2.61	4.60	5.15	78.64	****
iShares DJ Sltc Div	DVY	EGI	6.18	16.48	4.50	0.41	2.35	2.47	56.19	****
iShares REIT	IYR	ERE	6.03	26.43	12.54	2.62	4.43	4.59	63.94	****
PS Buyback Achievers	PKW	EGI	5.73	20.62	7.16	-3.13	2.75	3.35	28.43	****
PS Dividend Achievers	PFM	EGI	5.15	16.79	5.08	-0.63	2.75	2.58	15.72	****
PS Dynmc Banking	PJB	EA	5.78	36.13	10.27	-3.70	2.69	4.99	13.00	****
PS Dynmc Biotech	PBE	EA	3.48	26.71	15.65	2.29	8.61	4.98	23.20	****
PS Dynmc Bldg Cnstrctn	PKB	EA	4.48	38.16	14.86	-2.55	7.75	6.22	13.76	****
PS Dynmc Cnsmr Staples	PSL	EA	3.36	13.73	5.27	0.24	3.28	2.75	32.76	****
PS Dynmc Healthcare	PTH	EA	2.14	25.03	13.00	-0.03	5.71	4.20	32.42	****
PS Dynmc Leisure & Enter	PEJ	EA	9.94	34.08	16.00	-0.96	1.17	4.21	21.68	****
PS Dynmc Lrg Cap Grth	PWB	ELC	4.11	24.95	11.54	-3.39	1.87	3.95	17.98	****
PS Dynmc Lrg Cap Value	PWV	ELC	3.30	20.42	7.05	-0.82	4.56	3.34	20.64	****
PS Dynmc Retail	PMR	EA	15.50	28.93	11.61	-4.30	-0.93	4.13	24.51	****
PS Fincl Pfd	PGF	EGI	-0.17	11.46	11.66	0.56	2.45	2.56	18.00	****
PS Hi Yld Eqty Div	PEY	EGI	6.47	14.25	1.41	-0.42	2.74	2.18	9.38	****
PS QQQ	QQQ_O	ELC	12.46	22.23	14.92	-5.02	3.38	4.21	64.16	****
PS S&P SmlCap Fincl	PSCF	EA	7.74	28.64	9.83	-0.82	4.40	4.29	29.70	****
PS S&P SmlCap Hlth Care	PSCH	EA	7.03	29.55	13.45	1.76	7.90	4.59	35.77	****
PS US REIT	PSR	ERE	9.39	25.99	11.18	3.17	4.32	4.63	56.05	****
Select SPDR Cnsmr Disc	XLY	EA	8.88	25.59	12.20	-2.91	1.58	3.66	43.78	****
Select SPDR Health	XLV	EA	6.97	19.78	9.56	1.05	5.13	3.20	38.01	****
Select SPDR Technlgy	XLK	EA	11.77	21.72	12.87	-4.76	2.85	3.72	28.73	****
SPDR Wlsh REIT	RWR	ERE	9.44	29.01	13.18	2.91	4.68	5.12	72.89	****
Vngrd Cnsmr Dis	VCR	EA	6.01	24.35	12.18	-3.96	1.36	3.91	69.34	****
Vngrd Grth	VUG	ELC	5.13	21.58	10.12	-4.17	2.56	3.71	68.01	****
Wtree Div Ex Fincl	DTN	ELC	4.67	14.73	3.50	-1.82	3.98	2.79	53.82	****
Wtree LrgCap Div	DLN	ELC	6.89	19.26	6.95	-0.98	3.80	2.95	52.44	****
Wtree Sml Cap Div	DES	ESC	1.28	22.47	7.48	-1.71	4.57	3.86	48.25	****

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

Generally speaking, we want to own the top-ranked ETFs with 5 and 4 comets. (Comets, not stars, because unlike stars that are fixed, comets come into and out of prominence. We want our thinking, our metaphor aligning with reality.



# Middle ETF Growth Ranking to same month end

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
Guggnhm Airline	FAA	EA	-13.13	16.52	18.21	6.27	-0.13	5.47	31.03	***
Guggnhm China All	YAO	EWR	-20.60	12.83	4.44	-5.63	2.60	7.10	22.30	***
Guggnhm China REIT	TAO	EWR	-7.22	36.89	23.70	6.91	8.18	8.68	18.11	***
Guggnhm China Sml	HAO	EWR	-29.82	9.44	2.69	-8.11	-0.95	8.28	19.82	***
Guggnhm Euro-Pac	EEN	EW	-15.35	-15.68	-3.35	12.31	4.08	6.10	17.18	***
Guggnhm Frntr	FRN	EW	-16.72	7.25	7.61	-9.29	1.35	5.31	19.52	***
Guggnhm Gbl Wtr	CGW	EW	-5.75	11.84	9.34	-2.92	3.95	4.04	20.49	***
Guggnhm Insdr Sent	NFO	EMC	-9.56	18.51	6.04	-6.58	3.88	5.21	32.65	***
Guggnhm MidCap Core	CZA	EMC	0.28	22.41	7.23	-2.77	1.92	3.71	31.90	***
Guggnhm Multi Ast In	CVY	EV	-1.35	13.48	3.72	-2.93	2.36	3.12	21.21	***
Guggnhm RJ All	RYJ	ELC	-2.00	23.10	7.07	-7.25	1.77	4.93	21.98	***
Guggnhm Sctr Rotn	XRO	ELC	0.03	-4.23	10.77	11.98	6.74	4.68	25.89	***
Guggnhm Shipping	SEA	EA	-29.07	8.42	8.20	-15.44	0.69	8.19	16.10	***
Guggnhm Timber	CUT	EA	-20.33	5.59	1.63	-10.77	6.73	5.89	16.81	***
iShares China	FXI	EW	-21.62	9.20	-3.46	-8.18	0.52	6.51	33.67	***
iShares EAFE Indx	EFA	EW	-16.93	4.56	0.87	-8.98	4.61	5.09	49.96	***
iShares Emrg Mrkt Stk	EEM	EW	-17.78	11.51	3.15	-8.87	3.81	6.32	39.13	***
iShares Europe 350	IEV	EW	-19.91	5.74	-0.12	-9.77	4.89	6.01	33.70	***
iShares Gold	IAU	EG	6.28	-1.71	2.17	-4.36	2.30	5.86	15.56	***
iShares Mexico	EWX	EW	-1.77	25.46	14.30	-1.71	12.79	5.70	61.45	***
iShares Prfrd	PFF	EGI	-1.59	9.60	9.57	-0.03	1.88	2.38	39.03	***
iShares Russel 2000	IWM	ESC	-3.91	23.73	7.88	-3.92	4.53	4.74	79.56	***
iShares Russel MidVal	IWS	EV	-2.99	20.12	6.73	-3.76	3.14	4.01	46.32	***
iShares Sict Div	IDV	ELC	-15.55	6.15	1.29	-7.75	6.22	5.52	30.07	***
PS Aerospace & Def	PPA	EA	-6.72	16.27	4.45	-5.66	2.76	3.87	19.01	***
PS BLDR Asia 50 ADR	ADRA	EW	-15.32	5.05	4.77	-8.36	4.96	4.98	23.50	***
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	-15.95	5.18	0.24	-8.03	5.54	5.14	18.73	***
PS BLDR Europe 100 ADR	ADRU	EW	-15.96	6.15	-0.80	-6.62	6.45	5.55	18.48	***
PS DB Agriculture	DBA	EA	-11.09	-4.87	-2.29	0.43	8.21	3.74	28.22	***
PS DB Gold	DGL	EG	5.02	-2.90	1.34	-4.50	2.24	5.83	55.18	***
PS DB Precious Metals	DBP	EG	-1.04	-3.72	0.93	-6.77	1.53	7.16	54.38	***
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-9.68	18.89	6.59	-5.30	5.46	5.74	16.99	***
PS DWA Tech Ldr	PDP	ELC	1.23	20.22	10.78	-3.30	0.38	3.70	26.40	***
PS Dyn MagniQuant	PIQ	ELC	-4.06	23.59	7.00	-4.48	2.63	4.76	25.36	***
PS Dyn Mrkt	PWC	ELC	-2.95	24.45	11.80	-1.71	5.23	4.80	45.86	***
PS Dyn OTC	PWO	ESC	-7.97	14.74	6.73	-6.01	3.65	4.80	48.50	***
PS Dynmc Basic Matrl	PYZ	EA	-9.45	27.15	10.80	-6.68	3.16	6.10	35.49	***
PS Dynmc Consmr Discr	PEZ	EA	2.94	23.32	9.76	-5.34	-0.21	4.40	28.01	***
PS Dynmc Energy	PXI	EA	-10.98	20.32	-1.00	-7.34	3.37	6.20	37.77	***
PS Dynmc Energy Explor	PXE	EA	-9.45	21.45	2.99	-7.82	6.35	6.90	23.10	***
PS Dynmc Fncl	PFI	EA	-0.77	24.43	8.53	-4.14	3.62	4.61	19.46	***
PS Dynmc Food & Bev	PBJ	EA	-0.30	11.94	4.69	1.21	1.98	2.29	20.07	***
PS Dynmc Indstrls	PRN	EA	-6.46	24.70	6.38	-3.63	1.80	4.64	29.05	***
PS Dynmc Media	PBS	EA	-3.04	25.02	10.86	-3.09	4.62	5.07	14.69	***
PS Dynmc Networking	PXQ	EA	-11.39	20.48	3.17	-12.32	3.04	6.49	25.06	***
PS Dynmc Semicndctr	PSI	EA	-13.76	20.56	4.68	-10.30	1.64	6.50	14.54	***
PS Dynmc Software	PSJ	EA	-0.31	21.67	12.90	-1.79	5.11	4.63	26.48	***
PS Dynmc Technology	PTF	EA	-4.51	21.94	9.58	-7.37	4.08	5.37	25.51	***
PS Dynmc Utilities	PUI	EA	-1.67	10.75	4.74	1.67	3.53	2.30	17.02	***
PS Emrg Mrkt Infrastrctr	PXR	EW	-28.83	9.75	1.83	-11.82	1.72	7.85	37.81	***
PS FTSE RAFI Asia Pac xJpn	PAF	EW	-16.45	11.61	4.34	-6.49	5.25	6.40	48.55	***
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	-16.34	1.59	2.38	-6.57	5.04	4.56	21.05	***
PS FTSE RAFI Emrg Mrkt	PXH	EW	-21.45	6.18	-0.17	-11.88	3.62	6.53	20.20	***
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	-4.81	23.06	7.52	-5.23	4.31	4.92	64.51	***
PS Gbl Agriculture	PAGG	EA	-13.08	11.45	6.10	-5.56	5.14	5.42	28.52	***
PS Gbl Listd Prvt Eqty	PSP	EW	-17.07	14.95	10.64	-6.75	7.28	7.40	8.84	***
PS Gbl Water	PIO	EW	-18.52	5.69	5.89	-8.79	2.34	5.33	16.51	***
PS lbtstn Altrntv	PTO	ELC	-8.18	2.34	1.77	-5.57	1.86	3.53	10.94	***
PS India	PIN	EW	-26.21	-4.99	6.20	-8.07	8.59	7.43	17.31	***
PS Intrntl Dvnd	PID	EW	-9.54	6.18	0.21	-4.95	5.04	4.00	14.60	***
PS Lux Nanotech	PXN	EA	-24.13	11.41	8.10	-0.09	6.00	5.46	6.54	***

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



# Middle ETF Growth Ranking to same month end

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
PS Mega Cap	PMA	ELC	3.77	16.30	6.37	-4.98	5.37	3.93	28.04	***
PS Mrngstr Stk	PYH	ELC	-1.56	13.79	2.06	-6.05	1.02	3.46	20.79	***
PS NASDAQ Intrnt	PNQI	EA	0.00	22.01	12.38	-6.77	2.67	5.44	38.81	***
PS RvrFrnt Tac Bal	PAO	EGI	-8.21	11.65	5.60	-2.82	4.41	3.61	12.07	***
PS RvrFrnt Tac G&I	PCA	EGI	-3.75	8.09	2.44	-1.97	2.61	2.59	12.74	***
PS S&P 500 BuyWrite	PBP	ELC	-3.88	8.27	3.41	-1.22	2.42	3.05	20.29	***
PS S&P 500 High Qlty	PIV	ELC	7.99	-0.30	4.66	5.27	3.99	2.95	14.59	***
PS S&P SmICap Cnsmr Dis	PSCD	EA	2.82	27.82	11.64	-5.63	0.75	4.80	30.26	***
PS S&P SmICap Energy	PSCE	EA	-18.06	17.75	-7.55	-14.87	4.65	7.78	31.71	***
PS S&P SmICap Indstrils	PSCI	EA	-4.17	23.09	4.16	-6.94	3.07	4.87	28.52	***
PS S&P SmICap Info Tech	PSCT	EA	-6.47	23.82	3.67	-8.15	3.12	5.35	29.06	***
PS S&P SmICap Mtrls	PSCM	EA	-10.71	13.53	2.28	-9.21	2.05	4.69	26.43	***
PS S&P SmICap Utilities	PSCU	EA	0.26	8.68	-1.18	0.59	4.05	2.52	30.39	***
PS Water Resources	PHO	EA	-6.35	20.63	7.60	-5.57	3.30	4.73	18.13	***
PS WilderHill Prgsv Enrgy	PUW	EA	-16.18	18.33	5.03	-9.86	2.72	6.58	23.67	***
PS Zacks Micro Cap	PZI	ESC	-6.01	26.39	9.03	-4.06	5.41	5.27	11.11	***
Select SPDR Div	SDY	EGI	2.94	14.62	3.30	-1.75	2.00	2.47	55.65	***
Select SPDR Enrgy	XLE	EA	-11.92	13.43	-3.99	-7.50	4.31	5.68	66.37	***
Select SPDR Financils	XLF	EA	-4.66	23.92	12.58	-7.34	4.46	5.89	14.64	***
Select SPDR Indl	XLI	EA	-4.22	22.07	5.69	-4.66	2.88	4.46	35.67	***
Select SPDR Matrils	XLB	EA	-10.36	20.22	5.34	-4.54	4.35	5.22	35.29	***
SPDR DJ Gbl Titans	DGT	EW	-14.53	6.35	1.61	-8.67	3.45	4.80	50.99	***
SPDR DJ Industrials	DIA	ELC	3.73	17.92	5.42	-2.54	3.84	3.30	128.45	***
SPDR Gold	GLD	EG	6.29	-1.82	2.11	-4.27	2.35	5.84	155.19	***
SPDR S&P 500	SPY	ELC	3.13	20.29	8.45	-3.34	3.53	3.65	136.10	***
Vngrd Div Aprprctn	VIG	EGI	1.25	16.26	3.73	-3.18	1.59	2.98	56.69	***
Vngrd Enrg Mrkt	VWO	EW	-17.87	11.44	4.50	-8.14	5.02	6.40	39.93	***
Vngrd Extn 4500	VXF	ELC	-3.49	22.39	8.83	-4.92	3.14	4.67	56.42	***
Vngrd Fincl Srv	VFH	EA	-3.27	24.65	12.46	-5.79	4.23	5.52	31.06	***
Vngrd Large Cap	VV	ELC	2.49	20.23	8.38	-3.62	3.33	3.70	62.10	***
Vngrd Materials	VAW	ELC	-9.67	20.60	6.32	-5.43	4.40	5.52	77.75	***
Vngrd MidCap Val	VO	EMC	-4.00	18.59	7.31	-5.37	2.51	4.29	77.20	***
Vngrd Small Cap	VB	ESC	-2.58	23.90	9.14	-3.40	4.62	4.78	76.04	***
Vngrd Small Cap Grth	VBK	ESC	-2.48	25.29	9.70	-3.65	4.86	5.02	83.77	***
Vngrd Small Cap Value	VBR	ESC	-2.68	22.71	8.82	-3.10	4.48	4.55	68.20	***
Vngrd Tech	VGT	EA	8.49	21.09	11.99	-7.35	2.97	4.46	68.73	***
Vngrd TTL Stock	VTI	ELC	1.90	20.76	8.40	-3.54	3.52	3.80	69.70	***
Wtree DEFA	DWM	EW	-17.46	4.05	1.20	-7.77	6.40	5.24	41.41	***
Wtree DEFA Eqty Incm	DTH	EW	-18.57	2.26	-1.46	-7.51	6.27	5.43	36.03	***
Wtree Emrg Mrkt Eincm	DEM	EW	-15.04	9.42	1.05	-10.07	0.58	4.97	51.81	***
Wtree Emrg Mrkt SC Div	DGS	EW	-17.51	12.08	4.81	-9.95	0.56	5.76	43.33	***
Wtree Gbl Eqty Incm	DEW	EW	-11.55	8.42	1.50	-4.27	5.53	4.41	39.90	***
Wtree India	EPI	EWR	-28.03	-5.07	10.45	-10.63	8.84	8.64	17.23	***
Wtree Intrntl LC Div	DOL	EW	-16.43	5.35	-0.02	-7.22	6.10	5.36	39.99	***
Wtree Intrntl REIT	DRW	ERE	-7.76	20.02	14.69	0.80	6.27	5.73	26.62	***
Wtree Japan Hedge Eqty	DXJ	EC	-8.19	2.03	5.87	-10.08	7.27	3.86	33.18	***
Wtree Japan SC Div	DFJ	EWR	-2.47	-2.16	2.40	-6.43	3.60	2.97	42.65	***
Wtree LrgCap Grth	ROI	ELC	-0.52	17.51	4.99	-6.98	0.37	4.01	38.14	***
Wtree MidCap Div	DON	EMC	0.18	18.39	4.84	-3.02	2.83	3.51	54.59	***
Wtree MidCap Earn	EZM	EMC	-4.73	19.17	3.71	-8.49	1.65	4.58	55.95	***
Wtree S&P 500	EPS	ELC	3.40	19.32	7.04	-4.65	3.25	3.78	47.13	***
Wtree Ttl Earn	EXT	ELC	2.47	19.58	7.10	-4.83	2.67	3.83	48.20	***
Wtree World Ex US Grth	DNL	EW	-18.16	8.78	0.17	-8.58	4.69	5.95	46.45	***

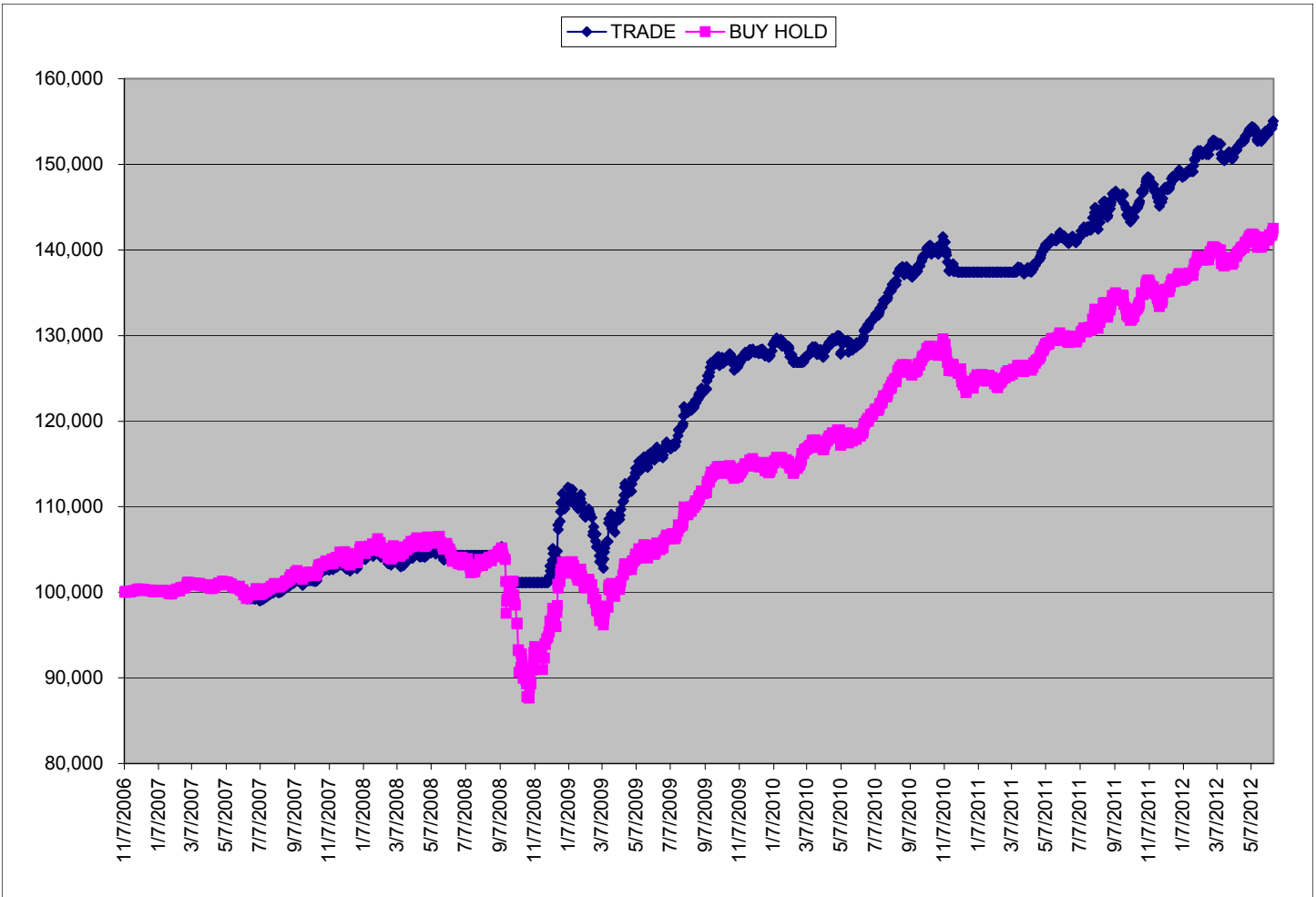
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

# Bottom ETF Growth Ranking to same month end

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
Guggnhm BRIC	EEB	EW	-25.43	-0.81	-2.71	-13.68	3.46	6.76	34.08	**
Guggnhm Candn Enrg Incm	ENY	EWR	-28.39	4.23	-12.28	-14.06	0.34	6.55	14.78	**
Guggnhm Glbl Div	LVL	EW	-20.71	-2.29	-6.64	-11.07	2.23	4.74	12.37	**
Guggnhm Intrntl A Incm	HGI	EW	-19.23	3.64	-3.58	-11.49	3.64	5.42	15.64	**
Guggnhm Intrntl SmlCap	XGC	EW	-20.76	-21.38	-7.87	12.80	7.46	7.10	18.86	**
iShares Canada	EWC	EW	-18.41	1.37	-2.86	-8.82	2.05	4.51	25.84	**
iShares Latin Amr	ILF	EW	-19.70	6.61	-2.63	-12.98	3.19	6.04	41.45	**
iShares Silver	SLV	EG	-21.25	-7.82	-1.08	-15.07	-1.15	12.43	26.65	**
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-19.36	4.16	-1.31	-11.01	3.21	5.64	37.57	**
PS Cleantech	PZD	EA	-25.55	1.59	-1.77	-11.50	1.34	5.33	21.13	**
PS DB Base Metals	DBB	EG	-23.37	-1.35	-1.88	-8.91	0.05	5.20	18.30	**
PS DB Commodity	DBC	EA	-11.08	0.00	-4.06	-10.59	2.02	4.65	25.75	**
PS DB Energy	DBE	EA	-15.10	-1.83	-8.62	-16.01	-1.37	5.23	25.24	**
PS DB Oil	DBO	EA	-14.57	6.60	-14.04	-17.89	-0.57	6.68	24.56	**
PS DB Silver	DBS	EG	-21.91	-8.09	-1.08	-15.59	-1.29	12.64	47.47	**
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	-22.34	6.26	0.11	-10.40	2.88	5.89	17.49	**
PS Dyn Dvlp Intrnl Opp	PFA	EW	-15.24	-20.16	-16.76	-0.26	7.26	5.03	15.63	**
PS Dynmc Oil & Gas Srvcs	PXJ	EA	-27.48	10.14	-11.66	-14.58	0.06	7.70	17.81	**
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	-23.08	1.15	-1.12	-11.28	5.63	6.05	31.79	**
PS Glbl Gold Precious Mtls	PSAU	EG	-22.86	-16.24	-12.71	-12.47	4.67	7.31	34.75	**
PS Glbl Nuclr Enrgy	PKN	EW	-19.53	1.91	-0.83	-9.28	5.32	5.85	15.45	**
PS Gldn Drgn USX China	PGJ	EW	-28.05	-2.20	-3.62	-12.58	-1.40	6.61	18.90	**
PS MENA Frntr Countries	PMNA	EW	-11.91	-0.65	1.91	-6.00	-0.28	3.04	10.65	**
SPDR Euro Stoxx 50	FEZ	EW	-30.48	-0.21	-4.37	-13.04	6.73	7.46	28.22	**
Wtree Eur SC Div	DFE	EW	-22.34	2.54	2.63	-13.01	0.57	6.43	33.51	**
Wtree Intrntl Div Ex Fincl	DOO	EW	-19.25	-0.03	-3.66	-8.80	4.41	4.90	38.13	**
Wtree Intrntl MC Div	DIM	EW	-18.91	2.67	1.75	-8.92	4.52	5.16	43.80	**
Wtree Intrntl SC Div	DLS	EW	-14.69	2.30	1.90	-10.07	1.83	4.41	44.56	**
Wtree Intrntl Utilities	DBU	EA	-17.46	-1.35	-2.02	-7.90	2.91	3.95	17.42	**
Guggnhm Solar	TAN	EA	-74.21	-43.22	-25.75	-26.29	4.32	13.52	18.34	*
iShares Spain	EWP	EW	-41.15	-23.29	-18.07	-15.36	16.10	7.95	24.80	*
PS Glbl Clean Enrgy	PBD	EW	-44.45	-13.23	-7.53	-15.35	3.68	8.25	7.61	*
PS Glbl Coal	PKOL	EA	-43.22	-17.43	-20.96	-21.92	1.81	8.65	19.38	*
PS Glbl Steel	PSTL	EA	-40.72	-10.01	-9.16	-17.73	0.05	7.86	13.52	*
PS Glbl Wind Energy	PWND	EW	-45.00	-23.73	-21.17	-22.75	2.86	7.25	5.40	*
PS WilderHill Cln Enrgy	PBW	EA	-50.89	-18.90	-12.82	-20.50	3.76	9.04	4.42	*
Wtree Middle East Div	GULF	EW	-11.02	-2.59	-4.72	-10.06	-4.06	2.94	13.94	*

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.

# World Income Model



This shows the new World Income Model, which like the World Growth Model shown the last few weeks, is currently under construction. But the preliminary results of both look promising. The annual returns are shown to the right, along with the returns from inception through 6/15/12.

The five income ETFs are

- JNK—hi yield
- PCY—emerging markets income
- BSV—short-term
- TLH—10-20 year Treasuries
- LQD—investment grade corporates

Like the World Growth Model, these do not necessarily represent the top ETF as picked by the ETF selection model.

	WIXD TRADE	Same ETFs Buy Hold
2007	4.2	4.9
2008	6.1	-2.1
2009	15.4	11.1
2010	7.6	9.5
2011	8.7	9.8
to 6/15/12	3.8	3.9
inception	54.1	41.6

excludes commissions, includes div

## Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) *REVIEW*

At the same time as this domestic weakness is taking place, the leading indicators still suggest expansion. They have yet to roll over. So, it is not yet clear if this current weakness is the pause that refreshes or the pause before the cliff.

Investor sentiment remains steady without a cliff either way. There are neither too many bulls,

nor are there too many bears.

Technically, the negative divergences, shown on the front page, persist. If we take away the very expansive Federal Reserve, we would already be in a recession with the stock market probably about 20% lower.

But the Fed is expansive and thus supporting asset valuations, be it stocks, bonds, or real estate. Interest rates on Treasuries are at

record low yields. This makes riskier asset classes more attractive. But as I've said in the past, this holds true only if we continue to avoid a recession.

See the individual portfolio pages for trading ideas.

Just to clarify a couple of terms that I use regularly.

Short-term is days to weeks.

Intermediate-term is weeks to months.

Long-term is months to years.

Cyclical is 2-5 years.

Secular is 5 years to decades.

Bull market is a series of higher highs and higher lows.

Bear market is a series of lower lows and lower highs.

Neutral market is sideways without a discernible pattern.

Oddly, bull and bear markets may occur simultaneously, but over different time periods. For example, we may be in a secular bear market, but there are cyclical bull and bear markets.

Closing stops are "mental". I look at the position at quarter to the close. If it is trading below the stop (or above if short), then I act with the assumption the security will trigger that closing stop on that day. I sell (or cover) at the close that day.

7/16 World Income model introduced.

7/9 No changes. Just a reiteration of the timing model.

7/1 Second model shown on page 11.

6/25 Tweaking of the new model continues.

6/18 Preliminary five ETF allocation model introduced. (WORLD GROWTH MODEL)

6/11 No changes.

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

# 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, page2: Uses a proprietary selection methodology on all of the monitored bond-oriented ETFs to pick the top ETFs. I then use a proprietary timing model to decide whether to buy, sell, hold, or avoid.

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

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

Portfolio changes will usually be made at the close on Monday, unless otherwise noted in any emailed hotline update or triggered stop orders. Issues are normally posted on Mondays by 1:35pm cst.

Portfolios are updated through the Friday close the week before.

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

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

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

**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.

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.

**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, and short-term redemption charges. The Wilshire 5000 TR and Aggregate Bond are equity and bond indexes and may or may not be useful in comparing returns. Security values fluctuate. Information is provided without consideration for your 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 advice shown herein.

**COPYRIGHT:** Copyright, 2009-12, Watercourse Way Holdings, LLC. All rights reserved.