

# ETF Selections & Timing

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## QE III in Question

With a few major positive economic indicators showing up over the last month, has the Fed removed the possibility of QE III from the table?

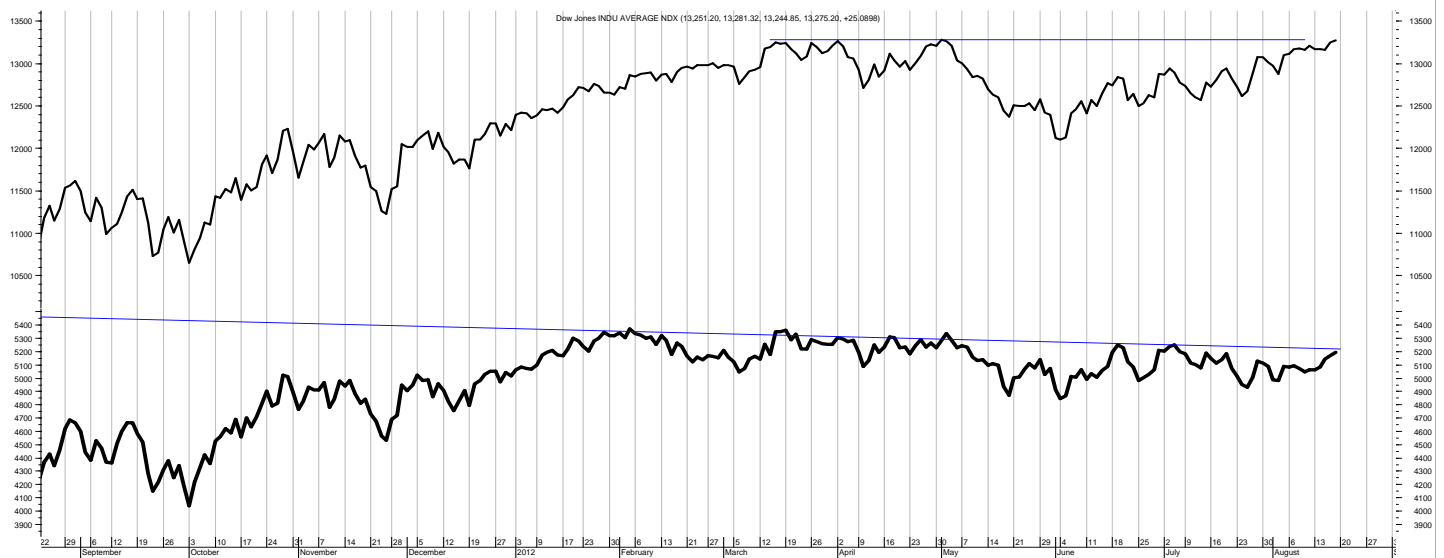
Signs that the housing market has improved considerably from a year ago are growing.

Housing has been one of the primary drags on the economy and for bank solvency questions (valuation versus asset coverage with accounting rule changes suspending mark-to-market rules). Housing also has been negatively impacting consumer health. But there have been im-

provements recently. Lowered long-term interest rates, thanks to Operation Twist, have done the trick in stabilizing prices, attracting buyers not only as homeowners, but as landlords.

In turn, this has helped re-

*(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	2.1%	2.9%	0.5	1.5	-0.7	-0.5%
ETF Growth Portfolio	-1.7%	1.0%	-3.3	-0.8	1.4	0.3%
Aggrgt Bond (AGG)	0.9%	1.1%	0.8	0.2	-1.0	-0.6%
Wilshire 5000	13.9%	28.3%	4.0	9.7	4.1	1.1%

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# Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 8/17/2012							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 8/20	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									
each buy is roughly 34% of total portfolio will be roughly 68% invested and 32% cash						LQD	116.00	invst grd	116.05	118.46	353.6	41,893.02	37.7%	
						TLH	130.00	10-20 yr Tr						
29-May	buy	LQD	116.05	350.0	40,628									
1-Jun	sell	JNK	37.30	900.0	33,560									
18-Jun	sell	PCY	28.52	1,210.4	34,511									
18-Jun	buy	BSV	81.13	800.0	64,914									
20-Aug	sell	BSV		400.0										
20-Aug	buy	LQD		150.0										
20-Aug	buy	TLH		100.0										
						Money Market					1.00	3,912	3,912.00	3.5%
										Total Valuation=		110,983.41	100.0%	

## WEEKLY REVIEW

8/20 With the selloff in the bond market, it is time to accumulate. See the portfolio above for specific recommendations.

8/13 No changes.

7/30 No changes.

7/23 On for the ride, at least on the short end. No changes.

7/16 No changes.

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	2.1	11.0	3.2
Aggregate Bond	2.5%	4.3	0.9	7.8	2.2

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

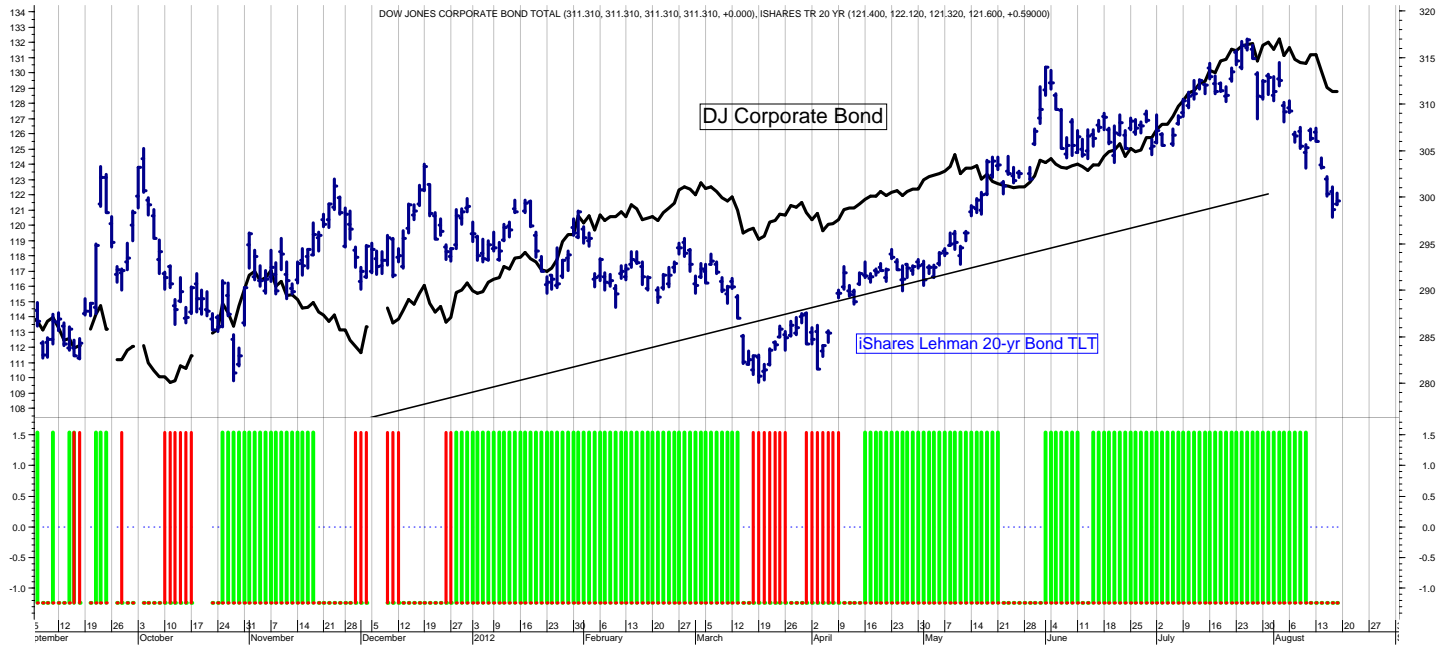
# ETF Income Database and Ranking to 6/30/12

<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

8/20 As mentioned, the short-term top formed and gave way to a correction. It is time to buy it.

8/13 No changes.

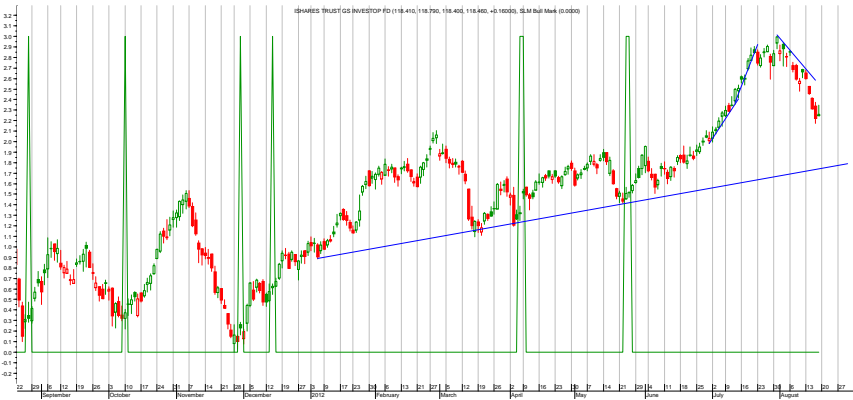
7/30 Short-term top formed.

7/23 The corporate bond market has gone ballistic. Don't chase. Watch for the first sign of weakness to take profits.

7/16 Still trending higher.

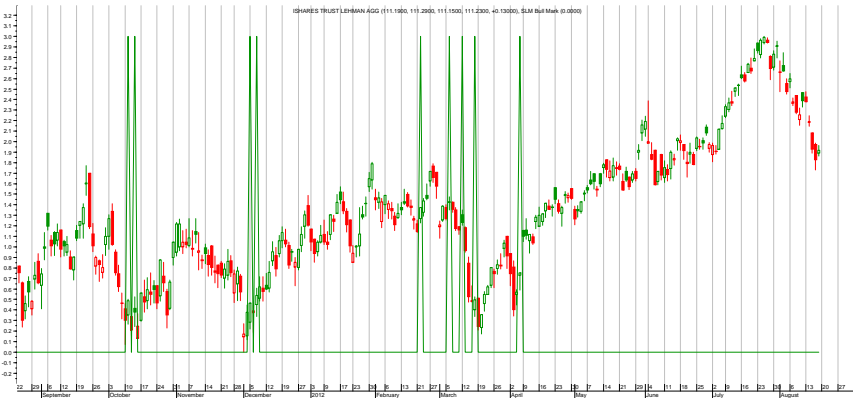
7/9 No changes.

# Income Charts



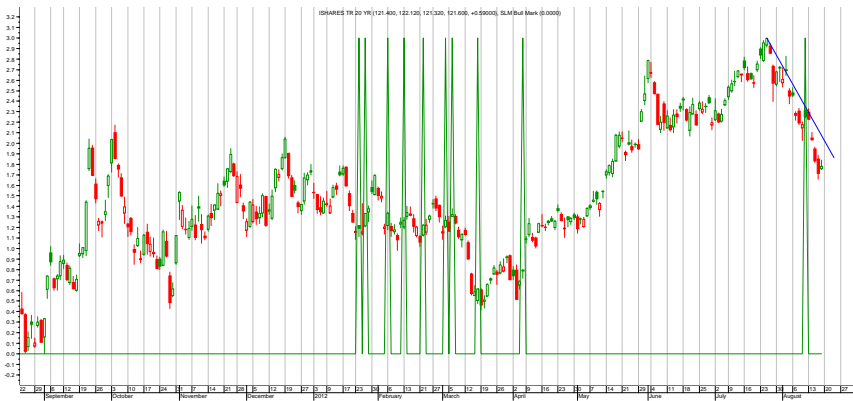
## LQD—Invtmnt Grd Corporate

8/20 Time to accumulate.  
 8/13 Short-term pullback.  
 7/30 Top formed.  
 7/23 Parabolic continues, don't chase, watch for a reversal.  
 7/16 Appears to be going parabolic, which is a terminal move.



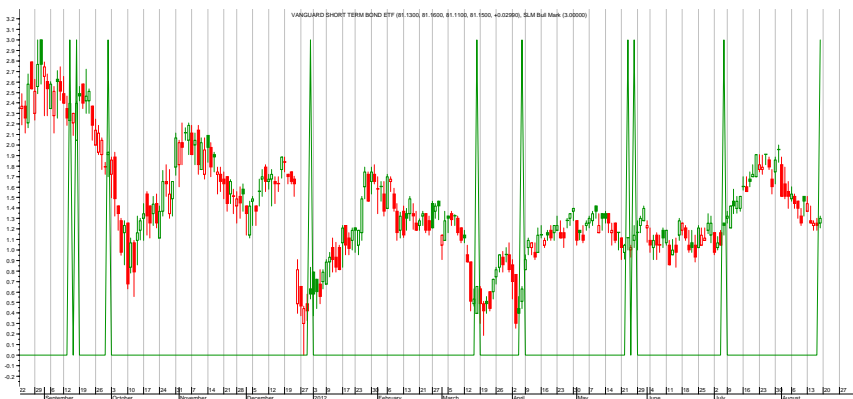
## AGG—Aggregate Bond Index

8/20 Time to accumulate.  
 8/13 Short-term pullback.  
 7/30 Same thing.  
 7/23 No changes.  
 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.



## TLT—20+ year Treasuries

8/20 Time to buy.  
 8/13 Potential buy signal.  
 7/30 Same thing.  
 7/23 No changes.  
 7/16 Record low yields for Treasuries.  
 7/9 Still moving up.  
 7/1 No changes.



## BSV—Short-term Corporates

8/20 Buy on the short-term corporate.  
 8/13 Potential buy zone.

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:			8/17/2012		
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 8/20	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
						LONG ETFs-							
18-Jun	buy	EEM	39.14	155	6,077	EEM	37.97	Emrg Mrkt	39.14	40.39	155	6,260.45	5.5%
18-Jun	buy	EFA	49.59	125	6,209	EFA	49.16	Intrntl	49.59	52.30	125	6,537.50	5.8%
18-Jun	buy	IWM	77.36	80	6,199	IWM	76.82	Rus 2000	77.36	81.72	80	6,537.60	5.8%
18-Jun	buy	QQQ	63.70	95	6,062	QQQ	64.16	Nas 100	63.70	68.25	95	6,483.75	5.7%
18-Jun	buy	SPY	134.67	45	6,070	SPY	133.60	S&P 500	134.67	142.13	45	6,395.85	5.6%
						SHORT ETFs-							

## WEEKLY REVIEW

8/20 No changes. The five funds are part of the World Growth Model.

8/13 No changes.

7/30 No changes.

7/23 No changes. If the market continues its selloff, a possible oversold buy will be triggered. The Dow Industrials would hvee to drop to roughly 12,000 from 12,700 today.

7/16 No changes.

	2010	2011	ytd 2012	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	-1.7	13.6	5.7
Wilshire 5000 TR	17.7%	0.5	13.9	34.8	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 Slct 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 Sclt 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 Emrg 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	***

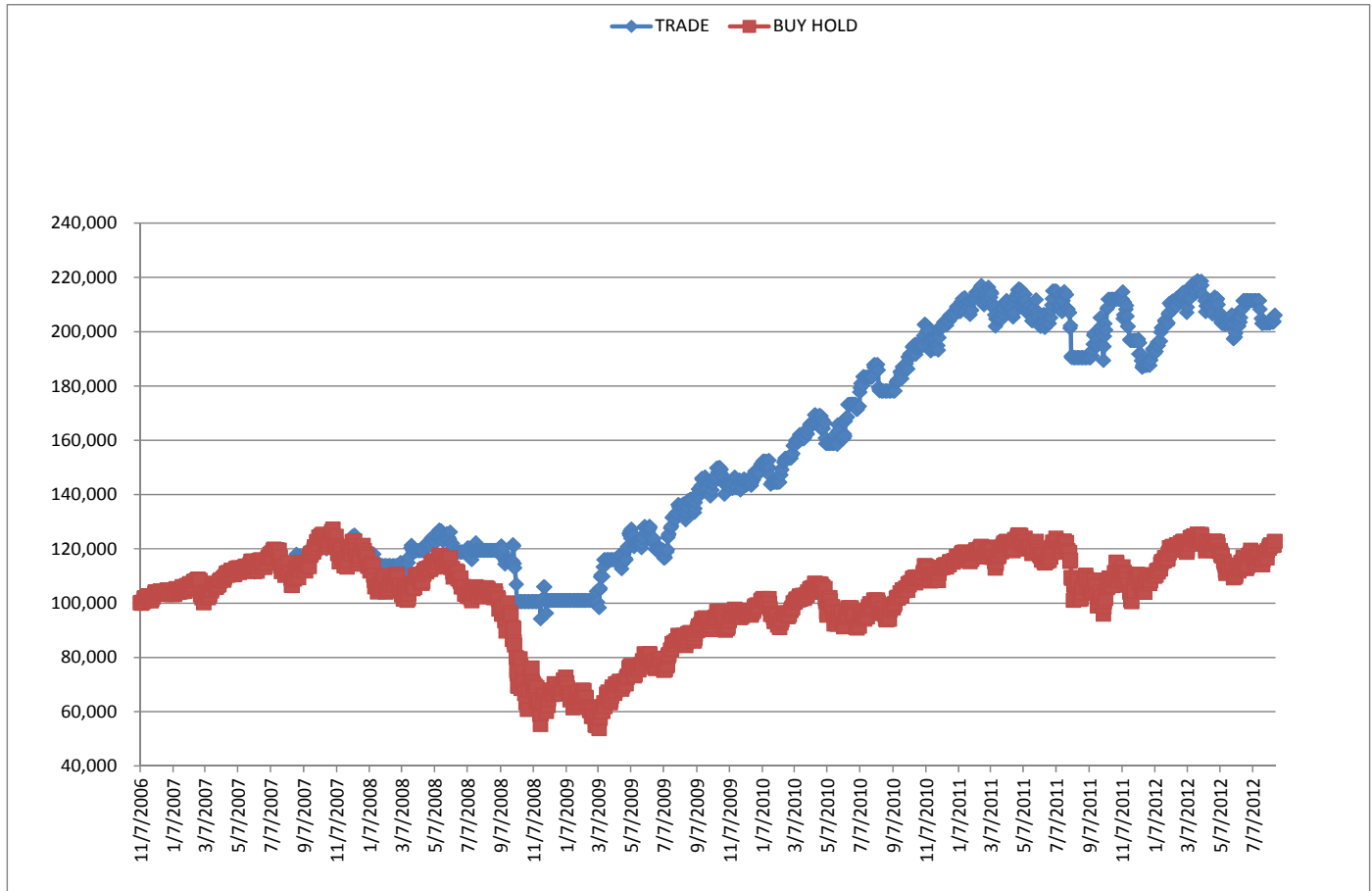
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

# 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	*

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# World Growth Model (update)



This shows the near final World Growth Model versus the comparison index made up of the same five growth ETFs.

EEM-emerging markets index  
 EFA-Europe, Asia, Far East index  
 IWM-Russell 2000 (domestic small cap)  
 QQQ-Nasdaq 100  
 SPY-S&P 500

The model incorporates two timing models with two stop mechanisms. The horizontal periods show when the model has moved from 100% invested in 20% each of the five ETFs to 100% in cash.

While the month to month movements may or may not outperform the index, the cumulative result is pretty impressive. It shows the portfolio doubling, while the comparison index gained only 10% over the same 5 1/2 years.

The stops prevented the portfolio from falling further in the financial crisis related big bear market of 2008.

One issue with this model is the required commitment of time. It is based on daily activity, rather than monthly or weekly. Over the last 5 1/2 years (about 1400 days), there have been 11 times of less than 5 day holding periods (either invested or in cash). Less than 1% of the time, but something to be aware of.

The last thing remaining is to tie the top performing ETFs with the model. In the meantime, I did begin to implement the model as is in the Growth Portfolio.

GROWTH	WGYSDS TRADE	Same ETFs Buy Hold
2007	13.2	13.4
2008	-14.5	-41.2
2009	46.4	41.8
2010	39.8	17.3
2011	-8.3	-6.5
to 6/15/12 inception	9.8 99.9	6.2 10.1

excludes commissions, includes div

# Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

build consumer sentiment. Like with stocks, a rising market plants and waters well feelings and future expectations.

Speaking of stocks, with the stock market nearing recovery highs, we know the sense of wellness continues. The Fed has typically waited for corrections before making any moves.

So, with the stock market rebounding, the housing market recovering, and consumer sentiment improving, to what end would QE III work now? Why

shoot a precious and unneeded bullet?

So it seems to me that, while the possibility of QE III is still a potential, the likelihood of implementation has declined substantially.

Moreover, with the elections looming in less than three months and a budget plan clearly on the table, the Fed does not want to be perceived as too political.

To be sure, the jobless rate is still far too high. Europe is in recession. China has slowed. Problems remain. But for now,

the Fed may not implement QE III, but, as it has made clear, low interest rates will remain the norm at least through the end of 2014.

See the individual pages for any specific, actionable recommendations.

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.

8/20 The database change is in progress, but completion is postponed. We should be done by next week.

8/13 Updating of the ETF database is taking place. We're adding some ETFs and deleting others (too low volume or redundant). What this means is there will not be an update this week to the 6/30/12 rankings. It should be updated to 7/31/12 by next weekly publication.

7/30 Stop levels are being implemented into the new World Growth Model. This is the final step to complete the model. But once completed, it will then be very easy to begin to implement two more things. One is a shorting model (of the weakest ETFs) and the other is to overlay the selecting model of the top ETFs. It should continue to prove to be a very powerful selecting and timing model.

7/23 No changes.

# 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.

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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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