

ETF Selections & Timing

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August 22, 2011 (data through previous Friday close)

Volume 2
Issue 35

Testing the Low

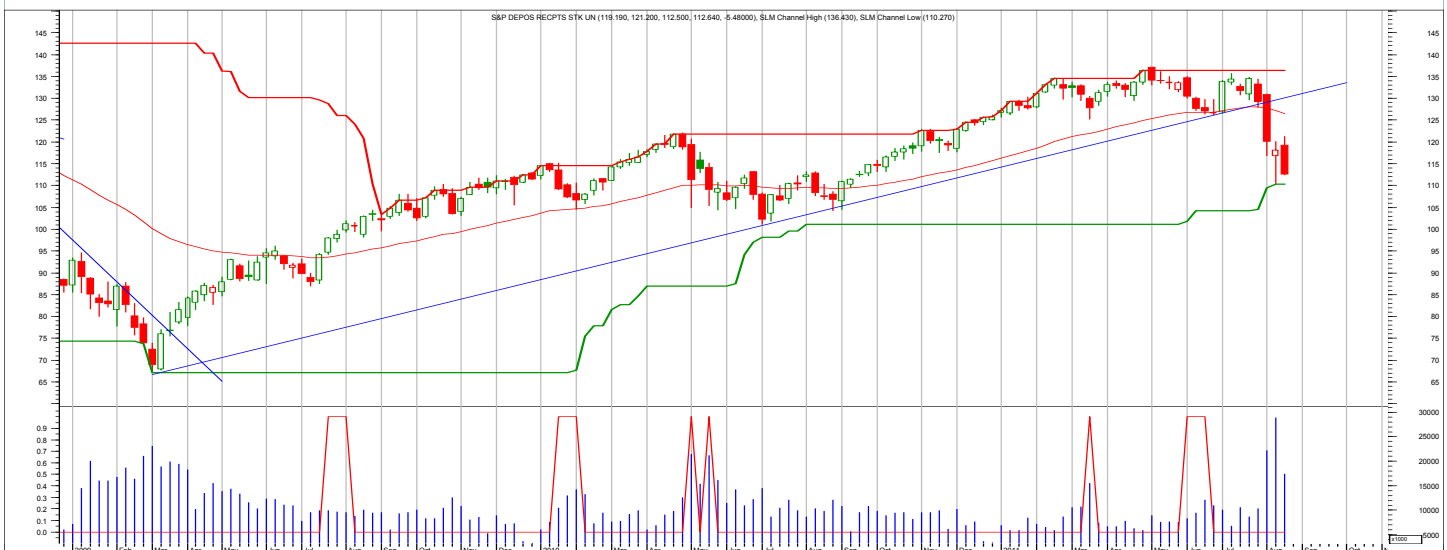
The stock market has sold off severely the last few weeks on fears of a recession, sovereign debt implosions, and stalemate in Washington (no more fiscal support to the expansion). Has the market corrected enough to start another rally or is there more

room to go on the downside?

As I've been talking about the last month or so, I've been focusing on three items, news, technicals, and sentiment. Prior to the sell off, all three turned negative. The news was coming in much worse than expected with downgrades left and right

on GDP forecasts. The market technicals turned from "in gear" to the first negative divergence since the bull market bottom in March, 2009. Investor sentiment entered the correction complacent and essentially re-

(Continued on bottom right on page 12 see REVIEW)



The chart is the WEEKLY S&P 500 with a 40-week (200-day) moving average.

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	2.9%	3.3%	3.3	1.6	1.3	0.4%
ETF Growth Portfolio	4.1%	10.4%	2.4	-0.1	-0.6	0.1%
Aggrgt Bond (AGG)	4.0%	1.6%	5.1	2.8	2.3	0.7%
Wilshire 5000	-11.7%	5.2%	-17.3	-16.7	-17.5	-5.1%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 8/12/2011							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 8/7	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total
6-Apr	sell	AGG	104.60	373.7	39,079	AGG		total bond	107.41	110.03	501.2	55,151.00	51.1%
6-Apr	sell	TLT	90.54	232.0	20,995								
6-Apr	sell	TLH	110.51	200.7	22,169								
18-Apr	buy	AGG	105.63	500.0	52,825								
16-May	buy	BWX	61.10	400.0	24,450								
29-Jun	stop	AGG	106.67	505.0	53,858								
1-Jul	stop	TIP	109.87	201.2	22,096								
11-Jul	sell	BWX	60.57	400.8	24,266								
11-Jul	buy	AGG	107.41	500.0	53,715								
						Money Market			1.00		52,689	52,689.00	48.9%
									Total Valuation=			107,840.00	100.0%

WEEKLY REVIEW

8/22 No changes. Bonds overbought.

8/15 No changes.

8/8 On pullbacks in bonds, I'll look to reenter. The economy is weaker than expected.

8/1 The weak economy is taking center stage. GDP for the first half of 2011 was corrected down and now the second half projection is getting lowered. Bonds are rallying.

7/25 Not much change in bond prices as investors await the US debt solution.

Performance	2010	2011	Incptn
ETF Income Portfolio	4.8	2.9	7.8
Aggregate Bond	2.5	4.0	6.6

ETF Income Database and Ranking to 7/31/11

<i>Fund Name</i>	<i>D 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 Inftn	TIP	B	7.33	2.28	6.17	2.71	3.19	1.13	114.17	*****
Wtree Dryfs N Zind Dollar	BNZ	B	17.92	11.00	15.25	9.46	6.08	3.35	27.05	*****
PS Bid America	BAB	B	3.53	3.02	8.45	4.35	3.73	1.84	26.96	****
PS DB Dollar Bearish	UDN	B	11.12	5.30	5.42	-0.75	0.80	2.60	28.99	****
SPDR Intrntl TBond	BWX	B	9.87	2.32	6.31	-0.14	1.44	2.51	62.66	****
Wtree Dryfs Brazil Real	BZF	B	7.39	2.50	11.07	2.08	0.92	2.25	29.50	****
Wtree Dryfs Indn Rupee	ICN	B	10.21	4.28	7.17	1.78	1.73	1.95	27.91	****
Wtree Dryfs Jpn Yen	JYF	B	11.30	4.14	6.35	4.99	5.05	2.25	33.68	****
Currency Euro	FXE	B	10.21	3.21	4.96	-2.98	-0.93	3.47	143.14	***
iShares 10-20yr Trsry	TLH	B	1.02	-0.93	6.21	4.54	3.65	2.16	118.76	***
iShares 20+ yr Trsry	TLT	B	-2.55	-2.49	7.34	4.29	4.06	3.32	97.92	***
iShares 3-7yr Trsry	IEI	B	2.50	0.46	3.42	3.02	1.87	1.07	119.29	***
iShares 7-10yr Trsry	IEF	B	2.46	-0.11	5.18	4.44	2.92	1.53	98.66	***
iShares Agg Bond	AGG	B	0.29	-0.36	2.37	1.60	1.40	0.78	108.16	***
iShares High Yld	HYG	B	2.74	0.34	-0.80	-1.94	-0.28	1.68	91.05	***
iShares Inter Gov	GVI	B	0.66	-0.33	1.87	1.45	0.99	0.65	110.22	***
iShares Intrntl Tbond	IGOV	B	6.98	0.82	4.71	-0.40	1.52	2.29	108.16	***
iShares Long Corp Bond	LQD	B	1.88	0.01	3.59	1.72	2.03	1.39	112.37	***
PS 1-30 Ldr Trsry	PLW	B	0.21	-1.14	5.36	3.88	3.03	2.02	28.93	***
PS DB G10 Currency	DBV	B	5.88	4.39	2.90	-2.55	-1.25	2.77	24.47	***
PS Emrg Mrkt Svrgn Debt	PCY	B	1.81	-2.72	4.68	3.03	1.59	1.68	27.52	***
PS Fdmntl Hi Yield Corp	PHB	B	2.55	0.16	0.49	-0.70	0.11	1.48	18.53	***
PS Insrđ CA Muni	PWZ	B	-3.88	-4.91	4.82	2.31	0.17	1.50	23.03	***
PS Insrđ Natl Muni	PZA	B	-3.04	-4.08	4.30	2.37	0.47	1.46	23.30	***
PS Insrđ NY Muni	PZT	B	-3.79	-4.81	3.94	2.07	0.04	1.27	22.70	***
PS Prfd	PGX	B	-0.07	-1.75	-0.21	-2.63	-1.95	1.23	14.06	***
Vngrđ Intrmđt Bond	BND	B	0.50	-0.53	2.39	1.61	1.36	0.78	82.26	***
Wtree Dryfs Chns Yuan	CYB	B	2.24	-0.12	0.99	-0.89	0.35	0.77	25.51	***
Wtree Dryfs Emrg Crrncy	CEW	B	6.35	1.21	5.22	-0.97	0.39	1.83	23.38	***
Wtree Dryfs Euro	EU	B	11.18	4.87	6.01	-3.42	-0.35	3.53	23.46	***
Wtree Dryfs S Africa Rand	SZR	B	1.50	-4.21	9.89	-0.57	1.95	2.88	29.78	***
iShares 1-3yr Trsry	SHY	B	0.32	-0.01	0.46	0.42	0.21	0.22	84.48	**
iShares Inter Bond	MBB	B	-2.46	-2.19	1.55	0.98	0.58	0.71	107.33	**
PS DB Dollar Bullish	UUP	B	-11.42	-5.99	-5.95	0.38	-0.90	2.72	21.03	**
PS Low Duration	PLK	B	0.00	-0.12	0.79	1.31	0.39	0.29	25.50	**
Vngrđ ShrtTrm Bond	BSV	B	-0.04	-0.71	0.80	0.77	0.46	0.47	81.40	**
Wtree Dryfs Comđty Cur	CCX	B	NA	11.79	9.76	1.32	2.30	0.00	28.44	**
Wtree Emrg Mrkt Lcl Debt	ELD	B	NA	2.36	7.54	0.50	1.49	NA	54.32	**
PS VRDO Tax Free Wkly	PVI	B	0.00	0.00	0.00	0.00	-0.04	0.01	24.99	*

ETF data on pages 3, 7, 8, and 9 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

8/22 No change. Still overbought. Fear of recession is in control.

8/15 Bond market way overbought still. Don't chase.

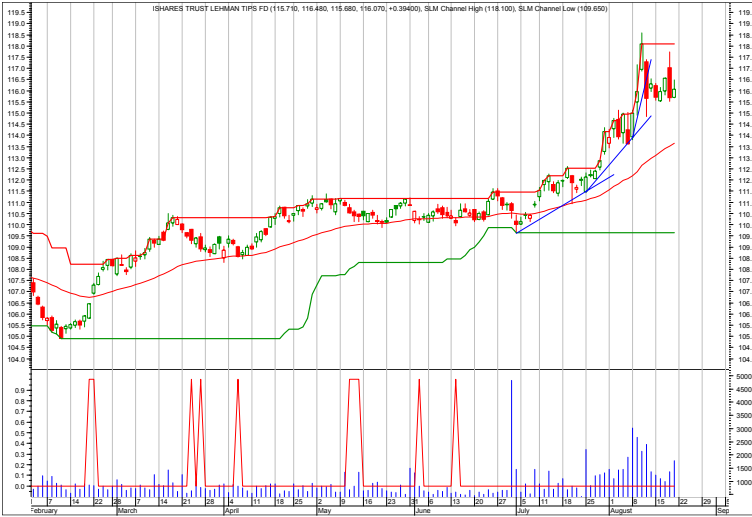
8/8 Fears of not just a slowdown, but a recession, have pushed yields down and prices up. The bond market is overbought at this juncture. I'll look to buy on any pullback.

8/1 The weak economy is taking the headlines over the debt impasse.

7/25 Between the US and European debt issues, bonds are holding up relatively well. There's no panic selling.

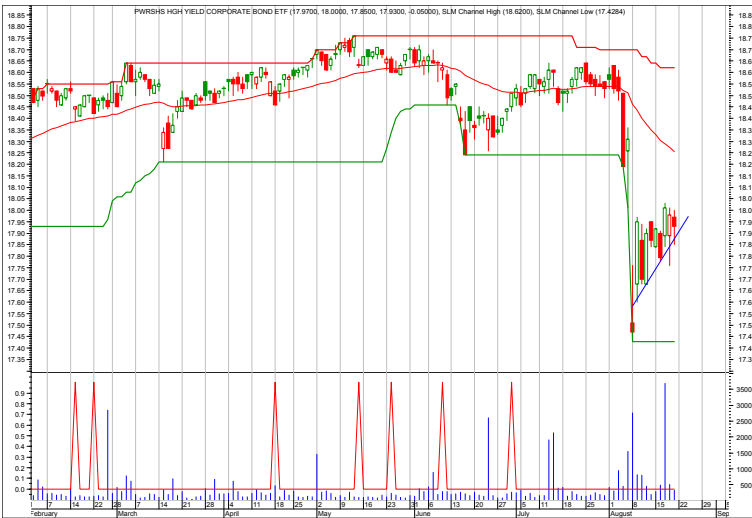
7/18 Bonds rallied on weak economic news.

Income Charts



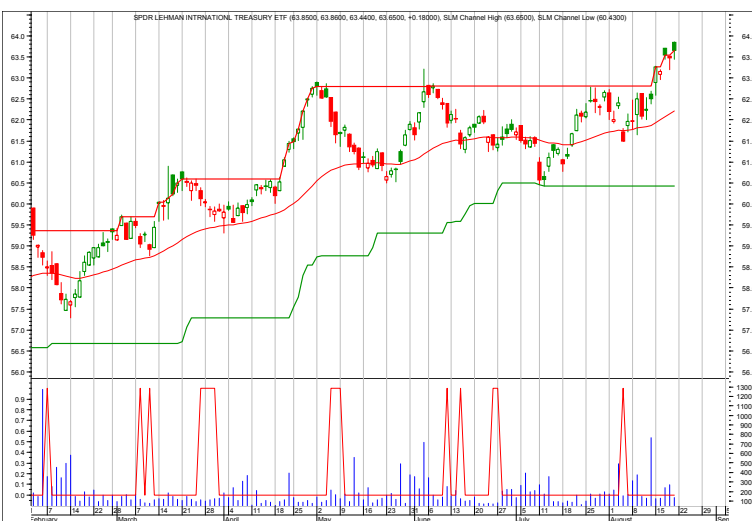
TIP—Inflation Protected

8/22 Short term parabolic is terminal.
 8/15 Very short-term parabolic move? This is a terminal move, if so.
 8/8 Overbought, but trend bullish.
 8/1 Soaring.
 7/25 Higher highs and higher lows is a bull market (yields down, prices up).
 7/18 After a 'fake break', TIP has moved higher.
 7/11 Reversal
 7/5 Stopped out on pullback.
 6/27 Recovery high.



PHB—High Yield

8/22 Bounce in progress.
 8/15 Rally back to resistance and then turn over again, if economy continues to come in weaker than expected.
 8/8 Falling apart in recession fears.



BWX—International TBond

8/22 Breakout?
 8/15 Still sorting through the range.
 8/8 Range bound. Watch for breakout or breakdown.
 8/1 Still in range.
 7/25 Avoid.
 7/18 Short-term trend down.
 7/11 Selling.
 7/5 Still about support.
 6/27 Needs to rally for the story to remain intact.

Each chart shows daily prices (top portion), volume (bottom portion), a moving average (smoothed red line on price portion, a relative strength indicator between the ETF and AGG (Aggregated bond ETF) (orange line), and red spikes. The spikes show potential places to buy and sell short. If the moving average is trending down, the spike shows a potential sell shorts. If the moving average is trending up, the spike shows potential buys. The charts do not show selling or covering signals.

Growth Portfolio

ACTION FOR						PORTFOLIO DETAILS				Value as of date:		8/12/2011	
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 8/22	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
						LONG ETFs-							
25-Jul	short	EWP	39.88	(100)	(3,978)	QQQ	48.50	NSDQ 100			440		about 20%
						IWM	64.00	Rsl 2000			340		about 20%
27-Jul	sell	PTH	30.31	100	3,021								
27-Jul	sell	PUI	16.89	500	8,435								
28-Jul	sell	DHS	40.90	100	4,080								
1-Aug	sell	PKW	25.63	125	3,194								
1-Aug	sell	CZA	30.18	200	6,026								
4-Aug	sell	PBJ	18.41	150	2,752								
						SHORT ETFs-							
22-Aug	buy	QQQ		440		EWP	34.00		39.88	33.24	(100.0)	(3,324.00)	-3.0%
22-Aug	buy	IWM		340									
						Cash from short			1.00		3,978.0	3,978.00	3.5%
						Money Market			1.00		111,805	111,805.00	99.4%
						Total Valuation=						112,459.00	100.0%

WEEKLY REVIEW

8/22 Will reenter the market. The short-term test appears successful so far. Please carefully note the stops.

8/15 No changes for now. Please note the new lowered stop level for EWP.

8/8 The remainder of the long positions were stopped out last week. Everything is in cash, except for the short Spain position (EWP). I lowered the buy/cover stop on it. Won't look to buy anything until news improves, technicals improve, and bullish sentiment evaporates.

8/1 Three positions were stopped out last week as they fell below support levels. The short position in EWP (Spain) is still intact.

7/25 Still waiting for some risk resolution before buying. In the meantime, reshort EWP. Note the changed stop levels.

7/18 Will look to redeploy when background news (euro-debt and US-debt) improves, bearishness increases, and positive divergences develop.

Performance	2010	2011	Incptn
ETF Growth Portfolio	8.1	4.1	12.5
Wilshire 5000	15.5	-11.7	2.1

Top ETF Growth Ranking to 7/31/11 (month end)

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
iShares Gold	IAU	EG	37.28	19.50	21.98	3.93	8.40	4.32	15.87	*****
iShares Silver	SLV	EG	120.99	60.74	41.83	-17.13	14.80	11.74	38.85	*****
PS DB Gold	DGL	EG	35.75	18.39	21.47	3.74	8.34	4.30	56.92	*****
PS DB Precious Metals	DBP	EG	50.59	26.49	25.73	-2.19	9.92	6.04	60.40	*****
PS DB Silver	DBS	EG	119.63	59.84	42.08	-17.27	14.85	11.81	69.82	*****
PS Dynmc Pharma	PJP	EA	37.90	17.73	14.72	1.18	-1.19	3.73	26.49	*****
PS Dynmc Sml Cap Grth	PWT	ESC	40.31	53.98	24.64	10.48	-0.21	5.63	18.97	*****
PS S&P SmlCap Energy	PSCE	EA	71.18	53.58	13.96	-2.15	4.81	7.63	40.56	*****
SPDR Gold	GLD	EG	37.06	19.36	21.88	3.89	8.42	4.32	158.29	*****
SPDR NASDAQ 100	QQQQ	ELC	29.06	26.69	32.92	10.91	3.16	5.47	57.77	*****
Guggnhm Dfnsv Eqty	DEF	EV	17.82	7.95	4.52	-3.33	-2.71	2.41	25.85	****
Guggnhm Ocn Grth	OTR	ELC	27.80	12.14	8.32	-0.46	0.93	3.49	30.48	****
iShares Cohen&Str REIT	ICF	ERE	21.95	14.46	7.81	-0.61	1.85	4.03	73.85	****
PS DB Commodity	DBC	EA	32.28	20.25	6.13	-5.08	4.56	4.89	30.28	****
PS DWA Emrg Mrkt T Ldrs	PIE	EW	25.47	8.05	12.68	0.36	3.46	4.77	19.46	****
PS DWA Tech Ldr	PDP	ELC	29.72	16.39	6.24	-3.09	-1.42	4.31	25.71	****
PS Dynmc Consmr Staples	PSL	EA	18.41	11.91	10.83	-1.27	-2.20	3.57	31.00	****
PS Dynmc Energy	PXI	EA	51.79	37.38	10.69	-2.35	2.99	5.63	43.70	****
PS Dynmc Energy Explor	PXE	EA	48.56	36.45	6.15	-5.17	2.90	5.85	26.25	****
PS Dynmc Food & Bev	PBJ	EA	25.96	14.49	12.41	-0.15	-1.89	3.30	19.75	****
PS Dynmc Healthcare	PTH	EA	30.42	19.61	11.08	-4.10	-4.91	3.92	30.18	****
PS Dynmc Lrg Cap	PJF	ELC	20.63	27.59	11.68	2.96	-1.25	4.07	26.08	****
PS Dynmc Mid Cap	PJG	EMC	24.04	33.63	14.27	4.92	-0.41	4.26	27.05	****
PS Dynmc Mid Cap Grth	PWJ	EMC	30.73	44.60	12.93	5.41	-2.36	5.52	23.57	****
PS Dynmc Mid Cap Value	PWP	EMC	19.07	27.88	13.50	4.40	0.97	3.73	17.23	****
PS Dynmc Oil & Gas Srvcs	PXJ	EA	55.56	39.76	10.16	-3.07	4.19	7.42	25.59	****
PS Dynmc Sml Cap	PJM	ESC	24.57	42.08	16.77	4.55	-3.11	5.69	24.58	****
PS Dynmc Sml Cap Value	PWY	ESC	23.47	38.61	15.78	3.98	-2.12	5.49	16.73	****
PS NASDAQ Intrnt	PNQI	EA	46.14	13.75	9.43	-5.00	1.37	4.74	39.34	****
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	19.27	15.06	11.57	-1.09	-2.98	4.02	31.63	****
PS S&P SmlCap Hlth Care	PSCH	EA	36.97	25.82	13.99	-6.24	-4.19	4.56	32.02	****
PS US REIT	PSR	ERE	22.64	13.70	8.67	-0.33	1.05	3.68	51.78	****
Select SPDR Ergy	XLE	EA	41.99	29.05	4.51	-5.01	1.46	5.72	76.45	****
SPDR Wish REIT	RWR	ERE	20.81	13.16	7.40	-1.04	1.71	3.99	67.74	****
Vngrd Consmr Stpls	VDC	EA	15.96	8.11	9.08	-1.01	-1.44	3.01	78.77	****
Vngrd Health	VHT	EA	21.53	10.92	8.73	-3.51	-3.90	3.33	61.65	****
Wtree Intrntl Basic Mtrl	DBN	EA	42.29	43.15	19.60	3.76	-4.30	6.84	34.47	****
Wtree Intrntl Energy	DKA	EA	38.07	38.52	23.66	2.35	-5.49	6.54	29.63	****
Wtree Japan SC Div	DFJ	EWR	12.53	13.15	1.37	4.53	2.88	3.48	44.99	****
Wtree Pcfc Ex Jpn Eqt In	DNH	EW	26.64	23.12	12.71	1.67	-4.52	5.48	62.89	****
Wtree Pcfc Ex Jpn Ttl Div	DND	EW	28.36	21.64	11.15	3.81	-2.87	4.29	69.47	****

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

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

Middle ETF Growth Ranking to same month end

Fund Name	Symbol	Style	12m	9m	6m	3m	1m	V	NAV	Rank
Guggnhm BRIC	EEB	EW	8.46	-1.99	-0.31	-6.77	-2.08	4.05	44.75	***
Guggnhm Candn Enrg Incm	ENY	EWR	23.61	14.59	-4.27	-11.64	-1.07	6.04	20.42	***
Guggnhm China All	YAO	EWR	9.54	-3.17	2.06	-5.28	-1.03	3.61	27.79	***
Guggnhm China REIT	TAO	EWR	8.96	-1.55	-0.27	0.03	1.87	3.96	19.89	***
Guggnhm Gbl Div	LVL	EW	9.21	-0.46	-0.70	-9.22	-3.46	5.16	15.06	***
Guggnhm Gbl Wtr	CGW	EW	16.88	8.34	3.38	-5.33	-2.85	4.26	21.12	***
Guggnhm Insdr Sent	NFO	EMC	27.67	16.85	5.89	-3.27	-3.38	4.51	34.88	***
Guggnhm Intrntl A Incm	HGI	EW	9.90	-1.30	-2.72	-7.34	-2.24	4.21	18.93	***
Guggnhm MidCap Core	CZA	EMC	22.00	11.68	3.25	-5.54	-4.12	3.65	30.50	***
Guggnhm Multi Ast In	CVY	EV	12.25	5.40	1.80	-4.96	-2.84	3.05	20.89	***
Guggnhm Ocn Tomo	OTP	ELC	18.85	8.12	-0.08	-6.99	-3.48	4.47	26.35	***
Guggnhm RJ All	RYJ	ELC	26.78	16.67	1.30	-7.42	-2.63	5.05	21.84	***
Guggnhm Sctr Rotn	XRO	ELC	21.91	10.23	3.51	-6.46	-4.04	4.24	25.65	***
Guggnhm Spin Off	CSD	EMC	21.30	10.98	6.68	-4.16	-1.84	3.79	23.97	***
iShares Canada	EWC	EW	16.05	6.98	-1.12	-8.19	-2.31	3.78	30.94	***
iShares DJ Sict Div	DVY	EGI	12.79	6.78	2.72	-4.32	-2.99	3.24	51.34	***
iShares EAFE Indx	EFA	EW	13.10	2.98	-1.23	-7.49	-2.38	5.17	58.71	***
iShares Emrg Mrkt Stk	EEM	EW	13.79	2.15	2.84	-5.78	-1.03	4.57	47.11	***
iShares Europe 350	IEV	EW	12.36	1.19	-2.24	-11.58	-4.73	6.34	40.09	***
iShares Mexico	EWV	EW	21.29	7.46	1.73	-3.89	-1.20	4.02	61.81	***
iShares REIT	IYR	ERE	17.00	9.95	4.26	-2.80	0.22	3.63	60.43	***
iShares Russel 2000	IWM	ESC	22.64	13.43	2.30	-7.70	-3.70	5.01	79.74	***
iShares Russel MidVal	IWS	EV	17.62	9.42	-0.33	-6.90	-3.94	4.08	45.87	***
iShares Sict Div	IDV	ELC	15.80	3.96	-0.63	-9.72	-3.29	5.49	34.44	***
PS Aerospace & Def	PPA	EA	10.39	5.55	-4.21	-7.40	-6.67	4.60	19.02	***
PS AlphQ	PQY	ELC	24.40	7.66	1.17	-4.58	-3.23	3.95	29.37	***
PS BLDR Asia 50 ADR	ADRA	EW	12.17	4.45	-2.34	-3.53	-0.44	3.82	27.63	***
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	11.46	2.80	-1.98	-7.59	-2.24	5.48	21.79	***
PS BLDR Europe 100 ADR	ADRU	EW	10.96	1.66	-1.89	-9.35	-2.91	5.57	21.35	***
PS Buyback Achievers	PKW	EGI	25.36	12.97	3.97	-4.33	-3.01	3.77	26.08	***
PS Cleantech	PZD	EA	14.17	7.71	-1.95	-11.25	-6.03	5.76	26.67	***
PS DB Agriculture	DBA	EA	24.13	8.59	-5.95	-5.31	1.61	4.11	32.25	***
PS DB Base Metals	DBB	EG	24.66	10.20	2.33	4.07	4.98	5.08	25.07	***
PS DB Energy	DBE	EA	26.12	25.86	7.74	-8.91	2.49	5.52	30.47	***
PS DB Oil	DBO	EA	15.23	13.80	-0.86	-15.78	0.24	5.64	28.82	***
PS Dividend Achievers	PFM	EGI	15.11	7.50	2.54	-4.84	-2.68	3.08	14.55	***
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	22.50	5.15	1.19	-7.39	-2.09	4.89	22.05	***
PS Dyn Dvlp Intrnl Opp	PFA	EW	22.48	10.33	1.83	-4.08	-1.73	5.38	18.78	***
PS Dyn MagniQuant	PIQ	ELC	23.52	13.27	3.16	-5.54	-3.64	4.66	25.47	***
PS Dyn Mrkt	PWC	ELC	19.97	8.59	-0.36	-7.19	-5.28	4.15	44.76	***
PS Dyn OTC	PWO	ESC	19.62	8.12	1.66	-6.97	-5.10	4.57	50.01	***
PS Dynmc Basic Matrl	PYZ	EA	30.57	15.19	5.37	-6.14	-2.45	5.26	38.23	***
PS Dynmc Biotech	PBE	EA	15.13	5.45	-0.61	-9.06	-5.98	4.63	21.08	***
PS Dynmc Consmr Discr	PEZ	EA	25.72	13.53	7.02	-3.16	-1.91	4.92	26.69	***
PS Dynmc Fncl	PFI	EA	7.96	6.05	-2.45	-8.32	-4.49	3.72	18.73	***
PS Dynmc Indstrls	PRN	EA	22.49	11.43	-2.24	-9.89	-5.83	5.45	29.25	***
PS Dynmc Leisure & Enter	PEJ	EA	30.09	10.46	4.46	-0.72	-2.54	4.42	19.22	***
PS Dynmc Lrg Cap Grth	PWB	ELC	23.41	10.84	3.67	-3.80	-1.74	4.11	16.97	***
PS Dynmc Lrg Cap Value	PWV	ELC	15.31	8.22	1.84	-4.91	-3.10	3.65	19.36	***
PS Dynmc Media	PBS	EA	19.64	11.28	4.62	-7.17	-4.29	5.47	14.50	***
PS Dynmc Networking	PXQ	EA	23.78	5.53	-4.37	-13.76	-10.93	5.82	25.19	***
PS Dynmc Retail	PMR	EA	25.33	16.06	9.74	-5.69	-2.31	5.17	20.73	***
PS Dynmc Software	PSJ	EA	16.19	4.29	-1.59	-9.64	-6.51	4.31	24.83	***
PS Dynmc Utilities	PUI	EA	11.21	6.15	3.91	-3.67	-4.85	2.87	16.47	***
PS Emrg Mrkt Infrastrctr	PXR	EW	18.65	1.96	-1.64	-9.57	-3.95	5.55	51.03	***
PS FTSE RAFI Asia Pac xJpn	PAF	EW	26.01	10.04	1.98	-6.38	-1.53	4.89	57.22	***
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	18.67	6.39	0.20	-5.01	-1.47	4.46	24.79	***
PS FTSE RAFI Emrg Mrkt	PXH	EW	11.70	1.08	-0.08	-6.54	-1.59	4.04	25.30	***
PS FTSE RAFI US 1000	PRF	ELC	15.74	8.56	-1.34	-6.93	-3.35	4.14	56.55	***
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	22.38	13.73	1.53	-7.26	-3.32	5.10	65.52	***
PS Gbl Agriculture	PAGG	EA	36.65	8.16	1.84	-0.95	1.37	5.16	33.26	***
PS Gbl Coal	PKOL	EA	29.33	8.82	-4.38	-6.11	3.06	5.63	35.18	***
PS Gbl Gold Precious Mtls	PSAU	EG	18.44	0.39	6.26	-8.12	3.82	5.05	46.77	***
PS Gbl Steel	PSTL	EA	10.29	4.13	-6.33	-7.54	-3.68	5.23	21.96	***

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	D Symbol	Style	12m	9m	6m	3m	1m	V	NAV	Rank
PS Gbl Water	PIO	EW	11.31	4.22	-1.57	-8.84	-3.80	4.83	19.49	***
PS Ibtstn Altrntv	PTO	ELC	11.88	3.94	2.79	-2.15	0.86	2.63	12.02	***
PS Intrntl Dvdnd	PID	EW	13.89	4.60	1.66	-5.76	-1.43	3.95	15.91	***
PS Mega Cap	PMA	ELC	19.24	12.15	1.58	-5.31	-2.29	3.81	26.40	***
PS Mrngstr Stk	PYH	ELC	14.74	7.85	-2.15	-7.17	-3.08	3.79	20.47	***
PS RvrFrnt Tac Bal	PAO	EGI	12.94	5.50	1.25	-5.76	-2.60	3.03	12.81	***
PS RvrFrnt Tac G&I	PCA	EGI	8.42	3.11	1.09	-4.48	-1.74	2.27	13.01	***
PS S&P 500 High Qlty	PIV	ELC	18.54	9.25	3.18	-4.74	-3.35	3.45	13.94	***
PS S&P SmlCap Cnsmr Dis	PSCD	EA	22.88	16.20	8.34	-1.46	-1.27	5.65	29.05	***
PS S&P SmlCap Fincl	PSCF	EA	13.46	8.66	0.27	-5.84	-1.23	3.75	27.23	***
PS S&P SmlCap Indstrils	PSCI	EA	16.75	11.21	-1.30	-6.95	-3.29	5.08	28.78	***
PS S&P SmlCap Info Tech	PSCT	EA	20.61	8.63	-4.40	-12.24	-7.72	5.73	28.67	***
PS S&P SmlCap Mtrls	PSCM	EA	21.92	9.04	0.56	-6.14	-3.41	5.16	28.59	***
PS S&P SmlCap Utilities	PSCU	EA	15.77	7.35	4.83	-0.55	-2.64	2.75	29.51	***
PS Water Resources	PHO	EA	14.52	6.28	-3.80	-8.75	-4.65	5.11	18.46	***
PS WilderHill Prgsv Enrgy	PUW	EA	15.51	8.85	-3.53	-9.86	-2.24	5.31	27.60	***
PS Zacks Micro Cap	PZI	ESC	15.75	7.91	-4.23	-9.37	-4.23	5.96	11.32	***
Select SPDR Cnsmr Disc	XLY	EA	26.11	12.45	6.64	-2.22	-1.39	4.32	39.65	***
Select SPDR Cnsmr Stpl	XLP	EA	14.27	7.16	6.75	-2.19	-1.28	3.11	30.83	***
Select SPDR Health	XLV	EA	19.43	9.46	7.70	-3.18	-3.97	3.27	34.12	***
Select SPDR Indl	XLI	EA	14.49	7.77	-4.30	-10.39	-6.87	5.14	34.68	***
Select SPDR Matrils	XLB	EA	18.74	9.22	-1.12	-7.00	-3.45	4.57	38.01	***
Select SPDR Technlgy	XLK	EA	17.75	6.00	-0.69	-3.48	0.43	4.29	25.81	***
Select SPDR Utilities	XLU	EA	9.22	4.57	4.57	0.03	-0.93	2.36	33.17	***
SPDR DJ Gbl Titans	DGT	EW	11.54	3.70	-2.86	-8.11	-2.16	4.53	58.37	***
SPDR DJ Industrials	DIA	ELC	15.69	8.82	2.13	-5.40	-2.18	3.71	121.13	***
SPDR S&P 500	SPY	ELC	17.28	9.15	0.51	-5.20	-2.00	3.84	129.33	***
Vngrd Cnsmr Dis	VCR	EA	27.94	13.37	7.20	-2.25	-1.85	4.50	64.20	***
Vngrd Emrg Mrkt	VWO	EW	15.40	3.09	3.94	-4.51	-0.62	4.17	48.32	***
Vngrd Extnd 4500	VXF	ELC	24.69	14.08	2.37	-6.76	-3.23	4.72	56.57	***
Vngrd Grth	VUG	ELC	22.84	11.07	2.64	-3.12	-0.73	3.94	64.22	***
Vngrd Large Cap	VV	ELC	18.24	9.66	0.73	-5.14	-2.01	3.92	59.37	***
Vngrd Materials	VAW	ELC	24.91	10.97	1.44	-6.32	-2.46	4.69	83.95	***
Vngrd MidCap Val	VO	EMC	23.79	12.52	2.09	-6.13	-3.43	4.29	77.66	***
Vngrd Small Cap	VB	ESC	23.98	13.92	2.84	-7.49	-3.63	4.96	75.22	***
Vngrd Small Cap Grth	VBK	ESC	31.21	18.11	4.86	-7.39	-3.88	5.27	82.57	***
Vngrd Small Cap Value	VBR	ESC	16.97	9.54	0.73	-7.34	-3.32	4.59	67.75	***
Vngrd Tech	VGT	EA	19.31	6.93	-1.06	-4.43	-0.14	4.62	63.26	***
Vngrd TTL Stock	VTI	ELC	18.84	10.10	0.89	-5.45	-2.27	3.99	66.85	***
Vngrd Utilities	VPU	ELC	10.72	5.73	4.60	-0.79	-1.11	2.34	71.18	***
Wtree DEFA	DWM	EW	12.79	2.11	-1.49	-8.42	-3.49	5.45	48.42	***
Wtree DEFA Eqty Incm	DTH	EW	10.80	-0.28	-1.81	-10.50	-4.23	6.28	42.37	***
Wtree Div Ex Fincl	DTN	ELC	17.82	8.43	2.85	-4.12	-3.17	3.43	49.79	***
Wtree Emrg Mrkt Eincm	DEM	EW	16.25	4.28	4.19	-7.34	-1.82	4.77	59.87	***
Wtree Emrg Mrkt SC Div	DGS	EW	17.82	0.93	2.00	-6.32	0.80	5.04	52.95	***
Wtree Eqty Income	DHS	EGI	15.98	6.74	4.87	-3.53	-1.86	3.02	40.72	***
Wtree Gbl Eqty Incm	DEW	EW	13.21	2.18	0.34	-8.67	-3.28	4.79	43.63	***
Wtree Intrntl Div Ex Fincl	DOO	EW	12.15	0.24	-0.63	-9.45	-3.64	5.68	45.50	***
Wtree Intrntl LC Div	DOL	EW	10.68	0.22	-1.76	-9.12	-3.20	5.65	46.32	***
Wtree Intrntl MC Div	DIM	EW	14.00	2.13	-1.04	-7.69	-3.05	5.30	52.37	***
Wtree Intrntl SC Div	DLS	EW	15.64	3.72	-1.61	-7.82	-1.76	4.83	51.31	***
Wtree LrgCap Div	DLN	ELC	16.68	8.60	2.62	-4.66	-2.49	3.40	47.84	***
Wtree LrgCap Grth	ROI	ELC	17.80	8.14	1.01	-5.85	-1.28	3.66	37.85	***
Wtree MidCap Div	DON	EMC	17.00	9.75	2.40	-5.46	-2.73	3.73	53.00	***
Wtree MidCap Earn	EZM	EMC	23.84	14.01	2.51	-6.89	-3.95	4.44	56.41	***
Wtree S&P 500	EPS	ELC	16.62	7.94	0.60	-5.23	-2.24	3.55	44.56	***
Wtree Sml Cap Div	DES	ESC	10.55	5.08	-1.13	-6.53	-2.77	4.02	46.32	***
Wtree Ttl Div	DTD	ELC	16.58	8.66	2.46	-4.56	-2.33	3.38	48.30	***
Wtree Ttl Earn	EXT	ELC	17.47	8.21	0.66	-5.70	-2.44	3.65	45.89	***
Wtree World Ex US Grth	DNL	EW	19.92	5.46	6.25	-4.41	-0.28	4.46	56.60	***

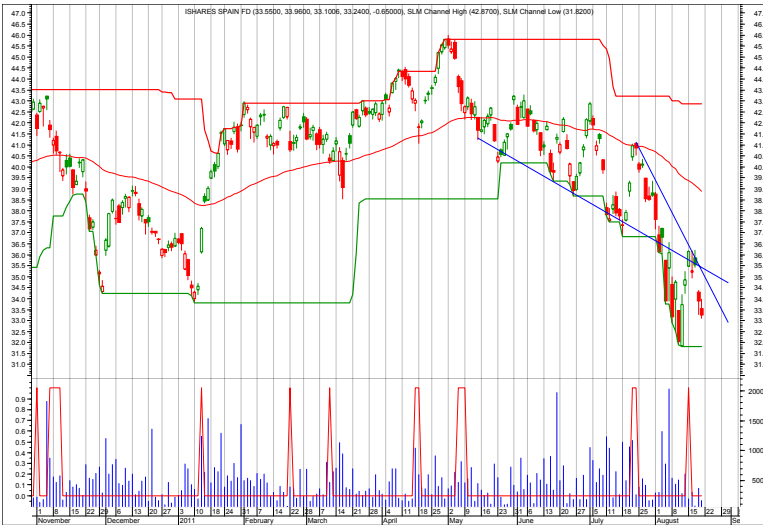
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

Bottom ETF Growth Ranking to same month end

<i>Fund Name</i>	<i>D 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 China Sml	HAO	EWR	1.88	-13.64	-7.21	-9.86	-3.82	4.80	27.16	**
Guggnhm Euro-Pac	EEN	EW	11.07	-2.07	-5.62	-11.91	-5.39	4.70	18.96	**
Guggnhm Frntr	FRN	EW	8.19	-7.70	-0.23	-4.75	-5.93	4.27	22.05	**
Guggnhm Intrntl SmlCap	XGC	EW	12.50	-5.01	-5.48	-10.42	-2.06	4.22	22.77	**
Guggnhm Timber	CUT	EA	5.42	-3.77	-11.18	-15.93	-6.97	5.50	19.63	**
iShares China	FXI	EW	2.72	-5.81	-0.45	-6.30	-1.37	3.17	42.36	**
iShares Latin Amr	ILF	EW	6.26	-4.97	-3.58	-8.57	-4.05	4.69	49.53	**
iShares Prfrd	PFF	EGI	-1.65	-2.30	-0.97	-3.39	-2.42	1.57	38.70	**
iShares Spain	EWP	EW	-1.93	-9.85	-7.55	-15.48	-8.14	8.84	38.71	**
PS Actv Alph MultiCap	PQZ	ELC	9.11	-1.77	-10.47	-14.16	-6.34	4.55	17.73	**
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	7.05	-1.02	-1.70	-6.48	-2.17	4.10	45.58	**
PS Dynmc Bldg Cnstrctn	PKB	EA	4.15	3.06	-8.06	-11.65	-5.54	5.22	12.44	**
PS Dynmc Semicndctr	PSI	EA	17.56	4.90	-10.48	-16.39	-9.85	6.78	15.20	**
PS Dynmc Technology	PTF	EA	14.35	3.38	-5.60	-10.44	-7.17	5.32	24.80	**
PS Fincl Pfd	PGF	EGI	1.56	-2.99	-0.96	-4.05	-2.66	1.92	17.55	**
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	10.35	0.00	-3.90	-9.93	-4.52	5.83	39.46	**
PS Gbl Listd Prvt Eqty	PSP	EW	11.68	-3.13	-6.66	-16.63	-4.03	6.37	10.23	**
PS Gbl Nuclr Enrgy	PKN	EW	5.23	-2.47	-10.89	-6.04	0.62	4.88	19.32	**
PS Gldn Drgn USX China	PGJ	EW	8.81	-4.79	-3.33	-8.61	0.57	4.15	26.42	**
PS Hi Yld Eqty Div	PEY	EGI	4.55	0.28	-1.50	-6.17	-3.41	3.15	8.51	**
PS India	PIN	EW	1.82	-9.91	2.64	-4.42	-2.34	5.30	22.91	**
PS S&P 500 BuyWrite	PBP	ELC	1.89	-2.06	-0.33	-2.38	-0.76	2.24	20.95	**
Select SPDR Financls	XLF	EA	0.58	1.62	-9.79	-9.68	-3.62	4.41	14.80	**
SPDR Euro Stoxx 50	FEZ	EW	6.45	-3.87	-6.21	-14.90	-7.70	7.66	37.47	**
Vngrd Fincl Srv	VFH	EA	2.92	2.88	-7.75	-8.99	-3.27	4.42	31.06	**
Wtree Eur SC Div	DFE	EW	14.53	-1.51	-5.77	-14.85	-5.03	6.60	40.98	**
Wtree India	EPI	EWR	-0.04	-14.16	0.73	-6.27	-2.51	5.54	23.34	**
Wtree Intrntl REIT	DRW	ERE	9.43	-4.53	-1.35	-6.49	-1.46	4.08	28.44	**
Wtree Intrntl Utilities	DBU	EA	4.64	-4.05	-4.05	-9.76	-3.58	5.67	20.35	**
Wtree Japan Hedge Eqty	DXJ	EC	-2.48	1.49	-8.37	-3.81	-2.19	3.81	35.35	**
Wtree Middle East Div	GULF	EW	3.90	-7.27	-9.75	-10.89	-3.10	4.41	15.18	**
Guggnhm Airline	FAA	EA	-12.94	-26.10	-18.94	-14.57	-12.99	5.68	31.08	*
Guggnhm Shipping	SEA	EA	-27.00	-26.26	-24.47	-21.16	-9.56	NA	20.53	*
Guggnhm Solar	TAN	EA	-15.62	-23.54	-19.22	-26.93	-9.56	9.41	6.43	*
PS Dynmc Banking	PJB	EA	-5.14	0.20	-9.98	-8.66	-3.82	3.96	11.82	*
PS Gbl Clean Enrgy	PBD	EW	-4.78	-8.97	-10.76	-18.18	-7.37	6.54	12.69	*
PS Gbl Wind Energy	PWND	EW	-16.50	-9.04	-8.12	-17.91	-5.69	7.14	9.26	*
PS Lux Nanotech	PXN	EA	-7.51	-11.88	-16.95	-14.91	-4.52	5.84	8.23	*
PS MENA Frntr Countries	PMNA	EW	-6.33	-14.65	-10.14	-7.52	-3.08	3.44	11.72	*
PS WilderHill Cln Enrgy	PBW	EA	-9.50	-17.10	-20.52	-19.44	-7.89	6.27	8.29	*

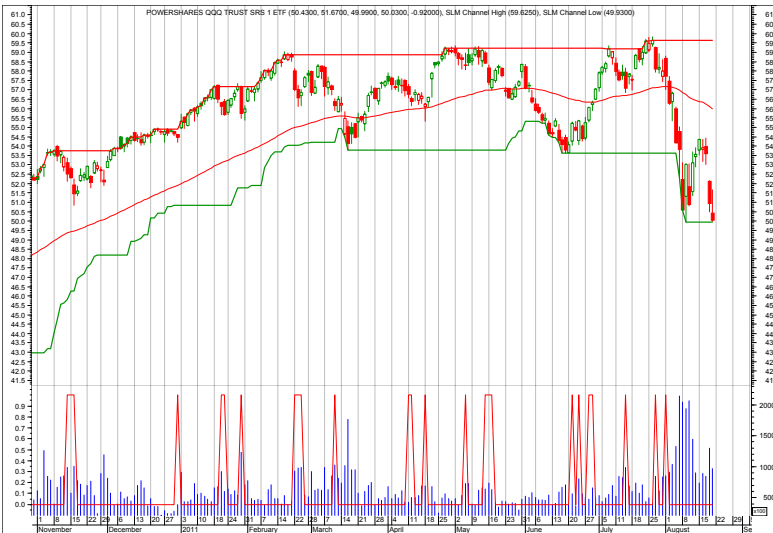
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Growth Charts



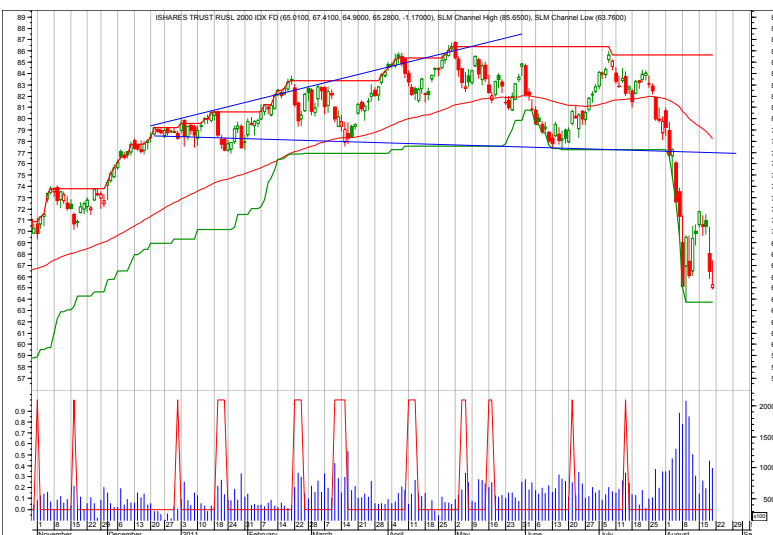
EWP—Spain

8/22 Watch the lowered stop.
 8/15 Rally back into its down channel.
 8/8 Weekly chart. Long term view. May be breaking down.
 8/1 Well defined down channel. This European country is still dealing with its sovereign debt issue.
 7/25 It's near the top of its down channel. Time to reshort.



QQQ—NASDAQ 100

8/22 Due for a bounce of 5-15%.



IWM—Russell 2000

8/22 Test is successful so far. Rally back to downtrend.
 8/15 Rally back to downtrend.
 8/8 Previous support should now turn to resistance on any rallies.
 8/1 New more severe down channel forming?
 7/25 At top of channel.
 7/18 No change.
 7/11 Back into the down channel.
 7/5 Possible trend change.
 6/27 Watch for possible top!?

Each chart shows daily prices (top portion), volume (bottom portion), a moving average (smoothed red line on price portion), a relative performance indicator between the ETF and S&P 500 (orange line), and red 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, but the ETF declines, the spike shows a potential buy. The charts do not show selling or covering signals.

Overflow from Page 1 and Newsletter Updates

(Continued from page 1) **REVIEW**

mained complacent for nearly the whole way down. That is the background, what are the three saying now?

The news is essentially the same; it is negative. Jobs, housing, manufacturing are all weak. But we know the market is a discounting mechanism. It went down as a reaction, as an expectation adjustment. The real questions are whether the bad news is now discounted or is there more bad news to come? The only way to understand the answer is to look at the market's reaction to the news. If the news comes in bad still, what is the reaction? Generally speaking, if there is no sell off, then it is discounted.

On a technical basis, some

positives are showing up. The number of new lows spiked to plus 1200 on 8/8, but is now around 250. Additionally, the DJ Industrials is holding above its 8/8 low, even though the DJ Transports have moved below it. Those are positive divergences.

Investor sentiment is definitely less complacent than before, but extremes of fear are not yet evident. The VIX index has spiked above 40, which as a contrarian sentiment indicator is positive. The percentage of bullish advisors has dropped and is close to a major contrarian signal.

So, having said all that, my thinking is that the market is now oversold enough and showing some positives to warrant a short-term rally of 5-15% over the next

1-3 weeks. After that, I expect it would then retest the lows again. We will see what the news, technicals, and sentiment are at that stage.

So, I am buying some here for that rally with tight stops in case the news isn't yet discounted. If it does rally, however, I will still expect to take profits fairly soon (short term). This is to say that on a long-term basis (months to years), I believe the bull market from March, 2009 has turned into a sideways market at best. If, however, it is in fact a bear market we are in, then the lows of 8/8 will easily be taken out as we head toward the March, 2009 lows.

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

Short-term is days to weeks.

Intermediate-term is weeks to months.

Long-term is months to years.

8/22 For Growth and Income Portfolio performances, I've included the from inception to current returns. For example, the Growth Portfolio since inception is up 12.5% versus the Wilshire 5000 up 2.1%.

8/15 No changes.

8/8 Monthly updates for ETF rankings are posted to their pages this month.

8/1 Backtesting some strategies in the newish model. It will be a slower process than first anticipated, though initial results suggest one thing; an allocation into strong ETFs is very important. In other words, buying the strong ETF with even poor timing may be more profitable than buying a weak ETF with near perfect timing. This may be obvious, but hard numbers help see it.

7/25 Some progress in the newish ETF timing and selecting model begin made.

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.

All 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.

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 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 using a log in 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.

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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 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.

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