

ETF Selections & Timing

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Driving QE 3 to the Fiscal Cliff

Weakness is good and strength is bad. The Federal Reserve is watching economic indicators for hints of sustained recovery or weakness. The assumption is weakness will support another round of their quantitative easing programs (QE3). Strength,

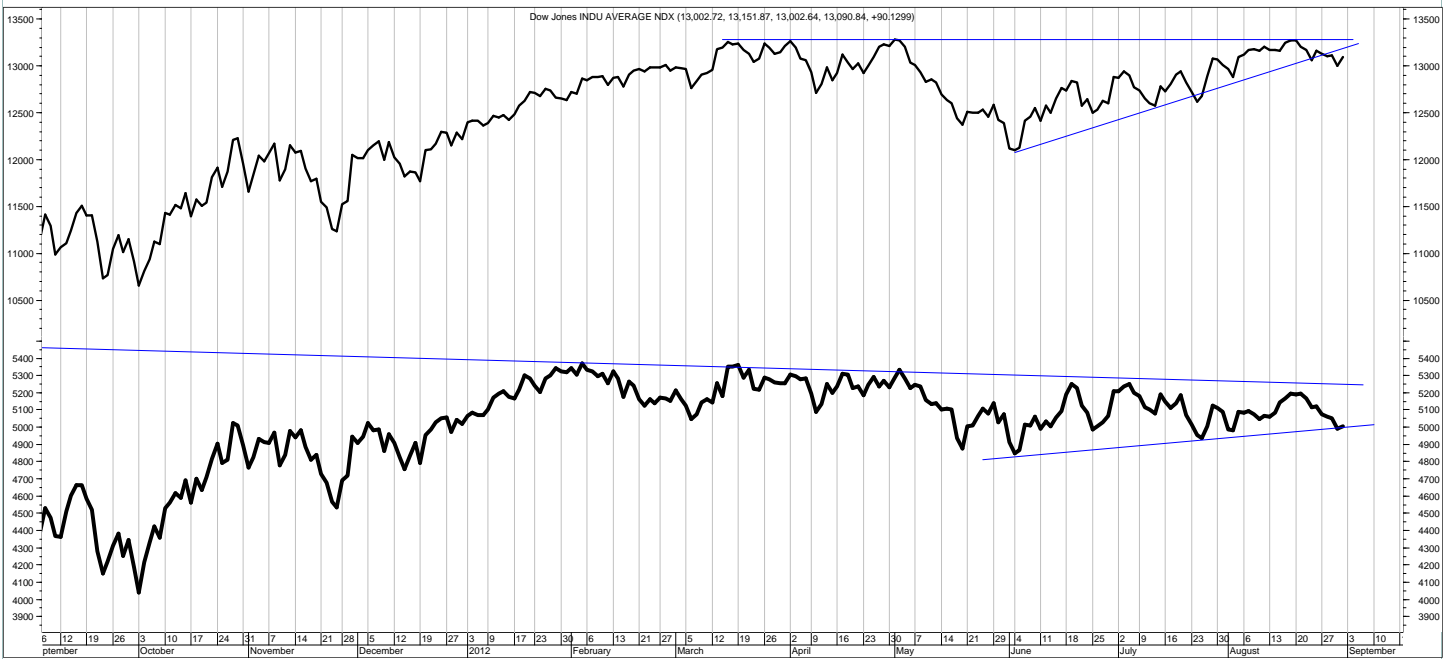
however, suggests they'll just stand pat.

So, it seems an odd reaction with the market selling off today (Tuesday 9/4) when the ISM (Institute for Supply Management) report came in weaker than expected. For the third month in a row it declined and

stands at 49.6. Readings below 50 indicate contraction.

Their new orders index also contracted to 47.1, which is also a third straight decline. New orders indicate future growth or weakness.

(Continued on bottom right on page 12 see REVIEW on top)



SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	3.6%	4.2%	1.3	3.9	0.7	0.7%
ETF Growth Portfolio	-2.0%	-1.3%	-3.3	1.7	0.4	-0.2%
Aggrgt Bond (AGG)	1.9%	2.2%	1.7	0.7	0.3	0.5%
Wilshire 5000	13.1%	21.6%	2.9	10.3	1.6	-0.2%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 8/31/2012								
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	
29-May	buy	LQD	116.05	350.0	40,628	AGG							0.0%	
1-Jun	sell	JNK	37.30	900.0	33,560	LQD	116.00	invst grd	116.05	120.83	503.6	60,855.67	54.0%	
18-Jun	sell	PCY	28.52	1,210.4	34,511	TLH	130.00	10-20 yr Tr	134.58	138.35	100.0	13,835.00	12.3%	
18-Jun	buy	BSV	81.13	800.0	64,914									
20-Aug	sell	BSV	81.09	400.0	32,426									
20-Aug	buy	LQD	118.79	150.0	17,829	BSV		shrt-tm corp	81.13	81.51	403.2	32,864.83	29.2%	
20-Aug	buy	TLH	134.58	100.0	13,468									
						Money Market					1.00	5,041	5,041.00	4.5%
												Total Valuation=	112,596.50	100.0%

WEEKLY REVIEW

9/4 No changes.

8/27 The sell and buys were executed as noted above last week. No changes for this week.

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.

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	3.6	12.6	3.2
Aggregate Bond	2.5%	4.3	1.9	8.9	2.2

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

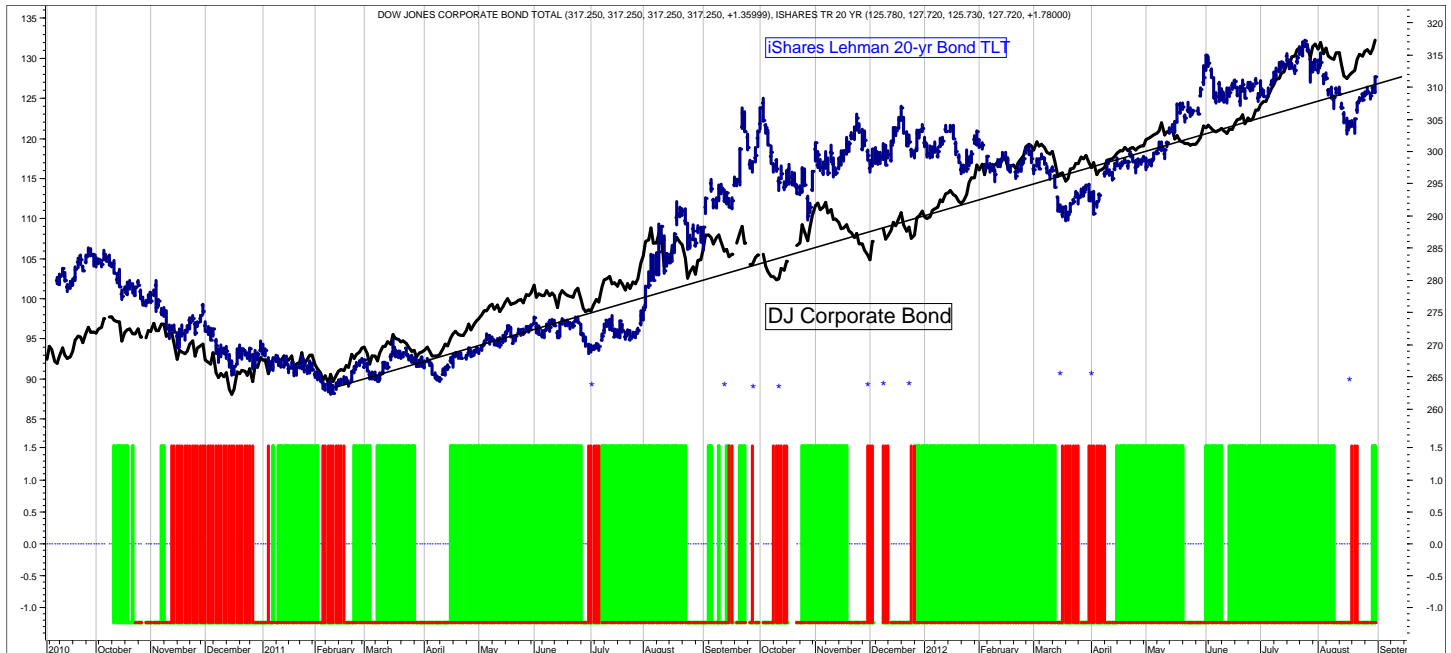
ETF Income Database and Ranking to 7/31/12

Fund Name	Symbol	Style	Hybrid Equity Bond	12m	9m	6m	3m	1m	V	NAV	Rank
PS Insrd CA Muni	PWZ	BI	B	10.07	6.41	2.13	1.93	1.60	1.12	25.35	*****
PS Insrd NY Muni	PZT	BI	B	9.82	6.18	1.51	2.42	2.05	1.15	24.93	*****
iShares 10-20yr Trsry	TLH	BL	B	17.30	7.82	4.20	5.51	1.96	2.68	139.31	****
iShares 20+ yr Trsry	TLT	BL	B	32.46	11.93	7.32	10.55	3.59	4.46	129.70	****
iShares Long Corp Bond	LQD	BL	B	7.93	5.74	4.37	4.12	3.14	1.50	121.28	****
PS Bld America	BAB	BI	B	13.54	8.16	4.15	3.97	3.06	2.04	30.61	****
PS Emrg Mrkt Svrgn Debt	PCY	BW	B	8.87	9.22	9.30	5.16	3.92	2.28	29.96	****
PS Insrd Natl Muni	PZA	BI	B	10.47	7.29	2.18	2.59	2.10	1.35	25.74	****
iShares 3-7yr Trsry	IEI	BI	B	3.75	2.02	0.77	1.09	0.62	0.73	123.76	***
iShares 7-10yr Trsry	IEF	BI	B	10.76	5.57	2.63	3.40	1.25	1.77	109.28	***
iShares Agg Bond	AGG	BI	B	4.10	2.33	1.39	1.80	1.16	0.74	112.59	***
iShares High Yld	HYG	BH	B	0.71	2.71	1.06	0.55	0.45	2.57	91.70	***
iShares Inter Bond	MBB	BI	B	1.60	1.02	0.63	0.70	0.56	0.35	109.05	***
iShares Inter Gov	GVI	BI	B	2.52	1.59	0.62	0.98	0.78	0.57	113.00	***
iShares Intrntl Tbond	IGOV	BW	B	-8.33	-5.52	0.53	-1.78	0.94	1.81	99.15	***
iShares Trsry Inflt	TIP	BI	B	6.37	4.25	1.74	1.69	1.45	1.04	121.44	***
PS 1-30 Ldr Trsry	PLW	BI	B	16.83	7.23	3.78	5.49	1.93	2.65	33.80	***
PS DB Dollar Bullish	UUP	BF	B	7.99	5.29	2.67	4.13	1.07	1.90	22.71	***
PS DB G10 Currency	DBV	BF	B	2.04	2.38	1.67	0.69	1.46	2.63	24.97	***
PS Fdmntl Hi Yield Corp	PHB	BH	B	1.78	3.34	1.78	0.59	0.69	1.58	18.86	***
PS Prfd	PGX	BF	B	4.77	5.21	3.51	2.51	1.45	1.51	14.73	***
SPDR High Yield	JNK	BH	B	-0.92	2.34	1.04	0.38	1.06	2.64	39.88	***
SPDR Intrntl TBond	BWX	BW	B	-4.55	-2.13	-1.04	-1.14	1.15	1.58	59.81	***
Vngrd Intrmdt Bond	BND	BI	B	3.61	1.93	1.38	1.56	1.01	0.64	85.23	***
Vngrd ShrtTrm Bond	BSV	BS	B	0.04	-0.06	0.16	0.30	0.37	0.31	81.43	***
Wtree Dryfs Chns Yuan	CYB	BF	B	-1.33	-1.76	-0.91	-0.75	-0.16	0.71	25.17	***
Wtree Dryfs Comdty Cur	CCX	BF	B	-26.97	-21.54	-2.35	-2.45	0.96	4.56	20.77	***
Wtree Dryfs Emrg Crrncy	CEW	BF	B	-13.26	-6.76	-2.36	-2.97	0.50	3.24	20.28	***
Wtree Dryfs Jpn Yen	JYF	BF	B	-3.33	-3.15	-4.99	1.28	-0.61	1.90	32.56	***
Wtree Dryfs S Africa Rand	SZR	BF	B	-20.99	-8.05	-2.93	-4.19	-0.59	4.23	23.53	***
Wtree Emrg Mrkt Lcl Debt	ELD	BF	B	-5.38	1.00	-0.45	-0.84	1.54	3.11	51.40	***
Currency Euro	FXE	BF	B	-14.56	-11.29	-6.12	-7.14	-2.84	2.44	122.30	**
PS DB Dollar Bearish	UDN	BF	B	-9.35	-6.48	-3.52	-4.44	-1.17	1.89	26.28	**
PS Low Duration	PLK	BS	B	-0.54	-0.31	-0.22	-0.13	-0.07	0.27	25.36	**
Wtree Dryfs Brazil Real	BZF	BF	B	-37.32	-31.37	-11.95	-5.33	-1.07	5.61	18.49	**
Wtree Dryfs Euro	EU	BF	B	-19.01	-15.23	-7.36	-8.83	-2.31	3.24	19.00	**
Wtree Dryfs Indn Rupee	ICN	BF	B	-27.90	-20.94	-7.49	-4.42	-0.35	4.19	20.12	**
iShares 1-3yr Trsry	SHY	BS	B	0.06	-0.02	-0.05	0.08	0.19	0.13	84.53	*
PS VRDO Tax Free Wkly	PVI	BS	B	-0.04	-0.08	-0.08	-0.08	-0.08	0.04	24.98	*

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

9/4 As mentioned last week, at least over the last 21 months, when the Barometer turns negative, it actually produces a very nice buy signal. This is shown by the blue up arrows on the chart above. The Barometer is based on the Corporate Bond market index (solid black line). I suspect this signaling will continue until the Fed clearly signals a bond market attitudinal change of mind from easing to tightening. And that presumably won't happen for another year or two.

8/27 There are times when the barometer shows negative when it presents a good time to buy. Such is the current case, as shown above.

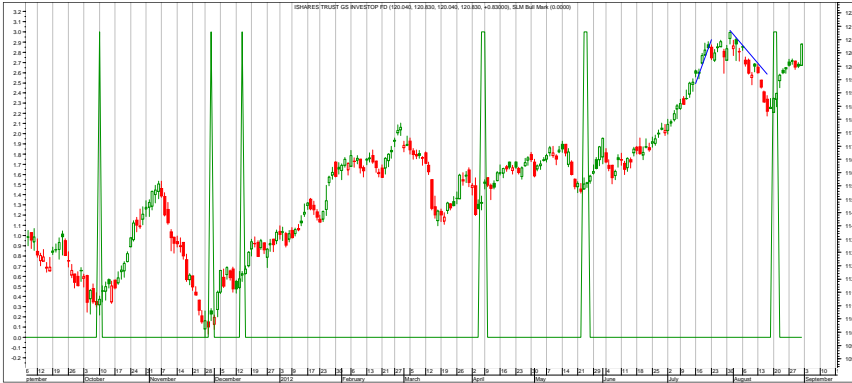
8/20 As mentioned, the short-term top formed and gave way to a correction. It is time to buy it.

8/13 No changes.

7/30 Short-term top formed.

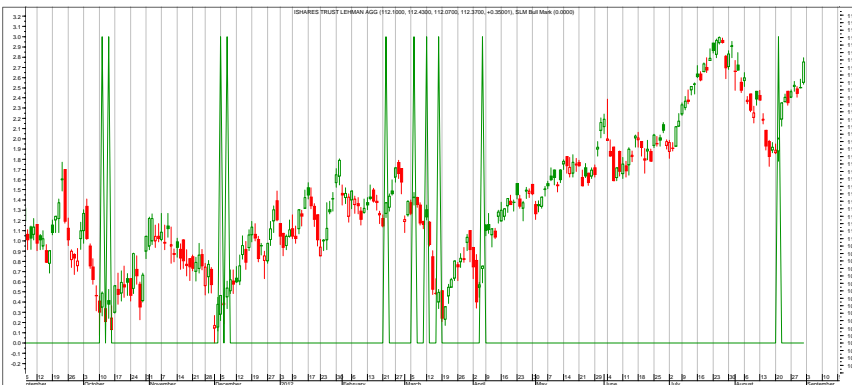
7/23 The corporate bond market has gone ballistic. Don't chase. Watch for the first sign of weakness to take profits.

Income Charts



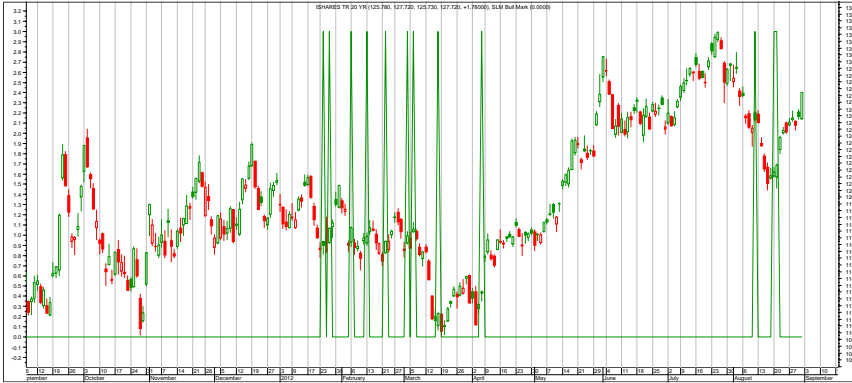
LQD—Investmt Grd Corporate

9/4 As the reader may have assumed, the buy signals shown on the charts are constructed differently than the Bond Barometer. Hence the recent buy signal, rather than the sell signal on the selloff.
 8/27 No change.
 8/20 Time to accumulate.
 8/13 Short-term pullback.



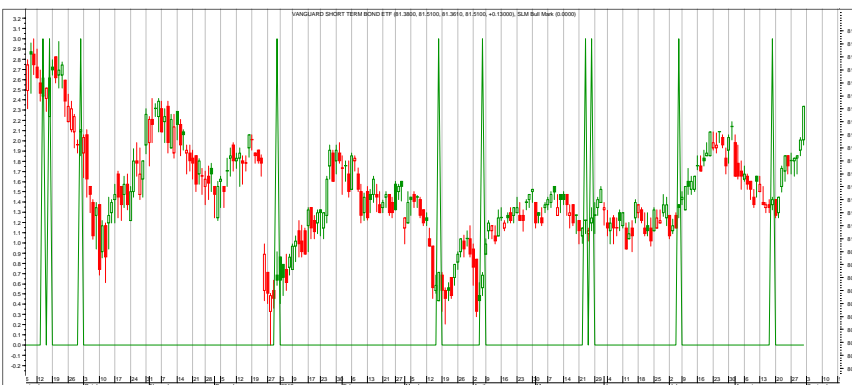
AGG—Aggregate Bond Index

9/4 No change.
 8/27 No change.
 8/20 Time to accumulate.
 8/13 Short-term pullback.
 7/30 Same thing.



TLT—20+ year Treasuries

9/4 No change.
 8/27 No change.
 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

9/4 No change.
 8/27 No change.
 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: 8/31/2012					
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	36.92	Emrg Mrkt	39.14	39.28	155	6,088.40	5.4%
18-Jun	buy	EFA	49.59	125	6,209	EFA	48.50	Intrntl	49.59	51.60	125	6,450.00	5.7%
18-Jun	buy	IWM	77.36	80	6,199	IWM	76.25	Rus 2000	77.36	81.12	80	6,489.60	5.7%
18-Jun	buy	QQQ	63.70	95	6,062	QQQ	64.06	Nas 100	63.70	68.15	95	6,474.25	5.7%
18-Jun	buy	SPY	134.67	45	6,070	SPY	132.69	S&P 500	134.67	141.16	45	6,352.20	5.6%
						SHORT ETFs-							
						Cash from short							
						Money Market							
								1.00	-	-		0.0%	
								1.00	81,385	81,385.00		71.9%	
								Total Valuation=		113,239.45		100.0%	

WEEKLY REVIEW

9/4 No changes.

8/27 No changes.

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 have to drop to roughly 12,000 from 12,700 today.

	2010	2011	ytd 2012	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	-2.0	13.2	5.7
Wilshire 5000 TR	17.7%	0.5	13.1	33.8	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 7/31/12 (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	13.19	9.96	7.73	2.56	2.42	2.18	29.26	*****
PS Dividend Achievers	PFM	EGI	11.13	11.06	6.87	2.41	2.86	2.53	16.17	*****
PS Dynmc Pharma	PJP	EA	27.18	26.65	16.45	5.35	1.60	3.53	33.69	*****
PS Dynmc Utilities	PUI	EA	5.87	8.45	7.56	4.75	2.44	2.18	17.44	*****
Select SPDR Cnsmr Stpl	XLP	EA	15.57	14.79	11.24	4.24	2.47	2.34	35.63	*****
Select SPDR Utilities	XLU	EA	14.32	8.81	9.34	6.34	2.51	1.78	37.92	*****
Vngrd Cnsmr Stpls	VDC	EA	14.75	13.48	12.13	4.53	2.47	2.18	90.39	*****
Vngrd Health	VHT	EA	12.44	15.34	8.72	3.00	0.62	2.92	69.32	*****
Vngrd Utilities	VPU	ELC	13.33	8.57	8.84	5.94	2.75	1.78	80.67	*****
Wtree Eqty Income	DHS	EGI	15.45	14.10	9.45	3.96	2.31	2.43	47.01	*****
Guggnhm Spin Off	CSD	EMC	10.26	15.76	9.36	-1.93	-0.70	3.46	26.43	****
iShares Cohen&Str REIT	ICF	ERE	8.86	14.04	7.99	2.10	2.23	4.90	80.39	****
iShares DJ Sict Div	DVY	EGI	11.67	10.02	6.60	1.13	2.03	2.41	57.33	****
iShares REIT	IYR	ERE	8.27	14.31	8.04	2.38	2.34	4.43	65.43	****
PS Buyback Achievers	PKW	EGI	9.16	9.63	3.45	-3.23	0.14	3.07	28.47	****
PS Dynmc Banking	PJB	EA	11.59	18.62	5.77	-1.43	1.46	5.06	13.19	****
PS Dynmc Biotech	PBE	EA	8.54	12.60	4.51	2.92	-1.38	4.65	22.88	****
PS Dynmc Cnsmr Staples	PSL	EA	6.15	6.46	5.90	0.60	0.45	2.45	32.91	****
PS Dynmc Leisure & Enter	PEJ	EA	10.51	15.06	8.26	-4.45	-2.03	4.27	21.24	****
PS Dynmc Lrg Cap Grth	PWB	ELC	7.07	12.44	8.28	-2.99	1.06	3.79	18.17	****
PS Dynmc Lrg Cap Value	PWV	ELC	7.39	10.00	6.23	0.43	0.73	3.15	20.79	****
PS Dynmc Retail	PMR	EA	18.28	14.05	6.47	-5.55	0.04	3.63	24.52	****
PS Fincl Pfd	PGF	EGI	4.10	7.79	5.36	2.53	1.50	2.61	18.27	****
PS Hi Yld Eqty Div	PEY	EGI	10.11	5.28	1.74	0.21	-0.11	2.05	9.37	****
PS Mrngstr Stk	PYH	ELC	7.28	9.96	5.53	0.23	5.63	3.57	21.96	****
PS QQQ	QQQ_O	ELC	11.72	11.82	7.05	-2.94	1.00	4.08	64.80	****
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	8.44	10.89	7.25	0.70	-2.21	2.86	34.30	****
PS S&P SmlCap Fincl	PSCF	EA	9.59	12.56	5.31	-0.40	0.46	4.14	29.84	****
PS S&P SmlCap Utilties	PSCU	EA	5.86	3.51	1.73	5.83	2.80	2.46	31.24	****
PS US REIT	PSR	ERE	10.89	13.12	7.75	2.41	2.44	4.44	57.42	****
Select SPDR Cnsmr Disc	XLY	EA	9.81	11.58	5.37	-4.54	-0.55	3.44	43.54	****
Select SPDR Div	SDY	EGI	2.94	14.62	3.30	-1.75	2.00	2.47	55.65	****
Select SPDR Health	XLV	EA	12.51	14.39	7.23	2.35	1.01	2.83	38.39	****
Select SPDR Technlgy	XLK	EA	13.37	12.50	8.25	-1.88	1.86	3.68	29.26	****
SPDR S&P 500	SPY	ELC	6.48	9.73	4.87	-1.54	1.18	3.54	137.71	****
SPDR Wish REIT	RWR	ERE	9.63	14.77	8.42	1.75	1.88	4.85	74.26	****
Vngrd Div Apprctn	VIG	EGI	1.25	16.26	3.73	-3.18	1.59	2.98	56.69	****
Wtree Div Ex Fincl	DTN	ELC	10.70	9.26	4.02	0.86	2.42	2.71	55.12	****
Wtree LrgCap Div	DLN	ELC	11.81	12.47	6.45	1.02	2.00	2.83	53.49	****

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	-5.86	1.32	-6.93	-2.04	-5.70	5.85	29.26	***
Guggnhm Candn Enrg Incm	ENY	EWR	-23.26	-7.66	-11.27	-9.21	6.02	6.88	15.67	***
Guggnhm China All	YAO	EWR	-21.01	-6.13	-7.85	-9.48	-1.55	7.03	21.95	***
Guggnhm China REIT	TAO	EWR	-6.92	16.13	10.84	2.49	2.21	8.78	18.51	***
Guggnhm Frntr	FRN	EW	-12.88	-3.37	-4.33	-8.91	-1.59	5.08	19.21	***
Guggnhm Gbl Wtr	CGW	EW	-1.80	5.33	4.85	-2.30	1.22	3.77	20.74	***
Guggnhm Inscr Sent	NFO	EMC	-5.68	2.56	1.95	-4.25	0.77	4.97	32.90	***
Guggnhm MidCap Core	CZA	EMC	5.48	9.57	3.41	-2.13	0.85	3.56	32.17	***
Guggnhm Multi Ast In	CVY	EV	4.40	6.49	2.39	-0.27	2.83	3.08	21.81	***
Guggnhm RJ All	RYJ	ELC	1.24	6.81	0.68	-5.79	0.58	4.78	22.11	***
Guggnhm Shipping	SEA	EA	-23.77	-3.22	-5.95	-13.15	-2.80	8.16	15.65	***
Guggnhm Timber	CUT	EA	-14.16	-2.94	-5.87	-6.65	0.24	5.88	16.85	***
iShares Australia	EWA	EW	-8.05	-2.36	-1.02	-2.77	6.09	6.52	23.18	***
iShares China	FXI	EW	-19.24	-5.13	-11.90	-9.80	1.62	6.57	34.21	***
iShares EAFE Indx	EFA	EW	-14.84	-4.54	-4.10	-6.98	0.08	4.72	50.00	***
iShares Emrg Mrkt Stk	EEM	EW	-16.96	-4.15	-7.10	-7.33	-0.04	6.14	39.12	***
iShares Europe 350	IEV	EW	-15.44	-5.36	-4.72	-6.97	0.59	5.49	33.90	***
iShares Gold	IAU	EG	-0.95	-6.26	-7.42	-3.14	1.03	5.33	15.72	***
iShares Latin Amr	ILF	EW	-15.16	-7.63	-9.56	-8.13	1.38	6.08	42.02	***
iShares Mexico	EWX	EW	0.53	12.41	6.82	0.49	1.12	5.62	62.14	***
iShares Prfrd	PFF	EGI	1.83	5.63	3.33	1.21	0.97	2.37	39.41	***
iShares Russel 2000	IWM	ESC	-1.74	5.86	-0.85	-3.83	-1.52	4.66	78.35	***
iShares Russel MidVal	IWS	EV	1.48	7.21	2.22	-2.59	0.50	3.89	46.55	***
iShares Silver	SLV	EG	-30.19	-18.90	-15.99	-9.93	1.76	10.71	27.12	***
iShares Singapore	EWS	EW	-8.62	7.27	6.14	1.12	6.66	6.67	13.14	***
iShares Slct Div	IDV	ELC	-11.38	-3.78	-2.27	-4.10	1.49	5.18	30.52	***
PS Aerospace & Def	PPA	EA	0.16	5.07	-1.09	-4.65	0.21	3.82	19.05	***
PS BLDR Asia 50 ADR	ADRA	EW	-15.38	-2.95	-5.76	-7.41	-0.51	4.89	23.38	***
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	-13.31	-4.45	-3.57	-4.79	0.83	4.83	18.89	***
PS BLDR Europe 100 ADR	ADRU	EW	-12.83	-6.48	-3.77	-4.32	0.70	5.20	18.61	***
PS DB Agriculture	DBA	EA	-6.58	-0.93	3.89	10.40	6.76	4.16	30.13	***
PS DB Commodity	DBC	EA	-10.01	-1.70	-2.08	-4.08	5.83	4.73	27.25	***
PS DB Energy	DBE	EA	-13.03	-5.26	-6.23	-11.37	4.99	5.14	26.50	***
PS DB Gold	DGL	EG	-2.28	-7.47	-8.22	-3.59	0.80	5.30	55.62	***
PS DB Precious Metals	DBP	EG	-9.19	-9.83	-9.79	-4.87	0.86	6.31	54.85	***
PS DB Silver	DBS	EG	-31.11	-19.67	-16.64	-10.79	1.33	10.89	48.10	***
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	-19.27	-4.66	-3.73	-8.00	1.77	5.57	17.80	***
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-13.77	3.07	-1.76	-6.67	-1.24	5.48	16.78	***
PS DWA Tech Ldr	PDP	ELC	3.03	9.92	5.83	-4.95	0.34	3.49	26.49	***
PS Dyn MagniQuant	PIQ	ELC	0.35	6.68	3.35	-3.36	0.79	4.62	25.56	***
PS Dyn Mrkt	PWC	ELC	3.41	10.86	7.18	-1.08	0.93	4.68	46.29	***
PS Dyn OTC	PWO	ESC	-2.60	3.95	1.16	-5.36	0.43	4.54	48.71	***
PS Dynmc Basic Matr	PYZ	EA	-7.14	7.94	-3.27	-6.99	0.04	5.82	35.50	***
PS Dynmc Bldg Cnstrctn	PKB	EA	10.53	16.82	4.09	-3.44	-0.07	6.09	13.75	***
PS Dynmc Consmr Discr	PEZ	EA	5.72	9.37	5.60	-5.38	0.74	4.11	28.22	***
PS Dynmc Energy	PXI	EA	-9.61	1.96	-0.73	-2.45	4.58	6.39	39.50	***
PS Dynmc Energy Explor	PXE	EA	-9.14	2.98	-0.67	-2.81	3.25	7.11	23.85	***
PS Dynmc Fncl	PFI	EA	3.83	8.59	3.94	-2.85	-0.06	4.50	19.45	***
PS Dynmc Food & Bev	PBJ	EA	0.30	3.99	3.02	0.15	-1.30	2.17	19.81	***
PS Dynmc Healthcare	PTH	EA	4.31	10.85	6.16	-2.77	-2.90	3.98	31.48	***
PS Dynmc Indstrls	PRN	EA	-3.02	3.34	-3.61	-5.58	-2.37	4.75	28.37	***
PS Dynmc Media	PBS	EA	3.72	13.08	7.58	1.21	2.38	5.03	15.04	***
PS Dynmc Networking	PXQ	EA	-6.83	-6.04	-12.29	-15.24	-6.34	6.64	23.47	***
PS Dynmc Oil & Gas Srvc	PXJ	EA	-24.85	-6.65	-6.79	-6.06	7.97	8.23	19.23	***
PS Dynmc Semicndctr	PSI	EA	-3.16	1.17	-4.17	-6.30	1.24	6.35	14.72	***
PS Dynmc Software	PSJ	EA	4.87	4.66	5.72	-3.16	-1.65	4.69	26.04	***
PS Dynmc Technology	PTF	EA	4.11	6.34	2.06	-5.46	1.22	5.40	25.82	***
PS FTSE RAFI Asia Pac xJpn	PAF	EW	-10.87	0.12	-0.12	-1.61	5.05	6.39	51.00	***
PS FTSE RAFI Emrg Mrkt	PXH	EW	-19.60	-6.65	-10.08	-8.54	0.71	6.38	20.34	***
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	-3.24	4.79	-1.71	-5.29	-1.72	4.90	63.40	***
PS Gbl Agriculture	PAGG	EA	-12.16	-1.00	0.38	-1.57	2.44	5.47	29.22	***

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 Gbl Lsthd Prvt Eqty	PSP	EW	-12.81	1.94	0.79	-3.67	0.90	7.07	8.92	***
PS Gbl Water	PIO	EW	-14.57	-1.60	-2.23	-5.67	0.86	5.07	16.65	***
PS lbtstn Altrntv	PTO	ELC	-6.79	-2.52	-3.03	-3.11	2.38	3.55	11.20	***
PS Intrntl Dvdnd	PID	EW	-7.82	-3.58	-1.37	-4.52	0.45	3.74	14.67	***
PS Mega Cap	PMA	ELC	7.52	7.27	3.48	-3.04	1.23	3.73	28.38	***
PS NASDAQ Intrnt	PNQI	EA	-1.32	7.89	4.90	-5.52	0.03	5.08	38.82	***
PS RvrFrnt Tac Bal	PAO	EGI	-5.91	3.61	1.35	-2.74	-0.16	3.43	12.05	***
PS RvrFrnt Tac G&I	PCA	EGI	-0.53	3.35	2.51	0.08	1.54	2.52	12.94	***
PS S&P 500 BuyWrite	PBP	ELC	-1.72	0.34	2.95	-0.39	1.48	3.04	20.59	***
PS S&P SmlCap Cnsmr Dis	PSCD	EA	4.27	11.36	3.22	-4.45	0.12	4.55	30.29	***
PS S&P SmlCap Energy	PSCE	EA	-21.52	-5.18	-12.12	-12.70	0.38	7.73	31.83	***
PS S&P SmlCap Hlth Care	PSCH	EA	8.18	13.91	5.71	-0.17	-3.16	4.27	34.64	***
PS S&P SmlCap Indstrils	PSCI	EA	-2.35	3.04	-3.98	-5.28	-1.46	4.96	28.10	***
PS S&P SmlCap Info Tech	PSCT	EA	1.46	4.23	-4.54	-5.74	0.10	5.23	29.09	***
PS S&P SmlCap Mtrls	PSCM	EA	-4.01	4.51	-4.81	-4.45	3.83	4.92	27.44	***
PS Water Resources	PHO	EA	-0.05	7.83	1.04	-1.65	1.77	4.81	18.45	***
PS WilderHill Prgsv Enrgy	PUW	EA	-14.31	-0.67	-5.07	-8.51	-0.07	6.55	23.65	***
PS Zacks Micro Cap	PZI	ESC	-3.52	7.07	0.19	-3.78	-1.70	5.38	10.92	***
Select SPDR Enrgy	XLE	EA	-8.89	-0.09	-1.47	-2.23	4.94	5.94	69.65	***
Select SPDR Financs	XLF	EA	-0.91	8.63	4.30	-4.99	0.17	5.89	14.66	***
Select SPDR Indl	XLI	EA	3.26	7.15	-1.13	-3.24	0.39	4.30	35.81	***
Select SPDR Matrils	XLB	EA	-8.34	1.13	-6.29	-4.99	-1.28	5.16	34.84	***
SPDR DJ Gbl Titans	DGT	EW	-12.34	-2.76	-4.39	-5.47	0.35	4.55	51.17	***
SPDR DJ Industrials	DIA	ELC	7.07	8.67	2.87	-1.60	0.97	3.09	129.69	***
SPDR Gold	GLD	EG	-1.14	-6.48	-7.57	-3.33	0.84	5.30	156.49	***
Vngrd Cnsmr Dis	VCR	EA	7.88	9.95	5.24	-4.76	-0.12	3.65	69.26	***
Vngrd Emrg Mrkt	VWO	EW	-17.20	-3.66	-5.48	-5.98	0.20	6.19	40.01	***
Vngrd Extn 4500	VXF	ELC	-0.99	6.22	0.43	-4.79	-0.73	4.54	56.01	***
Vngrd Fincl Srv	VFH	EA	0.13	9.62	4.64	-4.13	0.13	5.49	31.10	***
Vngrd Grth	VUG	ELC	7.19	10.27	4.88	-2.71	1.22	3.59	68.84	***
Vngrd Large Cap	VV	ELC	5.78	9.50	4.51	-1.94	1.13	3.58	62.80	***
Vngrd Materials	VAW	ELC	-7.93	1.65	-5.57	-5.17	-0.59	5.39	77.29	***
Vngrd MidCap Val	VO	EMC	-0.55	4.90	0.64	-4.74	0.04	4.11	77.23	***
Vngrd Small Cap	VB	ESC	0.08	6.40	1.03	-3.39	-1.00	4.65	75.28	***
Vngrd Small Cap Grth	VBK	ESC	0.10	6.32	0.95	-4.00	-1.34	4.89	82.65	***
Vngrd Small Cap Value	VBR	ESC	0.24	6.78	1.30	-2.54	-0.43	4.42	67.91	***
Vngrd Tech	VGT	EA	9.22	8.41	4.32	-4.97	0.52	4.29	69.09	***
Vngrd TTL Intrntl Stk	VXUS	EW	-15.95	-4.66	-3.49	-5.21	0.31	5.14	42.37	***
Vngrd TTL Stock	VTI	ELC	5.18	9.38	4.07	-2.08	0.88	3.67	70.31	***
Wtree DEFA	DWM	EW	-14.11	-4.17	-3.59	-5.28	0.43	4.84	41.59	***
Wtree DEFA Eqty Incm	DTH	EW	-14.70	-7.95	-4.28	-4.24	0.32	4.96	36.14	***
Wtree Emrg Mrkt Einclm	DEM	EW	-13.60	-1.71	-6.73	-8.77	-0.15	4.60	51.73	***
Wtree Emrg Mrkt SC Div	DGS	EW	-17.79	0.39	-4.46	-8.40	0.46	5.41	43.53	***
Wtree Gbl Eqty Incm	DEW	EW	-8.16	-1.03	-0.47	-2.77	0.43	4.04	40.07	***
Wtree Intrntl LC Div	DOL	EW	-12.95	-4.68	-3.36	-4.43	0.83	4.95	40.32	***
Wtree Intrntl REIT	DRW	ERE	-2.57	11.73	8.37	2.78	4.09	5.67	27.71	***
Wtree Japan SC Div	DFJ	EWR	-8.07	-0.10	-5.29	-6.59	-3.02	3.16	41.36	***
Wtree LrgCap Grth	ROI	ELC	3.04	6.73	1.51	-3.52	2.25	3.97	39.00	***
Wtree MidCap Div	DON	EMC	3.74	6.90	2.17	-2.21	0.71	3.31	54.98	***
Wtree MidCap Earn	EZM	EMC	-0.64	4.00	-3.20	-6.36	0.18	4.38	56.05	***
Wtree S&P 500	EPS	ELC	7.32	9.25	3.80	-2.03	1.46	3.68	47.82	***
Wtree Sml Cap Div	DES	ESC	3.28	7.51	0.19	-1.40	-0.85	3.80	47.84	***
Wtree Ttl Earn	EXT	ELC	6.67	9.24	3.55	-1.96	1.55	3.73	48.95	***
Wtree World Ex US Grth	DNL	EW	-17.24	-3.20	-5.66	-7.41	0.85	5.55	46.84	***

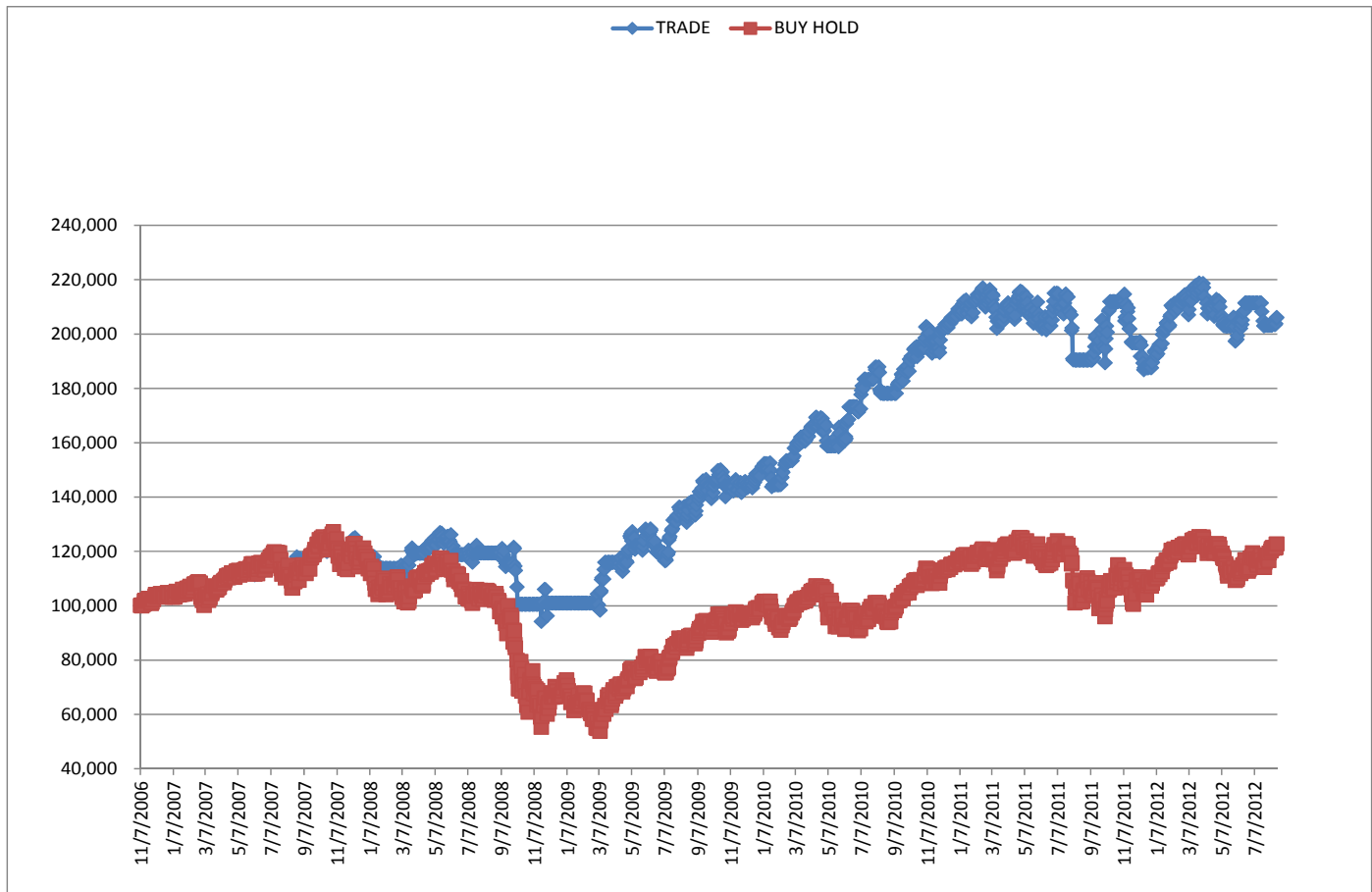
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

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	-23.89	-13.66	-13.79	-10.44	-0.06	6.69	34.06	**
Guggnhm China Sml	HAO	EWR	-30.60	-11.46	-10.20	-14.16	-4.89	8.39	18.85	**
Guggnhm Gbl Div	LVL	EW	-20.19	-13.13	-13.15	-10.36	-2.83	4.52	12.02	**
Guggnhm Intrntl A Incm	HGI	EW	-16.90	-6.87	-8.71	-8.33	0.58	5.16	15.73	**
iShares Canada	EWC	EW	-15.03	-6.91	-6.47	-7.30	1.74	4.60	26.29	**
iShares Spain	EWP	EW	-40.82	-34.99	-25.95	-12.02	-7.62	7.93	22.91	**
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-16.89	-7.36	-10.68	-7.92	0.83	5.67	37.88	**
PS Cleantech	PZD	EA	-23.36	-11.06	-11.87	-10.95	-3.27	5.41	20.44	**
PS DB Base Metals	DBB	EG	-28.68	-11.04	-14.49	-11.31	-2.30	5.26	17.88	**
PS DB Oil	DBO	EA	-13.29	-5.16	-12.90	-17.23	1.75	6.40	24.99	**
PS Emrg Mrkt Infrastrctr	PXR	EW	-26.49	-8.27	-10.91	-11.26	-0.79	7.59	37.51	**
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	-20.38	-9.22	-8.50	-8.74	-1.16	5.70	31.42	**
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	-16.54	-5.91	-6.29	-7.51	-1.71	4.40	20.69	**
PS Gbl Clean Enrgy	PBD	EW	-45.00	-28.56	-23.04	-16.51	-8.28	8.72	6.98	**
PS Gbl Gold Precious Mtls	PSAU	EG	-28.80	-26.21	-24.43	-9.63	-4.17	7.34	33.30	**
PS Gbl Nuclr Enrgy	PKN	EW	-19.84	-7.86	-8.87	-5.86	0.23	5.60	15.49	**
PS Gbl Steel	PSTL	EA	-41.53	-24.47	-24.69	-18.27	-5.01	8.11	12.84	**
PS India	PIN	EW	-27.72	-16.53	-14.42	-7.17	-4.33	7.71	16.56	**
PS Lux Nanotech	PXN	EA	-25.76	-4.53	-5.86	-3.93	-6.57	5.85	6.11	**
PS MENA Frntr Countries	PMNA	EW	-11.08	-7.77	-3.61	-8.52	-2.16	3.15	10.42	**
SPDR Euro Stoxx 50	FEZ	EW	-25.22	-13.22	-10.42	-7.43	-0.71	6.96	28.02	**
Wtree Eur SC Div	DFE	EW	-19.23	-8.27	-7.75	-12.67	-1.23	5.99	33.10	**
Wtree India	EPI	EWR	-28.75	-16.81	-13.48	-9.27	-3.48	8.84	16.63	**
Wtree Intrntl Div Ex Fincl	DOO	EW	-16.42	-8.95	-6.15	-6.17	-0.26	4.45	38.03	**
Wtree Intrntl MC Div	DIM	EW	-16.88	-5.94	-4.94	-7.17	-0.62	4.84	43.53	**
Wtree Intrntl SC Div	DLS	EW	-13.84	-4.06	-6.40	-9.09	-0.79	4.13	44.21	**
Wtree Intrntl Utilities	DBU	EA	-18.08	-9.95	-9.01	-9.70	-4.31	3.86	16.67	**
Wtree Japan Hedge Eqty	DXJ	EC	-12.11	-4.02	-4.34	-9.21	-6.36	4.26	31.07	**
Wtree Middle East Div	GULF	EW	-9.09	-7.57	-6.19	-9.51	-1.00	2.86	13.80	**
Guggnhm Solar	TAN	EA	-76.21	-56.29	-49.50	-30.93	-16.58	14.62	15.30	*
PS Gbl Coal	PKOL	EA	-47.07	-34.53	-30.19	-23.61	-3.92	8.91	18.62	*
PS Gbl Wind Energy	PWND	EW	-46.11	-35.45	-30.01	-21.29	-7.59	7.58	4.99	*
PS Gldn Drgn USX China	PGJ	EW	-35.66	-22.62	-21.91	-20.93	-10.05	7.02	17.00	*
PS WilderHill Cln Enrgy	PBW	EA	-51.87	-33.83	-30.73	-21.46	-9.73	9.39	3.99	*

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World Growth Model (reiteration)



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**

Given the ISM weakness, one might think it a stock market positive because it supports the idea that the Fed will initiate QE3. As mentioned last week, however, perhaps there is a growing sense of impotency on the part of the Fed. The old saying is you can't push on a string. Or to paraphrase another Fed governor, will lower rates motivate more home or car buyers who already aren't out there buying?

To be sure, lower rates have helped tremendously. Housing does appear to have stabilized. Prices have come down enough, joined with lower financing costs, so that rents are starting to cover

costs.

But what more will QE3 do? Credit appears plentiful. Yet the broader economy is now weakening. Join this with the upcoming fiscal cliff uncertainty, and it would be a normal reaction to pull in the horns, to grow cautious. That, so far, is the reaction.

The stock market has never liked uncertainty and there is now a ton to go around, from the domestic reelection with its related tax and spending issues, to Europe's recession, and to China's slowdown.

Oddly in the face of this uncertainty, investors nonetheless have grown more bullish. Probably based on nothing more than

the market has been trending up on the expectation of QE3. From a contrary point of view, this is a negative.

We may yet get QE3, but the real reading of that is not suggestive of expansion, but of weakness. So what if you can borrow at 1%, if no one is buying your product. A drop from say 6% to 3% is one thing, but will a further drop from 3% to 2% help?

At the same time, this obviously does nothing to address the upcoming fiscal political issues.

So, sure reduce rates further, but the real issues still linger.

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 1-5 years.

Secular is 5 years to decades.

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

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

Neutral market is sideways without a discernible pattern.

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

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

9/4 No changes.

8/27 ETF rankings are done through the previous month's end.

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.

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: New selecting and timing model is nearing completion.

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 (Tuesday if Monday is a holiday).

Portfolios are updated through the Friday close the week before.

Dividends are reinvested in additional shares. Commissions of \$10/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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