

# ETF Selections & Timing

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## QE 3 On the Way

The Fed's announcement of quantitative easing three bolstered stocks around the globe last week. Incredibly, however, the Dow Transports continues to lag. This ongoing negative divergence between the Dow Industrials and Dow Transports re-

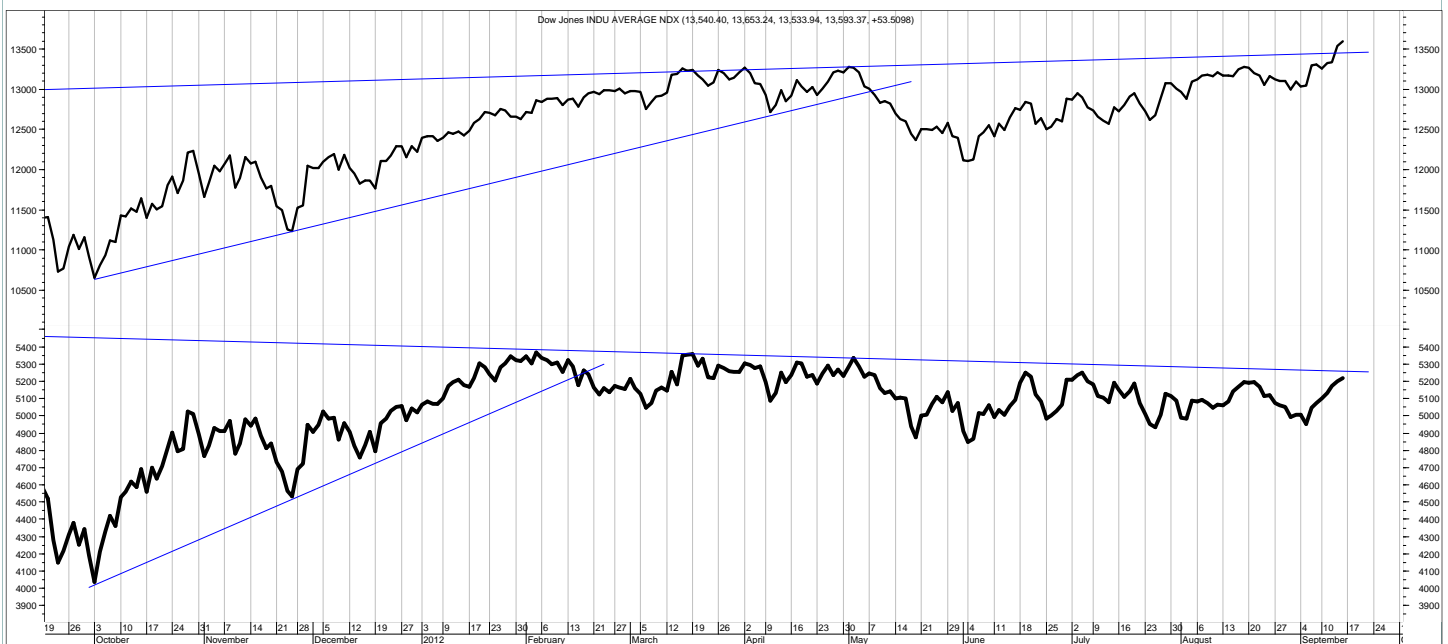
mains a source of concern. This is shown on the chart below.

A divergence, whether positive or negative, serves as an early warning signal to possible market direction changes. It is a look below the surface enthusiasm or despair to see whether such emotions and actions are

justified, whether such bullish or bearish trends will continue or change.

In the current case, QE 3 appears bullish for stocks, just like the past Fed easings, but the ongoing lagging Transportation

*(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	3.0%	3.7%	1.6	1.9	0.9	-0.9%
ETF Growth Portfolio	-0.4%	-1.9%	-1.5	2.7	1.3	0.8%
Aggrgt Bond (AGG)	1.0%	1.4%	1.9	0.0	0.1	-0.5%
Wilshire 5000	18.4%	22.6%	5.1	10.2	4.0	2.1%

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# Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 9/14/2012						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 9/7	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	118.00	invst grd	116.05	119.70	505.4	60,492.67	54.0%
18-Jun	sell	PCY	28.52	1,210.4	34,511	TLH	136.00	10-20 yr Tr	134.58	132.98		-	0.0%
18-Jun	buy	BSV	81.13	800.0	64,914	MBB	108.00	mrtg bkd					
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	81.28	403.7	32,814.44	29.3%
20-Aug	buy	TLH	134.58	100.0	13,468								
11-Sep	sell	TLH	135.92	100	13,582								
18-Sep	buy	MBB	108.99	125	13,634								
						Money Market				1.00	18,623	18,623.00	16.6%
										Total Valuation=		111,930.11	100.0%

## WEEKLY REVIEW

9/17 No changes. (((CORRECTION as of 9/18/12——stopped out of TLH on 9/11 at 135.92.)))

9/10 No changes.

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.

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	3.0	11.9	3.2
Aggregate Bond	2.5%	4.3	1.0	7.9	2.2

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

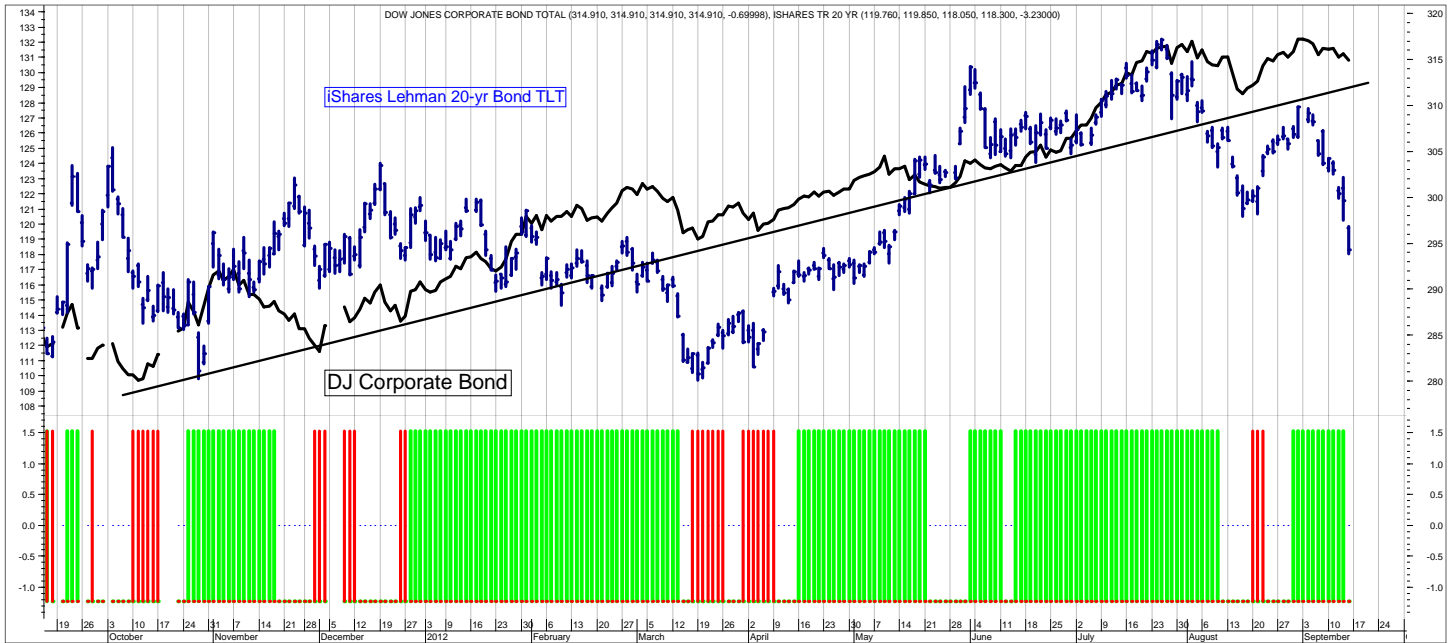
# ETF Income Database and Ranking to 8/31/12

<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 Long Corp Bond	LQDD	BL	7.57	9.16	2.66	3.30	-0.37	1.47	120.83	*****
PS Emrg Mrkt Svrgn Debt	PCYD	BW	8.52	12.06	7.55	8.99	0.77	2.21	30.19	*****
iShares 20+ yr Trsry	TLTD	BL	19.33	8.35	8.76	0.09	-1.53	4.37	127.72	****
PS Bld America	BABD	BI	11.02	6.89	3.42	1.29	-0.60	1.87	30.43	****
PS Fdmntl Hi Yield Corp	PHBD	BH	6.12	6.24	1.11	3.70	1.11	1.64	19.07	****
PS Insrđ Natl Muni	PZAD	BI	7.71	7.31	2.47	1.30	-0.16	1.21	25.70	****
PS Prfd	PGXD	BF	4.96	8.35	2.49	4.01	0.48	1.55	14.80	****
Wtree Dryfs Euro	EUD	BF	-7.34	6.92	3.89	16.36	13.79	3.90	21.62	****
iShares 10-20yr Trsry	TLHD	BL	9.67	6.11	5.25	0.07	-0.69	2.56	138.35	***
iShares 3-7yr Trsry	IEID	BI	2.09	1.97	1.56	0.38	0.05	0.64	123.82	**
iShares 7-10yr Trsry	IEFD	BI	5.82	4.90	3.68	0.41	-0.27	1.64	108.99	***
iShares Agg Bond	AGGD	BI	2.62	2.73	1.45	0.73	-0.20	0.69	112.37	***
iShares High Yld	HYGD	BH	4.88	6.62	0.22	5.20	0.69	2.58	92.33	***
iShares Inter Gov	GVID	BI	1.55	2.27	1.07	0.68	0.02	0.51	113.02	***
iShares Intrntl Tbond	IGOVD	BW	-7.91	1.64	0.13	3.94	2.11	1.82	101.24	***
iShares Trsry Infltđ	TIPD	BI	5.97	3.77	2.08	-0.14	-0.25	1.04	121.14	***
PS 1-30 Ldr Trsry	PLWD	BI	9.61	5.24	4.91	-0.06	-0.77	2.53	33.54	***
PS DB Dollar Bearish	UDND	BF	-7.44	-2.37	-2.32	2.80	1.83	1.89	26.76	***
PS DB Dollar Bullish	UUPD	BF	5.84	1.09	1.55	-3.00	-1.81	1.90	22.30	***
PS DB G10 Currency	DBVD	BF	2.76	4.48	-2.43	5.99	-0.12	2.55	24.94	***
PS Insrđ CA Muni	PWZD	BI	7.16	6.26	1.69	0.88	-0.24	0.97	25.29	***
PS Insrđ NY Muni	PZTD	BI	6.70	5.93	1.68	1.22	-0.36	1.04	24.84	***
SPDR High Yield	JNKD	BH	3.48	5.97	0.12	5.33	0.65	2.68	40.14	***
SPDR Intrntl TBond	BWXD	BW	-4.25	2.22	-0.08	3.09	1.07	1.56	60.45	***
Vngrđ Intrmđt Bond	BNDD	BI	2.13	2.18	1.53	0.79	-0.06	0.58	85.18	***
Wtree Dryfs Comđty Cur	CCXD	BF	-25.17	-19.00	-4.79	4.72	0.35	4.50	20.84	***
Wtree Dryfs Emrg Crrncy	CEWD	BF	-11.10	-3.60	-4.05	4.15	0.35	3.14	20.35	***
Wtree Dryfs Indn Rupee	ICND	BF	-23.90	-14.85	-7.52	3.50	1.44	4.21	20.41	***
Wtree Dryfs Jpn Yen	JYFD	BF	-4.08	-2.56	3.19	0.65	0.46	1.85	32.71	***
Wtree Dryfs S Africa Rand	SZRD	BF	-19.75	-5.18	-9.96	1.83	-2.46	4.17	22.95	***
Wtree Emrg Mrkt Lcl Debt	ELDD	BF	-4.55	4.24	-2.26	6.11	-0.01	3.03	51.39	***
Currency Euro	FXED	BF	-12.67	-6.63	-5.76	1.58	2.19	2.40	124.98	**
iShares Inter Bond	MBBD	BI	0.53	1.14	0.78	0.53	-0.02	0.30	109.03	**
PS Low Duration	PLKD	BS	-0.28	-0.16	-0.63	-0.10	-0.01	0.21	25.36	**
Vngrđ ShrtTm Bond	BSVD	BS	-0.33	0.32	0.38	0.39	0.10	0.28	81.51	**
Wtree Dryfs Brazil Real	BZFD	BF	-35.32	-27.58	-12.30	0.64	1.41	5.67	18.75	**
Wtree Dryfs Chns Yuan	CYBD	BF	-2.40	-1.60	-0.87	0.36	0.12	0.65	25.20	**
iShares 1-3yr Trsry	SHYD	BS	-0.24	-0.04	0.11	0.04	-0.02	0.12	84.51	*
PS VRDO Tax Free Wkly	PVID	BS	-0.04	0.00	0.04	0.04	0.08	0.05	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

9/17 Corporates (solid line) have held up relative to Treasuries (vertical bars), which sold off hard last week.

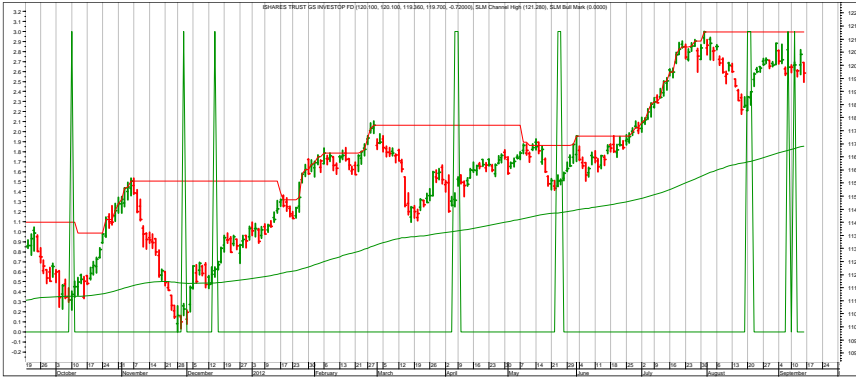
9/10 After the selloff in the last couple weeks, the bond market bounced back.

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.

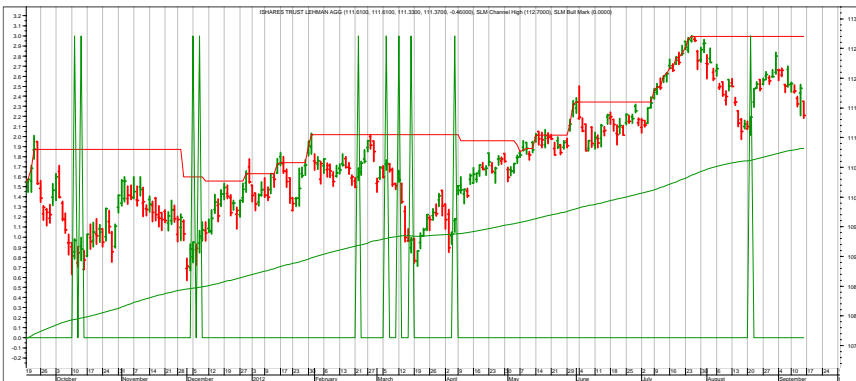
8/20 As mentioned, the short-term top formed and gave way to a correction. It is time to buy it.

# Income Charts



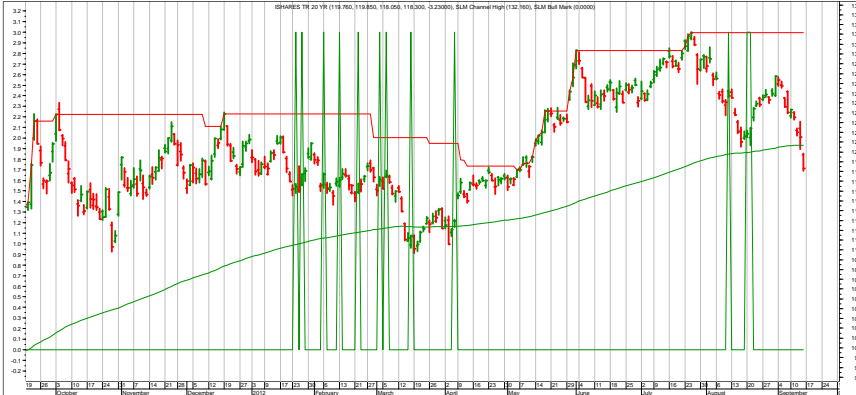
## LQD—Invtmmt Grd Corporate

9/17 No changes.  
 9/10 No changes.  
 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.



## AGG—Aggregate Bond Index

9/17 No changes.  
 9/10 No changes.  
 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

9/17 Hard sell off. Maybe set up new buy.  
 9/10 No changes.  
 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.



## BSV—Short-term Corporates

9/17 No changes.  
 9/10 No changes.  
 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: 9/14/2012					
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
						<b>LONG ETFs-</b>							
18-Jun	buy	EEM	39.14	155	6,077	EEM	39.83	Emrg Mrkt	39.14	42.37	155	6,567.35	5.7%
18-Jun	buy	EFA	49.59	125	6,209	EFA	51.84	Intrntl	49.59	55.15	125	6,893.75	6.0%
18-Jun	buy	IWM	77.36	80	6,199	IWM	81.22	Rus 2000	77.36	86.40	80	6,912.00	6.0%
18-Jun	buy	QQQ	63.70	95	6,062	QQQ	65.97	Nas 100	63.70	70.18	95	6,667.10	5.8%
18-Jun	buy	SPY	134.67	45	6,070	SPY	138.70	S&P 500	134.67	147.55	45	6,639.75	5.8%
						<b>SHORT ETFs-</b>							
						<b>Cash from short Money Market</b>							
									1.00	-	-	-	0.0%
									1.00	81,385	81,385.00	81,385.00	70.7%
									<b>Total Valuation=</b>		<b>115,064.95</b>	<b>115,064.95</b>	<b>100.0%</b>

## WEEKLY REVIEW

9/17 No portfolio changes.

9/10 Given the ongoing negative divergences (see page 1), we continue to only maintain a small position in the Growth Portfolio.

9/4 No changes.

8/27 No changes.

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

	2010	2011	ytd 2012	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	-0.4	15.1	5.7
Wilshire 5000 TR	17.7%	0.5	18.4	40.1	10.9

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

# Top ETF Growth Ranking to 8/31/12 (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 Dfnsv Eqty	DEFD	EV	13.89	10.32	5.67	5.97	0.03	2.15	29.27	*****
PS Dynmc Pharma	PJPD	EA	29.87	23.00	9.30	8.60	-0.62	3.34	33.48	*****
PS Dynmc Retail	PMRD	EA	28.08	19.27	3.80	2.59	3.51	3.75	25.38	*****
PS QQQ	QQQ_OD	ELC	23.79	20.87	5.82	9.83	5.19	4.35	68.16	*****
PS S&P SmlCap Cnsmr Stpl	PSCCD	EA	14.52	15.12	9.52	6.08	3.17	2.84	35.39	*****
Select SPDR Cnsmr Stpl	XLPD	EA	14.79	11.16	6.71	4.97	-0.48	2.21	35.46	*****
Select SPDR Health	XLVD	EA	16.29	14.64	7.35	7.44	1.17	2.75	38.84	*****
Select SPDR Technlgy	XLKD	EA	24.75	19.01	5.34	9.17	4.20	3.89	30.49	*****
Vngrd Cnsmr Stpls	VDCD	EA	14.19	10.93	7.69	5.91	-0.27	2.01	90.15	*****
Vngrd Health	VHTD	EA	18.27	16.19	8.72	8.35	1.67	2.90	70.48	*****
Guggnhm Spin Off	CSDD	EMC	19.80	15.19	2.90	2.90	0.72	3.45	26.62	****
iShares DJ Slct Div	DVYD	EGI	12.19	8.22	3.16	4.13	-0.28	2.37	57.17	****
iShares REIT	IYRD	ERE	14.70	19.02	9.13	7.20	0.31	4.39	65.63	****
PS Buyback Achievers	PKWD	EGI	19.04	11.70	2.63	5.93	2.95	3.26	29.31	****
PS Dividend Achievers	PFMD	EGI	14.43	10.24	4.50	6.27	0.56	2.53	16.26	****
PS Dyn Mrkt	PWCD	ELC	16.62	18.67	5.68	10.12	3.68	4.87	47.99	****
PS Dynmc Banking	PJBD	EA	29.54	20.98	5.20	7.03	2.73	5.07	13.55	****
PS Dynmc Bldg Cnstrctn	PKBD	EA	29.82	27.15	8.66	15.90	7.64	6.41	14.80	****
PS Dynmc Cnsmr Discr	PEZD	EA	19.01	19.30	3.82	5.49	4.94	4.37	29.61	****
PS Dynmc Cnsmr Staples	PSLD	EA	10.05	9.43	3.92	4.84	1.05	2.36	33.25	****
PS Dynmc Healthcare	PTHD	EA	17.02	15.81	5.18	6.68	3.94	4.15	32.72	****
PS Dynmc Lrg Cap Grth	PWBD	ELC	18.04	14.69	4.19	5.27	2.26	3.86	18.58	****
PS Dynmc Lrg Cap Value	PWVD	ELC	17.38	12.61	5.07	8.11	2.65	3.31	21.34	****
PS Dynmc Media	PBSD	EA	20.21	23.77	7.88	13.09	5.59	5.35	15.88	****
PS Fincl Pfd	PGFD	EGI	6.40	13.54	3.25	5.01	0.99	2.66	18.45	****
PS Mega Cap	PMAD	ELC	15.77	13.09	1.81	10.07	3.19	3.79	29.29	****
PS Mrngstr Stk	PYHD	ELC	14.89	13.09	4.63	8.75	1.91	3.46	22.38	****
PS S&P SmlCap Cnsmr Dis	PSCDD	EA	21.87	21.23	3.83	6.49	5.58	4.85	31.98	****
PS S&P SmlCap Fincl	PSCFD	EA	19.58	16.76	6.09	7.14	2.14	4.15	30.48	****
PS S&P SmlCap Hlth Care	PSCHD	EA	22.11	15.46	6.68	9.29	4.59	4.52	36.23	****
Select SPDR Cnsmr Disc	XLYD	EA	21.24	17.58	5.46	5.68	4.62	3.73	45.55	****
SPDR S&P 500	SPYD	ELC	15.50	12.94	3.02	7.37	2.51	3.63	141.16	****
Vngrd Cnsmr Dis	VCRD	EA	20.56	17.05	4.85	6.27	4.97	3.97	72.70	****
Vngrd Grth	VUGD	ELC	17.50	14.25	3.49	7.34	3.40	3.76	71.18	****
Vngrd Large Cap	VVD	ELC	14.98	12.75	2.78	7.12	2.52	3.68	64.38	****
Vngrd Tech	VGTD	EA	22.69	16.28	2.51	8.81	5.12	4.51	72.63	****
Wtree Div Ex Fincl	DTND	ELC	12.65	8.29	1.67	6.99	0.47	2.65	55.38	****
Wtree Eqty Income	DHSD	EGI	15.33	11.29	5.21	5.40	-1.26	2.45	46.42	****
Wtree LrgCap Div	DLND	ELC	16.04	11.99	3.76	6.53	0.62	2.85	53.82	****

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>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 Airline	FAAD	EA	-1.02	7.17	-3.75	-9.11	-3.49	6.03	28.24	***
Guggnhm Candn Enrg Incm	ENYD	EWR	-10.49	-1.86	-10.53	11.27	4.59	6.88	16.39	***
Guggnhm China REIT	TAOD	EWR	2.74	20.78	-2.44	9.74	-0.76	8.76	18.37	***
Guggnhm Gbl Wtr	CGWD	EW	4.95	7.31	1.94	6.44	1.16	3.79	20.98	***
Guggnhm Insdr Sent	NFOD	EMC	7.68	8.06	-0.73	8.40	3.56	5.19	34.07	***
Guggnhm Intrntl A Incm	HGID	EW	-8.78	-2.60	-11.00	6.69	2.35	5.19	16.10	***
Guggnhm MidCap Core	CZAD	EMC	14.56	12.01	1.03	4.57	1.74	3.63	32.73	***
Guggnhm Multi Ast In	CVYD	EV	8.91	9.50	0.86	7.34	1.97	3.20	22.24	***
Guggnhm RJ All	RYJD	ELC	13.35	11.18	-2.21	4.54	2.13	4.79	22.58	***
Guggnhm Timber	CUTD	EA	-6.14	2.89	-7.63	10.73	3.50	5.83	17.44	***
iShares Australia	EWAD	EW	-3.57	0.90	-1.18	13.05	1.25	6.24	23.47	***
iShares Canada	EWCD	EW	-8.00	0.15	-5.24	8.61	4.60	4.75	27.50	***
iShares Cohen&Str REIT	ICFD	ERE	14.71	18.44	9.03	6.61	-0.30	4.81	80.15	***
iShares EAFE Indx	EFAD	EW	-3.68	0.70	-5.60	8.04	3.20	4.79	51.60	***
iShares Europe 350	IEVD	EW	-2.10	1.99	-5.27	10.21	4.45	5.57	35.41	***
iShares Gold	IAUD	EG	-7.52	-3.40	0.00	8.35	4.83	5.53	16.48	***
iShares Mexico	EWWD	EW	4.42	11.54	3.44	12.67	-1.22	5.49	61.38	***
iShares Prfrd	PFFD	EGI	5.32	10.68	1.69	3.84	0.94	2.43	39.78	***
iShares Russel 2000	IWMD	ESC	11.66	10.02	0.09	6.58	3.54	4.78	81.12	***
iShares Russel MidVal	IWSD	EV	12.33	11.05	1.40	6.72	2.96	4.05	47.93	***
iShares Silver	SLVD	EG	-23.88	-3.78	-8.23	14.21	13.53	10.29	30.79	***
iShares Singapore	EWSD	EW	0.84	11.55	1.86	12.70	-0.08	6.56	13.13	***
iShares Sltc Div	IDVD	ELC	-3.28	2.80	-3.13	11.48	3.41	5.19	31.56	***
PS Aerospace & Def	PPAD	EA	12.16	9.36	-1.44	6.70	3.62	3.96	19.74	***
PS BLDR Dvlpd Mrkt 100 ADR	ADRDD	EW	-1.90	1.30	-4.90	9.46	2.86	4.80	19.43	***
PS BLDR Europe 100 ADR	ADRUD	EW	0.38	2.76	-3.28	11.64	4.14	5.28	19.38	***
PS DB Agriculture	DBAD	EA	-10.82	4.93	4.00	16.64	0.97	3.96	30.42	***
PS DB Commodity	DBCD	EA	-4.54	4.16	-1.81	14.06	5.65	4.77	28.79	***
PS DB Energy	DBED	EA	-1.03	1.94	-5.70	13.05	9.17	5.24	28.93	***
PS DB Gold	DGLD	EG	-8.71	-4.46	-0.66	8.00	4.80	5.49	58.29	***
PS DB Oil	DBOD	EA	3.70	-5.16	-12.50	10.20	8.92	6.31	27.22	***
PS DB Precious Metals	DBPD	EG	-12.41	-4.61	-2.46	8.98	6.42	6.28	58.37	***
PS DB Silver	DBSD	EG	-24.75	-4.55	-9.05	13.91	13.89	10.49	54.78	***
PS DWA Dvlpd Mrkt T Ldrs	PIZD	ELC	-6.74	2.02	-4.10	9.82	4.89	5.74	18.67	***
PS DWA Emrg Mrkt T Ldrs	PIED	EW	-7.02	2.37	-5.13	4.47	0.30	5.29	16.83	***
PS DWA Tech Ldr	PDPD	ELC	12.72	13.14	3.71	4.14	3.40	3.67	27.39	***
PS Dyn MagniQuant	PIQD	ELC	12.21	13.18	1.27	6.72	3.17	4.75	26.37	***
PS Dyn OTC	PWOD	ESC	10.50	12.81	0.87	7.07	2.85	4.68	50.10	***
PS Dynmc Basic Matrl	PYZD	EA	7.48	13.20	-1.92	6.95	3.63	5.94	36.79	***
PS Dynmc Biotech	PBED	EA	17.56	18.95	4.69	8.75	1.53	4.73	23.23	***
PS Dynmc Energy	PXID	EA	7.15	5.94	-2.75	12.34	3.92	6.35	41.05	***
PS Dynmc Energy Explor	PXED	EA	9.44	11.54	-1.09	17.91	7.38	7.25	25.61	***
PS Dynmc Fncl	PFID	EA	16.03	14.06	2.17	7.07	3.39	4.55	20.11	***
PS Dynmc Food & Bev	PBJD	EA	5.02	7.76	4.16	3.05	2.37	2.11	20.28	***
PS Dynmc Indstrls	PRND	EA	8.57	6.55	-3.54	1.15	1.78	4.72	28.87	***
PS Dynmc Leisure & Enter	PEJD	EA	17.53	19.14	5.19	1.46	2.37	4.27	21.74	***
PS Dynmc Networking	PXQD	EA	8.28	-3.01	-11.36	1.07	4.73	6.84	24.58	***
PS Dynmc Oil & Gas Srvc	PXJD	EA	-8.82	-7.23	-10.57	10.28	2.08	7.97	19.63	***
PS Dynmc Semicndctr	PSID	EA	10.36	5.81	-5.57	3.04	0.14	6.25	14.74	***
PS Dynmc Software	PSJD	EA	19.89	12.26	4.69	8.14	4.61	4.84	27.24	***
PS Dynmc Technology	PTFD	EA	19.70	14.79	0.75	9.55	3.99	5.56	26.85	***
PS Dynmc Utilities	PUID	EA	6.31	6.25	3.67	4.50	-1.47	2.10	17.18	***
PS FTSE RAFI Asia Pac xJpn	PAFD	EW	-2.18	2.63	-3.31	11.68	1.02	6.28	51.52	***
PS FTSE RAFI Dvlp Mrkt xUSA	PXFD	EW	-7.16	-3.01	-9.26	9.05	4.46	5.75	32.82	***
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDND	EW	-8.27	-0.89	-7.15	6.38	3.04	4.41	21.32	***
PS FTSE RAFI US 1500 Sml-Mid	PRFZD	EMC	11.31	10.14	-0.78	6.62	4.01	5.04	65.94	***
PS Gbl Agriculture	PAGGD	EA	-8.39	3.57	-3.10	7.02	-0.63	5.45	29.03	***
PS Gbl Listd Prvt Eqty	PSPD	EW	0.88	12.64	-1.71	11.41	2.91	6.98	9.18	***

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>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>
PS Gbl Water	PIOD	EW	-4.19	3.11	-3.87	4.71	1.44	5.03	16.89	***
PS Hi Yld Eqty Div	PEYD	EGI	11.72	4.77	1.07	3.40	0.75	2.06	9.44	***
PS Ibtstn Altrntv	PTOD	ELC	-5.45	0.53	-5.05	5.03	0.71	3.53	11.28	***
PS Intrntl Dvdnd	PIDD	EW	-1.89	1.29	-3.37	7.34	1.73	3.74	14.92	***
PS NASDAQ Intrnt	PNQID	EA	8.42	15.05	1.67	5.58	2.81	4.97	39.91	***
PS RvrFrnt Tac Bal	PAOD	EGI	2.94	6.53	-1.64	5.52	1.23	3.37	12.20	***
PS RvrFrnt Tac G&I	PCAD	EGI	4.32	6.62	0.22	4.82	0.61	2.44	13.02	***
PS S&P 500 BuyWrite	PBPD	ELC	6.05	-1.24	1.67	4.44	0.49	3.04	20.69	***
PS S&P SmlCap Energy	PSCED	EA	-0.97	-6.12	-14.35	7.92	2.73	7.57	32.70	***
PS S&P SmlCap Indstrils	PSCID	EA	9.47	8.25	-2.08	5.28	3.65	5.04	29.13	***
PS S&P SmlCap Info Tech	PSCTD	EA	15.94	8.40	-2.14	7.13	3.78	5.34	30.19	***
PS S&P SmlCap Mtrls	PSCMD	EA	8.44	10.86	-0.39	9.61	3.45	5.04	28.39	***
PS S&P SmlCap Utilties	PSCUD	EA	3.28	2.76	0.85	5.77	-1.12	2.34	30.89	***
PS US REIT	PSRD	ERE	15.26	17.83	8.39	6.29	-0.54	4.38	57.11	***
PS Water Resources	PHOD	EA	9.13	9.13	-0.74	6.95	1.73	4.81	18.77	***
PS WilderHill Prgsv Enrgy	PUWD	EA	1.34	5.52	-8.56	5.56	2.84	6.43	24.32	***
PS Zacks Micro Cap	PZID	ESC	12.06	11.40	1.18	6.75	3.02	5.42	11.25	***
Select SPDR Div	SDYD	EGI	2.94	14.62	3.30	-1.75	2.00	2.47	55.65	***
Select SPDR Enrgy	XLED	EA	4.21	0.93	-4.47	12.42	2.70	5.85	71.53	***
Select SPDR Financs	XLFD	EA	13.30	18.35	2.71	8.21	3.41	5.90	15.16	***
Select SPDR Indl	XLID	EA	12.22	7.29	-2.34	4.87	1.54	4.22	36.36	***
Select SPDR Matrls	XLBD	EA	0.88	3.27	-3.57	5.41	2.32	5.13	35.65	***
Select SPDR Utilties	XLUD	EA	7.26	3.24	4.18	1.37	-4.14	1.91	36.35	***
SPDR DJ Gbl Titans	DGTD	EW	-1.91	1.49	-6.13	6.27	2.36	4.44	52.38	***
SPDR DJ Industrials	DIAD	ELC	12.88	8.89	1.23	5.80	0.92	3.02	130.88	***
SPDR Euro Stoxx 50	FEZD	EW	-7.90	-3.06	-8.65	13.77	7.35	7.09	30.08	***
SPDR Gold	GLDD	EG	-7.60	-3.47	-0.04	8.31	4.94	5.51	164.22	***
SPDR Wish REIT	RWRD	ERE	15.56	19.15	9.28	6.35	-0.28	4.77	74.05	***
Vngrd Div Apprctn	VIGD	EGI	1.25	16.26	3.73	-3.18	1.59	2.98	56.69	***
Vngrd Emrg Mrkt	VWOD	EW	-8.70	-1.74	-10.13	5.49	0.24	6.01	40.11	***
Vngrd Extnd 4500	VXFD	ELC	11.99	10.79	0.00	6.22	3.73	4.70	58.10	***
Vngrd Fincl Srv	VFHD	EA	13.49	18.04	3.35	7.58	3.09	5.51	32.06	***
Vngrd Materials	VAWD	ELC	2.95	4.45	-2.34	7.22	3.31	5.43	79.85	***
Vngrd MidCap Val	VOD	EMC	10.16	8.77	-0.59	5.68	3.06	4.29	79.59	***
Vngrd Small Cap	VBD	ESC	13.08	10.68	1.31	7.26	3.56	4.75	77.96	***
Vngrd Small Cap Grth	VBKD	ESC	13.90	11.32	1.09	7.61	4.02	5.05	85.97	***
Vngrd Small Cap Value	VBRD	ESC	12.44	10.12	1.73	7.14	2.99	4.48	69.94	***
Vngrd TTL Intrntl Stk	VXUSD	EW	-5.81	-0.07	-5.29	9.06	2.60	5.11	43.47	***
Vngrd TTL Stock	VTID	ELC	15.02	12.76	2.56	7.25	2.70	3.78	72.21	***
Vngrd Utilties	VPUD	ELC	7.22	3.46	4.16	1.85	-3.69	1.92	77.69	***
Wtree DEFA	DWMD	EW	-4.20	1.01	-4.73	10.23	3.15	4.87	42.90	***
Wtree DEFA Eqty Incm	DTHD	EW	-5.27	-0.71	-4.16	10.74	3.87	4.99	37.54	***
Wtree Emrg Mrkt SC Div	DGSD	EW	-6.29	4.71	-7.01	3.81	2.76	5.38	44.73	***
Wtree Eur SC Div	DFED	EW	-6.81	4.01	-8.63	5.44	6.15	6.14	35.13	***
Wtree Gbl Eqty Incm	DEWD	EW	-0.77	4.77	-1.82	8.65	2.52	3.98	41.08	***
Wtree Intrntl Div Ex Fincl	DOOD	EW	-6.87	-3.46	-6.27	8.46	4.15	4.54	39.61	***
Wtree Intrntl LC Div	DOLD	EW	-2.69	1.09	-4.30	10.35	3.15	4.95	41.59	***
Wtree Intrntl MC Div	DIMD	EW	-7.73	0.75	-6.95	6.75	2.77	4.85	44.74	***
Wtree Intrntl REIT	DRWD	ERE	4.39	15.08	4.12	12.10	1.34	5.74	28.08	***
Wtree Intrntl SC Div	DLSD	EW	-5.04	1.88	-6.05	5.39	4.33	4.24	46.12	***
Wtree LrgCap Grth	ROID	ELC	13.70	12.48	-0.64	5.82	3.11	3.95	40.21	***
Wtree MidCap Div	DOND	EMC	10.78	9.70	1.35	5.86	2.22	3.46	56.20	***
Wtree MidCap Earn	EZMD	EMC	11.51	9.35	-3.64	6.28	4.37	4.58	58.50	***
Wtree S&P 500	EPSD	ELC	16.12	13.14	1.30	7.13	2.26	3.73	48.90	***
Wtree Sml Cap Div	DESD	ESC	13.11	10.92	2.28	6.81	3.01	3.91	49.28	***
Wtree Ttl Earn	EXTD	ELC	15.27	12.66	1.61	6.30	1.96	3.74	49.91	***
Wtree World Ex US Grth	DNLD	EW	-8.66	0.15	-9.83	7.19	1.53	5.47	47.56	***

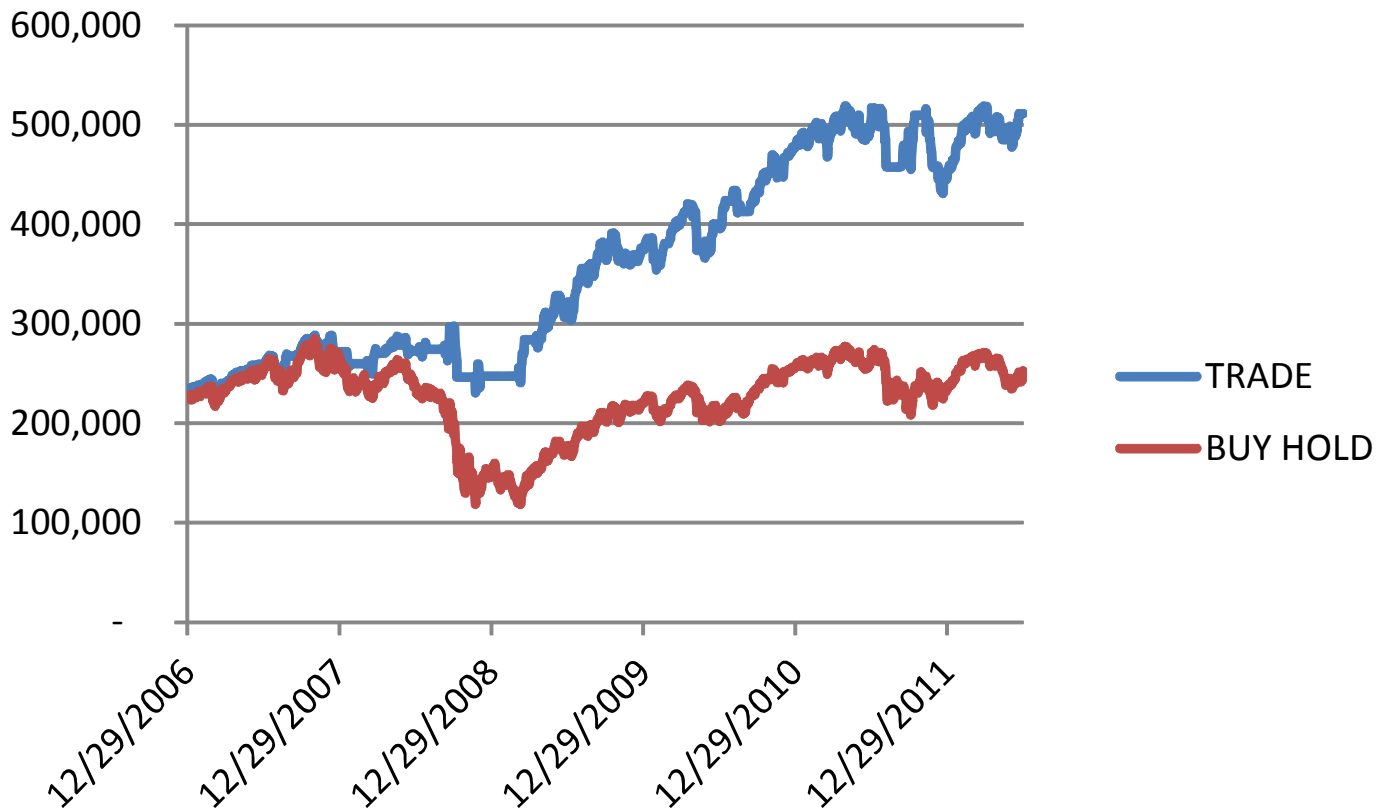
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

## 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 BRIC	EEBD	EW	-17.93	-10.80	-18.28	2.58	-0.79	6.45	33.79	**
Guggnhm China All	YAOD	EWR	-13.20	-5.80	-14.16	0.14	-0.87	6.98	21.76	**
Guggnhm China Sml	HAOD	EWR	-21.66	-14.17	-20.90	-6.20	-0.42	8.20	18.77	**
Guggnhm Frntr	FRND	EW	-10.51	1.34	-7.73	0.36	0.62	5.07	19.33	**
Guggnhm Gbl Div	LVLG	EW	-11.30	-6.89	-10.81	5.04	5.74	4.73	12.71	**
Guggnhm Shipping	SEAD	EA	-14.84	5.16	-15.98	-5.63	-3.58	8.05	15.09	**
iShares China	FXID	EW	-14.39	-8.70	-17.91	-1.25	-3.33	6.77	33.07	**
iShares Emrg Mrkt Stk	EEMD	EW	-8.12	-1.82	-11.39	4.19	0.41	5.97	39.28	**
iShares Latin Amr	ILFD	EW	-11.68	-4.68	-14.48	3.51	-1.05	5.93	41.58	**
iShares Spain	EWPD	EW	-27.33	-20.61	-16.26	22.24	13.97	8.49	26.11	**
PS BLDR Asia 50 ADR	ADRAD	EW	-6.51	-0.97	-9.97	4.51	0.09	4.72	23.40	**
PS BLDR Emrg Mkt 50 ADR	ADRED	EW	-11.09	-5.52	-13.81	3.54	-0.50	5.47	37.69	**
PS Cleantech	PZDD	EA	-14.07	-5.97	-11.93	1.34	3.38	5.43	21.13	**
PS Emrg Mrkt Infrastrctr	PXRD	EW	-17.54	-4.69	-17.71	-0.59	-1.49	7.42	36.95	**
PS FTSE RAFI Emrg Mrkt	PXHD	EW	-9.96	-3.06	-13.51	5.80	1.38	6.24	20.62	**
PS Gbl Clean Enrgy	PBDD	EW	-34.51	-18.73	-21.40	1.09	6.30	8.73	7.42	**
PS Gbl Gold Precious Mtls	PSAUD	EG	-27.80	-21.07	-18.10	8.89	8.56	7.48	36.15	**
PS Gbl Nuclr Enrgy	PKND	EW	-8.41	-5.58	-11.41	6.20	0.61	5.39	15.58	**
PS Gbl Wind Energy	PWNDD	EW	-35.48	-25.13	-25.64	3.97	9.38	7.79	5.46	**
PS Gldn Drgn USX China	PGJD	EW	-25.57	-15.04	-20.07	-5.68	6.35	7.07	18.08	**
PS India	PIND	EW	-17.38	-6.38	-15.68	5.90	1.93	7.54	16.88	**
PS Lux Nanotech	PXND	EA	-15.61	-1.44	-5.38	-0.32	0.65	5.57	6.15	**
PS MENA Frntr Countries	PMNAD	EW	-7.04	-1.29	-5.85	0.09	2.59	3.27	10.69	**
Wtree Emrg Mrkt Eincm	DEMD	EW	-8.40	0.29	-9.94	2.00	1.57	4.50	52.54	**
Wtree India	EPID	EWR	-20.11	-5.53	-18.85	4.67	-0.36	8.50	16.57	**
Wtree Intrntl Utilities	DBUD	EA	-12.49	-5.61	-9.83	1.36	2.94	3.78	17.16	**
Wtree Japan Hedge Eqty	DXJD	EC	-5.32	-2.82	-12.15	1.26	0.80	4.18	31.32	**
Wtree Japan SC Div	DFJD	EWR	-4.35	-1.37	-5.18	1.41	0.94	3.05	41.75	**
Wtree Middle East Div	GULFD	EW	-5.89	-5.89	-8.03	-2.20	2.97	2.83	14.21	**
Guggnhm Solar	TAND	EA	-69.40	-45.57	-42.20	-4.95	9.22	14.24	16.71	*
PS DB Base Metals	DBBD	EG	-23.11	-10.56	-15.43	-2.35	-0.11	5.24	17.86	*
PS Gbl Coal	PKOLD	EA	-39.60	-31.24	-32.02	-2.39	-0.21	8.70	18.58	*
PS Gbl Steel	PSTLD	EA	-33.70	-21.31	-30.20	-8.09	-3.29	7.96	12.42	*
PS WilderHill Cln Enrgy	PBWD	EA	-42.76	-24.82	-27.95	-2.58	4.01	9.17	4.15	*

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# World Growth Model (UPDATED)



The chart and table show the 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) index  
 QQQ-Nasdaq 100 index  
 SPY-S&P 500 index

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

While the monthly, quarterly, or annual movements may or may not outperform the index, the cumulative result is impressive. It shows the portfolio more than doubling, while the comparison index gained only 11% 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. Risk of loss cannot be eliminated, only managed.

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. I expect this will improve relative performance even more. In the meantime, I did begin to implement the model as is, for a portion of the Growth Portfolio.

GROWTH	WGYSDS TRADE	Same ETFs Buy Hold
2007	16.0	15.8
2008	-9.1	-42.4
2009	51.4	44.9
2010	27.9	17.0
2011	-6.1	-9.0
to 6/30/12	13.8	7.8
inception	118.2	11.1

excludes commissions, includes div

Couple of caveats.

As mentioned, this model requires a larger time commitment, even daily, but we will know when trading signals are near.

Stop levels are incorporated, but will not prevent losses. They only limit them.

The model is designed to be either fully invested or fully in cash.

It is also important to note that future markets may or may not be similar to past markets.

Past performance does not guarantee future performance.

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

(Continued from page 1) *REVIEW*

index suggests something else is taking place under the surface. The main potential negative it could be signaling is a domestic recession. Less shipping indicates lower demand. Rising costs for fuel, for example, indicates lower profits.

Indeed, we are all becoming aware of the upcoming fiscal cliff on the 1/1/13 horizon. Unless Congress acts, automatic spending cuts and tax hikes will take

place. The Congressional Budget Office forecasts a recession in Q1 and Q2 in 2013, but only a mild one. What is not contemplated, however, is a potentially more negative impact on the economy in terms of magnitude or duration. The Transportation index may be signaling a deeper recession on the road ahead.

In the meantime, the rest of the market is trending higher.

For my part, the World Growth Model is completed, ex-

cept to tie it with the top performing ETFs. See page 11 for more details. I have begun to implement this for a portion of the Growth Portfolio.

The same model is slated to be tested for the Income Portfolio to see if improvements may be made there. At this stage, however, the Income Portfolio is outperforming its comparison index.

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.

9/17 The World Growth Model is updated on page 11.

9/10 ETF rankings through 8/31/12 are updated.

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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