

# ETF Selections & Timing

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## Mental

They, that is government, appeared to be solving their deadlock last week. Strange to create a problem and then rejoice when you solve it.

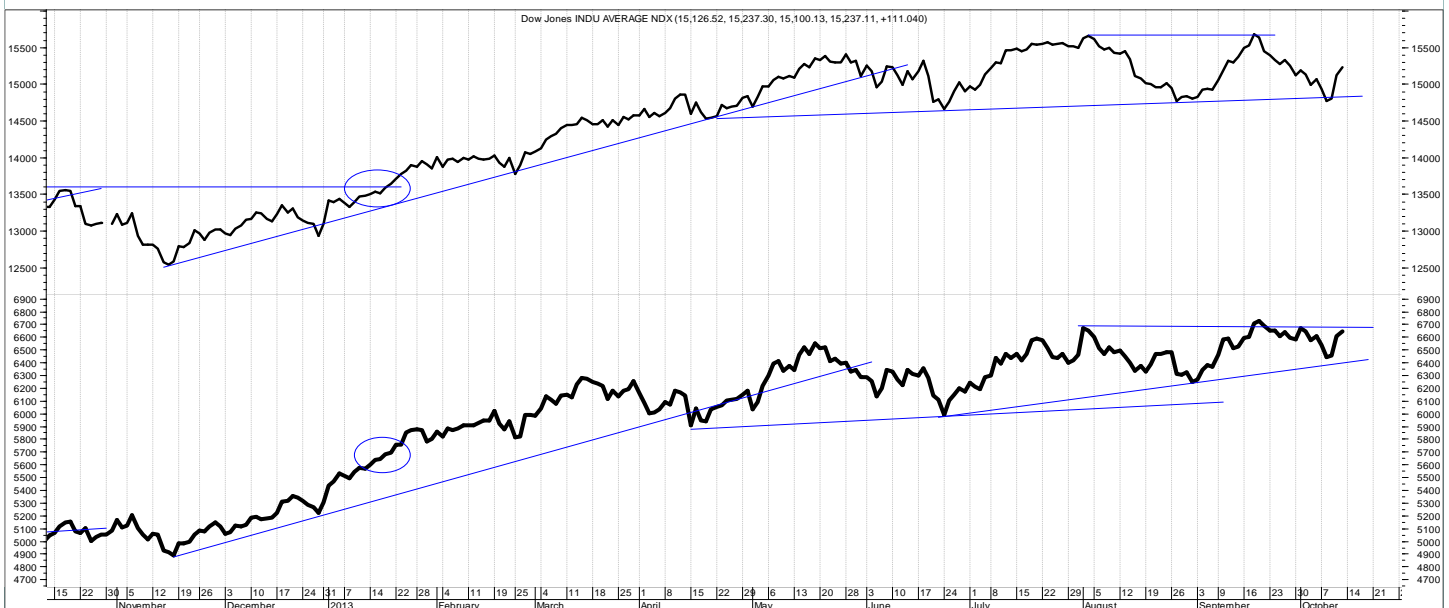
Whatever the neurosis, the stock market loved its possible solution; last week it jumped some 300 points in a day and

then tacked on another 100 the next day for good measure. All this rally did, however, was move the market back to where it was when the shutdown began on October 1. In other words, like the talks, there really has been no net progress.

To be sure, there hasn't

been any net loss in the stock market either. This is so because we all still assume they will solve the issues of spending cuts and debt ceiling by Wednesday before the deadline of 10/17 (Thursday). Two days

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



This is the daily chart of the Dow Industrials (upper) and Dow Transports (lower)

## SCOREBOARD (returns year to date and past weeks to date)

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	0.5%	0.5%	0.1	0.9	1.9	0.4%
ETF Growth Portfolio	23.0%	23.1%	12.8	8.3	4.8	-0.1%
<b>Index</b>						
Aggrgt Bond (AGG)	-3.8%	-4.7%	-3.7	0.3	1.3	0.0%
S&P 500 TR (SPY)	22.1%	20.5%	7.2	1.6	0.5	0.8%
World Growth Index	21.6%	22.5%	10.2	4.6	1.9	0.7%

## CONTENTS

Pages 2-5 .....Income  
Page 4 .....Bond Model  
Pages 6-11 .....Growth  
Page 12-13 .....Overflow  
Page 14 .....Disclaimers

# Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 10/11/2013							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 10/15	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total	
26-Aug	buy	LQD	112.36	300	33,718								0.0%	
26-Aug	buy	PCY	26.64	1,300	34,642									
26-Aug	buy	AGG	106.09	320	33,959									
28-Aug	sell	PCY	26.32	1,300	34,206									
5-Sep	sell	AGG	104.89	320	33,555	LQD	112.50	Invst Grd	111.63	113.54	300	34,062.00	29.8%	
5-Sep	sell	LQD	110.91	300	33,263	PCY	27.30	Intrntl	26.54	27.64	1,300	35,932.00	31.4%	
9-Sep	buy	LQD	111.63	300	33,499									
9-Sep	buy	PCY	26.54	1,300	34,512									
						Money Market					1.00	44,377	44,377.00	38.8%
												<u>Total Valuation=</u>	<u>114,371.00</u>	<u>100.0%</u>

## WEEKLY REVIEW

10/14 Please note the raised stop levels.

10/7 No changes.

9/30 No changes.

9/23 No changes.

9/16 No changes. We'll continue to hold the two positions and sit in cash with the other 40%.

9/9 Stopped out of the other two positions. But LQD and PCY are now signaling a reentry. Buy back as noted above. This will be roughly 33% of the total portfolio in each position.

9/3 Quick trade in PCY, getting stopped out. Watch the other two closely.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Income Portfolio	4.8%	3.6	4.8	0.5	14.4	4.5
Aggregate Bond	2.5%	4.3	0.9	-3.8	3.8	2.5

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 8/30/13

<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 1-3yr Trsry	SHY	BS	0.03	0.03	-0.07	-0.03	-0.10	0.08	84.28	*****
Vngrd ShrtTrm Bond	BSV	BS	-0.19	-0.45	-0.60	-0.38	-0.27	0.23	79.96	*****
iShares 3-7yr Trsry	IEI	BI	-2.51	-2.67	-2.49	-1.82	-0.77	0.51	119.88	****
iShares Agg Bond	AGG	BI	-2.85	-3.32	-3.05	-2.12	-0.83	0.61	106.01	****
iShares Inter Bond	MBB	BI	-3.09	-2.81	-2.91	-1.77	-0.67	0.43	104.17	****
iShares Inter Gov	GVI	BI	-1.51	-2.04	-1.92	-1.35	-0.64	0.46	109.11	****
Wtree Dryfs Chns Yuan	CYB	BF	4.62	2.26	2.23	0.54	0.42	0.42	26.16	****
Currency Euro	FXE	BF	4.69	1.36	1.04	1.60	-0.68	1.85	130.84	***
iShares 10-20yr Trsry	TLH	BL	-8.69	-8.69	-6.33	-4.80	-0.97	1.55	123.42	**
iShares 7-10yr Trsry	IEF	BI	-6.40	-6.61	-5.56	-4.27	-1.42	1.08	100.26	**
iShares High Yld	HYG	BH	5.38	2.88	0.18	-0.17	-1.27	1.56	90.87	**
iShares Intrntl Tbond	IGOV	BW	-1.59	-3.73	-1.85	-0.50	-0.73	1.54	97.93	**
iShares Long Corp Bond	LQD	BL	-2.90	-4.84	-4.30	-3.17	-1.00	1.39	112.68	**
iShares Trsry Infltn	TIP	BI	-7.29	-8.84	-7.78	-4.71	-1.83	1.18	110.64	**
PS 1-30 Ldr Trsry	PLW	BI	-8.64	-8.31	-5.99	-4.31	-0.96	1.45	29.88	**
PS Bld America	BAB	BI	-5.98	-7.40	-8.54	-7.83	-1.41	1.59	27.14	**
PS DB Dollar Bearish	UDN	BF	-1.27	-2.51	0.04	1.65	-0.49	1.29	26.42	**
PS DB Dollar Bullish	UUP	BF	-0.49	1.23	-0.80	-1.86	0.41	1.28	22.19	**
PS DB G10 Currency	DBV	BF	-0.76	-4.00	-7.09	-6.64	-2.44	1.72	24.75	**
PS Fdmntl Hi Yield Corp	PHB	BH	3.25	1.31	-0.10	-0.99	-0.88	1.23	18.71	**
PS Insr CA Muni	PWZ	BI	-6.48	-9.21	-8.53	-7.65	-2.25	1.29	22.72	**
PS Insr NY Muni	PZT	BI	-9.02	-11.54	-10.28	-8.91	-2.61	1.51	21.68	**
PS Prfd	PGX	BF	-0.95	-2.38	-4.30	-4.81	-1.65	1.18	13.68	**
SPDR High Yield	JNK	BH	5.27	2.46	0.00	-0.75	-1.03	1.56	39.46	**
SPDR Intrntl TBond	BWX	BW	-4.13	-5.75	-2.63	-0.53	-1.15	1.48	56.79	**
Vngrd Intrmdt Bond	BND	BI	-2.94	-3.28	-2.96	-2.12	-0.86	0.62	79.99	**
Wtree Dryfs Comdty Cur	CCX	BF	-6.19	-7.08	-8.09	-3.79	-2.15	1.55	19.55	**
Wtree Dryfs Emrg Crrncy	CEW	BF	-3.44	-5.57	-6.78	-3.77	-2.82	1.44	19.65	**
iShares 20+ yr Trsry	TLT	BL	-14.79	-13.35	-9.34	-6.72	-1.34	2.46	105.71	**
PS Emrg Mrkt Svrgn Debt	PCY	BW	-8.80	-13.37	-11.06	-7.86	-3.36	2.67	26.24	**
PS Insr Natl Muni	PZA	BI	-8.56	-11.75	-10.49	-9.01	-1.56	1.56	22.52	**
Wtree Dryfs Brazil Real	BZF	BF	-10.67	-7.36	-15.28	-9.16	-3.29	2.37	16.75	**
Wtree Emrg Mrkt Lcl Debt	ELD	BF	-7.81	-11.12	-12.85	-8.94	-4.35	2.09	45.45	**
Wtree Dryfs Indn Rupee	ICN	BF	-11.22	-13.71	-15.13	-13.34	-5.23	2.58	18.12	*

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.

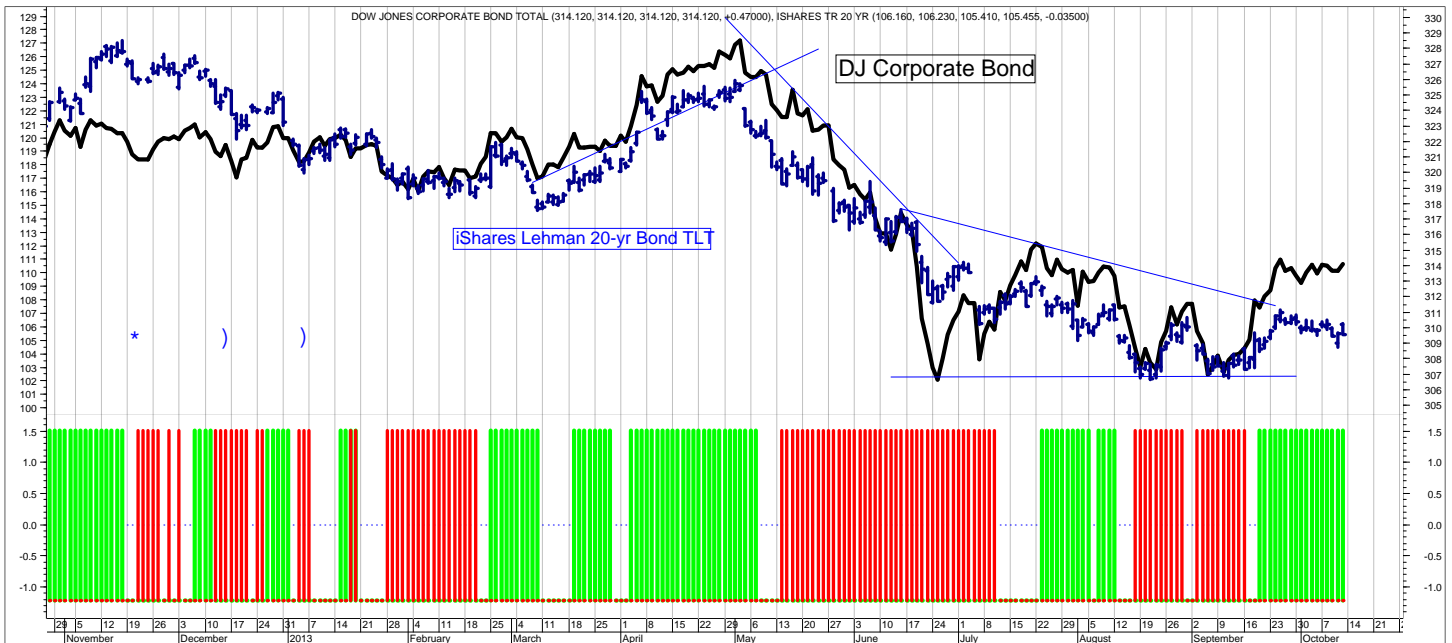
### ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

Column headings: The first column shows the ETF name, the second column shows its symbol. The third column shows the ETF Style. The first letter is always either B (Bond) or E (Equity) or H (Hybrid). The next letter(s) is the style. So, BS-bond short, BI-bond intermediate, BL-bond long, BF-flexible, BW-world, BH-high yield. And for Equity, EA-equity aggressive, EC-equity contrary, EG-equity gold (precious metals), ESC-small cap, EMC-mid cap, ELC-large cap, EW-world, EGI-growth/income, ERE-real estate, EV-value.

Columns 4-8 show percentage returns for the periods shown (12 months, 9, 6, 3, and 1 month). Column 9 is V (volatility); a measure of risk; the lower the V, the less risk. Column 10 is the NAV. Column 11 is the C (comet) ranking. C is the risk-adjusted (V) relative performance (CS). The higher the C indicates the most return for the amount of risk taken.

Generally, our ETF strategy is to own the top ranked ETFs (shown in green) and avoid or short the lower ranked ETFs (shown in red).

# 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

10/14 Intermediate-term trend is still up.

10/7 Consolidating the recent jump, as bonds move sideways. Economy is muddling along and taper talk is off, so may see some further gains.

9/30 Bonds popped up through the short-term down trend line. Expect some pullback and consolidation and then we'll see.

9/23 Tapering has been postponed because the economic numbers are coming in weaker than expected. Bonds rallied on the news.

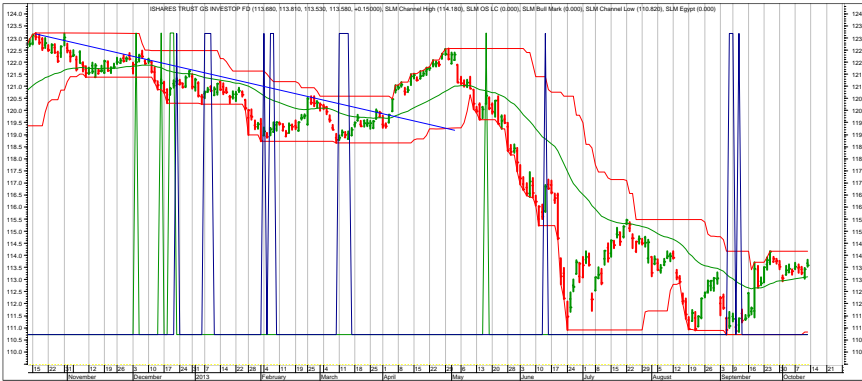
9/16 The bond market is bumping along what will turn out to either be a bottom or a ledge. We will get more information this week in the Fed meeting and potential tapering. Bonds will either move above or below their trend lines shown above.

9/9 Counter rally off for now.

9/3 The counter rally may fall apart and extend the sell off down leg.

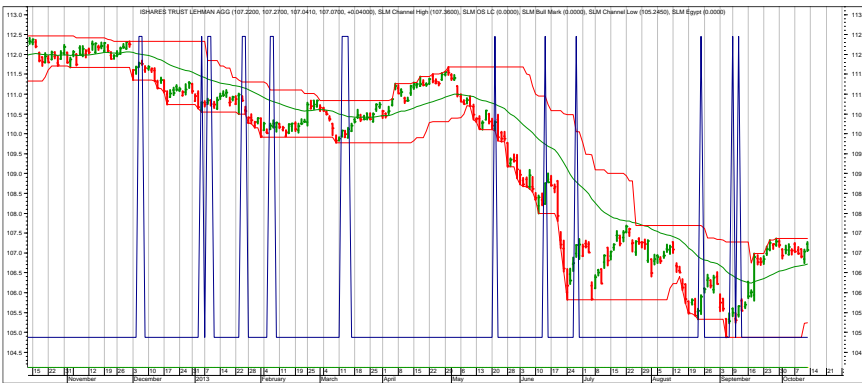
8/26 I'm expecting that counter-trend rally to start and have some purchases shown on page 2.

# Income Charts (DAILY)



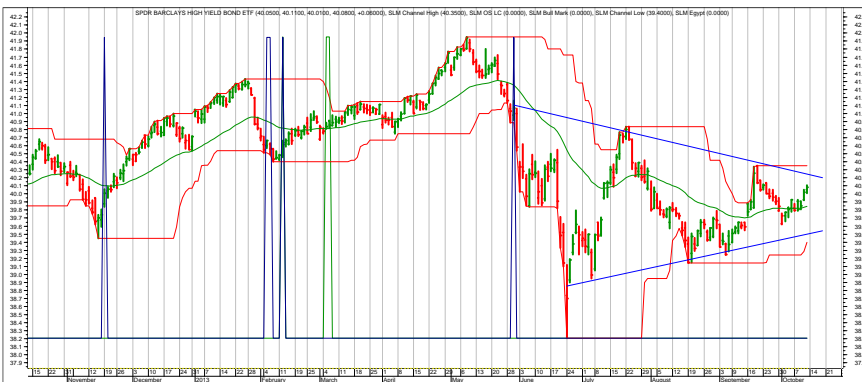
## LQD—Investment Grade Corporate

10/14 No changes.  
10/7 No changes.  
9/30 Popped through resistance.  
9/23 No changes.  
9/16 Holding.  
9/9 Buy as noted on page 2.  
9/3 Has rallied to resistance.



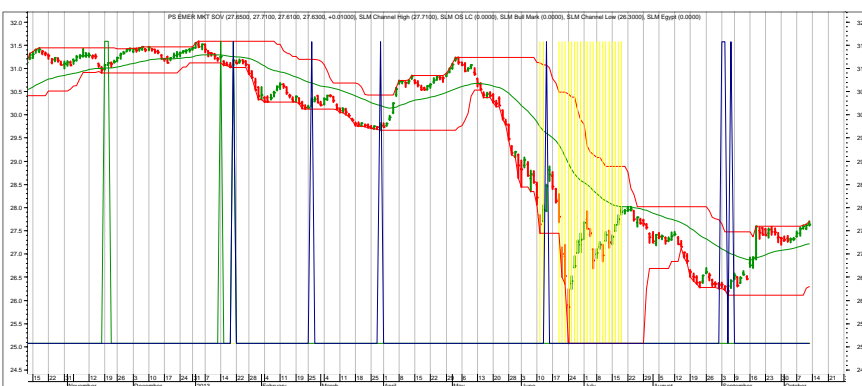
## AGG—Aggregate Bond Market

10/14 No changes.  
10/7 No changes.  
9/30 Popped through resistance.  
9/23 No changes.  
9/16 Holding.  
9/9 Stopped out. Will watch to reenter.



## JNK—hi-yield bonds

10/14 No changes.  
10/7 No changes.  
9/30 No changes.  
9/23 Bounced along with the rest of the bond market.  
9/16 Held at lows.  
9/9 No changes.



## PCY—International Bonds

10/14 Moving higher.  
10/7 No changes.  
9/30 No changes.  
9/23 No changes. Holding for now.  
9/16 Watch to see if it clears its downtrend line.  
9/9 Reenter as noted on page 2.

Each chart shows daily (or weekly if noted in page title at top) prices, a moving average (smoothed green line on price portion), and spikes. The spikes show potential buy signals. The charts do not show sell signals.

# Growth Portfolio (changed as of 12/10/12, 9/23/13)

ACTION FOR		PORTFOLIO DETAILS					Value as of date:			10/11/2013			
Action Date	Action Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
23-Sep	sell	EEM	42.22	210	8,856	<b>World Growth</b>							
23-Sep	sell	EFA	64.25	211	13,547	EEM		Emrg Mrkt	43.03	42.87	325.440	13,951.61	10.0%
23-Sep	sell	IWM	106.60	150	15,980	EFA		Euro Asia	55.55	64.52	211.060	13,617.59	9.8%
23-Sep	sell	QQQ	78.83	176	13,864	IWM		Rusl 2000	82.54	107.71	128.740	13,866.59	10.0%
23-Sep	sell	SPY	169.93	81	13,754	QQQ		Nsdq 100	65.12	79.25	176.280	13,970.19	10.0%
						SPY		S&P 500	142.47	170.26	81.820	13,930.67	10.0%
23-Sep	buy	PBE	34.79	370	12,882	<b>C-lect 5</b>							
23-Sep	buy	PGJ	27.97	469	13,128	PBE			34.79	34.16	370.000	12,639.20	9.1%
23-Sep	buy	PNQI	60.74	215	13,069	PGJ			27.97	29.42	469.000	13,797.98	9.9%
23-Sep	buy	PSCH	48.35	269	13,016	PNQI			60.74	60.91	215.000	13,095.65	9.4%
23-Sep	buy	TAN	30.50	426	13,003	PSCH			48.35	49.50	269.000	13,315.50	9.6%
						TAN			30.50	37.19	426.000	15,842.94	11.4%
14-Oct	sell	EEM		163		Two potential ways to sell: Stop loss is roughly 8% below current level, or timing model may also signal sell.							
14-Oct	sell	EFA		106									
14-Oct	sell	IWM		64									
14-Oct	sell	QQQ		88									
14-Oct	sell	SPY		41									
14-Oct	sell	PBE		185		<b>SHORT ETFs-</b>							
14-Oct	sell	PGJ		235									
14-Oct	sell	PNQI		108									
14-Oct	sell	PSCH		135									
14-Oct	sell	TAN		213									
The sells will raise cash from 0% to 50% of total portfolio.						Cash from short			1.00	-	-	0.0%	
						Money Market			1.00	1,070	1,070.00	0.8%	
						Total Valuation=					139,097.92	100.0%	

## WEEKLY REVIEW

10/14 As noted in the front page article, the risk of loss substantially outweighs the upside potential. So as noted above in the box to the left, sell 1/2 of each position in the Growth Portfolio back to cash. Next week we will see if it warrants getting back in.

10/7 No changes.

9/30 No changes.

9/23 In the Growth Portfolio, I will sell half of the existing World Growth Model portfolio and redeploy the proceeds into the new C-lect 5 Model. For each WGM position, I will sell the number of shares necessary to bring each individual ETF position to about 10% of the total. This has the effect of reweighting the Portfolio such that each of the 10 positions (the five current and five new ones) will be invested at about 10% of the total with a nominal cash amount. Both Models (WGM and C-lect 5) employ timing. As I've mentioned, this new model is fairly active, although the current positions, except for one buy/sell, have remained the same top five positions for the last nine weeks.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	-2.1	23.0	39.1	7.9
World Growth Index	17.2%	-4.2	14.3	21.6	56.0	15.1

The ETF Growth Portfolio changed as of 12/10/12. It is following the new World Growth Model (WGM), which uses the same 5 etfs (EEM, EFA, IWM, QQQ, SPY) as the World Growth Index (WGI). The difference between the two is WGM uses timing and WGI is always fully invested and WGI is rebalanced to 20% in each position daily (this accounts for the different returns when WGM is invested and held).

Based on the successful back testing strategy, C-lect 5 was added to the portfolio on 9/23/13.

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

## ETF Rankings by C to previous week's end

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>C</i>
PS Gldn Drgn USX China	PGJ	EW	18.81
PS NASDAQ Intrnt	PNQI	EA	15.25
Guggnhm Solar	TAN	EA	14.23
PS S&P SmlCap Hlth Care	PSCH	EA	12.68
PS Dynmc Biotech	PBE	EA	10.80
PS Dynmc Networking	PXQ	EA	10.30
Wtree Eur SC Div	DFE	EW	9.90
Guggnhm Shipping	SEA	EA	9.90
PS S&P SmlCap Info Tech	PSCT	EA	9.58
SPDR S&P Regional Banking	KRE	EA	8.12
PS Aerospace & Def	PPA	EA	8.09
PS Gbl Clean Enrgy	PBD	EW	7.84
PS WilderHill Cln Enrgy	PBW	EA	7.70
iShares Spain	EWP	EW	7.59
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	7.48
SPDR S&P Bank	KBE	EA	7.26
PS Dynmc Leisure & Enter	PEJ	EA	6.14
iShares Italy Indx	EWI	EW	5.94
iShares EMU Indx	EZU	EW	5.91
PS S&P SmlCap Energy	PSCE	EA	5.62
PS Dynmc Consmr Discr	PEZ	EA	5.56
PS S&P SmlCap Indstrils	PSCI	EA	5.54
PS Dynmc Pharma	PJP	EA	5.52
PS Dynmc Media	PBS	EA	5.45
SPDR Euro Stoxx 50	FEZ	EW	5.27
iShares Slct Div	IDV	ELC	5.24
Guggnhm China All	YAO	EWR	5.15
Wtree Intrntl SC Div	DLS	EW	5.08
PS Cleantech	PZD	EA	5.02
Guggnhm RJ All	RYJ	ELC	4.94
US Oil Fund	USO	EA	4.92
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	4.86
PS Dynmc Retail	PMR	EA	4.53
Vngrd Small Cap Grth	VBK	ESC	4.47
PS Dynmc Software	PSJ	EA	4.41
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	4.33
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	4.21
PS Buyback Achievers	PKW	EGI	4.15
Wtree DEFA Eqty Incm	DTH	EW	4.12
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	4.11
PS Zacks Micro Cap	PZI	ESC	3.99
Wtree Intrntl Div Ex Fincl	DOO	EW	3.91
iShares Russell 2000	IWM	ESC	3.79
Guggnhm Spin Off	CSD	EMC	3.73
Vngrd European Indx	VGK	EW	3.71
Wtree Sml Cap Div	DES	ESC	3.60
Wtree DEFA	DWM	EW	3.57
iShares Europe 350	IEV	EW	3.57
PS Dynmc Technology	PTF	EA	3.55
PS Dynmc Food & Bev	PBJ	EA	3.50

This page and the next three show the equity ETF database rankings from high to low based on C. C is Comet, which is the risk-adjusted relative performance; the higher the C ranking, the better. Comet, not stars, because comets come into and out of prominence over time.

The first column shows the name. The second column shows the symbol. The third column shows the style; it begins with E for Equity and then the style (A is aggressive, W is world, WR is world regional, SC is small cap, MC is mid cap, LC is large cap, GI is growth/income, V is value). The fourth column shows the C level.



## ETF Rankings by C to previous week's end

Wtree MidCap Earn	EZM	EMC	3.45
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	3.39
iShares China	FXI	EW	3.36
Wtree Intrntl MC Div	DIM	EW	3.21
iShares South Korea Indx	EWY	EW	3.20
Vngrd Extnd 4500	VXF	ELC	3.17
Wtree Intrntl LC Div	DOL	EW	3.16
PS Dynmc Healthcare	PTH	EA	3.14
PS QQQ	QQQ	ELC	3.09
PS Dynmc Fncl	PFI	EA	2.99
PS Dynmc Semicndctr	PSI	EA	2.95
PS S&P SmlCap Cnsmr Dis	PSCD	EA	2.92
Market Vectors Russia	RSX	EW	2.87
Vngrd Consmr Dis	VCR	EA	2.86
iShares Germany Indx	EWG	EW	2.86
PS Dyn OTC	PWO	ESC	2.81
Guggnhm China Sml	HAO	EWR	2.81
Vngrd Small Cap	VB	ESC	2.73
Market Vectors Oil Services	OIH	EA	2.68
PS Dyn MagniQuant	PIQ	ELC	2.47
Vngrd Health	VHT	EA	2.43
PS BLDR Europe 100 ADR	ADRU	EW	2.40
Select SPDR Cnsmr Disc	XLY	EA	2.33
Guggnhm Timber	CUT	EA	2.30
Vngrd Europe Pacific	VEA	EW	2.30
iShares Russell 2000 Value Indx	IWN	ESC	2.19
SPDR S&P Retail	XRT	EA	2.13
PS Glbl Water	PIO	EW	2.11
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	2.00
iShares EAFE Indx	EFA	EW	2.00
PS S&P SmlCap Mtrls	PSCM	EA	1.96
Select SPDR Indl	XLI	EA	1.91
Guggnhm BRIC	EEB	EW	1.80
Vngrd Small Cap Value	VBR	ESC	1.80
Vngrd Tech	VGT	EA	1.77
SPDR DJ Glbl Titans	DGT	EW	1.71
PS DB Oil	DBO	EA	1.65
PS Dynmc Oil & Gas Srvcs	PXJ	EA	1.62
Vngrd TTL Intrntl Stk	VXUS	EW	1.39
Select SPDR Matrls	XLB	EA	1.34
PS S&P SmlCap Fincl	PSCF	EA	1.27
Select SPDR Health	XLV	EA	1.23
Wtree Glbl Eqty Incm	DEW	EW	1.20
PS FTSE RAFI Asia Pac xJpn	PAF	EW	1.20
PS Dynmc Lrg Cap Grth	PWB	ELC	1.15
Vngrd Materials	VAW	EA	1.12
Select SPDR Financs	XLF	EA	1.10
Guggnhm Insdr Sent	NFO	EMC	1.05
PS Hi Yld Eqty Div	PEY	EGI	0.91
iShares Hong Kong Indx	EWK	EW	0.88
Guggnhm MidCap Core	CZA	EMC	0.85
Vngrd MidCap Val	VO	EMC	0.83
PS BLDR Asia 50 ADR	ADRA	EW	0.79
PS Dynmc Consmr Staples	PSL	EA	0.71
Market Vectors Semiconductor	SMH	EA	0.71



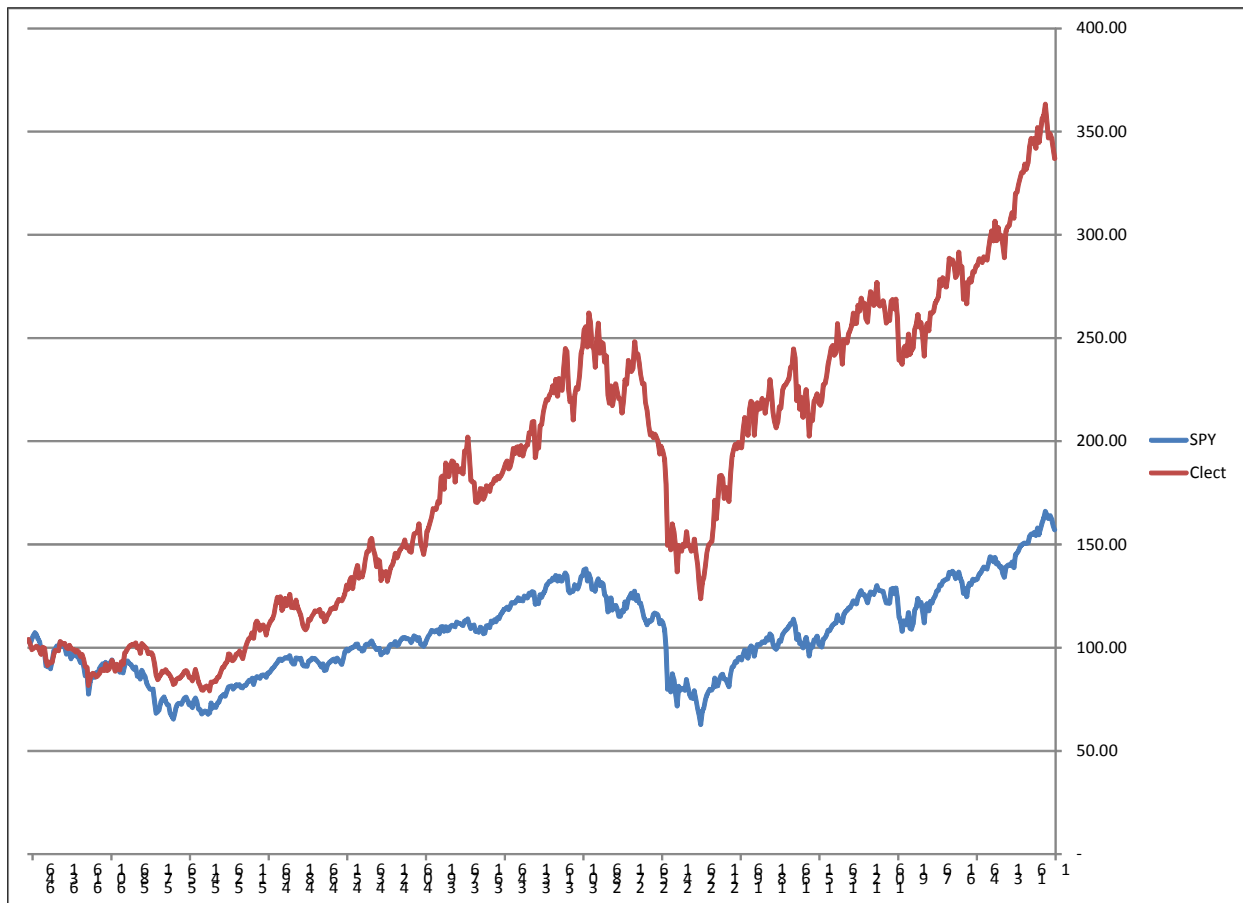
## ETF Rankings by C to previous week's end

iShares Core S&P Mid Cap	IJH	EMC	0.70
SPDR Mid Cap Trust	MDY	EMC	0.60
PS Dyn Mrkt	PWC	ELC	0.55
Vngrd Fincl Srv	VFH	EA	0.54
Wtree Ttl Earn	EXT	ELC	0.50
Vngrd Grth	VUG	ELC	0.44
Vngrd TTL Stock	VTI	ELC	0.42
iShares Pacific ex Jpn	EPP	EW	0.40
PS Dynmc Basic Matrl	PYZ	EA	0.39
PS DB Energy	DBE	EA	0.38
Guggnhm Intrntl A Incm	HGI	EW	0.36
iShares Russell 1000 Value Indx	IWD	ELC	0.32
Select SPDR Enrgy	XLE	EA	0.25
Wtree MidCap Div	DON	EMC	0.24
iShares Russell 1000 Grwth Indx	IWF	ELC	0.18
iShares Taiwan Indx	EWT	EW	0.16
Wtree S&P 500	EPS	ELC	0.09
PS DWA Tech Ldr	PDP	ELC	0.09
Vngrd Large Cap	VV	ELC	0.08
Wtree Intrntl Utilities	DBU	EW	0.04
Guggnhm Glbl Wtr	CGW	EW	0.03
iShares Russel MidVal	IWS	EMC	(0.01)
iShares Australia	EWA	EW	(0.04)
iShares Canada	EWC	EW	(0.04)
SPDR S&P 500	SPY	ELC	(0.10)
PS Glbl Listd Prvt Eqty	PSP	EW	(0.11)
PS WilderHill Prgsv Enrgy	PUW	EA	(0.12)
iShares Core S&P 500	IVV	ELC	(0.12)
PS Water Resources	PHO	EA	(0.15)
PS DB Commodity	DBC	EA	(0.17)
Alerian MLP	AMLP	EGI	(0.19)
Wtree Japan SC Div	DFJ	EWR	(0.26)
PS Dynmc Lrg Cap Value	PWV	ELC	(0.29)
iShares DJ Slct Div	DVY	EGI	(0.43)
Wtree Emrg Mrkt Eincm	DEM	EW	(0.46)
iShares S&P 100 Indx	OEF	ELC	(0.46)
Select SPDR Technlgy	XLK	EA	(0.53)
Vngrd Div Apprctn	VIG	EGI	(0.53)
SPDR DJ Industrials	DIA	ELC	(0.75)
iShares Japan	EWJ	EW	(0.79)
PS Dynmc Energy	PXI	EA	(0.81)
Guggnhm Candn Enrg Incm	ENY	EWR	(0.83)
iShares Emrg Mrkt Stk	EEM	EW	(0.86)
Wtree LrgCap Div	DLN	ELC	(0.86)
Select SPDR Div	SDY	EGI	(0.89)
Wtree Div Ex Fincl	DTN	ELC	(0.91)
PS S&P 500 BuyWrite	PBP	ELC	(0.93)
PS Dynmc Utilities	PUI	EA	(0.95)
PS Intrntl Dvdnd	PID	EW	(0.98)
PS Dividend Achievers	PFM	EGI	(0.99)
PS DB Base Metals	DBB	EG	(1.12)
PS Lux Nanotech	PXN	EA	(1.12)
Wtree Middle East Div	GULF	EW	(1.15)
Guggnhm Dfnsv Eqty	DEF	EV	(1.19)
PS MENA Frntr Countries	PMNA	EW	(1.27)

## ETF Rankings by C to previous week's end

Vngrd Consmr Stpls	VDC	EA	(1.29)
Wtree Eqty Income	DHS	EGI	(1.29)
PS DB Agriculture	DBA	EA	(1.31)
Guggnhm Multi Ast In	CVY	EV	(1.33)
<b>PS S&amp;P 500 LowVolatility Portfolio</b>	<b>SPLV</b>	<b>ELC</b>	<b>(1.41)</b>
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	(1.41)
Guggnhm Glbl Div	LVL	EW	(1.45)
Select SPDR Cnsmr Stpl	XLP	EA	(1.59)
SPDR S&P Metals & Mining	XME	EA	(1.68)
PS Dynmc Energy Explor	PXE	EA	(1.74)
iShares Prfrd	PFF	EGI	(1.80)
PS Fincl Pfd	PGF	EGI	(1.85)
PS FTSE RAFI Emrg Mrkt	PXH	EW	(1.86)
Guggnhm China REIT	TAO	EWR	(1.88)
Vngrd Emrg Mrkt	VWO	EW	(1.91)
Wtree World Ex US Grth	DNL	EW	(1.96)
PS Dynmc Bldg Cnstrctn	PKB	EA	(2.02)
PS S&P SmlCap Utilities	PSCU	EA	(2.04)
Vngrd Utilities	VPU	EA	(2.39)
<b>Pro Shares Short S&amp;P 500</b>	<b>SH</b>	<b>EC</b>	<b>(2.51)</b>
iShares Malaysia Indx	EWM	EW	(2.60)
Select SPDR Utilities	XLU	EA	(2.61)
iShares Singapore	EWS	EW	(2.80)
Guggnhm Frntr	FRN	EW	(3.00)
PS Emrg Mrkt Infrastrctr	PXR	EW	(3.02)
Wtree Japan Hedge Eqty	DXJ	EC	(3.07)
Wtree Emrg Mrkt SC Div	DGS	EW	(3.16)
Wtree Intrntl REIT	DRW	ERE	(3.41)
SPDR S&P Homebuilders	XHB	EA	(3.98)
PS Glbl Agriculture	PAGG	EA	(4.04)
SPDR Gold	GLD	EG	(4.38)
iShares Gold	IAU	EG	(4.39)
iShares Latin Amr	ILF	EW	(4.54)
PS DB Precious Metals	DBP	EG	(4.66)
PS DB Gold	DGL	EG	(4.80)
<b>Pro Shares Short Russell 2000</b>	<b>RWM</b>	<b>ESC</b>	<b>(4.90)</b>
iShares Mexico	EWZ	EW	(4.92)
iShares Silver	SLV	EG	(5.27)
iShares Brazil Indx	EWZ	EW	(5.31)
Vngrd REIT	VNQ	ERE	(5.56)
SPDR Wish REIT	RWR	ERE	(5.70)
PS DB Silver	DBS	EG	(5.97)
iShares Cohen&Str REIT	ICF	ERE	(6.00)
iShares REIT	IYR	ERE	(6.16)
PS DWA Emrg Mrkt T Ldrs	PIE	EW	(6.31)
PS US REIT	PSR	ERE	(6.32)
PS India	PIN	EW	(7.64)
Wtree India	EPI	EWR	(9.10)
iShares DJ US Home Constr.	ITB	EA	(9.83)
PS Glbl Gold Precious Mtls	PSAU	EG	(10.69)
US Natural Gas	UNG	EA	(12.98)
Market Vectors Gold Minors	GDX	EG	(15.26)
Market Vectors Junior Gold Miners	GDXJ	EG	(23.67)
iPath S&P 500 VIX Shrt Trm	VXX	EC	(30.94)

## C-lect 5 (reiteration)



The new selecting and timing model is completed under the name of C-lect 5.

The chart above shows only the C-lect 5 without any market timing. The point with this is to show that staying with the leading ETFs is a winning strategy over time, even without employing market timing.

With market timing, the huge bear market downdrafts should be avoided.

# Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

to go. If they do make an agreement, what happens? But, if they don't, then what?

If they solve the problem, the market should initially rally on relief, but the consequences of shutting things down for 17 days are not yet felt. Plus there are costs to ramp back up everything. These are fairly significant and are not yet factored in. This is bearish.

Two, in the worst case, they fail to solve their issues and the US defaults. This is significantly bearish, which would lead to a substantial waterfall decline in the Dow Industrials projected in the neighborhood of 25% down.

Either they solve the problem or not, either way it looks like the result would lead to an eventual decline or an immediate decline. If they solve it, we may get a rally back up that sets up negative divergences because of the underlying issues mentioned before that still abound. If they don't solve it, the market plunges overnight.

So, either way, it looks like the best course today is to raise some cash in a defensive move. This is so even though the timing model itself has not yet gone on a sell signal. How do you quantify "mental" into the equation to trigger buys and sells?

Bottom line, the downside

risk is huge, while the upside gain appears limited. This is the reason to sell.

I will say here that I don't believe they will be so mental as to let the US default, which is one reason I'm only selling half the position in the Growth Portfolio. If they solve the issue, we can always get back in next week with more clarity. If they don't solve the issue, the losses would be just too immediate and large with a gap down.

Please see the individual portfolio pages for any updates and changes.

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.

Portfolio stops for the World Growth Model are internally maintained; they are based on the Wrl'd Grth Index, not the individual ETFs. They will be emailed when close or if triggered.

10/15 Again to clarify, the equity ETF rankings shown on pages 7-10 are now based on weekly C data. The bond ETF rankings are still based on monthly C data.

Plans are underway to investigate a new bond model based on a similar approach as the World Growth Index.

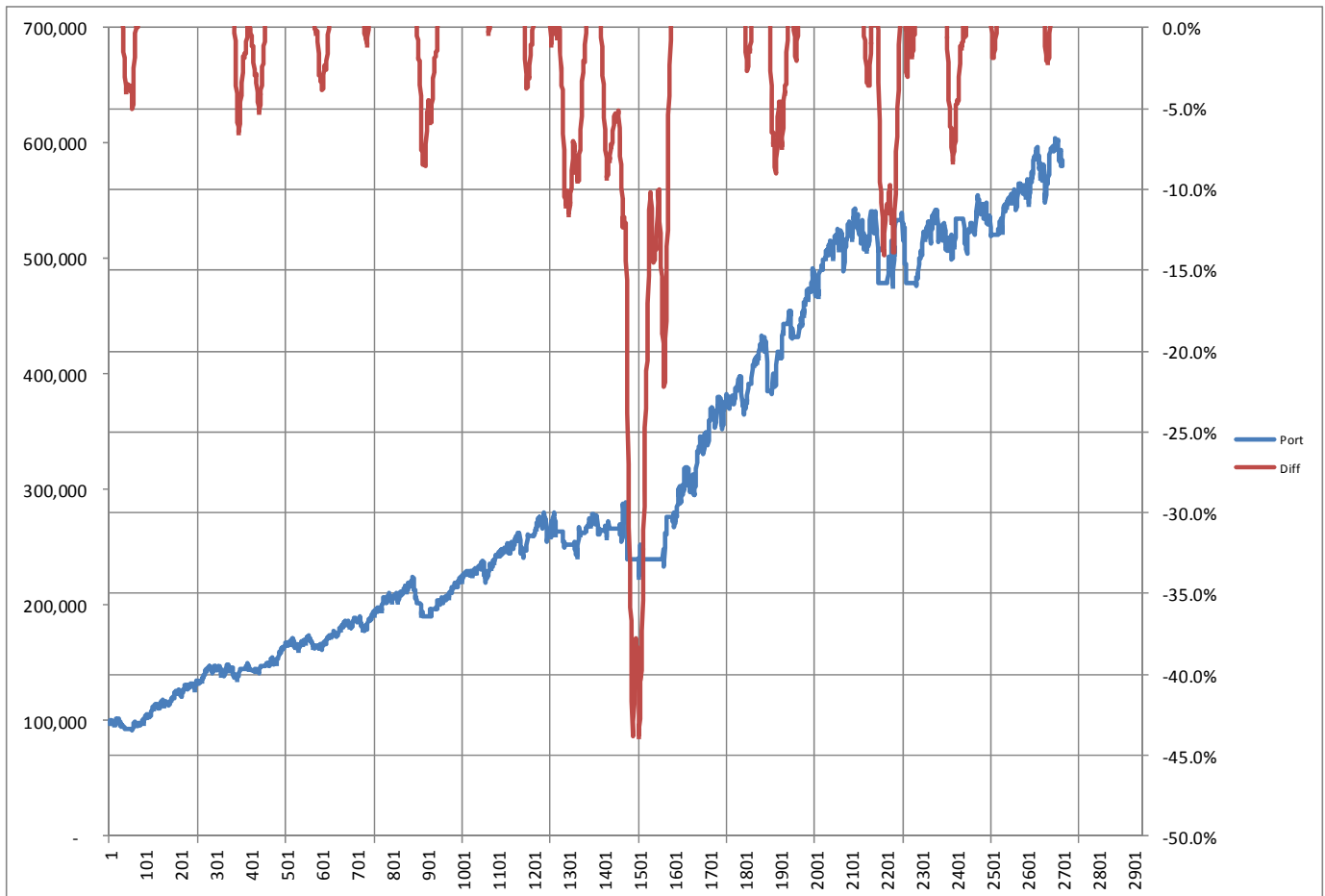
10/7 Just to clarify what was said last week, the ETF rankings in this newsletter are now based on their weekly C. Previously they were based on monthly numbers. On my NLMFS&T Newsletter, fund (and ETF) rankings are still determined by monthly data (no changes planned there). This means that the two C numbers between the two newsletters will not match. The C selection rankings should be somewhat close, but will not be identical. The process of determining C, however, is the same with both. C is the risk-adjusted relative strength number. The higher the number, the better.

I still plan to introduce a portfolio based on shorting the weakest ETFs based on the weakest C, if the back testing shows good results. The weak C ETFs are shown in red on page 10.

9/30 The weekly ranking of equity ETFs is shown on pages 7 through 10. Previous rankings were based on monthly data.

9/23 The new C-lect 5 Model is under way today. It combines ETF selecting and timing.

## Windows (reiteration)



The chart shows the windows for potential buying opportunities after an initial timing model buy. “Port” is the World Growth Model (blue line). “Diff” is the difference between the Model and the potential timing model sell (red line). The “x” axis shows data points, rather than dates, but it is from 9/3/2002 through the present. The potential window to buy is when the red line drops below 0%, although this is somewhat fluid.

The potential sell stop or sell signal (two different signals) is dynamic and will rise if the market is rising. There are times when the difference (red line) widens too far away from the stop levels (above 4%), which means the potential for loss to get to the sell signal is too large. In other words, there are times when the market is overextended to the upside. It is ultimately more profitable to wait for a pullback to buy new positions or add to existing positions, rather than chase the market. The exception to this is when the market turns from a cyclical bear to bull. The new bull is very hard to buy (there are no pullbacks) and fear is still rampant.

So, for example, the most recent initial timing model buy last happened on 12/10/12. There has not been a sell since then. No sell means there has not been a subsequent buy signal. What does this mean for new subscribers since then? No buy signal. So, without a window to buy, still on the sidelines. With the window, however, there have been subsequent times to buy since the initial timing model buy. The last “open window” to buy was in late June/early July.

# 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, page 2:** 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. From time to time, timing considerations may take precedence over selections; in other words, we may own lower ranked funds because of anticipated timing changes.

**Growth Portfolio, page 6:** As of 12/10/12, it is based on the World Growth Index (WGI), which is made up of a static fully invested 20% in each of five ETFs (EEM, EFA, IWM, QQQ, SPY). The Portfolio will buy and sell the WGI based on proprietary timing signals. On 9/23/13, the new C-lect 5 is also part of this portfolio. It too uses timing.

Both portfolios were started on 1/1/10 with \$100,000. However, the Growth Portfolio strategy was changed on 12/10/12 to the World Growth Model and again on 9/23/13 to incorporate the C-lect 5 model.

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 per trade are applied. Interest is currently zero for the money market (cash) position.

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Unless otherwise noted, the weekly eNewsletter is posted by 1:35 PM central time each Monday, except for holidays and then on Tuesday. It may contain actionable, specific buy or sell advice to take that day at the Monday (or Tuesday) close in each portfolio. We may also use stop orders. For stops, check the ETF at quarter to the close. If it is below (or above) a stop level, assume it will close there and act on that. Portfolio data will be updated through the previous Friday's close. Fund symbols, rather than names, are the official identification used for activity.

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