

ETF Selections & Timing

Watercourse Way Holdings, LLC

P.O. Box 830396
 Richardson, TX 75083-0396
 972-680-2366

InvestmentST.com

October 15, 2012 (data through previous Friday close)

Volume 3
 Issue 41

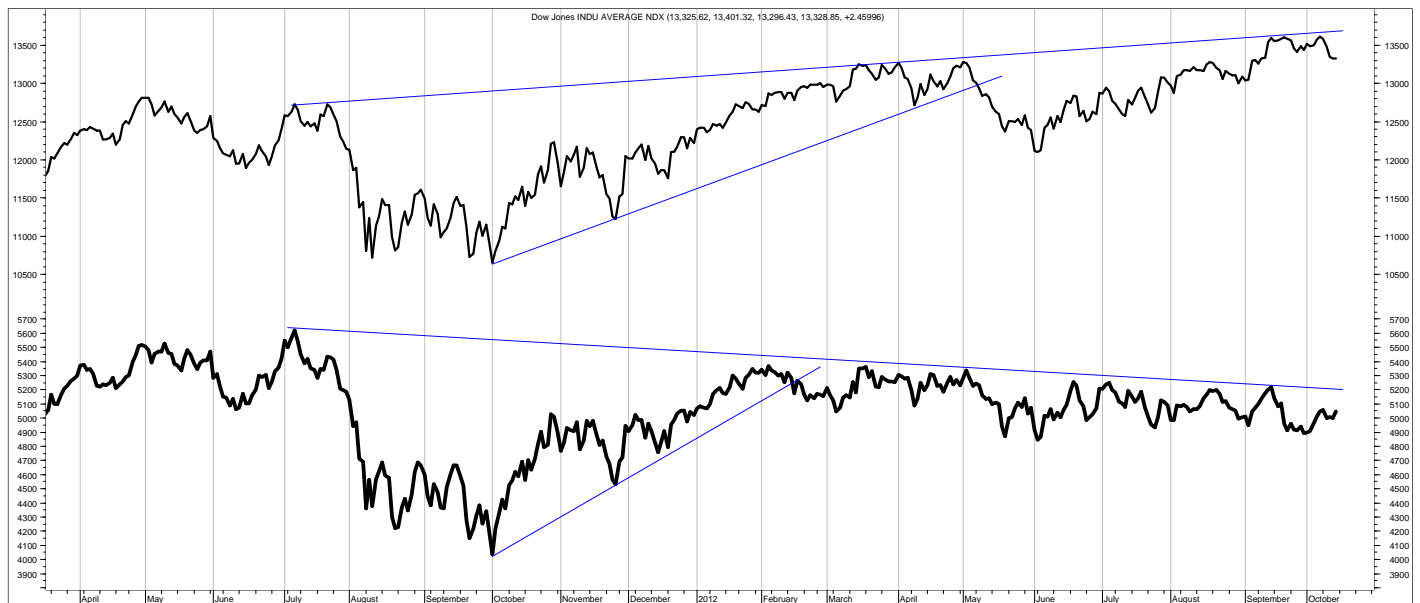
Second Fiddle

Does the market care whether President Obama or Governor Romney gets elected this November? The election is only about three weeks away on 11/6/12. The polls are about evenly split between the two. So, apparently not. What about

Congress and the Fiscal Cliff that's coming up a mere seven weeks later on 1/1/13? Apparently the market doesn't think that will be a major event either. The nonpartisan Congressional Budget office, however, has forecast a recession for early next year because of the already

locked in tax increases and government spending cuts. The market seems to like the certainty of the Fiscal Cliff as much as the uncertainty of the new President, else it may be thinking neither really matters.

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



This is the daily chart of the Dow Industrials (top) and Transports (bottom).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	4.1%	5.7%	3.2	2.2	0.2	0.1%
ETF Growth Portfolio	-0.8%	-0.4%	-1.5	2.1	0.3	0.4%
Aggrgt Bond (AGG)	1.5%	2.4%	2.0	0.3	0.0	-0.5%
Wilshire 5000	17.7%	29.0%	4.9	7.8	1.5	1.8%

CONTENTS

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

Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 10/5/2012						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 10/1	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total
29-May	buy	LQD	116.05	350.0	40,628								
1-Jun	sell	JNK	37.30	900.0	33,560	LQD	114.46	invst grd	116.05	121.54	507.1	61,629.77	54.5%
18-Jun	sell	PCY	28.52	1,210.4	34,511	MBB	102.87	mrtg bkd	108.93	108.83	125.1	13,618.77	12.0%
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	76.56	shrt-tm corp	81.13	81.38	404.3	32,898.27	29.1%
20-Aug	buy	TLH	134.58	100.0	13,468								
11-Sep	sell	TLH	135.92	100	13,582								
18-Sep	buy	MBB	108.93	125	13,626								
Money Market									1.00		4,997	4,997.00	4.4%
Total Valuation=											113,143.81	100.0%	

WEEKLY REVIEW

10/15 Treasuries appear to be bouncing. See charts on the next pages.

10/8 No changes, but watching for trend change in Treasuries.

10/1 No changes.

9/24 Will look to buy more MBB on weakness. This holding is driven by a timing/fundamental move (Fed buying), rather than a selecting move as MBB is in the bottom 20% (see page 3 for income selecting rankings).

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	4.1	13.1	3.2
Aggregate Bond	2.5%	4.3	1.5	8.4	2.2

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

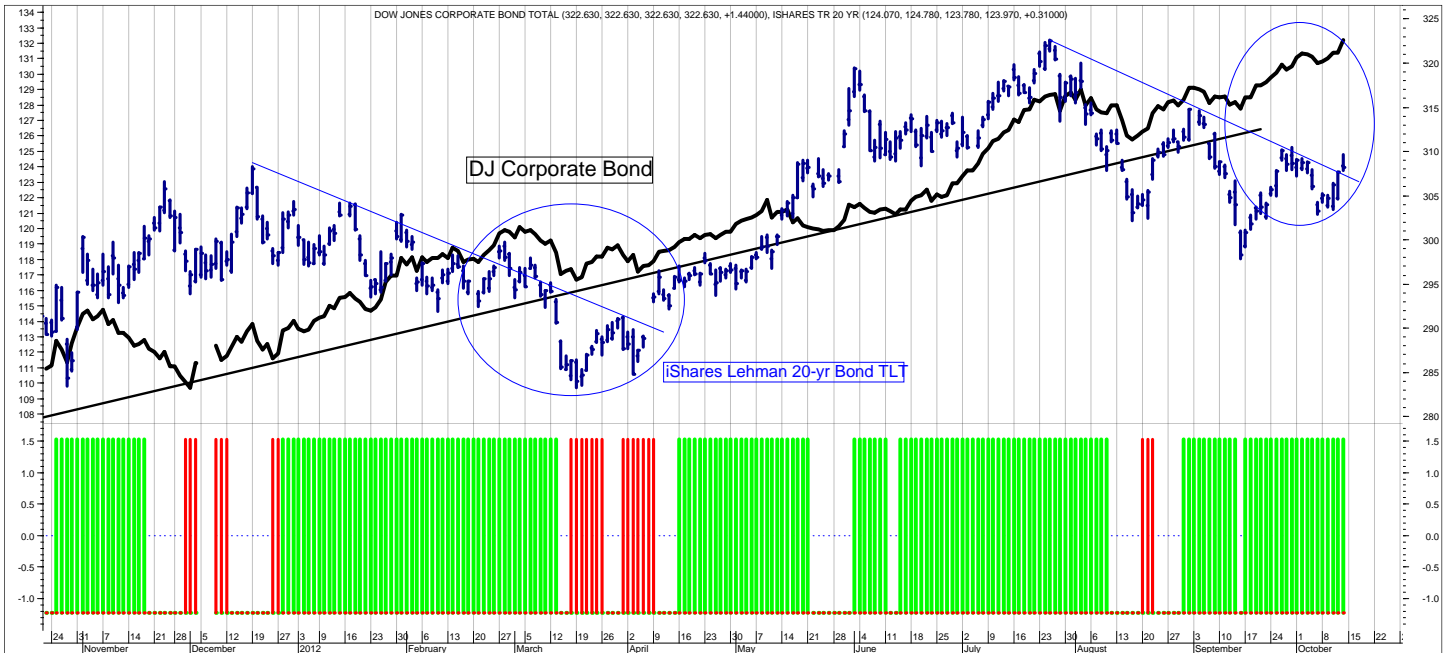
ETF Income Database and Ranking to 9/30/12

<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	8.42	7.04	5.31	3.55	0.78	1.44	121.77	*****
PS Emrg Mrkt Svrgn Debt	PCYD	BW	17.36	12.17	9.53	6.45	1.66	2.30	30.69	*****
iShares Trsry Infltn	TIPD	BI	6.53	4.34	3.49	1.72	0.51	1.06	121.76	*****
PS DB G10 Currency	DBVD	BF	10.54	6.78	1.44	3.09	1.72	2.65	25.37	*****
PS Insrđ CA Muni	PWZD	BI	5.46	4.50	2.55	1.40	0.04	0.95	25.30	*****
PS Insrđ Natl Muni	PZAD	BI	6.19	5.32	3.91	2.14	0.19	1.20	25.75	*****
PS Prfd	PGXD	BF	8.84	7.96	2.85	1.79	-0.14	1.51	14.78	*****
Wtree Dryfs Euro	EUD	BF	1.82	13.13	7.23	15.17	3.61	4.08	22.40	*****
Currency Euro	FXED	BF	-4.33	-0.95	-3.79	1.44	2.17	2.49	127.69	***
iShares 10-20yr Trsry	TLHD	BL	3.44	2.87	7.03	0.08	-1.16	2.52	136.74	***
iShares 20+ yr Trsry	TLTD	BL	2.83	2.45	10.71	-0.78	-2.74	4.37	124.22	***
iShares 3-7yr Trsry	IEID	BI	1.84	1.38	2.16	0.59	-0.08	0.62	123.72	***
iShares 7-10yr Trsry	IEFD	BI	3.23	2.74	5.02	0.49	-0.49	1.62	108.46	***
iShares Agg Bond	AGGD	BI	2.12	1.99	2.37	1.03	0.07	0.64	112.45	***
iShares High Yld	HYGD	BH	11.43	3.21	1.74	1.11	-0.03	2.50	92.30	***
iShares Inter Gov	GVID	BI	1.73	1.62	1.77	0.87	0.06	0.50	113.09	***
iShares Intrntl Tbond	IGOVD	BW	-1.77	2.88	2.96	4.63	1.52	1.92	102.78	***
PS 1-30 Ldr Trsry	PLWD	BI	2.51	2.00	6.46	-0.12	-1.25	2.50	33.12	***
PS Bld America	BABD	BI	4.30	4.74	3.44	1.21	-1.20	1.79	30.06	***
PS DB Dollar Bearish	UDND	BF	0.04	1.19	-0.95	2.18	1.53	1.97	27.17	***
PS Fdmntl Hi Yield Corp	PHBD	BH	8.60	3.19	2.36	1.76	-0.05	1.58	19.06	***
PS Insrđ NY Muni	PZTD	BI	5.21	3.97	2.90	1.72	0.04	1.04	24.85	***
SPDR High Yield	JNKD	BH	11.11	4.58	2.13	1.90	0.17	2.59	40.21	***
SPDR Intrntl TBond	BWXD	BW	2.46	4.69	2.75	4.16	1.89	1.67	61.59	***
Vngrđ Intrmđt Bond	BNDD	BI	1.68	1.93	2.25	0.91	-0.04	0.54	85.15	***
Wtree Dryfs Comđty Cur	CCXD	BF	-14.64	4.48	-0.75	3.16	1.82	4.59	21.22	***
Wtree Dryfs Emrg Crrncy	CEWD	BF	0.48	5.48	-0.76	2.97	2.11	3.25	20.78	***
Wtree Dryfs Indn Rupee	ICND	BF	-13.36	7.01	0.42	6.64	5.49	4.50	21.53	***
Wtree Dryfs Jpn Yen	JYFD	BF	-2.07	-2.77	6.72	0.79	0.95	1.84	33.02	***
Wtree Dryfs S Africa Rand	SZRD	BF	-5.01	1.25	-5.51	-0.68	2.43	4.28	23.51	***
Wtree Emrg Mrkt Lcl Debt	ELDD	BF	8.73	7.55	0.81	3.34	1.79	3.14	52.31	***
iShares Inter Bond	MBBD	BI	0.90	1.01	1.12	0.66	0.12	0.29	109.16	**
PS DB Dollar Bullish	UUPD	BF	-1.73	-2.45	0.05	-2.45	-1.70	1.97	21.92	**
PS Low Duration	PLKD	BS	-0.94	-0.28	-0.39	-0.12	-0.04	0.21	25.35	**
Vngrđ ShrtTrm Bond	BSVD	BS	0.04	0.75	0.63	0.39	-0.07	0.28	81.45	**
Wtree Dryfs Brazil Real	BZFD	BF	-22.69	-3.03	-6.95	1.02	0.69	5.60	18.88	**
Wtree Dryfs Chns Yuan	CYBD	BF	0.40	0.75	0.12	0.67	0.71	0.69	25.38	**
iShares 1-3yr Trsry	SHYD	BS	-0.08	0.00	0.21	0.15	-0.01	0.11	84.50	*
PS VRDO Tax Free Wkly	PVID	BS	-0.08	-0.16	-0.04	-0.08	-0.08	0.05	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

10/15 Treasuries bounced back through their downtrend line.

10/8 Treasuries are “cheap” relative to corporates, as seen on the chart above. The last time this happened Treasuries came roaring back (down trending blue line that was broken to the upside).

10/1 No changes.

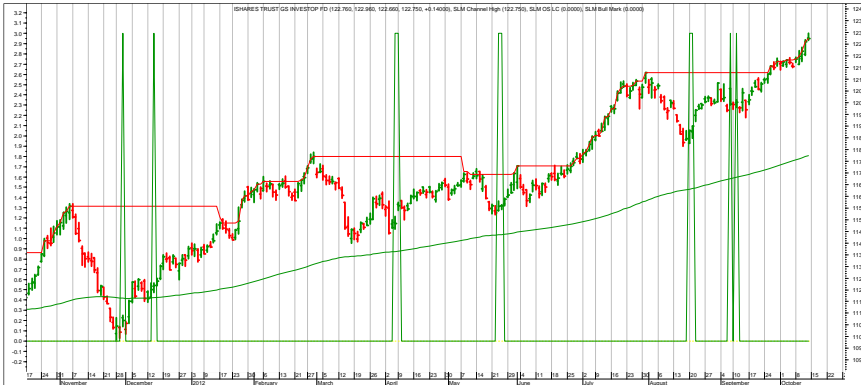
9/24 Treasuries appear relatively attractive to corporates.

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.

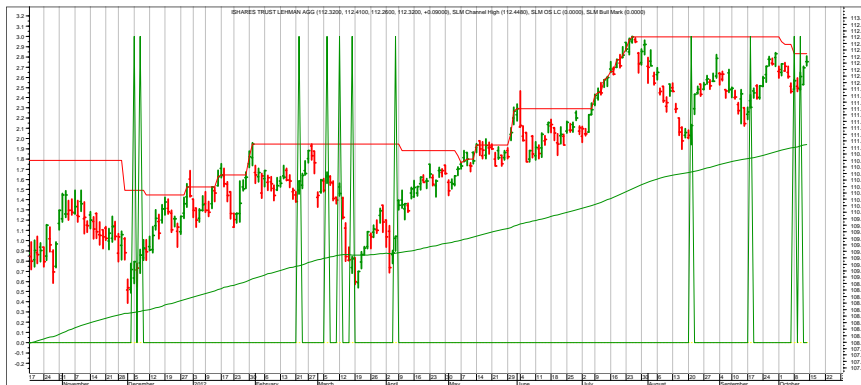
9/4 As mentioned last week, at least over the last 21 months, when the Barometer turns negative, it actually produces a very nice buy signal. This is shown by the blue up arrows on the chart above. The Barometer is based on the Corporate Bond market index (solid black line). I suspect this signaling 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.

Income Charts



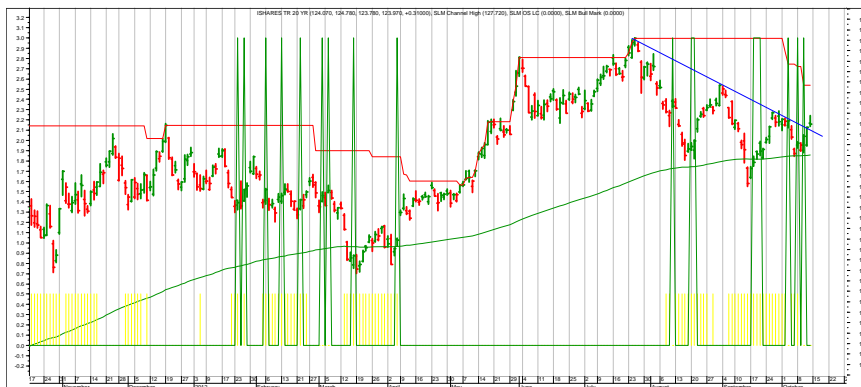
LQD—Investmt Grd Corporate

10/15 Rally on.
10/8 No changes.
10/1 Corporate bonds rally to new highs.
9/17 No changes.



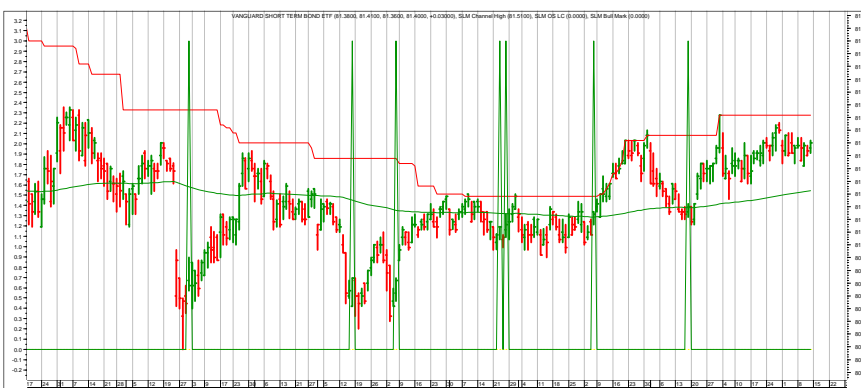
AGG—Aggregate Bond Index

10/15 No change.
10/8 No changes.
10/1 Rally back.
9/17 No changes.
9/10 No changes.
9/4 No change.



TLT—20+ year Treasuries

10/15 Bounce back.
10/8 Needs to bounce through downtrend.
10/1 Short-term sequence of lower highs and lower lows?
9/17 Hard sell off. Maybe set up new buy.
9/10 No changes.
9/4 No change.



BSV—Short-term Corporates

10/15 No change.
10/8 No changes.
10/1 No changes.
9/17 No changes.
9/10 No changes.
9/4 No change.

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.

Top ETF Growth Ranking to 9/30/12 (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>
PS Dividend Achievers	PFMD	EGI	22.72	10.41	4.41	5.08	1.59	2.53	16.52	*****
PS Dynmc Bldg Cnstrctn	PKBD	EA	58.15	31.47	11.54	14.46	6.42	6.59	15.75	*****
PS Dynmc Pharma	PJPD	EA	40.46	22.46	9.80	4.07	3.08	3.47	34.51	*****
PS Dynmc Utilities	PUID	EA	15.69	9.42	6.21	4.47	3.49	2.24	17.78	*****
Select SPDR Cnsmr Disc	XLYD	EA	34.22	19.91	3.77	6.88	2.72	3.88	46.79	*****
Select SPDR Cnsmr Stpl	XLPD	EA	20.79	10.26	5.12	3.03	1.03	2.05	35.83	*****
Select SPDR Health	XLVD	EA	26.44	15.65	6.67	5.57	3.30	2.86	40.12	*****
Vngrd Cnsmr Stpls	VDCD	EA	20.14	12.41	6.14	3.82	1.59	1.97	91.58	*****
Vngrd Health	VHTD	EA	29.14	19.60	8.35	6.27	3.87	3.06	73.21	*****
Wtree Eqty Income	DHSD	EGI	22.75	10.25	5.63	2.98	1.94	2.40	47.32	*****
Guggnhm China REIT	TAOD	EWR	51.70	37.09	18.48	10.82	9.25	9.20	20.07	****
Guggnhm Dfnsv Eqty	DEFD	EV	18.76	8.25	5.58	3.58	1.11	2.15	29.59	****
Guggnhm Spin Off	CSDD	EMC	32.00	16.88	3.46	3.28	3.27	3.57	27.49	****
iShares DJ Slct Div	DVYD	EGI	19.57	7.27	3.07	2.65	0.89	2.29	57.68	****
PS Buyback Achievers	PKWD	EGI	27.03	12.85	2.01	5.31	2.15	3.31	29.94	****
PS Dynmc Banking	PJBD	EA	46.70	18.83	3.78	7.77	3.39	5.12	14.01	****
PS Dynmc Biotech	PBED	EA	31.95	20.44	6.53	4.14	4.00	4.75	24.16	****
PS Dynmc Cnsmr Staples	PSLD	EA	16.99	8.29	3.12	2.87	1.34	2.35	33.70	****
PS Dynmc Fncl	PFID	EA	33.70	16.62	3.01	7.45	3.99	4.72	20.91	****
PS Dynmc Healthcare	PTHD	EA	31.42	18.78	5.08	5.11	4.15	4.38	34.08	****
PS Dynmc Leisure & Enter	PEJD	EA	41.30	22.25	4.38	5.39	5.08	4.57	22.85	****
PS Dynmc Lrg Cap Grth	PWBD	ELC	31.76	17.62	1.88	5.45	2.05	3.93	18.96	****
PS Dynmc Lrg Cap Value	PWVD	ELC	27.42	13.28	4.95	5.81	2.34	3.36	21.84	****
PS Dynmc Media	PBSD	EA	40.94	24.97	9.24	12.73	4.28	5.49	16.56	****
PS Hi Yld Eqty Div	PEYD	EGI	17.78	4.54	2.65	3.09	2.44	2.07	9.67	****
PS Mrngstr Stk	PYHD	ELC	26.38	13.35	4.34	11.06	3.17	3.63	23.09	****
PS QQQ	QQQ_OD	ELC	30.63	22.82	1.51	6.87	0.60	4.24	68.57	****
PS S&P SmlCap Cnsmr Dis	PSCDD	EA	39.80	22.10	3.21	9.37	3.47	5.00	33.09	****
PS S&P SmlCap Cnsmr Stpl	PSCCD	EA	23.34	14.28	5.43	2.47	1.56	2.83	35.94	****
PS S&P SmlCap Mtrls	PSCMD	EA	31.23	18.23	4.95	15.59	7.61	5.47	30.55	****
PS S&P SmlCap Utilities	PSCUD	EA	15.06	4.62	6.49	5.87	4.15	2.56	32.17	****
Select SPDR Technlgy	XLKD	EA	30.61	21.12	2.20	7.31	1.10	3.77	30.83	****
SPDR S&P 500	SPYD	ELC	27.24	14.72	2.24	5.78	1.99	3.62	143.97	****
Vngrd Cnsmr Dis	VCRD	EA	34.47	21.31	3.85	8.14	3.14	4.17	74.98	****
Vngrd Grth	VUGD	ELC	29.42	17.23	2.01	6.45	1.71	3.76	72.40	****
Vngrd Large Cap	VVD	ELC	27.18	14.64	1.96	5.78	2.03	3.67	65.69	****
Vngrd TTL Stock	VTID	ELC	27.60	14.54	1.92	5.67	1.99	3.76	73.65	****
Wtree Div Ex Fincl	DTND	ELC	20.14	8.38	2.81	4.72	1.77	2.61	56.36	****
Wtree LrgCap Div	DLND	ELC	24.27	11.44	3.17	4.20	1.52	2.82	54.64	****

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

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

Middle ETF Growth Ranking to same month end

Fund Name	D Symbol	Style	12m	9m	6m	3m	1m	V	NAV	Rank
Guggnhm Candn Enrg Incm	ENYD	EWR	18.76	-0.06	-2.08	13.94	2.75	6.63	16.84	***
Guggnhm China All	YAOD	EWR	15.49	6.90	-3.41	2.35	4.87	7.13	22.82	***
Guggnhm Frntr	FRND	EW	10.49	10.86	-6.55	3.02	4.04	5.19	20.11	***
Guggnhm Gbl Wtr	CGWD	EW	18.40	15.74	2.77	5.86	3.38	3.90	21.69	***
Guggnhm Inscr Sent	NFOD	EMC	26.57	13.25	-0.23	6.80	2.35	5.32	34.87	***
Guggnhm MidCap Core	CZAD	EMC	28.01	12.13	1.68	4.58	1.92	3.70	33.36	***
Guggnhm Multi Ast In	CVYD	EV	19.53	9.24	2.24	5.33	0.45	3.08	22.34	***
Guggnhm RJ All	RYJD	ELC	27.68	11.06	-3.80	3.72	0.97	4.65	22.80	***
Guggnhm Timber	CUTD	EA	15.52	11.18	-2.39	9.40	5.45	5.81	18.39	***
iShares Australia	EWAD	EW	18.59	10.96	1.19	8.88	1.36	6.16	23.79	***
iShares Canada	EWCD	EW	11.77	7.11	0.53	10.26	3.60	4.74	28.49	***
iShares Cohen&Str REIT	ICFD	ERE	26.87	10.87	1.58	-1.00	-2.87	4.72	77.85	***
iShares EAFE Indx	EFAD	EW	10.93	7.01	-3.44	6.08	2.71	4.76	53.00	***
iShares Emrg Mrkt Stk	EEMD	EW	17.75	8.92	-3.77	5.60	5.21	6.19	41.33	***
iShares Europe 350	IEVD	EW	14.59	8.24	-2.22	8.37	3.13	5.51	36.52	***
iShares Gold	IAUD	EG	9.10	13.39	6.15	10.99	4.79	5.70	17.27	***
iShares Mexico	EWWD	EW	33.50	21.63	4.59	6.41	6.53	5.91	65.39	***
iShares Prfrd	PFFD	EGI	11.93	11.90	2.10	2.13	0.20	2.37	39.86	***
iShares REIT	IYRD	ERE	27.31	13.33	3.34	0.70	-1.90	4.25	64.38	***
iShares Russel 2000	IWMD	ESC	29.77	13.14	0.76	4.88	2.86	4.81	83.44	***
iShares Russel MidVal	IWSD	EV	26.35	12.26	1.23	5.18	1.65	3.99	48.72	***
iShares Silver	SLVD	EG	15.81	24.28	6.69	25.63	8.74	10.21	33.48	***
iShares Singapore	EWSD	EW	21.91	23.82	4.03	8.85	2.13	6.48	13.41	***
iShares Sict Div	IDVD	ELC	11.61	6.50	-3.01	5.15	0.19	4.97	31.62	***
PS Aerospace & Def	PPAD	EA	21.59	9.23	-1.34	4.58	0.71	3.96	19.88	***
PS BLDR Dvlpd Mrkt 100 ADR	ADRDD	EW	11.50	6.26	-2.50	6.01	2.21	4.80	19.86	***
PS BLDR Europe 100 ADR	ADRUD	EW	14.45	6.95	0.68	7.82	2.81	5.22	19.93	***
PS DB Base Metals	DBBD	EG	6.74	6.17	-1.44	8.20	10.86	5.93	19.80	***
PS DB Commodity	DBCD	EA	11.38	6.86	-0.42	11.38	-0.38	4.51	28.68	***
PS DB Energy	DBED	EA	10.58	2.93	-5.39	12.64	-1.73	5.11	28.43	***
PS DB Gold	DGLD	EG	7.48	12.18	5.71	10.69	4.79	5.65	61.08	***
PS DB Precious Metals	DBPD	EG	9.17	14.44	5.71	13.39	5.64	6.36	61.66	***
PS DB Silver	DBSD	EG	15.70	24.53	6.26	25.89	9.09	10.43	59.76	***
PS DWA Dvlpd Mrkt T Ldrs	PIZD	ELC	15.80	9.10	-2.36	8.98	2.09	5.67	19.06	***
PS DWA Emrg Mrkt T Ldrs	PIED	EW	20.78	8.28	-3.79	1.59	2.55	5.45	17.26	***
PS DWA Tech Ldr	PDPD	ELC	25.46	15.61	0.92	4.36	0.58	3.64	27.55	***
PS Dyn MagniQuant	PIQD	ELC	30.74	13.20	1.05	5.79	1.74	4.81	26.83	***
PS Dyn Mrkt	PWCD	ELC	31.26	17.92	3.66	5.47	0.79	4.84	48.37	***
PS Dyn OTC	PWOD	ESC	15.88	7.79	-5.07	0.99	-2.23	4.74	48.98	***
PS Dynmc Basic Matrl	PYZD	EA	36.83	19.23	0.42	7.61	3.81	6.06	38.19	***
PS Dynmc Consmr Discr	PEZD	EA	32.08	17.55	1.39	7.10	1.32	4.44	30.00	***
PS Dynmc Energy	PXID	EA	34.92	11.01	3.90	12.13	3.17	6.51	42.35	***
PS Dynmc Energy Explor	PXED	EA	41.38	19.88	7.30	16.41	5.00	7.40	26.89	***
PS Dynmc Food & Bev	PBJD	EA	12.49	5.22	1.71	0.50	-0.54	2.06	20.17	***
PS Dynmc Indstrls	PRND	EA	26.39	7.83	-2.32	1.36	2.01	4.71	29.45	***
PS Dynmc Oil & Gas Srvc	PXJD	EA	24.92	0.20	-3.12	13.42	2.90	8.09	20.20	***
PS Dynmc Retail	PMRD	EA	32.77	14.94	-1.44	2.98	-0.55	3.67	25.24	***
PS Dynmc Software	PSJD	EA	27.47	18.28	2.89	4.77	1.84	4.90	27.74	***
PS Dynmc Technology	PTFD	EA	27.15	14.26	-3.41	4.27	-0.93	5.49	26.60	***
PS Fincl Pfd	PGFD	EGI	14.30	14.52	3.13	2.56	0.05	2.55	18.46	***
PS FTSE RAFI Asia Pac xJpn	PAFD	EW	22.05	14.10	2.25	9.35	3.05	6.33	53.09	***
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDND	EW	5.98	6.81	-2.53	4.32	3.01	4.56	21.96	***
PS FTSE RAFI US 1500 Sml-Mid	PRFZD	EMC	29.19	12.87	-0.51	4.98	2.70	5.07	67.72	***
PS Glbl Agriculture	PAGGD	EA	17.27	11.64	-0.63	5.22	3.38	5.58	30.01	***
PS Glbl Gold Precious Mtls	PSAUD	EG	-2.22	1.91	2.19	16.75	12.23	7.93	40.57	***
PS Glbl Listd Prvt Eqty	PSPD	EW	22.76	18.15	-0.42	6.79	2.83	6.55	9.44	***
PS Glbl Water	PIOD	EW	10.76	10.97	-4.42	4.80	2.43	4.98	17.30	***
PS lbtstn Altrntv	PTOD	ELC	9.23	8.62	0.79	6.73	3.52	3.64	11.68	***
PS India	PIND	EW	3.02	15.15	-0.32	8.43	11.20	8.11	18.77	***
PS Intrntl Dvnd	PIDD	EW	10.55	4.32	-1.04	4.11	1.88	3.69	15.20	***
PS Mega Cap	PMAD	ELC	23.14	12.63	0.61	5.88	1.37	3.82	29.69	***
PS NASDAQ Intrnt	PNQID	EA	31.97	21.56	0.84	8.17	5.19	5.19	41.98	***

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 RvrFrnt Tac Bal	PAOD	EGI	14.43	8.22	-0.40	2.49	1.41	3.39	12.37	***
PS RvrFrnt Tac G&I	PCAD	EGI	11.21	5.40	0.86	2.88	0.71	2.42	13.11	***
PS S&P 500 BuyWrite	PBPD	ELC	11.10	6.12	1.36	2.61	0.63	2.93	20.82	***
PS S&P SmlCap Energy	PSCED	EA	27.55	0.15	-7.79	8.33	5.05	7.80	34.35	***
PS S&P SmlCap Fincl	PSCFD	EA	33.39	13.89	2.85	3.69	1.05	4.04	30.80	***
PS S&P SmlCap Hlth Care	PSCHD	EA	32.96	16.43	4.44	2.63	1.32	4.40	36.71	***
PS S&P SmlCap Indstrils	PSCID	EA	30.64	10.56	-1.23	6.14	3.91	5.21	30.27	***
PS S&P SmlCap Info Tech	PSCTD	EA	28.59	7.66	-4.61	3.85	-0.03	5.15	30.18	***
PS US REIT	PSRD	ERE	26.34	11.49	3.46	0.28	-1.58	4.29	56.21	***
PS Water Resources	PHOD	EA	29.67	15.67	1.51	7.50	3.84	4.89	19.49	***
PS WilderHill Prgrsv Enrgy	PUWD	EA	24.75	10.73	-4.97	5.43	2.58	6.38	24.95	***
PS Zacks Micro Cap	PZID	ESC	32.99	14.72	0.95	5.22	3.90	5.48	11.69	***
Select SPDR Div	SDYD	EGI	2.94	14.62	3.30	-1.75	2.00	2.47	55.65	***
Select SPDR Enrgy	XLED	EA	25.51	6.23	2.35	10.64	2.66	5.87	73.43	***
Select SPDR Financs	XLFD	EA	32.01	19.92	-1.30	6.53	2.84	5.89	15.59	***
Select SPDR Indl	XLID	EA	25.02	8.24	-2.37	2.41	0.47	4.18	36.53	***
Select SPDR Matrils	XLBD	EA	25.36	9.85	-0.46	4.28	3.23	5.28	36.80	***
Select SPDR Utilities	XLUD	EA	8.24	1.14	3.84	-1.62	0.11	1.84	36.39	***
SPDR DJ Gibl Titans	DGTD	EW	11.71	6.74	-4.07	5.04	2.25	4.45	53.56	***
SPDR DJ Industrials	DIAD	ELC	23.06	10.01	1.71	4.36	2.42	3.09	134.05	***
SPDR Euro Stoxx 50	FEZD	EW	9.72	5.15	-4.38	9.96	3.16	7.13	31.03	***
SPDR Gold	GLDD	EG	8.75	13.09	6.03	10.76	4.67	5.66	171.89	***
SPDR Wish REIT	RWRD	ERE	27.36	11.74	1.60	-1.28	-2.82	4.69	71.96	***
Vngrd Div Aprprctn	VIGD	EGI	1.25	16.26	3.73	-3.18	1.59	2.98	56.69	***
Vngrd Emrg Mrkt	VWOD	EW	16.44	9.19	-4.03	4.48	4.02	6.21	41.72	***
Vngrd Extnd 4500	VXFD	ELC	29.20	14.89	0.37	5.57	2.51	4.71	59.56	***
Vngrd Fincl Srv	VFHD	EA	31.48	18.61	-0.64	5.47	2.18	5.44	32.76	***
Vngrd Materials	VAWD	ELC	28.59	13.36	0.84	6.62	3.82	5.60	82.90	***
Vngrd MidCap Val	VOD	EMC	24.67	12.82	-0.51	5.13	1.97	4.26	81.16	***
Vngrd Small Cap	VBD	ESC	30.58	15.03	1.80	5.39	2.80	4.80	80.14	***
Vngrd Small Cap Grth	VBKD	ESC	31.98	15.56	1.49	5.34	2.64	5.09	88.24	***
Vngrd Small Cap Value	VBRD	ESC	29.36	14.73	2.16	5.43	2.80	4.53	71.90	***
Vngrd Tech	VGTD	EA	29.32	19.60	-1.05	6.79	1.06	4.41	73.40	***
Vngrd TTL Intrntl Stk	VXUSD	EW	9.68	8.09	-3.15	4.66	1.70	5.14	44.21	***
Vngrd Utilities	VPUD	ELC	9.12	1.42	4.20	-0.68	0.37	1.86	77.98	***
Wtree DEFA	DWMD	EW	9.12	6.13	-3.27	4.87	1.24	4.79	43.43	***
Wtree DEFA Eqty Incm	DTHD	EW	8.71	4.76	-1.67	6.31	2.02	4.91	38.30	***
Wtree Emrg Mrkt Eincm	DEMD	EW	13.35	4.68	-6.84	3.59	2.15	4.47	53.67	***
Wtree Emrg Mrkt SC Div	DGSD	EW	18.62	10.93	-4.70	5.84	2.53	5.28	45.86	***
Wtree Eur SC Div	DFED	EW	12.97	13.07	-4.16	10.17	5.08	6.03	36.92	***
Wtree Gibl Eqty Incm	DEWD	EW	13.70	6.44	0.38	4.86	1.85	3.96	41.84	***
Wtree India	EPID	EWR	4.35	21.41	-1.76	9.92	14.30	9.35	18.94	***
Wtree Intrntl LC Div	DOLD	EW	11.56	5.87	-1.74	5.90	1.83	4.87	42.35	***
Wtree Intrntl MC Div	DIMD	EW	8.16	7.19	-4.05	5.34	3.14	4.91	46.14	***
Wtree Intrntl REIT	DRWD	ERE	30.25	24.47	9.39	8.53	2.88	5.61	28.89	***
Wtree Intrntl SC Div	DLSD	EW	8.47	8.05	-4.64	6.04	2.45	4.17	47.25	***
Wtree LrgCap Grth	ROID	ELC	26.29	12.84	-0.02	7.47	1.94	3.99	40.99	***
Wtree MidCap Div	DOND	EMC	23.31	9.20	1.01	4.16	1.17	3.35	56.86	***
Wtree MidCap Earn	EZMD	EMC	26.67	10.23	-2.73	6.29	1.66	4.58	59.47	***
Wtree S&P 500	EPSD	ELC	26.48	13.47	1.07	6.00	2.17	3.77	49.96	***
Wtree Sml Cap Div	DESD	ESC	28.26	12.56	2.93	4.73	2.54	3.91	50.53	***
Wtree Ttl Earn	EXTD	ELC	26.61	13.39	0.77	5.88	2.26	3.79	51.04	***
Wtree World Ex US Grth	DNLD	EW	14.38	5.33	-3.88	5.14	2.69	5.55	48.84	***

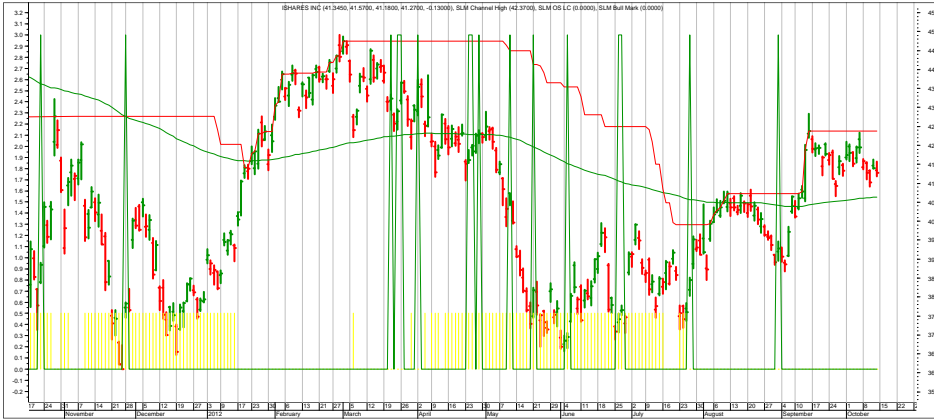
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

Bottom ETF Growth Ranking to same month end

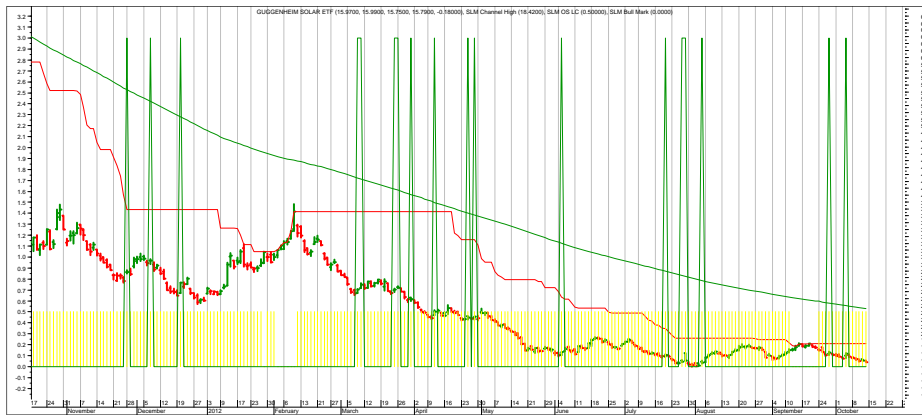
<i>Fund Name</i>	<i>D Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
Guggnhm Airline	FAAD	EA	9.20	10.78	-0.41	-6.28	2.97	6.07	29.08	**
Guggnhm BRIC	EEBD	EW	3.26	1.28	-10.13	4.11	5.00	6.75	35.48	**
Guggnhm China Sml	HAOD	EWR	9.11	2.38	-8.39	-0.30	5.27	8.35	19.76	**
Guggnhm Gbl Div	LVLG	EW	1.50	-3.02	-7.62	3.88	1.10	4.57	12.85	**
Guggnhm Intrntl A Incm	HGID	EW	8.28	0.74	-7.53	4.48	1.49	5.07	16.34	**
Guggnhm Shipping	SEAD	EA	2.76	2.55	-19.85	-5.22	1.13	7.59	15.26	**
iShares China	FXID	EW	12.23	-0.77	-5.63	2.78	4.63	6.72	34.60	**
iShares Latin Amr	ILFD	EW	9.52	0.02	-10.60	2.73	2.41	5.99	42.58	**
iShares Spain	EWPB	EW	-14.35	-8.52	-5.49	11.65	6.05	8.72	27.69	**
PS BLDR Asia 50 ADR	ADRAD	EW	6.21	5.93	-7.35	1.11	1.54	4.79	23.76	**
PS BLDR Emrg Mkt 50 ADR	ADRED	EW	8.71	2.99	-7.13	4.37	4.03	5.67	39.21	**
PS Cleantech	PZDD	EA	4.18	0.74	-9.24	2.56	2.56	5.43	21.67	**
PS DB Agriculture	DBAD	EA	-0.86	1.84	4.66	4.22	-3.32	3.98	29.41	**
PS DB Oil	DBOD	EA	13.32	-8.61	-12.70	6.31	-4.08	6.15	26.11	**
PS Dynmc Networking	PXQD	EA	19.85	2.63	-12.78	-0.53	1.42	6.84	24.93	**
PS Dynmc Semicndctr	PSID	EA	16.83	1.44	-13.08	-3.10	-4.41	6.16	14.09	**
PS Emrg Mrkt Infrastrctr	PXRD	EW	13.61	5.41	-8.72	3.52	5.93	7.69	39.14	**
PS FTSE RAFI Dvlp Mrkt xUSA	PXFD	EW	7.13	4.73	-6.03	5.91	2.59	5.79	33.67	**
PS FTSE RAFI Emrg Mrkt	PXHD	EW	12.15	5.44	-6.94	5.61	3.44	6.36	21.33	**
PS Gbl Clean Enrgy	PBDD	EW	-13.23	-7.53	-15.35	0.00	2.56	8.51	7.61	**
PS Gbl Nuclr Enrgy	PKND	EW	5.08	2.25	-6.46	3.11	2.25	5.34	15.93	**
PS Gldn Drgn USX China	PGJD	EW	-2.15	-3.57	-12.53	0.05	4.59	7.13	18.91	**
PS Lux Nanotech	PXND	EA	6.30	3.14	-4.67	-4.59	1.46	5.24	6.24	**
PS MENA Frntr Countries	PMNAD	EW	0.65	3.25	-4.77	1.31	0.94	3.08	10.79	**
Wtree Intrntl Div Ex Fincl	DOOD	EW	4.98	1.16	-4.23	5.01	1.09	4.39	40.04	**
Wtree Intrntl Utilities	DBUD	EA	-0.34	-1.01	-6.96	1.02	2.56	3.80	17.60	**
Wtree Japan Hedge Eqty	DXJD	EC	-2.77	0.89	-14.31	-4.70	0.96	4.21	31.62	**
Wtree Japan SC Div	DFJD	EWR	-2.94	1.58	-7.17	-0.80	1.34	2.86	42.31	**
Wtree Middle East Div	GULFD	EW	2.66	0.41	-5.23	5.38	3.38	2.74	14.69	**
Guggnhm Solar	TAND	EA	-48.11	-32.15	-32.64	-8.62	0.30	13.93	16.76	*
PS Gbl Coal	PKOLD	EA	-19.90	-23.32	-24.25	-2.99	1.18	8.40	18.80	*
PS Gbl Steel	PSTLD	EA	-15.05	-14.25	-22.34	-5.60	2.76	8.02	12.76	*
PS Gbl Wind Energy	PWNDD	EW	-22.17	-19.56	-21.17	2.04	0.95	7.37	5.51	*
PS WilderHill Cln Enrgy	PBWD	EA	-23.67	-17.95	-25.18	-5.88	0.24	8.81	4.16	*

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.

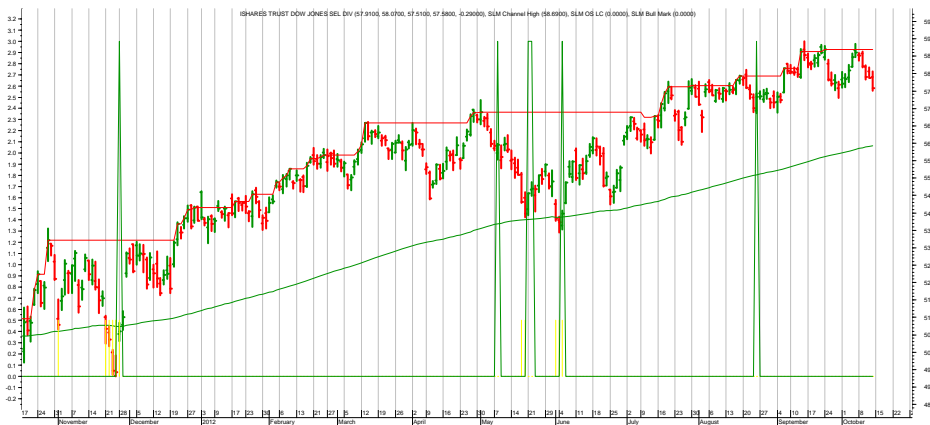
SELECTED LONG SHORT ETF GROWTH PORTFOLIO



10/15/12 EEM
Sideways market



10/15/12 TAN—Guggenheim Solar
Roughly a 40% drop over the past year.



10/15/12 DVY—dividend
Fairly steady accumulative uptrend.

Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

What does matter more is what the Federal Reserve and its Chairman Bernanke are doing. He, however, is not elected, but appointed. His is an appointed or nominated post by the President with confirmation from the Senate. That appointment comes up every four years with the next one due on 2/1/2014. Because the new appointment is more than two years away, the market is not worried about or focused on a possible change there either.

In the meantime, we know

the Fed will keep interest rates low. This has been helping, as cars and homes and furnishings seem to benefit. As the old saying goes don't fight the Fed. But will it be enough to avoid the projected recession? Time will tell, but if anything, it is what the lagging Dow Transportation Index continues to signal. Falling demand requires less shipping and hence lagging stock prices. In other words, lower earnings are anticipated.

So, while some of the market is muted, much of the rest of the

market continues to focus on low interest rates and their positive impact on the economy. What the government does and who is elected or not is playing second fiddle.

Please see the specific portfolio pages for 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.

10/15 The ETF comet (C—risk adjusted, relative strength) rankings through 9/30/12 are shown.

10/8 No changes.

10/1 See page 11 for commentary.

9/24 No changes.

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

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

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.

SUBSCRIPTIONS: To receive *ETF Selections & Timing*, you may subscribe in one of three ways. You may subscribe on the web site InvestmentST.com using PayPal or call 1-800-800-6563 for Amex, Visa, MasterCard, or Discover orders or send a check to the address on the front page. Subscriptions may be tax deductible.

The recurring monthly subscription is \$24.00. An annual subscription is \$240.00. Subscribers receive this weekly eNewsletter. There is no mailed issue. Subscribers retrieve the current weekly issue at the web site InvestmentST.com by logging in with a user name and password.

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

GUARANTEE: Subscriptions may be cancelled at any time. Annual subscriptions are refundable for the weekly term remaining with a four-week minimum charge, using a 52-week count. Monthly subscriptions just expire.

PUBLISHER: Watercourse Way Holdings, LLC publishes this newsletter.

REPRINTS: This eNewsletter is intended for subscribers only, reprints are not permitted.

DISCLAIMER: The information contained herein is assembled from sources who are believed reliable, but the accuracy of data or advice cannot be guaranteed. Past performance does not guarantee future performance. Portfolio values include a commission of \$10/trade, dividend reinvestment, and short-term redemption charges. The Wilshire 5000 TR and Aggregate Bond are equity and bond indexes and may or may not be useful in comparing returns. Security values fluctuate. Information is provided without consideration for your personal situation. Watercourse Way Holdings, LLC its members and associates may or may not invest identically to or at the same time as portfolios or advice shown herein.

COPYRIGHT: Copyright, 2009-12, Watercourse Way Holdings, LLC. All rights reserved.