

ETF Selections & Timing

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Good Trade

There is such a thing as a good trade that fails to either make you money or prevent a loss. An example of this was my last week's sell. Let me explain.

Odds were that the politicians would solve the issues, but if they didn't, the downside risk

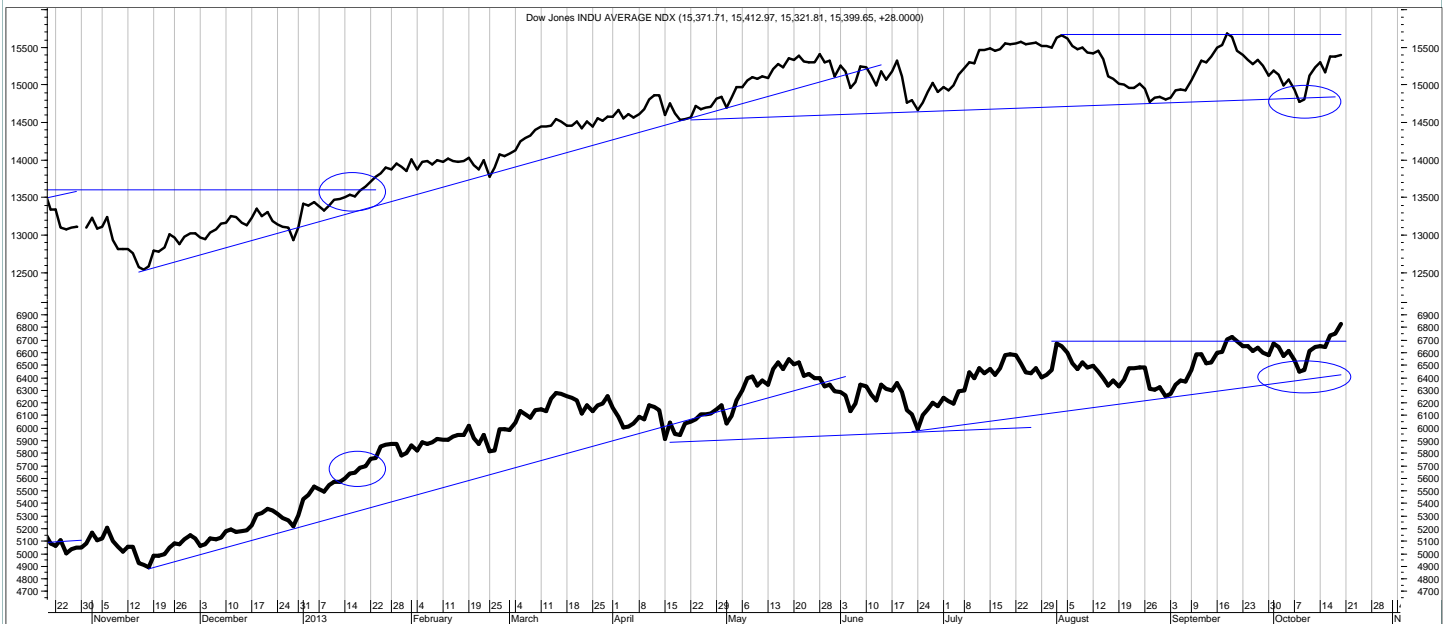
of loss would be severe and impossible to avoid. I was expecting a large gap down in stock prices of about 25% if they couldn't come to an agreement.

A 25% loss is too large, so I sold half the portfolio with the expectation that a loss would then range from 8-13% of the

total portfolio. This is within the bounds of an "allowed" 10% loss. A 10% loss is one of the plugged in stop losses to the timing models.

They came to an agreement, a loss averted, and the market

(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	1.2%	1.3%	0.9	1.0	1.2	0.7%
ETF Growth Portfolio	25.4%	25.3%	17.6	9.5	4.9	1.9%
Index						
Aggrgt Bond (AGG)	-3.2%	-3.7%	-3.1	0.2	1.0	0.6%
S&P 500 TR (SPY)	25.1%	23.0%	12.2	3.1	2.2	2.4%
World Growth Index	24.7%	25.5%	15.7	6.4	3.0	2.6%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 10/18/2013								
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 10/21	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	113.50	Invst Grd	111.63	115.08	300	34,524.00	30.0%	
5-Sep	sell	LQD	110.91	300	33,263	PCY	27.50	Intrntl	26.54	27.92	1,300	36,296.00	31.5%	
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	38.5%
												Total Valuation=	115,197.00	100.0%

WEEKLY REVIEW

10/21 Raised the stop levels again to follow the market as it climbs.

10/14 Please note the raised stop levels.

10/7 No changes.

9/30 No changes.

9/23 No changes.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Income Portfolio	4.8%	3.6	4.8	1.2	15.2	4.5
Aggregate Bond	2.5%	4.3	0.9	-3.2	4.4	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 Inflt	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	*

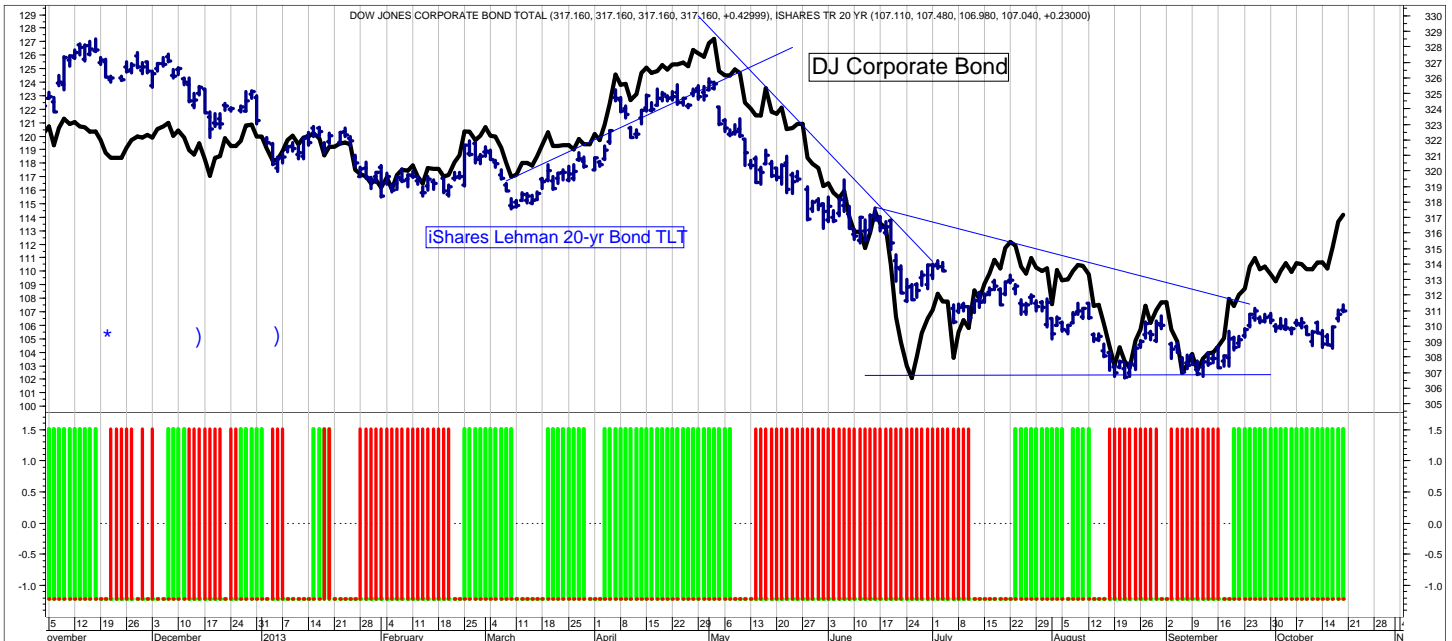
This is the ETF Income Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. CS is Comet Strength (not shown). C is Comet (not shown), which is an ETF's risk-adjusted performance; the higher the better. V, CS,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

10/21 Rally still on, as market starts to focus on new Chairman Yellen policies to maintain accommodative Fed.

10/14 Intermediate-term trend is still up.

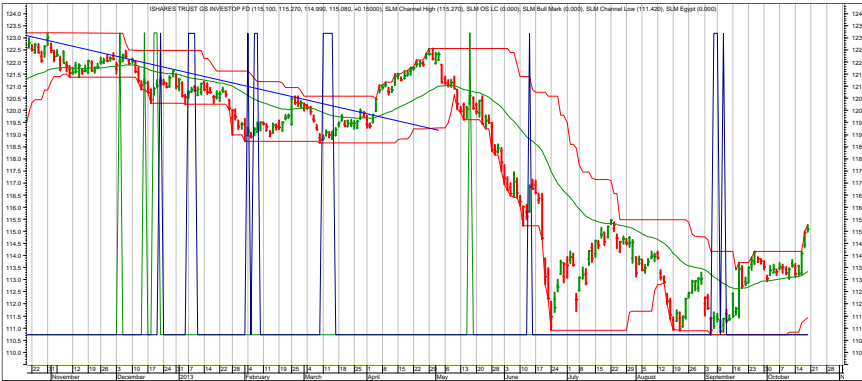
10/7 Consolidating the recent jump, as bonds move sideways. Economy is muddling along and taper talk is off, so may see some further gains.

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.

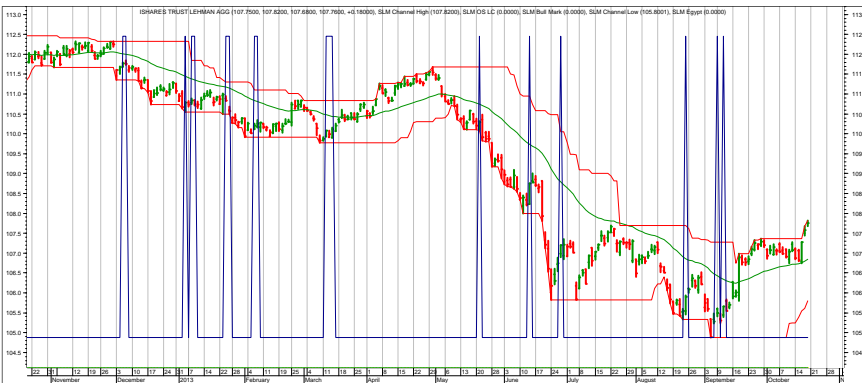
9/16 The bond market is bumping along what will turn out to either be a bottom or a ledge. We will get more information this week in the Fed meeting and potential tapering. Bonds will either move above or below their trend lines shown above.

Income Charts (DAILY)



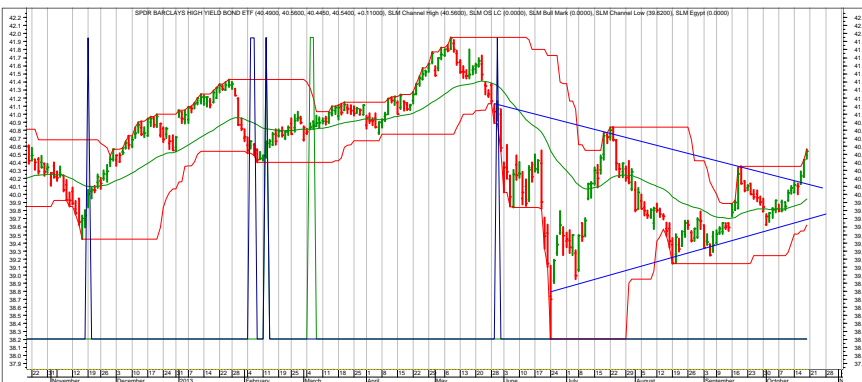
LQD—Investment Grade Corporate

10/21 No changes.
 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.



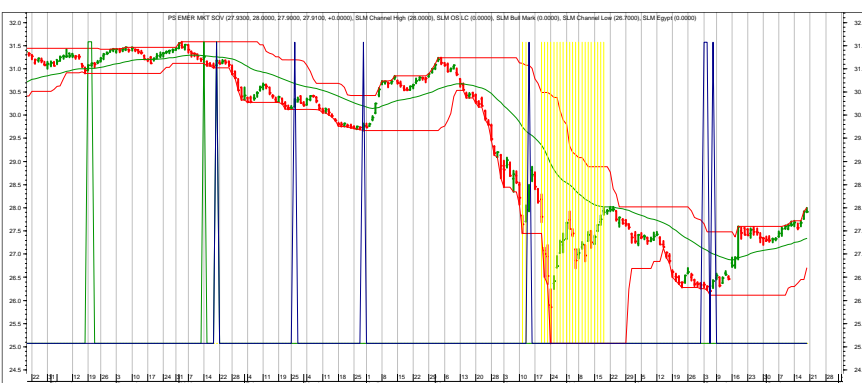
AGG—Aggregate Bond Market

10/21 No changes.
 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

10/21 Pop on through its “triangle pattern”.
 Will watch for pullbacks for potential entry points.
 10/14 No changes.
 10/7 No changes.
 9/30 No changes.



PCY—International Bonds

10/21 No changes.
 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 blue or green spikes. The spikes show potential buy signals. The red lines are price channels. 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: 10/18/2013						
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
14-Oct	sell	EEM	43.08	163	7,012	World Growth							
14-Oct	sell	EFA	64.63	106	6,841	EEM		Emrg Mkt	43.03	43.31	162.440	7,035.28	5.0%
14-Oct	sell	IWM	108.19	64	6,914	EFA		Euro Asia	55.55	66.08	105.060	6,942.36	4.9%
14-Oct	sell	QQQ	79.82	88	7,014	IWM		Rusi 2000	82.54	110.69	64.740	7,166.07	5.1%
14-Oct	sell	SPY	170.99	41	7,001	QQQ		Nsdq 100	65.12	82.15	88.280	7,252.20	5.1%
14-Oct	sell	PBE	34.48	185	6,369	SPY		S&P 500	142.47	174.40	40.820	7,119.01	5.0%
14-Oct	sell	PGJ	29.52	235	6,927	C-lect 5							
14-Oct	sell	PNQI	61.24	108	6,604	PBE			34.79	35.04	185.000	6,482.40	4.6%
14-Oct	sell	PSCH	49.87	135	6,722	PGJ			27.97	30.89	234.000	7,228.26	5.1%
14-Oct	sell	TAN	37.26	213	7,926	PNQI			60.74	63.76	107.000	6,822.32	4.8%
The sells will raise cash from 0% to 50% of total portfolio.						PSCH			48.35	51.84	134.000	6,946.56	4.9%
21-Oct	sell	PBE		185		TAN			30.50	39.49	213.000	8,411.37	5.9%
21-Oct	buy	DFE		132		Two potential ways to sell: Stop loss is roughly 10% below current level, or timing model may also signal sell.							
This is a lateral trade.						C-lect Short							
						Cash from short							
						1.00 - - 0.0%							
						Money Market							
						1.00 70,400 70,400.00 49.6%							
						Total Valuation= 141,805.83 100.0%							

WEEKLY REVIEW

10/21 Two things. One is to make the lateral trade from PBE to DFE. A lateral trade is where the percentage invested remains about the same. Two is the stop loss is now about 10% away from current prices. The window to buy new positions has been closed for a couple of months now, so what about buying back the positions from the sell last week? As mentioned last week, the question would become whether or not it is worthwhile in terms of risk and reward to get back in? Given the closed window and the negative divergence and sentiment issues (see page 1 article), a wait and see position is best.

Plus TAN is looking like it is going "exponential", which is when the price rate of change increases to unsustainable levels. This signals a top, not opportunity. We will see what happens here.

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.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	-2.1	25.4	41.8	7.9
World Growth Index	17.2%	-4.2	14.3	24.7	60.0	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	19.07
PS NASDAQ Intrnt	PNQI	EA	15.01
Guggnhm Solar	TAN	EA	14.93
PS S&P SmlCap Hlth Care	PSCH	EA	11.80
Wtree Eur SC Div	DFE	EW	10.30
PS Dynmc Biotech	PBE	EA	10.14
PS Dynmc Networking	PXQ	EA	9.93
Guggnhm Shipping	SEA	EA	9.70
PS S&P SmlCap Info Tech	PSCT	EA	9.06
iShares Spain	EWP	EW	8.88
PS Glbl Clean Enrgy	PBD	EW	8.03
PS WilderHill Cln Enrgy	PBW	EA	7.78
PS Aerospace & Def	PPA	EA	7.38
iShares Italy Indx	EWI	EW	6.97
SPDR S&P Regional Banking	KRE	EA	6.79
PS S&P SmlCap Cnsmr Stpl	PSCC	EA	6.70
PS S&P SmlCap Energy	PSCE	EA	6.45
iShares EMU Indx	EZU	EW	6.29
SPDR S&P Bank	KBE	EA	6.14
iShares Slct Div	IDV	ELC	5.85
SPDR Euro Stoxx 50	FEZ	EW	5.82
PS Dynmc Leisure & Enter	PEJ	EA	5.67
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	5.43
Wtree Intrntl SC Div	DLS	EW	5.42
Guggnhm China All	YAO	EWR	5.36
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	5.30
PS S&P SmlCap Indstrils	PSCI	EA	5.28
PS Cleantech	PZD	EA	4.97
PS Dynmc Media	PBS	EA	4.96
PS Dynmc Pharma	PJP	EA	4.85
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	4.85
PS Dynmc Consmr Discr	PEZ	EA	4.75
Wtree DEFA Eqty Incm	DTH	EW	4.42
Wtree Intrntl Div Ex Fincl	DOO	EW	4.22
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	4.12
US Oil Fund	USO	EA	4.10
PS Dynmc Software	PSJ	EA	4.10
Guggnhm RJ All	RYJ	ELC	4.04
iShares South Korea Indx	EWY	EW	4.02
Vngrd Small Cap Grth	VBK	ESC	4.01
PS Dynmc Retail	PMR	EA	3.88
Vngrd European Indx	VGK	EW	3.79
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	3.79
Wtree DEFA	DWM	EW	3.76
PS Buyback Achievers	PKW	EGI	3.68
iShares Europe 350	IEV	EW	3.67
Guggnhm Spin Off	CSD	EMC	3.51
iShares Russell 2000	IWM	ESC	3.51
iShares China	FXI	EW	3.50
PS Zacks Micro Cap	PZI	ESC	3.46

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 Intrntl MC Div	DIM	EW	3.39
Market Vectors Russia	RSX	EW	3.34
Guggnhm China Sml	HAO	EWR	3.30
Wtree Intrntl LC Div	DOL	EW	3.29
PS Dynmc Technology	PTF	EA	3.21
PS QQQ	QQQ	ELC	3.15
Wtree Sml Cap Div	DES	ESC	3.14
Wtree MidCap Earn	EZM	EMC	3.04
iShares Germany Indx	EWG	EW	3.01
Market Vectors Oil Services	OIH	EA	2.96
Vngrd Extnd 4500	VXF	ELC	2.84
Guggnhm BRIC	EEB	EW	2.72
PS BLDR Europe 100 ADR	ADRU	EW	2.69
Guggnhm Timber	CUT	EA	2.64
PS Dynmc Food & Bev	PBJ	EA	2.60
PS Gbl Water	PIO	EW	2.52
PS Dynmc Fncl	PFI	EA	2.44
PS Dynmc Healthcare	PTH	EA	2.43
PS Dynmc Semicndctr	PSI	EA	2.36
Vngrd Europe Pacific	VEA	EW	2.35
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	2.28
Vngrd Small Cap	VB	ESC	2.27
PS Dyn OTC	PWO	ESC	2.26
PS FTSE RAFI Asia Pac xJpn	PAF	EW	2.17
Vngrd Consmr Dis	VCR	EA	2.12
Vngrd Health	VHT	EA	2.12
PS S&P SmlCap Mtrls	PSCM	EA	2.12
PS Dyn MagniQuant	PIQ	ELC	2.12
PS S&P SmlCap Cnsmr Dis	PSCD	EA	2.01
iShares EAFE Indx	EFA	EW	2.00
PS Gbl Listd Prvt Eqty	PSP	EW	1.92
iShares Russell 2000 Value Indx	IWN	ESC	1.85
SPDR DJ Gbl Titans	DGT	EW	1.76
Select SPDR Cnsmr Disc	XLY	EA	1.74
PS Dynmc Oil & Gas Srvcs	PXJ	EA	1.73
Select SPDR Indl	XLI	EA	1.71
Select SPDR MatrIs	XLB	EA	1.58
Vngrd Tech	VGT	EA	1.48
Vngrd Small Cap Value	VBR	ESC	1.47
SPDR S&P Retail	XRT	EA	1.46
PS DB Oil	DBO	EA	1.46
Vngrd TTL Intrntl Stk	VXUS	EW	1.43
Wtree Gbl Eqty Incm	DEW	EW	1.34
PS BLDR Asia 50 ADR	ADRA	EW	1.26
PS Dynmc Lrg Cap Grth	PWB	ELC	1.10
Vngrd Materials	VAW	EA	1.09
Select SPDR Health	XLV	EA	1.08
Guggnhm Intrntl A Incm	HGI	EW	1.06
iShares Pacific ex Jpn	EPP	EW	0.97
iShares Australia	EWA	EW	0.96
iShares Hong Kong Indx	EWK	EW	0.87
Guggnhm Insdr Sent	NFO	EMC	0.82
PS S&P SmlCap Fincl	PSCF	EA	0.79
PS Dyn Mrkt	PWC	ELC	0.77
iShares Core S&P Mid Cap	IJH	EMC	0.60

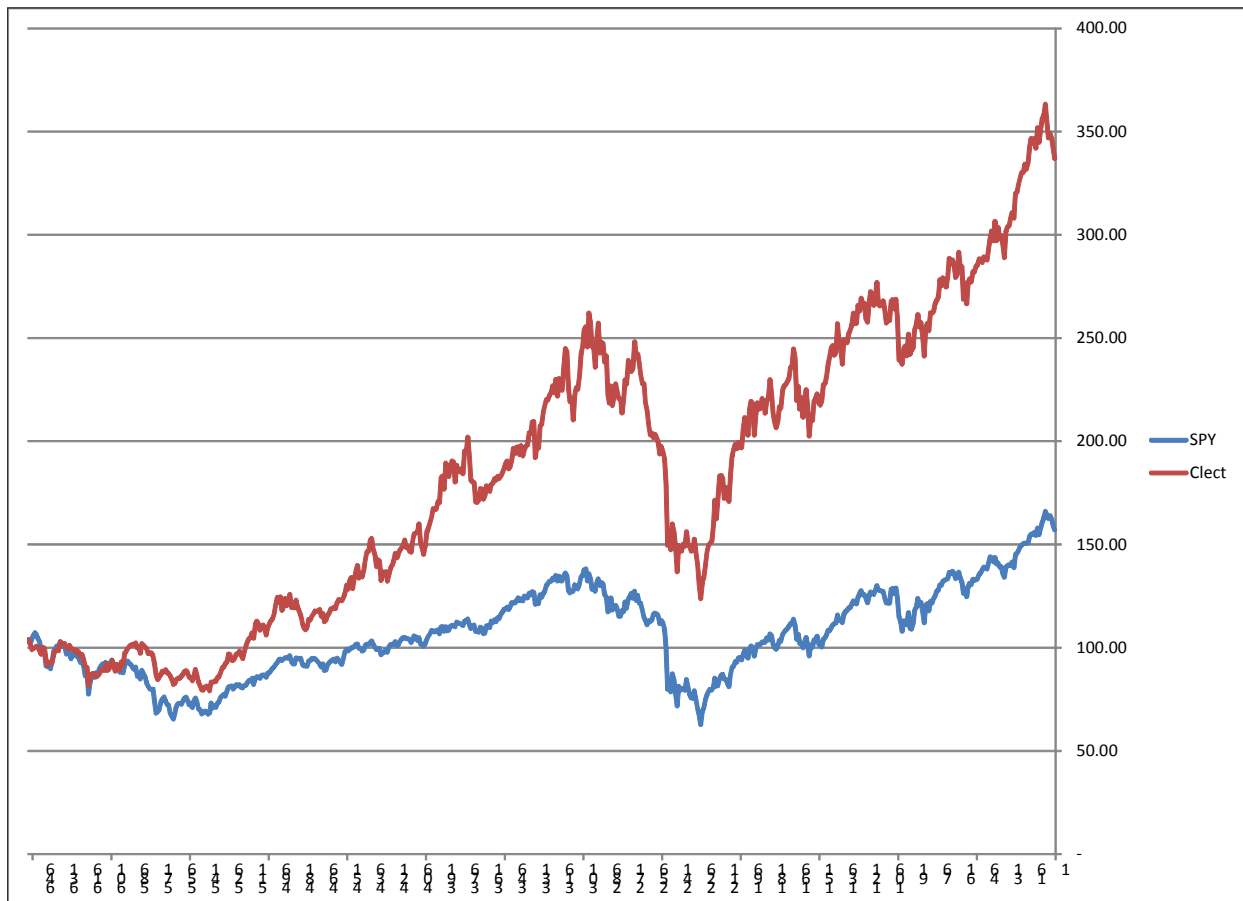
ETF Rankings by C to previous week's end

Select SPDR Financs	XLF	EA	0.56
Vngrd MidCap Val	VO	EMC	0.56
SPDR Mid Cap Trust	MDY	EMC	0.53
PS Dynmc Basic Matr	PYZ	EA	0.51
PS Hi Yld Eqty Div	PEY	EGI	0.45
Wtree Intrntl Utilities	DBU	EW	0.42
Guggnhm MidCap Core	CZA	EMC	0.39
Vngrd Grth	VUG	ELC	0.28
Select SPDR Enrgy	XLE	EA	0.27
PS DB Energy	DBE	EA	0.27
PS Dynmc Consmr Staples	PSL	EA	0.27
Market Vectors Semiconductor	SMH	EA	0.27
Vngrd TTL Stock	VTI	ELC	0.22
iShares Russell 1000 Grwth Indx	IWF	ELC	0.14
Wtree MidCap Div	DON	EMC	0.12
iShares Taiwan Indx	EWT	EW	0.09
Vngrd Fincl Srv	VFH	EA	0.09
Wtree Emrg Mrkt Eincm	DEM	EW	0.07
iShares Russell 1000 Value Indx	IWD	ELC	0.03
PS DWA Tech Ldr	PDP	ELC	(0.00)
Wtree Ttl Earn	EXT	ELC	(0.01)
iShares Canada	EWC	EW	(0.03)
Guggnhm Gbl Wtr	CGW	EW	(0.08)
Vngrd Large Cap	VV	ELC	(0.12)
iShares Russel MidVal	IWS	EMC	(0.13)
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	(0.15)
PS DB Commodity	DBC	EA	(0.21)
PS WilderHill Prgsv Enrgy	PUW	EA	(0.23)
iShares Core S&P 500	IVV	ELC	(0.24)
PS Water Resources	PHO	EA	(0.25)
SPDR S&P 500	SPY	ELC	(0.27)
Wtree S&P 500	EPS	ELC	(0.29)
PS Dynmc Energy	PXI	EA	(0.30)
Wtree Japan SC Div	DFJ	EWR	(0.34)
Guggnhm Gbl Div	LVL	EW	(0.34)
PS Dynmc Energy Explor	PXE	EA	(0.39)
iShares DJ Slct Div	DVY	EGI	(0.48)
iShares Emrg Mrkt Stk	EEM	EW	(0.49)
iShares S&P 100 Indx	OEF	ELC	(0.52)
PS Dynmc Lrg Cap Value	PWV	ELC	(0.55)
Select SPDR Technlgy	XLK	EA	(0.56)
Guggnhm Candn Enrg Incm	ENY	EWR	(0.59)
Vngrd Div Apprctn	VIG	EGI	(0.63)
PS FTSE RAFI Emrg Mrkt	PXH	EW	(0.63)
PS S&P 500 BuyWrite	PBP	ELC	(0.83)
PS Intrntl Dvdnd	PID	EW	(0.92)
Alerian MLP	AMPLP	EGI	(0.93)
Select SPDR Div	SDY	EGI	(0.94)
iShares Japan	EWJ	EW	(0.96)
Wtree LrgCap Div	DLN	ELC	(0.98)
SPDR S&P Metals & Mining	XME	EA	(0.99)
SPDR DJ Industrials	DIA	ELC	(1.01)
PS MENA Frntr Countries	PMNA	EW	(1.02)
Wtree Div Ex Fincl	DTN	ELC	(1.03)
PS Dynmc Utilities	PUI	EA	(1.05)

ETF Rankings by C to previous week's end

PS Dividend Achievers	PFM	EGI	(1.07)
Guggnhm Multi Ast In	CVY	EV	(1.21)
Wtree Middle East Div	GULF	EW	(1.24)
Guggnhm Dfnsv Eqty	DEF	EV	(1.28)
PS DB Base Metals	DBB	EG	(1.29)
PS Lux Nanotech	PXN	EA	(1.32)
PS DB Agriculture	DBA	EA	(1.38)
Wtree Eqty Income	DHS	EGI	(1.39)
Vngrd Consmr Stpls	VDC	EA	(1.42)
PS S&P 500 LowVolatility Portfolio	SPLV	ELC	(1.56)
Vngrd Emrg Mrkt	VWO	EW	(1.64)
Select SPDR Cnsmr Stpl	XLP	EA	(1.64)
Guggnhm China REIT	TAO	EWR	(1.85)
Wtree World Ex US Grth	DNL	EW	(1.87)
iShares Prfrd	PFF	EGI	(1.89)
PS Dynmc Bldg Cnstrctn	PKB	EA	(1.91)
PS Fincl Pfd	PGF	EGI	(1.95)
PS S&P SmlCap Utilities	PSCU	EA	(2.01)
PS Emrg Mrkt Infrastrctr	PXR	EW	(2.47)
Vngrd Utilities	VPU	EA	(2.49)
Guggnhm Frntr	FRN	EW	(2.54)
Select SPDR Utilities	XLU	EA	(2.56)
iShares Singapore	EWS	EW	(2.75)
iShares Malaysia Indx	EWM	EW	(2.76)
Wtree Emrg Mrkt SC Div	DGS	EW	(2.92)
Pro Shares Short S&P 500	SH	EC	(3.00)
Wtree Intrntl REIT	DRW	ERE	(3.19)
Wtree Japan Hedge Eqty	DXJ	EC	(3.22)
SPDR Gold	GLD	EG	(3.87)
iShares Latin Amr	ILF	EW	(3.89)
iShares Gold	IAU	EG	(3.90)
PS Gbl Agriculture	PAGG	EA	(3.92)
iShares Brazil Indx	EWZ	EW	(3.93)
PS DB Precious Metals	DBP	EG	(4.05)
SPDR S&P Homebuilders	XHB	EA	(4.20)
PS DB Gold	DGL	EG	(4.27)
iShares Silver	SLV	EG	(4.53)
iShares Mexico	EWX	EW	(5.08)
PS DB Silver	DBS	EG	(5.08)
Pro Shares Short Russell 2000	RWM	ESC	(5.42)
SPDR Wsh REIT	RWR	ERE	(5.45)
Vngrd REIT	VNQ	ERE	(5.45)
PS DWA Emrg Mrkt T Ldrs	PIE	EW	(5.67)
iShares Cohen&Str REIT	ICF	ERE	(5.76)
iShares REIT	IYR	ERE	(5.83)
PS US REIT	PSR	ERE	(6.20)
PS India	PIN	EW	(6.99)
Wtree India	EPI	EWR	(8.36)
iShares DJ US Home Constr.	ITB	EA	(9.66)
PS Gbl Gold Precious Mtls	PSAU	EG	(10.22)
US Natural Gas	UNG	EA	(11.97)
Market Vectors Gold Minors	GDX	EG	(15.32)
Market Vectors Junior Gold Miners	GDXJ	EG	(23.83)
iPath S&P 500 VIX Shrt Trm	VXX	EC	(35.46)

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**

rallied. It was a good trade that didn't pan out.

What now? Get back in or monitor the situation or sell some more?

As you can see on the chart on page one, the recovery rally has now set up a negative divergence between the Industrial and Transportation Indexes. This is potentially negative, especially as investors breath a sigh of relief. A confirmation of this would be if both indexes close below their lows that were established prior to the negative divergence. If this happens, we may look to raise more cash.

That sign of relief is meas-

ured in investor sentiment. Bullishness grows and bearishness decreases. This too is a potential negative development.

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.

10/21 Work continues on the "shorting/inverse" portfolio and will begin on the new World Income Index (WII).

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.

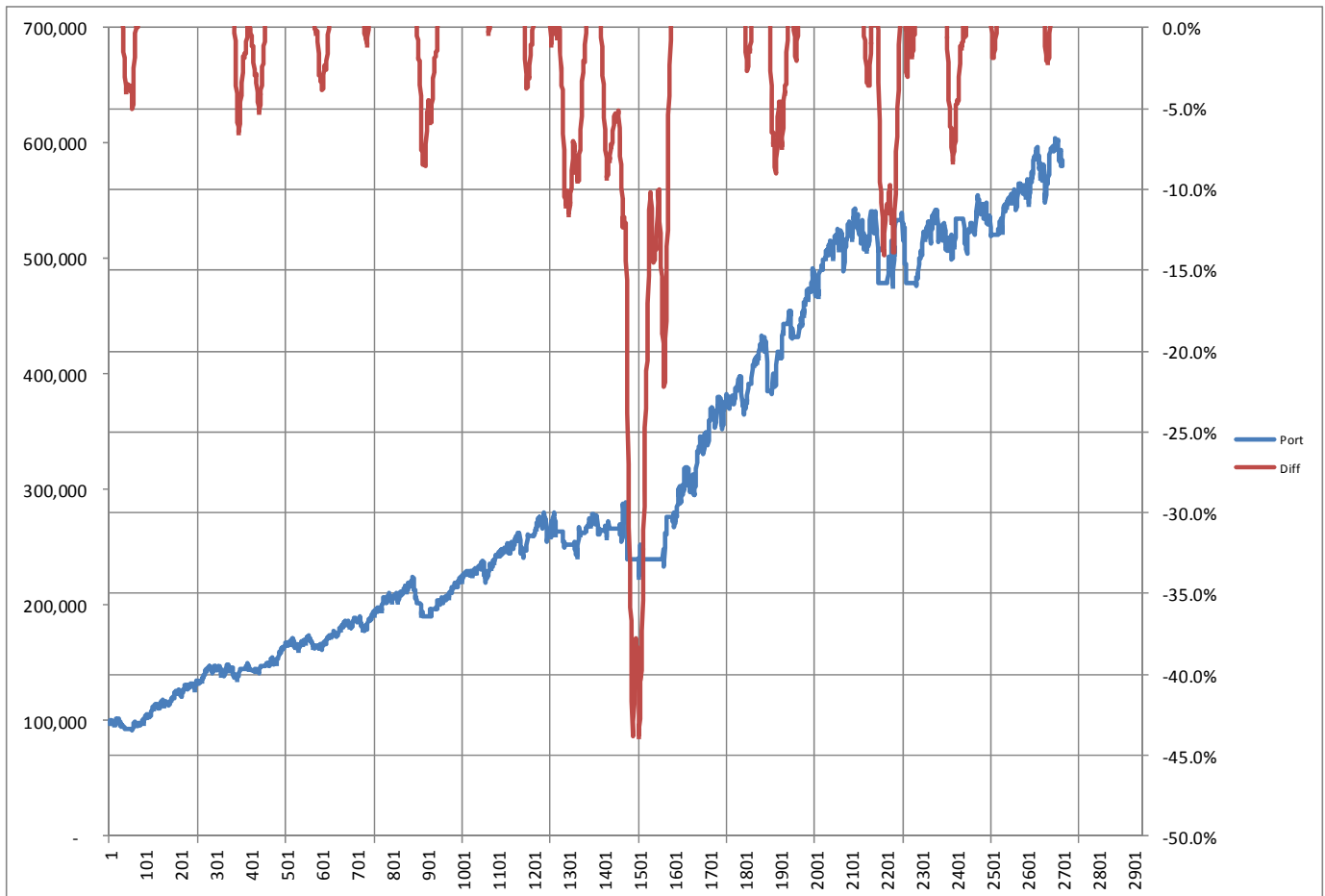
Plans are underway to investigate a new bond model based on a similar approach as the World Growth Index.

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.

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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