

# ETF Selections & Timing

## Watercourse Way Holdings, LLC

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

InvestmentST.com

November 19, 2012 (data through previous Friday close)

Volume 3  
 Issue 46

## More of the Same

The often talked about negative divergence between the Dow Industrials and Dow Transports appears to be resolving to the downside. The pullback so far, however, has not been too severe. Is there more to come?

On a short-term basis, the

market is oversold. A bounce should be expected. And then a retest would be normal.

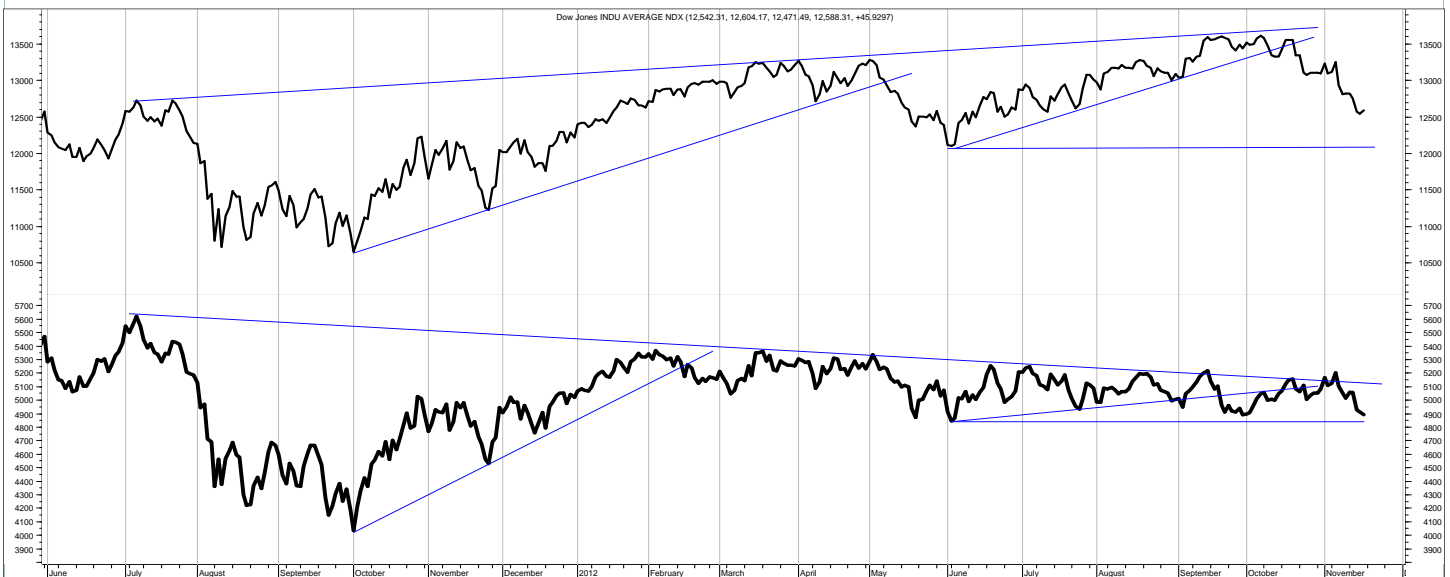
Investor sentiment has grown more bearish over the last few weeks, coinciding with the down market. From a contrary point of view, this will be bullish, if the pessimism continues

to grow.

The obvious issue behind the sell off is the impasse in Washington, which would lead to the economy falling off the Fiscal Cliff.

The assumption is the auto-

*(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	5.3%	6.8%	4.6	3.1	0.6	0.1%
ETF Growth Portfolio	-4.1%	-3.1%	-3.3	-2.5	-2.1	-1.1%
Aggrgt Bond (AGG)	1.8%	2.4%	1.1	0.9	0.2	0.1%
Wilshire 5000	9.6%	13.3%	5.6	-3.8	-5.1	-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: 11/16/2012							
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	
18-Jun	sell	PCY	28.52	1,210.4	34,511									
18-Jun	buy	BSV	81.13	800.0	64,914	LQD	114.46	invst grd	116.05	121.66	508.8	61,897.57	54.1%	
20-Aug	sell	BSV	81.09	400.0	32,426	TLH	128.24	10-20 yr T	133.89	138.19	250.4	34,605.13	30.2%	
20-Aug	buy	LQD	118.79	150.0	17,829	MBB	102.87	mrtg bkd	108.93	108.25	125.3	13,561.13	11.9%	
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									
22-Oct	sell	BSV	81.23	404.3	32,831									
22-Oct	buy	TLH	133.89	250	33,483									
						Money Market					1.00	4,345	4,345.00	3.8%
											Total Valuation=	114,408.82	100.0%	

## WEEKLY REVIEW

11/19 Given the Fed will buy mortgage-backed securities, it's a wonder MBB hasn't moved up.

11/12 No changes.

11/5 No changes.

10/30 No changes. I still expect yields to remain stable to down in the months ahead.

10/22 I'll sell the short-dated corporate bond BSV and buy the 10-20 year Treasury TLH.

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

	2010	2011	ytd 2012	Incptn	SD
ETF Income Portfolio	4.8%	3.6	5.3	14.4	3.2
Aggregate Bond	2.5%	4.3	1.8	8.7	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 10/31/12

<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	7.25	5.87	5.61	1.43	1.03	1.38	123.02	*****
PS Emrg Mrkt Svrgn Debt	PCYD	BW	13.42	13.50	9.20	3.84	1.37	2.29	31.11	*****
iShares Intrntl Tbond	IGOVD	BW	-0.90	5.44	3.02	4.89	1.19	1.90	104.00	****
iShares Trsry Infltfn	TIPD	BI	5.18	2.65	2.60	0.89	0.62	0.89	122.52	****
PS Fdmntl Hi Yield Corp	PHBD	BH	5.10	3.51	2.29	1.70	0.63	1.61	19.18	****
PS Insr Natl Muni	PZAD	BI	7.50	2.38	2.79	0.19	0.16	1.18	25.79	****
PS Prfd	PGXD	BF	6.00	4.29	3.27	0.75	0.41	1.41	14.84	****
Wtree Dryfs Euro	EUD	BF	2.08	11.56	9.79	20.42	2.14	4.20	22.88	****
Currency Euro	FXED	BF	-6.65	-1.21	-2.29	5.23	0.79	2.48	128.70	***
iShares 10-20yr Trsry	TLHD	BL	5.31	1.78	3.06	-2.33	-0.49	2.31	136.07	**
iShares 20+ yr Trsry	TLTD	BL	6.45	2.08	5.15	-4.89	-0.69	4.15	123.36	***
iShares 7-10yr Trsry	IEFD	BI	4.23	1.32	2.08	-1.27	-0.53	1.46	107.89	***
iShares Agg Bond	AGGD	BI	1.96	1.03	1.44	-0.36	-0.23	0.57	112.19	***
iShares High Yld	HYGD	BH	3.71	2.04	1.53	0.97	0.32	2.51	92.59	***
PS 1-30 Ldr Trsry	PLWD	BI	4.41	1.04	2.72	-2.63	-0.63	2.34	32.91	***
PS Bld America	BABD	BI	6.57	2.62	2.45	-1.47	0.33	1.56	30.16	**
PS DB Dollar Bearish	UDND	BF	-3.35	-0.29	-1.24	3.35	-0.04	1.92	27.16	**
PS DB Dollar Bullish	UUPD	BF	1.48	-1.04	0.37	-3.61	-0.14	1.92	21.89	**
PS DB G10 Currency	DBVD	BF	4.26	3.54	2.54	1.84	0.24	2.59	25.43	**
PS Insr CA Muni	PWZD	BI	6.33	2.05	1.85	-0.08	0.12	0.95	25.33	**
PS Insr NY Muni	PZTD	BI	5.92	1.26	2.18	-0.24	0.08	1.05	24.87	**
SPDR High Yield	JNKD	BH	3.52	2.20	1.53	1.15	0.32	2.61	40.34	**
SPDR Intrntl TBond	BWXD	BW	0.23	1.34	1.24	2.41	-0.55	1.61	61.25	**
Vngrd Intrmtdt Bond	BNDD	BI	1.52	0.98	1.16	-0.40	-0.31	0.47	84.89	**
Wtree Dryfs Brazil Real	BZFD	BF	-29.70	-9.81	-3.02	2.43	0.32	5.56	18.94	**
Wtree Dryfs Chns Yuan	CYBD	BF	-0.08	0.79	0.95	1.71	0.87	0.72	25.60	**
Wtree Dryfs Comdty Cur	CCXD	BF	-20.12	-0.59	-0.69	1.81	-0.36	4.46	21.14	**
Wtree Dryfs Emrg Crrncy	CEWD	BF	-5.43	-0.96	-1.58	1.43	-1.01	3.29	20.57	**
Wtree Dryfs Indn Rupee	ICND	BF	-16.74	-2.57	0.67	5.32	-1.58	4.49	21.19	**
Wtree Dryfs S Africa Rand	SZRD	BF	-12.27	-7.38	-8.59	-4.59	-4.51	4.45	22.45	**
Wtree Emrg Mrkt Lcl Debt	ELDD	BF	3.05	1.57	1.18	2.03	0.25	3.06	52.44	**
iShares 3-7yr Trsry	IEID	BI	1.60	0.36	0.67	-0.41	-0.38	0.52	123.25	**
iShares Inter Bond	MBBD	BI	0.77	0.38	0.45	-0.25	-0.35	0.27	108.78	**
iShares Inter Gov	GVID	BI	1.57	0.60	0.96	-0.03	-0.11	0.44	112.97	**
PS Low Duration	PLKD	BS	-0.21	-0.12	-0.02	0.10	0.16	0.20	25.39	**
Vngrd ShrtTrm Bond	BSVD	BS	-0.15	0.07	0.21	-0.09	-0.11	0.25	81.36	**
Wtree Dryfs Jpn Yen	JYFD	BF	-5.53	-7.32	-1.21	-2.46	-3.82	1.76	31.76	**
iShares 1-3yr Trsry	SHYD	BS	-0.15	-0.18	-0.05	-0.13	-0.09	0.10	84.42	*
PS VRDO Tax Free Wkly	PVID	BS	-0.08	-0.08	-0.08	0.00	0.00	0.05	24.98	*

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.

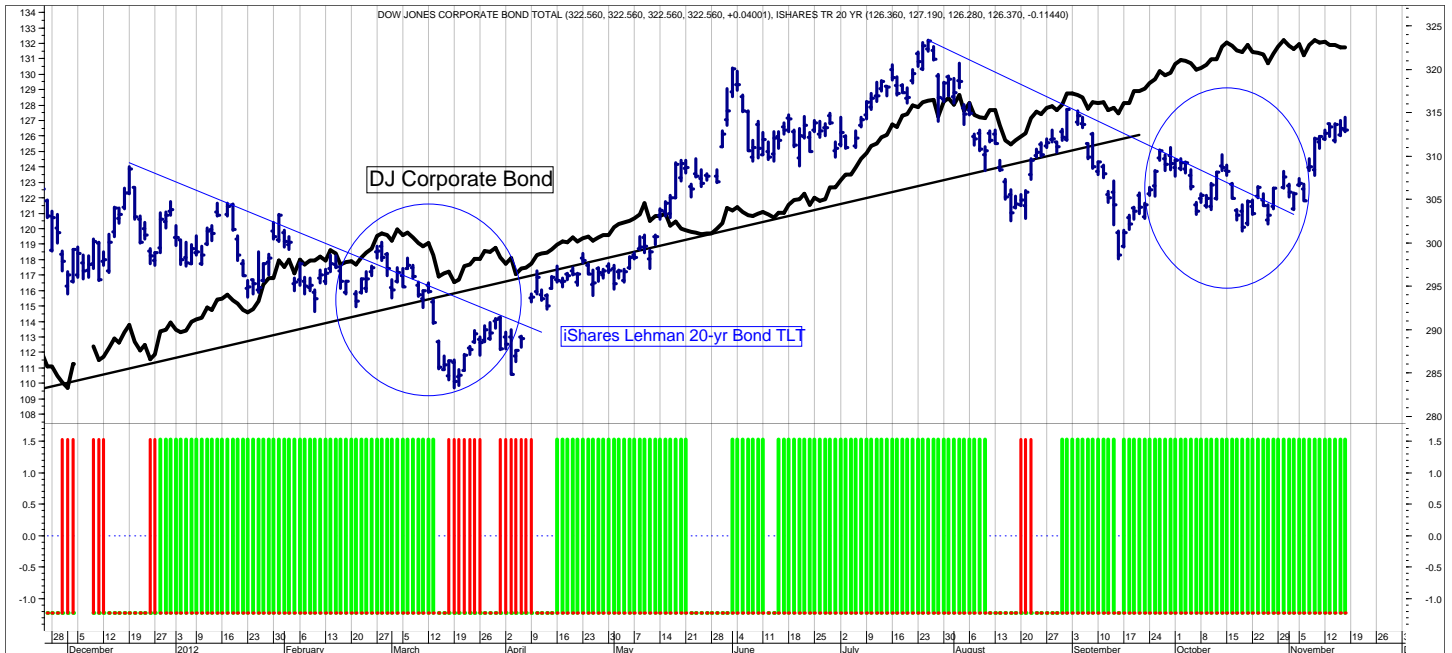
## ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

Column headings: The first column shows the ETF name, the second column shows its symbol (due to our data provider, symbols may end in a "D"; it should be ignored). 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 less risk. Column 10 is the NAV. Column 11 is the C (comet) ranking. C is the risk-adjusted (V) relative performance (CS-not shown). 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

11/19 Trend up continues.

11/12 Catch up apparent.

11/5 No changes.

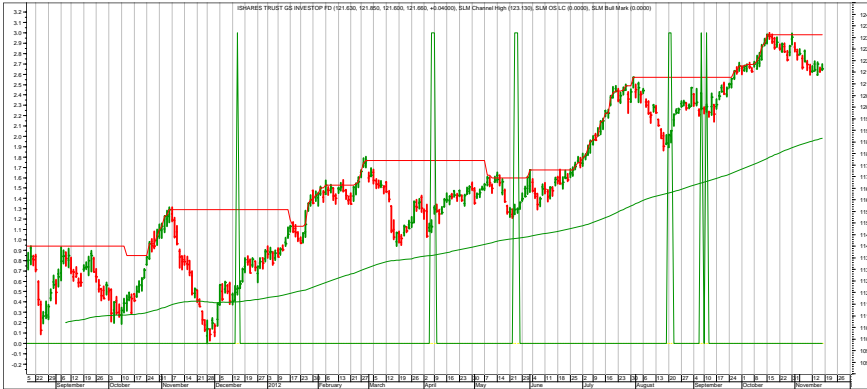
10/30 If the previous analysis is correct (weak Treasuries will play catch-up to stronger corporates), then it's only a matter of time before the down trend line drawn on the chart is broken to the upside.

10/22 I'll buy the Treasuries on their relative weakness to corporates; this is shown on page 2.

10/15 Treasuries bounced back through their downtrend line.

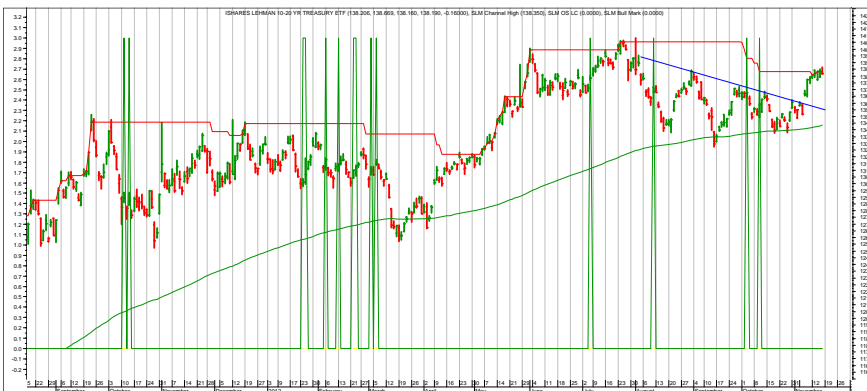
10/8 Treasuries are "cheap" relative to corporates, as seen on the chart above. The last time this happened Treasuries came roaring back (down trending blue line that was broken to the upside).

# Income Charts



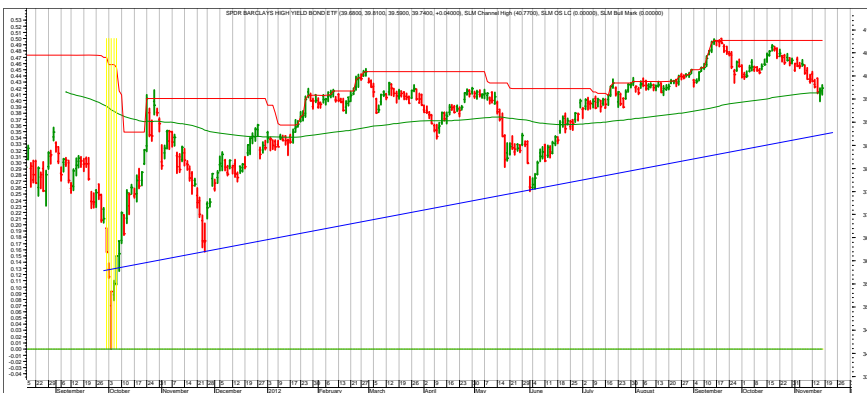
## LQD—Invtmnt Grd Corporate

11/19 Pullback within a bull market.  
 11/12 Pullback within a bull market.  
 10/30 No changes.  
 10/22 No changes.  
 10/15 Rally on.  
 10/8 No changes.  
 10/1 Corporate bonds rally to new highs.  
 9/17 No changes.



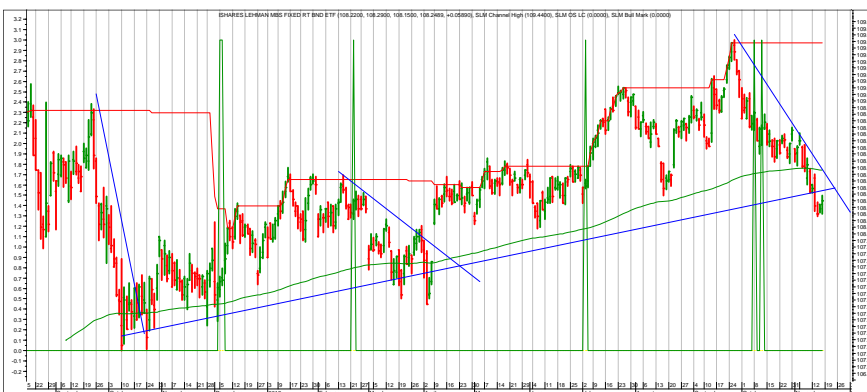
## TLH—10-20 year Treasuries

11/19 Jump through downtrend line is bullish.  
 11/12 Rally.  
 10/30 Good entry area.  
 10/22 Buying on the pullback, expecting higher prices.



## JNK—high-yield bonds

11/19 Getting closer to major support.  
 11/12 Pullback.  
 10/30 Watching for a significant pullback. (gold bars)  
 10/22 No comment.



## MBB—mortgage backed

11/19 Correction down to major support.

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 10/31/12 (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 Spin Off	CSDD	EMC	22.46	15.69	3.75	5.79	1.71	3.56	27.96	*****
PS Dynmc Bldg Cnstrctn	PKBD	EA	40.10	24.83	15.80	19.93	4.70	6.53	16.49	*****
PS Dynmc Pharma	PJPD	EA	26.80	16.59	5.47	0.12	-2.26	3.54	33.73	*****
PS Dynmc Utilities	PUID	EA	15.69	9.42	6.21	4.47	3.49	2.24	17.78	*****
PS S&P SmlCap Mtrls	PSCMD	EA	31.23	18.23	4.95	15.59	7.61	5.47	30.55	*****
Select SPDR Cnsmr Stpl	XLPD	EA	14.01	10.49	3.54	-0.67	-1.21	2.05	35.39	*****
Select SPDR Health	XLVD	EA	19.28	11.81	6.72	4.27	-0.23	2.61	40.03	*****
Vngrd Consmr Stpls	VDCC	EA	13.76	12.41	4.79	0.24	-1.06	1.95	90.61	*****
Vngrd Health	VHTD	EA	20.18	13.28	7.33	4.20	-1.34	2.89	72.23	*****
Wtree Ttl Earn	EXTD	ELC	26.61	13.39	0.77	5.88	2.26	3.79	51.04	*****
Guggnhm China REIT	TAOD	EWR	27.87	22.04	12.84	10.10	1.54	9.18	20.38	****
Guggnhm Dfnsv Eqty	DEFD	EV	10.94	8.69	3.47	0.89	-0.25	1.99	29.52	****
iShares DJ Sict Div	DVYD	EGI	10.98	7.53	2.01	0.87	0.26	2.11	57.83	****
iShares Mexico	EWWD	EW	18.54	12.65	5.97	5.46	0.21	5.84	65.53	****
iShares Prfrd	PPFD	EGI	7.37	5.03	2.88	1.65	0.50	2.25	40.06	****
iShares Russel MidVal	IWSD	EV	12.32	7.09	2.05	4.77	0.10	3.73	48.77	****
PS Buyback Achievers	PKWD	EGI	14.05	7.63	0.68	4.04	-1.07	3.18	29.62	****
PS Dividend Achievers	PFMD	EGI	11.81	7.60	3.10	0.68	-1.44	2.44	16.28	****
PS Dyn MagniQuant	PIQD	ELC	30.74	13.20	1.05	5.79	1.74	4.81	26.83	****
PS Dynmc Fncl	PFID	EA	16.42	11.44	4.16	7.21	-0.29	4.44	20.85	****
PS Dynmc Leisure & Enter	PEJD	EA	20.80	13.66	0.31	4.99	-2.40	4.57	22.30	****
PS Dynmc Lrg Cap Value	PWVD	ELC	14.71	10.78	4.73	4.28	-0.73	3.20	21.68	****
PS Dynmc Media	PBSD	EA	22.56	16.60	9.69	8.38	-1.57	5.31	16.30	****
PS Dynmc Retail	PMRD	EA	18.00	10.16	-2.27	3.47	0.52	3.55	25.37	****
PS Fincl Pfd	PGFD	EGI	9.09	6.63	3.76	1.20	0.16	2.38	18.49	****
PS Hi Yld Eqty Div	PEYD	EGI	8.09	4.45	2.89	2.67	-0.52	1.88	9.62	****
PS Mrngstr Stk	PYHD	ELC	14.17	9.56	4.06	3.83	-1.26	3.51	22.80	****
PS RvrFrnt Tac G&I	PCAD	EGI	11.21	5.40	0.86	2.88	0.71	2.42	13.11	****
Select SPDR Cnsmr Disc	XLYD	EA	18.07	11.50	1.01	5.81	-1.54	3.89	46.07	****
Select SPDR Div	SDYD	EGI	2.94	14.62	3.30	-1.75	2.00	2.47	55.65	****
Select SPDR Financls	XLFD	EA	17.82	13.12	3.04	8.45	1.98	5.78	15.90	****
Select SPDR Utilities	XLUD	EA	5.87	6.39	3.46	-2.70	1.39	1.88	36.90	****
Vngrd Consmr Dis	VCRD	EA	18.02	12.96	2.23	7.33	-0.86	4.10	74.34	****
Vngrd Fincl Srv	VFHD	EA	17.31	11.98	2.59	7.01	1.59	5.33	33.28	****
Vngrd Utilities	VPUD	ELC	6.33	6.58	3.74	-2.07	1.31	1.88	79.00	****
Wtree Div Ex Fincl	DTND	ELC	10.96	5.64	2.43	1.56	-0.67	2.45	55.98	****
Wtree Eqty Income	DHSD	EGI	13.47	8.85	3.38	-0.55	-1.20	2.35	46.75	****
Wtree Intrntl REIT	DRWD	ERE	18.55	14.98	9.05	6.10	1.77	5.63	29.40	****
Wtree LrgCap Div	DLND	ELC	13.52	7.44	1.96	0.93	-1.19	2.74	53.99	****

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	5.02	-3.53	1.54	3.66	4.30	5.49	30.33	***
Guggnhm China All	YAOD	EWR	3.36	1.47	-0.33	10.11	5.92	7.45	24.17	***
Guggnhm China Sml	HAOD	EWR	0.09	1.52	-2.96	13.05	7.84	8.61	21.31	***
Guggnhm Frntr	FRND	EW	-0.50	-1.49	-6.21	2.97	-1.64	4.91	19.78	***
Guggnhm Gbl Wtr	CGWD	EW	8.58	8.09	0.71	3.09	-1.43	3.80	21.38	***
Guggnhm Insdr Sent	NFOD	EMC	7.98	7.34	0.81	5.29	-0.66	5.14	34.64	***
Guggnhm MidCap Core	CZAD	EMC	13.05	6.69	0.98	3.18	-0.50	3.46	33.19	***
Guggnhm Multi Ast In	CVYD	EV	8.40	4.23	1.51	1.79	-0.63	2.93	22.20	***
Guggnhm RJ All	RYJD	ELC	9.80	3.51	-3.15	2.80	-0.31	4.50	22.73	***
Guggnhm Timber	CUTD	EA	8.81	5.53	4.65	12.11	2.72	5.53	18.89	***
iShares Australia	EWAD	EW	3.54	4.95	3.10	6.04	3.32	6.17	24.58	***
iShares Canada	EWCD	EW	0.89	1.35	0.46	8.37	0.00	4.59	28.49	***
iShares China	FXID	EW	2.01	-5.27	-3.01	7.53	6.32	7.05	36.78	***
iShares Cohen&Str REIT	ICFD	ERE	9.04	3.25	-2.39	-4.39	-1.27	4.68	76.86	***
iShares EAFE Indx	EFAD	EW	2.28	2.75	-0.33	7.15	1.08	4.68	53.58	***
iShares Emrg Mrkt Stk	EEMD	EW	0.82	-2.28	-2.52	5.19	-0.42	6.15	41.15	***
iShares Europe 350	IEVD	EW	3.66	4.36	1.89	9.53	1.67	5.30	37.13	***
iShares Gold	IAUD	EG	-0.06	-1.30	3.27	6.62	-2.95	5.33	16.76	***
iShares REIT	IYRD	ERE	11.81	5.68	0.14	-2.19	-0.59	4.27	64.00	***
iShares Russel 2000	IWMD	ESC	10.30	3.30	0.20	4.19	-2.17	4.71	81.63	***
iShares Silver	SLVD	EG	-6.49	-3.13	3.85	15.30	-6.60	9.66	31.27	***
iShares Singapore	EWSD	EW	8.90	7.75	2.65	1.52	-0.52	6.20	13.34	***
iShares Sict Div	IDVD	ELC	2.30	3.90	1.96	6.32	2.62	4.92	32.45	***
iShares Spain	EWPD	EW	-19.49	-8.31	8.95	23.83	2.46	8.34	28.37	***
PS Aerospace & Def	PPAD	EA	10.81	4.31	0.55	5.46	1.06	3.58	20.09	***
PS BLDR Dvlpd Mrkt 100 ADR	ADRDD	EW	0.94	1.86	0.57	5.63	0.47	4.68	19.95	***
PS BLDR Europe 100 ADR	ADRUD	EW	1.91	4.86	4.26	8.97	1.78	5.14	20.28	***
PS DB Agriculture	DBAD	EA	-4.87	-0.24	6.01	-3.98	-1.63	3.98	28.93	***
PS DB Gold	DGLD	EG	-1.56	-2.36	2.57	6.38	-3.13	5.30	59.17	***
PS DB Precious Metals	DBPD	EG	-2.61	-2.57	2.74	8.00	-3.92	5.96	59.24	***
PS DB Silver	DBSD	EG	-7.13	-3.62	3.13	15.61	-6.94	9.90	55.61	***
PS DWA Dvlpd Mrkt T Ldrs	PIZD	ELC	4.23	5.25	0.59	9.33	2.10	5.67	19.46	***
PS DWA Emrg Mrkt T Ldrs	PIED	EW	7.43	2.40	-2.72	4.23	1.33	5.31	17.49	***
PS DWA Tech Ldr	PDPD	ELC	13.73	9.51	-1.65	3.47	-0.51	3.58	27.41	***
PS Dyn Mrkt	PWCD	ELC	12.60	8.85	0.47	1.56	-2.81	4.68	47.01	***
PS Dyn OTC	PWOD	ESC	15.88	7.79	-5.07	0.99	-2.23	4.74	48.98	***
PS Dynmc Banking	PJBD	EA	21.76	8.58	1.18	2.66	-3.35	5.09	13.54	***
PS Dynmc Basic Matrl	PYZD	EA	15.35	3.38	-0.60	6.87	-0.65	5.94	37.94	***
PS Dynmc Biotech	PBED	EA	9.60	1.73	0.18	-2.67	-7.82	4.88	22.27	***
PS Dynmc Consmr Discr	PEZD	EA	13.88	9.96	-1.48	4.12	-2.07	4.45	29.38	***
PS Dynmc Consmr Staples	PSLD	EA	7.29	6.72	1.38	0.77	-1.60	2.31	33.16	***
PS Dynmc Energy	PXID	EA	6.97	4.15	2.35	4.91	-2.15	6.45	41.44	***
PS Dynmc Energy Explor	PXED	EA	12.13	8.16	5.83	8.89	-3.42	7.44	25.97	***
PS Dynmc Food & Bev	PBJD	EA	3.67	2.70	-0.15	-0.30	-2.08	2.08	19.75	***
PS Dynmc Healthcare	PTHD	EA	15.45	10.57	1.27	4.15	-3.79	4.31	32.79	***
PS Dynmc Indstrls	PRND	EA	10.21	2.79	0.69	6.65	2.72	4.51	30.25	***
PS Dynmc Lrg Cap Grth	PWBD	ELC	14.73	10.49	-1.01	2.04	-2.22	3.96	18.54	***
PS Dynmc Software	PSJD	EA	8.72	9.83	0.60	3.88	-2.49	4.63	27.05	***
PS Emrg Mrkt Infrastrctr	PXRD	EW	-2.67	-5.47	-5.84	6.11	1.69	7.54	39.80	***
PS FTSE RAFI Asia Pac xJpn	PAFD	EW	5.56	5.31	3.73	5.43	1.28	6.31	53.77	***
PS FTSE RAFI Dvlp Mrkt xUSA	PXFD	EW	-0.98	-0.20	-0.46	9.07	1.78	5.60	34.27	***
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDND	EW	1.41	1.00	-0.31	7.78	1.55	4.57	22.30	***
PS FTSE RAFI US 1500 Sml-Mid	PRFZD	EMC	10.26	3.43	-0.34	5.22	-1.49	4.95	66.71	***
PS Gbl Agriculture	PAGGD	EA	0.41	1.80	-0.17	1.42	-1.27	5.57	29.63	***
PS Gbl Gold Precious Mtls	PSAUD	EG	-8.40	-6.19	12.17	24.13	1.89	7.80	41.34	***
PS Gbl Listd Prvt Eqty	PSPD	EW	10.74	9.49	4.64	8.63	2.65	6.46	9.69	***
PS Gbl Water	PIOD	EW	0.12	-0.53	-4.02	1.74	-2.08	4.86	16.94	***
PS Ibtstn Altrntv	PTOD	ELC	1.28	0.76	0.67	3.91	-0.33	3.60	11.64	***
PS Intrntl Dvldnd	PIDD	EW	0.53	2.82	-0.46	4.25	0.59	3.63	15.29	***
PS Mega Cap	PMAD	ELC	10.92	7.00	0.26	3.40	-1.15	3.75	29.35	***
PS NASDAQ Intrnt	PNQID	EA	9.87	6.82	-3.80	1.83	-5.84	5.48	39.53	***
PS QQQ	QQQ_OD	ELC	12.08	7.30	-2.71	0.23	-5.28	4.48	64.95	***

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	4.04	1.77	-2.34	0.41	-2.18	3.36	12.10	***
PS S&P 500 BuyWrite	PBPD	ELC	0.68	3.30	-0.05	0.34	-0.77	2.93	20.66	***
PS S&P SmlCap Cnsmr Dis	PSCDD	EA	18.13	9.49	1.36	6.07	-2.90	5.11	32.13	***
PS S&P SmlCap Cnsmr Stpl	PSCCD	EA	10.22	6.60	0.09	-0.61	-5.15	2.98	34.09	***
PS S&P SmlCap Fincl	PSCFD	EA	14.52	7.15	1.34	1.74	-1.43	4.05	30.36	***
PS S&P SmlCap Hlth Care	PSCHD	EA	12.61	4.50	-1.31	-1.14	-6.72	4.57	34.24	***
PS S&P SmlCap Indstrils	PSCID	EA	11.08	3.51	2.12	7.80	0.09	5.00	30.30	***
PS S&P SmlCap Info Tech	PSCTD	EA	5.88	-3.02	-4.24	1.59	-2.08	4.77	29.55	***
PS S&P SmlCap Utilities	PSCUD	EA	2.65	0.88	4.95	-0.83	-3.70	2.63	30.98	***
PS US REIT	PSRD	ERE	9.71	4.50	-0.68	-3.01	-0.93	4.28	55.69	***
PS Water Resources	PHOD	EA	14.20	7.01	4.16	5.91	0.26	4.60	19.54	***
PS WilderHill Prgsv Enrgy	PUWD	EA	24.75	10.73	-4.97	5.43	2.58	6.38	24.95	***
PS Zacks Micro Cap	PZID	ESC	11.78	4.60	0.46	4.40	-2.46	5.36	11.40	***
Select SPDR Enrgy	XLED	EA	3.20	1.77	0.98	3.29	-2.04	5.91	71.94	***
Select SPDR Indl	XLID	EA	9.18	0.74	-1.41	1.90	-0.11	3.73	36.49	***
Select SPDR Matrils	XLBD	EA	4.59	-3.09	-1.74	3.42	-2.09	5.19	36.03	***
Select SPDR Technlgy	XLKD	EA	11.00	6.81	-3.18	-1.33	-6.34	4.16	28.87	***
SPDR DJ Gbl Titans	DGTD	EW	2.06	0.34	-0.79	4.95	0.26	4.32	53.70	***
SPDR DJ Industrials	DIAD	ELC	9.44	3.59	-0.91	0.70	-2.57	3.12	130.60	***
SPDR Euro Stoxx 50	FEZD	EW	-1.15	2.05	5.45	13.92	2.87	6.81	31.92	***
SPDR Gold	GLDD	EG	-0.30	-1.46	3.06	6.61	-2.94	5.30	166.83	***
SPDR S&P 500	SPYD	ELC	12.63	7.64	1.06	2.64	-1.82	3.61	141.35	***
SPDR Wlsh REIT	RWRD	ERE	10.22	4.13	-2.27	-3.96	-0.89	4.63	71.32	***
Vngrd Div Apprctn	VIGD	EGI	1.25	16.26	3.73	-3.18	1.59	2.98	56.69	***
Vngrd Emrg Mrkt	VWOD	EW	-0.08	-1.97	-2.49	3.71	-0.54	6.21	41.49	***
Vngrd Extnl 4500	VXFD	ELC	11.38	5.31	-0.17	4.86	-1.39	4.59	58.73	***
Vngrd Grth	VUGD	ELC	12.33	6.84	-0.89	1.87	-3.14	3.92	70.13	***
Vngrd Large Cap	VVD	ELC	12.52	7.39	0.77	2.75	-1.77	3.65	64.53	***
Vngrd Materials	VAWD	ELC	7.44	-0.20	0.23	5.69	-1.46	5.53	81.69	***
Vngrd MidCap Val	VOD	EMC	8.97	4.55	-1.04	3.88	-1.15	4.11	80.23	***
Vngrd Small Cap	VBD	ESC	11.65	6.01	1.37	4.93	-1.43	4.65	78.99	***
Vngrd Small Cap Grth	VBKD	ESC	10.82	5.23	0.07	4.23	-2.37	4.99	86.15	***
Vngrd Small Cap Value	VBRD	ESC	12.26	6.50	2.47	5.14	-0.70	4.35	71.40	***
Vngrd Tech	VGTD	EA	7.69	3.62	-5.60	-0.67	-6.50	4.83	68.63	***
Vngrd TTL Intrntl Stk	VXUSD	EW	0.29	1.53	-0.29	5.19	0.81	5.08	44.57	***
Vngrd TTL Stock	VTID	ELC	12.51	7.05	0.72	2.86	-1.81	3.73	72.32	***
Wtree DEFA	DWMD	EW	1.11	1.72	-0.07	5.51	1.04	4.63	43.88	***
Wtree DEFA Eqty Incm	DTHD	EW	-2.04	1.86	1.91	6.42	0.42	4.65	38.46	***
Wtree Emrg Mrkt SC Div	DGSD	EW	5.24	0.15	-3.98	4.82	-0.50	5.26	45.63	***
Wtree Eur SC Div	DFED	EW	3.62	4.21	-1.35	12.96	1.27	5.78	37.39	***
Wtree Gbl Eqty Incm	DEWD	EW	3.96	4.55	2.14	5.04	0.60	3.78	42.09	***
Wtree India	EPID	EWR	-9.25	-5.62	-1.04	9.08	-4.22	9.46	18.14	***
Wtree Intrntl Div Ex Fincl	DOOD	EW	-3.62	-0.64	-0.67	5.86	0.55	4.19	40.26	***
Wtree Intrntl LC Div	DOLD	EW	0.99	2.40	1.26	5.95	0.87	4.71	42.72	***
Wtree Intrntl MC Div	DIMD	EW	0.80	1.88	-0.51	7.17	1.10	4.78	46.65	***
Wtree Intrntl SC Div	DLSD	EW	4.15	1.61	-1.32	8.56	1.57	4.15	47.99	***
Wtree LrgCap Grth	ROID	ELC	7.97	2.69	-2.39	1.17	-3.75	4.16	39.45	***
Wtree MidCap Div	DOND	EMC	10.91	6.00	1.46	3.75	0.32	3.19	57.04	***
Wtree MidCap Earn	EZMD	EMC	10.14	2.52	-0.84	5.91	-0.18	4.33	59.36	***
Wtree Middle East Div	GULFD	EW	-2.34	-0.88	-4.39	5.65	-0.75	2.58	14.58	***
Wtree S&P 500	EPSD	ELC	12.05	6.45	0.48	2.56	-1.83	3.74	49.04	***
Wtree Sml Cap Div	DESD	ESC	12.47	4.82	3.15	4.62	-0.95	3.79	50.05	***
Wtree World Ex US Grth	DNLD	EW	1.22	-1.36	-3.19	4.56	0.29	5.55	48.98	***

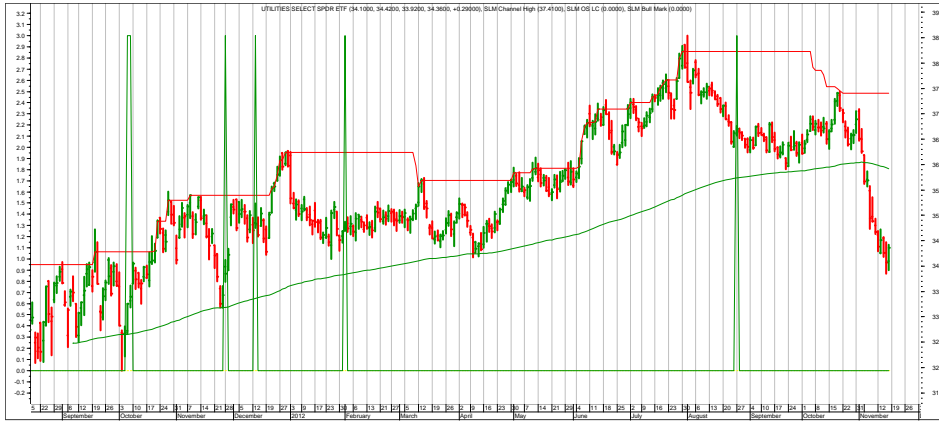
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

## 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	-11.18	-11.31	-7.86	2.88	-1.24	6.70	35.04	**
Guggnhm Candn Enrg Incm	ENYD	EWR	-3.64	-7.41	-5.26	4.35	-2.90	6.76	16.35	**
Guggnhm Glbl Div	LVLG	EW	-7.93	-7.95	-5.00	5.99	-0.86	4.40	12.74	**
Guggnhm Intrntl A Incm	HGID	EW	-4.50	-6.38	-6.00	2.54	-1.29	5.00	16.13	**
Guggnhm Shipping	SEAD	EA	-5.19	-7.87	-14.93	-2.04	0.46	6.98	15.33	**
iShares Latin Amr	ILFD	EW	-6.97	-8.91	-7.48	0.71	-0.61	5.77	42.32	**
PS BLDR Asia 50 ADR	ADRAD	EW	-1.00	-3.87	-5.54	2.01	0.38	4.78	23.85	**
PS BLDR Emrg Mkt 50 ADR	ADRED	EW	-5.01	-8.42	-5.59	2.53	-0.94	5.59	38.84	**
PS Cleantech	PZDD	EA	-6.79	-7.64	-6.67	4.80	-1.15	5.11	21.42	**
PS DB Commodity	DBCD	EA	-0.58	-0.97	-2.99	1.14	-3.91	4.46	27.56	**
PS DB Energy	DBED	EA	-2.22	-3.22	-8.53	3.21	-3.80	5.20	27.35	**
PS DB Oil	DBOD	EA	-6.05	-13.72	-18.01	-0.94	-5.19	6.48	24.75	**
PS Dynmc Networking	PXQD	EA	-7.65	-13.79	-16.68	-1.70	-7.45	6.61	23.07	**
PS Dynmc Oil & Gas Srvc	PXJD	EA	-6.60	-6.74	-6.01	0.05	-4.75	8.13	19.24	**
PS Dynmc Technology	PTFD	EA	4.08	-0.12	-7.47	-2.13	-5.00	5.34	25.27	**
PS FTSE RAFI Emrg Mrkt	PXHD	EW	-3.26	-6.81	-5.22	3.64	-1.17	6.33	21.08	**
PS Glbl Clean Enrgy	PBDD	EW	-24.56	-18.74	-11.84	5.59	-3.15	8.22	7.37	**
PS Glbl Coal	PKOLD	EA	-29.92	-25.27	-18.24	7.04	6.01	8.60	19.93	**
PS Glbl Nuclr Enrgy	PKND	EW	-6.58	-7.61	-4.56	1.38	-1.44	5.39	15.70	**
PS Glbl Steel	PSTLD	EA	-15.05	-14.25	-22.34	-5.60	2.76	8.02	12.76	**
PS Gldn Drgn USX China	PGJD	EW	-15.02	-14.24	-13.16	9.82	-1.27	7.17	18.67	**
PS India	PIND	EW	-10.03	-7.75	0.06	7.79	-4.90	8.28	17.85	**
PS Lux Nanotech	PXND	EA	-8.91	-10.17	-8.33	-4.58	-6.57	5.38	5.83	**
PS MENA Frntr Countries	PMNAD	EW	-6.44	-2.22	-7.20	1.44	-2.04	3.01	10.57	**
PS S&P SmlCap Energy	PSCED	EA	-2.93	-10.03	-10.62	2.38	-5.13	7.82	32.59	**
Wtree Emrg Mrkt Eincm	DEMD	EW	0.65	-4.49	-6.58	2.40	-1.30	4.43	52.97	**
Wtree Intrntl Utilities	DBUD	EA	-4.68	-3.68	-4.41	5.85	0.26	3.57	17.65	**
Wtree Japan Hedge Eqty	DXJD	EC	-1.67	-2.00	-6.98	2.45	0.66	4.11	31.83	**
Wtree Japan SC Div	DFJD	EWR	1.30	-3.96	-5.28	1.40	-0.87	2.72	41.94	**
Guggnhm Solar	TAND	EA	-58.09	-51.58	-33.77	-4.12	-12.47	14.12	14.67	*
PS DB Base Metals	DBBD	EG	-11.00	-14.44	-11.26	0.06	-9.65	6.25	17.89	*
PS Dynmc Semicndctr	PSID	EA	-7.01	-11.91	-13.88	-8.08	-3.97	5.77	13.53	*
PS Glbl Wind Energy	PWNDD	EW	-30.27	-24.40	-14.98	8.02	-2.18	7.14	5.39	*
PS WilderHill Cln Enrgy	PBWD	EA	-34.83	-31.77	-22.64	-1.50	-5.53	8.65	3.93	*

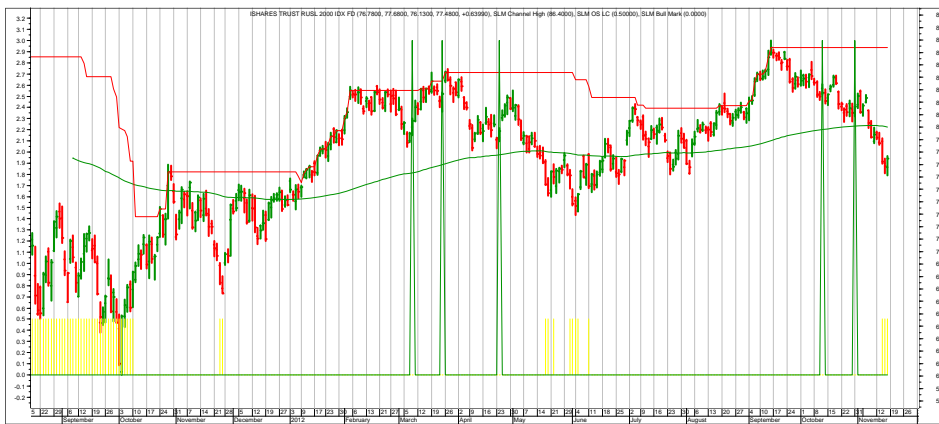
This shows the ETF Growth Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. Rank shows the number of comets from 5 to 1. The larger the better.

# SELECTED LONG SHORT ETF CHARTS



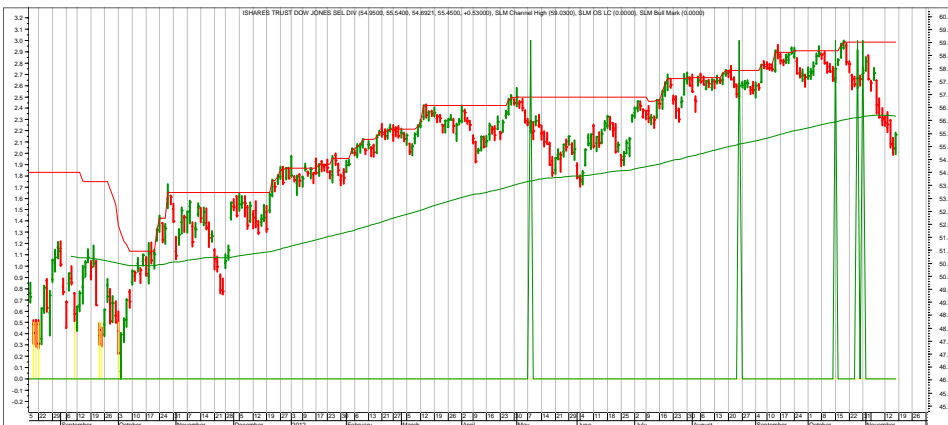
XLU—utilities

11/19 Fiscal Cliff fallout.



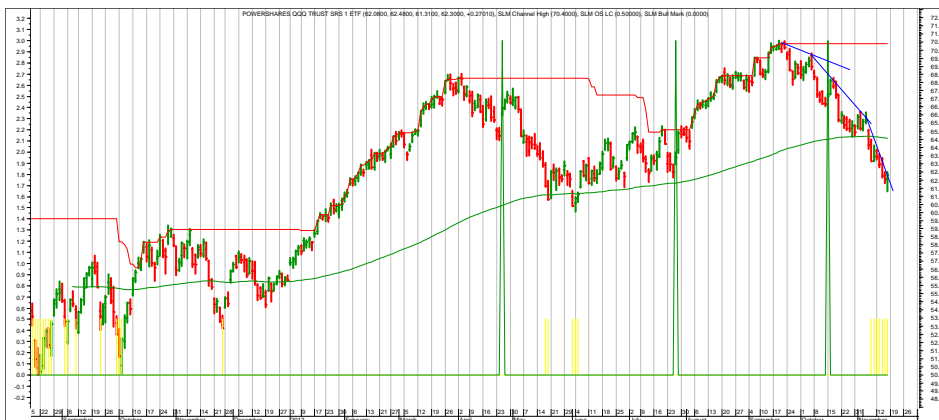
IWM-Russell 2000

11/19 Oversold.  
11/12 Buy the pullback.



DVY

11/19 Fear of Fiscal Cliff led to sell off.  
11/12 The assumption behind the sell off in dividend type stocks is that their tax preference will change.



QQQ

11/19 Oversold.  
11/12 Oversold. Time to reenter.  
10/22 Stopped out on weak pullback.

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

(Continued from page 1) **REVIEW**

matic tax increases and spending cuts, unless a compromise is reached, will knock the domestic economy into a recession in the first and second quarter of 2013.

Even if they reach a compromise, the larger issue of debt as a percentage of GDP will loom. It will be the same with entitlement programs' obligations. Call me a cynic, but I don't see them solving the problem in four weeks with a couple of holidays thrown

in during that time.

So, I suspect some backing and filling is to be expected, but the fundamentals haven't improved as regards deficits.

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.

New portfolio stops are being implemented. These are internal and will be emailed if triggered.

11/19 No changes.

11/12 Portfolio stops (in addition to specific ETF stops) are being implemented. These will be emailed for action the next day, if triggered.

11/5 ETF rankings by C (comet) through 10/31/12 are shown. ETF LEGEND is new on page 3.

10/30 No changes.

10/22 No changes.

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

# 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.