

ETF Selections & Timing

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December 9, 2013 (data date through previous Friday close)

Volume 4
Issue 49

Scenarios

The jobs report this month came in stronger than expected. Unemployment dropped to 7%, the lowest level since November 2008. Will it be enough for the Fed to announce the beginning of its taper program? We'll find out soon enough at the next Fed

meeting on December 17-18.

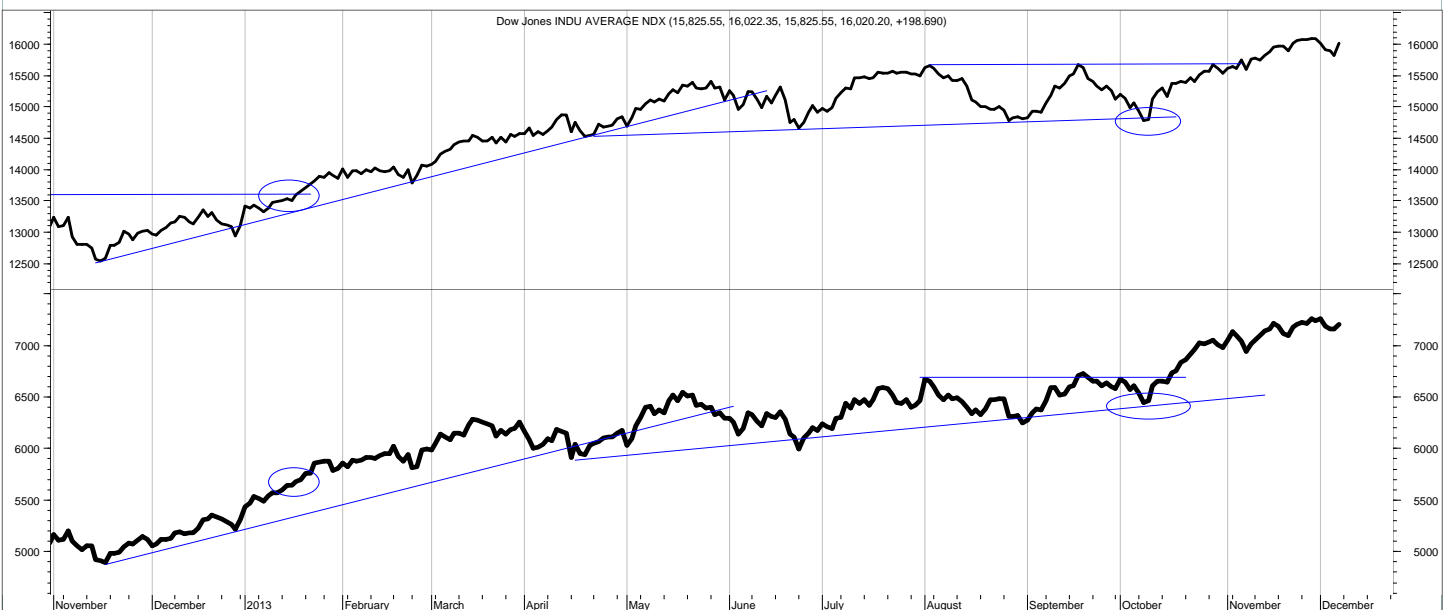
One scenario is that the economic numbers are strong enough to move the taper needle, but the current chairman may still want to do nothing. His term expires January 31 2014 and Janet Yellen will begin her term. Why not let his prede-

cessor take over "as is"?

If that scenario plays out, then bonds may start to rally. See page 2.

To be clear, however, I believe the 30-year secular bond bull market is over. So, bonds

(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	1.0%	0.4%	1.4	2.3	-0.3	-0.4%
ETF Growth Portfolio	24.5%	24.1%	11.8	8.4	0.4	-0.9%
Index						
Aggrgt Bond (AGG)	-4.2%	-4.5%	-1.8	1.3	-0.2	-0.8%
S&P 500 TR (SPY)	29.8%	28.5%	9.8	9.0	2.1	0.0%
World Growth Index	27.4%	27.8%	12.1	9.0	2.5	-0.4%

CONTENTS

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

Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 12/6/2013							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 12/9	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total	
28-Oct	sell	PCY	27.95	1,300	36,325	AGG	106.50						0.0%	
28-Oct	sell	LQD	115.43	300	34,619									
25-Nov	buy	AGG	107.30	537	57,630									
moves about 50% of total portfolio into AGG														
2-Dec	buy IF	PCY	>\$26.90	1,100										
this might move about 25% of total portfolio														
4-Dec	sell	AGG	106.68	537	57,277	PCY	26.50						0.0%	
9-Dec	buy	AGG	106.80	537	57,362									
9-Dec	buy	PCY	27.00	2,120	57,250									
these two will move the portfolio to fully invested														
										Money Market	1.00	114,968	114,968.00	100.0%
												Total Valuation=	114,968.00	100.0%

WEEKLY REVIEW

12/9 We were stopped out of the AGG position, but we'll get back in with another close stop. We will also buy PCY with a close stop.

12/2 As noted on page 5, PCY is potentially setting up for a reversal. I will buy if it closes back above \$26.90 this week. If it doesn't, continue to stand aside.

Watch the close stop on AGG. The economy may be much stronger than expected.

11/25 Partially reentering the bond market using AGG, as noted above.

11/18 The bond market is bouncing off its oversold condition. Will wait for reentry signals.

11/11 No changes.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Income Portfolio	4.8%	3.6	4.8	1.0	15.0	4.5
Aggregate Bond	2.5%	4.3	0.9	-4.2	3.3	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 (pending change)

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
iShares 1-3yr Trsry	SHY	BS	0.03	0.03	-0.07	-0.03	-0.10	0.08	84.28	*****
Vngrd ShrtTrm Bond	BSV	BS	-0.19	-0.45	-0.60	-0.38	-0.27	0.23	79.96	*****
iShares 3-7yr Trsry	IEI	BI	-2.51	-2.67	-2.49	-1.82	-0.77	0.51	119.88	****
iShares Agg Bond	AGG	BI	-2.85	-3.32	-3.05	-2.12	-0.83	0.61	106.01	****
iShares Inter Bond	MBB	BI	-3.09	-2.81	-2.91	-1.77	-0.67	0.43	104.17	****
iShares Inter Gov	GVI	BI	-1.51	-2.04	-1.92	-1.35	-0.64	0.46	109.11	****
Wtree Dryfs Chns Yuan	CYB	BF	4.62	2.26	2.23	0.54	0.42	0.42	26.16	****
Currency Euro	FXE	BF	4.69	1.36	1.04	1.60	-0.68	1.85	130.84	***
iShares 10-20yr Trsry	TLH	BL	-8.69	-8.69	-6.33	-4.80	-0.97	1.55	123.42	**
iShares 7-10yr Trsry	IEF	BI	-6.40	-6.61	-5.56	-4.27	-1.42	1.08	100.26	**
iShares High Yld	HYG	BH	5.38	2.88	0.18	-0.17	-1.27	1.56	90.87	**
iShares Intrntl Tbond	IGOV	BW	-1.59	-3.73	-1.85	-0.50	-0.73	1.54	97.93	**
iShares Long Corp Bond	LQD	BL	-2.90	-4.84	-4.30	-3.17	-1.00	1.39	112.68	**
iShares Trsry Infltn	TIP	BI	-7.29	-8.84	-7.78	-4.71	-1.83	1.18	110.64	**
PS 1-30 Ldr Trsry	PLW	BI	-8.64	-8.31	-5.99	-4.31	-0.96	1.45	29.88	**
PS Bld America	BAB	BI	-5.98	-7.40	-8.54	-7.83	-1.41	1.59	27.14	**
PS DB Dollar Bearish	UDN	BF	-1.27	-2.51	0.04	1.65	-0.49	1.29	26.42	**
PS DB Dollar Bullish	UUP	BF	-0.49	1.23	-0.80	-1.86	0.41	1.28	22.19	**
PS DB G10 Currency	DBV	BF	-0.76	-4.00	-7.09	-6.64	-2.44	1.72	24.75	**
PS Fdmntl Hi Yield Corp	PHB	BH	3.25	1.31	-0.10	-0.99	-0.88	1.23	18.71	**
PS Insrđ CA Muni	PWZ	BI	-6.48	-9.21	-8.53	-7.65	-2.25	1.29	22.72	**
PS Insrđ 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	**
Vngrđ Intrmđt Bond	BND	BI	-2.94	-3.28	-2.96	-2.12	-0.86	0.62	79.99	**
Wtree Dryfs Comđty 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 Insrđ 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.

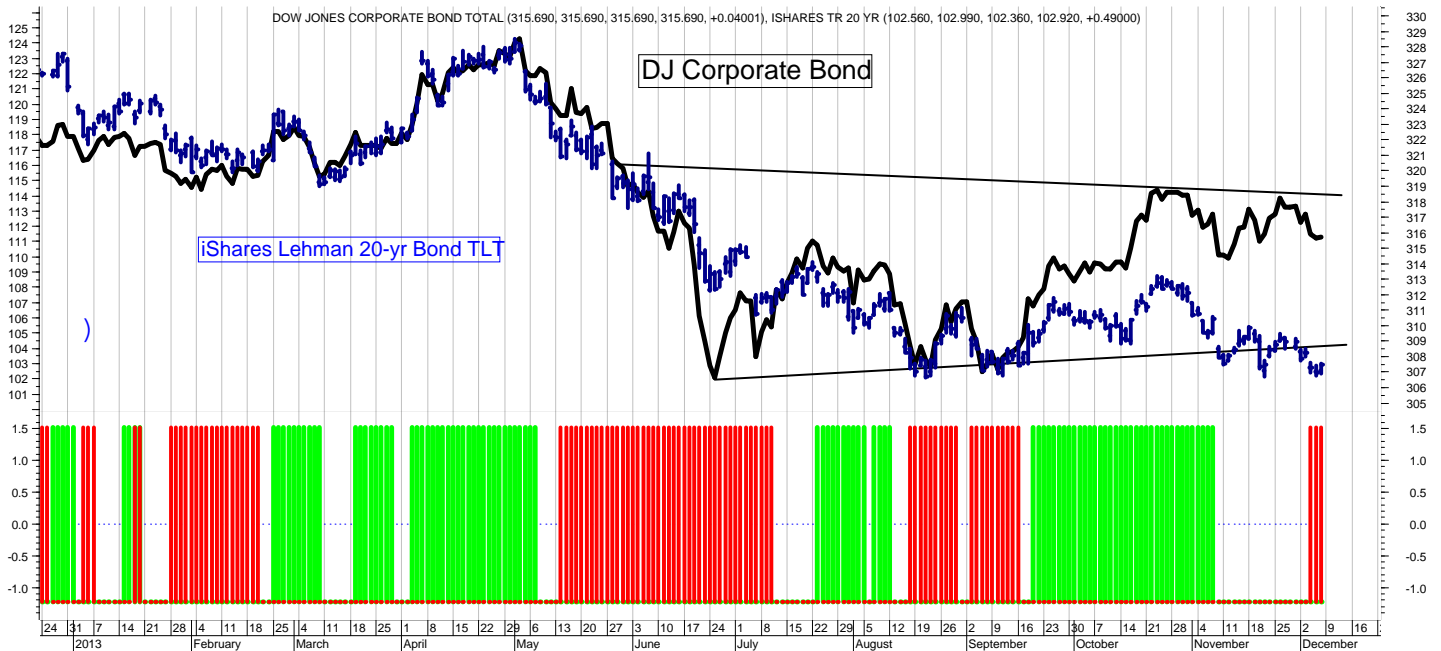
ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

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

12/9 Bonds may be at a cross road. If the Fed announces its tapering program, presumably bonds will sell off quickly and sharply. If it doesn't, they should rally for a bit longer.

12/2 No changes.

11/25 Will look to reenter a bond position as noted on page 2.

11/18 Bonds are retracing some of their oversold condition. Yellen's speech reaffirmed the possibility that tapering will be pushed out into 2014. So, bonds are rallying, but the underlying fundamental news appears to be suggesting that the top is in place.

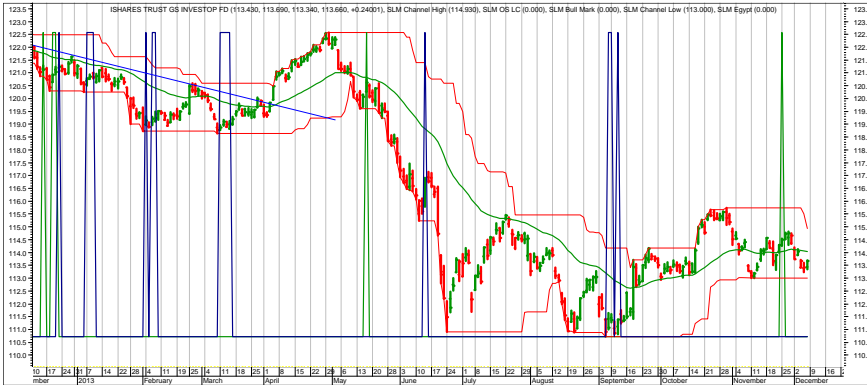
11/11 Bonds have sold off sharply the last few weeks on better economic news (leading economic indicators up and employment gains). Talk of Fed tapering has picked up.

11/4 Will watch for reentry points on pullbacks to recent trend line.

10/28 Taking some profits, as the market looks extended and topy, but will look to reenter on pullbacks.

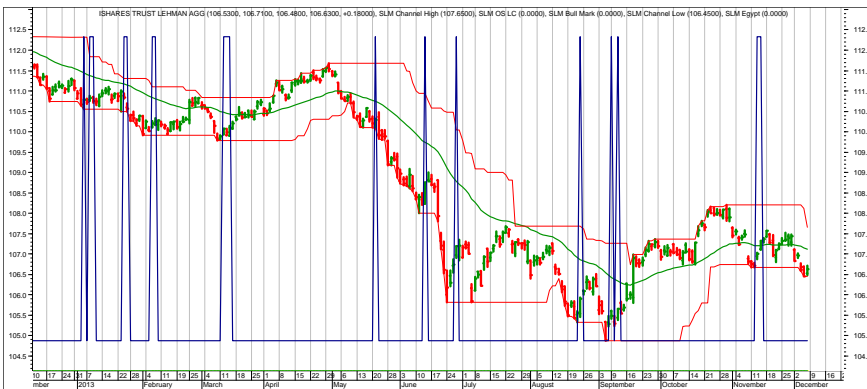
10/21 Rally still on, as market starts to focus on new Chairman Yellen policies to maintain accommodative Fed.

Income Charts (DAILY)



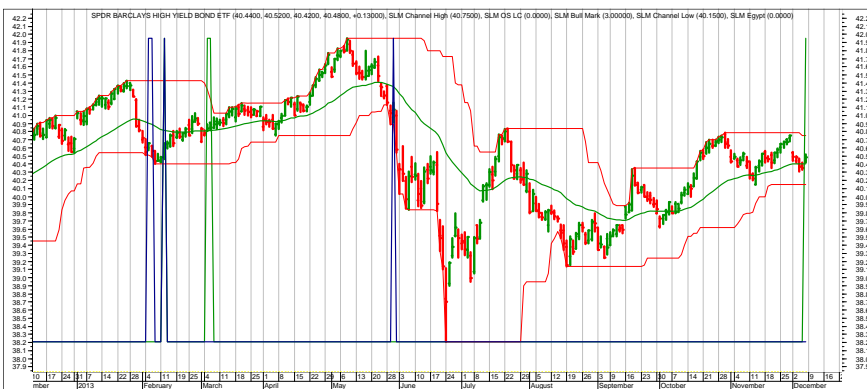
LQD—Investment Grade Corporate

12/9 No changes.
 11/2 No changes.
 11/25 No change here.
 11/18 Still on the sidelines.
 11/11 Watch for entry points.
 11/4 No changes.
 10/28 Short-term pause and pullback expected.



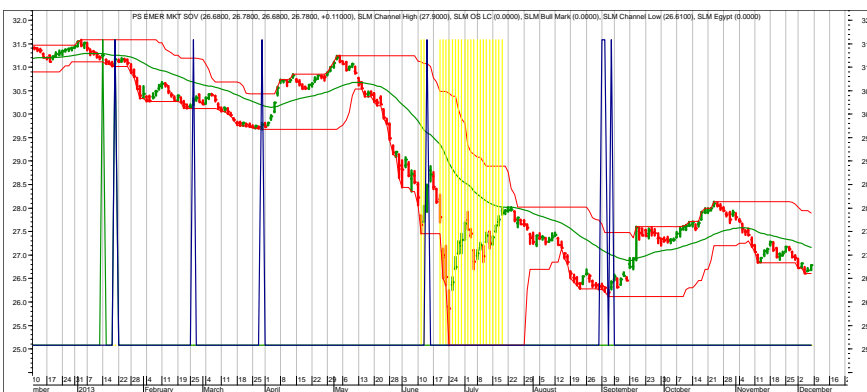
AGG—Aggregate Bond Market

12/9 Buy as noted on page 2.
 11/2 No changes.
 11/25 Looking to buy AGG on the pullback.
 11/18 Holding off.
 11/11 Watch for entry points.
 11/4 No changes.
 10/28 Short-term top expected.
 10/21 No changes.
 10/14 No changes.



JNK—hi-yield bonds

12/9 No changes.
 12/2 Missed the pullback (circled area), I had thought it would be deeper. Won't chase here.
 11/25 No changes.
 11/18 No changes.
 11/11 Pulling back.
 11/4 Watch for pullback on which to buy.
 10/28 Short-term pause expected.



PCY—International Bonds

12/9 Buy as shown on page 2.
 12/2 Not shown is today's action (Monday). The price has dipped below the 3 pullbacks. Stops are being taken out. So watch for a reversal from here. See page 2.
 11/25 No changes.

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:			12/6/2013			
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
18-Nov	buy	EEM	42.68	17	736	World Growth							
18-Nov	buy	EFA	66.18	11	738	EEM		Emrg Mrkt	43.03	41.94	179.440	7,525.71	5.3%
18-Nov	buy	IWM	110.07	6	670	EFA		Euro Asia	55.55	65.37	116.060	7,586.84	5.4%
18-Nov	buy	QQQ	83.10	8	675	IWM		Rusl 2000	82.54	112.48	70.960	7,981.58	5.7%
18-Nov	buy	SPY	179.42	4	728	QQQ		Nsdq 100	65.12	86.00	96.280	8,280.08	5.9%
18-Nov	buy	DFE	53.74	13	709	SPY		S&P 500	142.47	180.94	44.820	8,109.73	5.8%
18-Nov	buy	EWP	36.99	19	713	C-lect 5							
18-Nov	buy	PGJ	29.70	23	693	DFE			53.54	54.53	145.300	7,923.21	5.6%
18-Nov	buy	PNQI	63.66	11	710	EWP			37.66	36.46	209.000	7,620.14	5.4%
18-Nov	buy	TAN	39.50	17	682	PGJ			27.97	29.29	257.670	7,547.15	5.4%
This is an incremental buy of 5% of total portfolio. (0.5% in each WGM and C-lect 5 position) (about \$709 in each)						PNQI			60.74	64.68	118.000	7,632.24	5.4%
So, the portfolio will be about 56% invested and 44% cash.						TAN			30.50	35.53	230.000	8,171.90	5.8%
						Two potential ways to sell: Stop loss is roughly 9% below current level or timing model may signal sell.							
						C-lect Short (under construction)							
						Cash from short							
						1.00 - - 0.0%							
						Money Market							
						1.00 62,358 62,358.00 44.3%							
						Total Valuation= 140,736.59 100.0%							

WEEKLY REVIEW

12/9 No changes. The stop is 9% away, so the 'window to buy' is closed.

12/2 No changes. See page 11.

11/25 No portfolio changes. I still expect to continue to accumulate on pullbacks with the expectation thereafter of higher prices. On the other hand, the portfolio may go back 100% to cash on one of two events. It may either be stopped out, at roughly 8% lower prices. Or the timing model itself may signal sell.

[Corrected information on 11/18 buy from 1% to 0.5%.]

11/18 Given that things are in gear, I will redeploy some of the cash into the positions. I am buying 0.5% in each, which is about 5% of the total portfolio. As well, the difference between where the portfolios is and its sell stop has narrowed to 6% from 9% over the last couple weeks. No other changes.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	-2.1	24.5	40.8	7.9
World Growth Index	17.2%	-4.2	14.3	27.4	63.5	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>
Guggnhm Solar	TAN	EA	15.78
PS Gldn Drgn USX China	PGJ	EW	11.57
PS NASDAQ Intrnt	PNQI	EA	9.68
W tree Eur SC Div	DFE	EW	9.53
iShares Spain	EW P	EW	8.40
PS S&P SmICap Hlth Care	PSCH	EA	7.96
PS Gbl Clean Enrgy	PBD	EW	7.40
Guggnhm China All	YAO	EW R	6.60
iShares Italy Indx	EW I	EW	6.51
Guggnhm China SmI	HAO	EW R	6.49
Guggnhm Spin Off	CSD	EMC	6.38
Guggnhm Shipping	SEA	EA	6.37
iShares Slct Div	IDV	ELC	6.34
iShares South Korea Indx	EW Y	EW	6.06
PS S&P SmICap Energy	PSCE	EA	5.94
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	5.33
SPDR Euro Stoxx 50	FEZ	EW	5.26
W tree Intrntl SC Div	DLS	EW	5.24
iShares EMU Indx	EZU	EW	5.22
PS Dynmc Biotech	PBE	EA	5.17
PS S&P SmICap Info Tech	PSCT	EA	5.09
PS Dynmc Pharma	PJP	EA	5.08
PS WilderHill Cln Enrgy	PBW	EA	5.01
iShares Germany Indx	EW G	EW	4.96
W tree DEFA Eqty Incm	DTH	EW	4.70
W tree Intrntl Div Ex Fincl	DOO	EW	4.62
Guggnhm BRIC	EEB	EW	4.58
PS S&P SmICap Indstrils	PSCI	EA	4.57
PS QQQ	QQQ	ELC	4.54
PS Aerospace & Def	PPA	EA	4.51
iShares China	FXI	EW	4.46
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	4.40
PS Cleantech	PZD	EA	4.33
iShares Australia	EW A	EW	4.26
PS FTSE RAFI Asia Pac xJpn	PAF	EW	4.00
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	3.65
PS Gbl Water	PIO	EW	3.57
W tree DEFA	DW M	EW	3.56
PS FTSE RAFI Dvlp Mrkt xUSA SmI	PDN	EW	3.48
Market Vectors Russia	RSX	EW	3.40
W tree Intrntl LC Div	DOL	EW	3.21
PS Dyn Mrkt	PW C	ELC	3.19
Select SPDR Indl	XLI	EA	3.16
PS Dynmc Media	PBS	EA	3.05
PS Gbl Listd Prvt Eqty	PSP	EW	3.05
Vngrd European Indx	VGK	EW	3.05
iShares Pacific ex Jpn	EPP	EW	3.01
iShares Europe 350	IEV	EW	2.95
PS S&P SmICap Cnsm r Dis	PSCD	EA	2.90
PS Dynmc Lrg Cap Grth	PW B	ELC	2.87

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

Market Vectors Oil Services	OIH	EA	2.74
Wtree Intrntl MC Div	DIM	EW	2.73
PS Dynmc Leisure & Enter	PEJ	EA	2.62
PS Dynmc Fncl	PFI	EA	2.62
PS Dynmc Energy Explor	PXE	EA	2.58
PS BLDR Europe 100 ADR	ADRU	EW	2.47
Guggnhm Timber	CUT	EA	2.32
PS Dynmc Networking	PXQ	EA	2.25
Select SPDR MatrIs	XLB	EA	2.23
PS Dynmc Energy	PXI	EA	2.18
PS S&P SmICap Mtrls	PSCM	EA	2.15
SPDR S&P Regional Banking	KRE	EA	2.13
Vngrd Europe Pacific	VEA	EW	2.13
SPDR S&P Metals & Mining	XME	EA	2.07
PS Dynmc Healthcare	PTH	EA	2.04
PS S&P SmICap Cnsmr Stpl	PSCC	EA	1.96
PS Buyback Achievers	PKW	EGI	1.92
Wtree Gbl Eqty Incm	DEW	EW	1.86
PS FTSE RAFI Emrg Mrkt	PXH	EW	1.85
Vngrd Tech	VGT	EA	1.79
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	1.78
Vngrd Materials	VAW	EA	1.76
Select SPDR Cnsmr Disc	XLY	EA	1.68
PS Dynmc Oil & Gas Srvcs	PXJ	EA	1.68
Wtree MidCap Earn	EZM	EMC	1.67
Vngrd Cnsmr Dis	VCR	EA	1.67
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	1.66
PS Dynmc Software	PSJ	EA	1.66
PS Dynmc Retail	PMR	EA	1.65
iShares EAFE Indx	EFA	EW	1.65
Vngrd TTL Intrntl Stk	VXUS	EW	1.59
Vngrd Health	VHT	EA	1.53
Select SPDR Health	XLV	EA	1.52
PS Water Resources	PHO	EA	1.43
Wtree Emrg Mrkt Eincm	DEM	EW	1.41
Wtree Intrntl Utilities	DBU	EW	1.38
SPDR DJ Gbl Titans	DGT	EW	1.36
PS FTSE RAFI US 1500 SmI-Mid	PRFZ	EMC	1.31
Vngrd Small Cap Grth	VBK	ESC	1.30
iShares Brazil Indx	EWZ	EW	1.24
iShares Russell 1000 Grwth Indx	IWF	ELC	1.23
Guggnhm Intrntl A Incm	HGI	EW	1.17
iShares Hong Kong Indx	EW H	EW	1.13
PS Dyn MagniQuant	PIQ	ELC	1.04
iShares Emrg Mrkt Stk	EEM	EW	1.03
Guggnhm Gbl Wtr	CGW	EW	1.01
Guggnhm RJ All	RYJ	ELC	0.99
PS Dyn OTC	PWO	ESC	0.98
Select SPDR Technlgy	XLK	EA	0.98
Vngrd Grth	VUG	ELC	0.95
PS Dynmc Basic MatrI	PYZ	EA	0.89
iShares Russell 2000	IWM	ESC	0.81
Guggnhm Gbl Div	LVL	EW	0.78
SPDR S&P Retail	XRT	EA	0.75
Wtree SmI Cap Div	DES	ESC	0.73

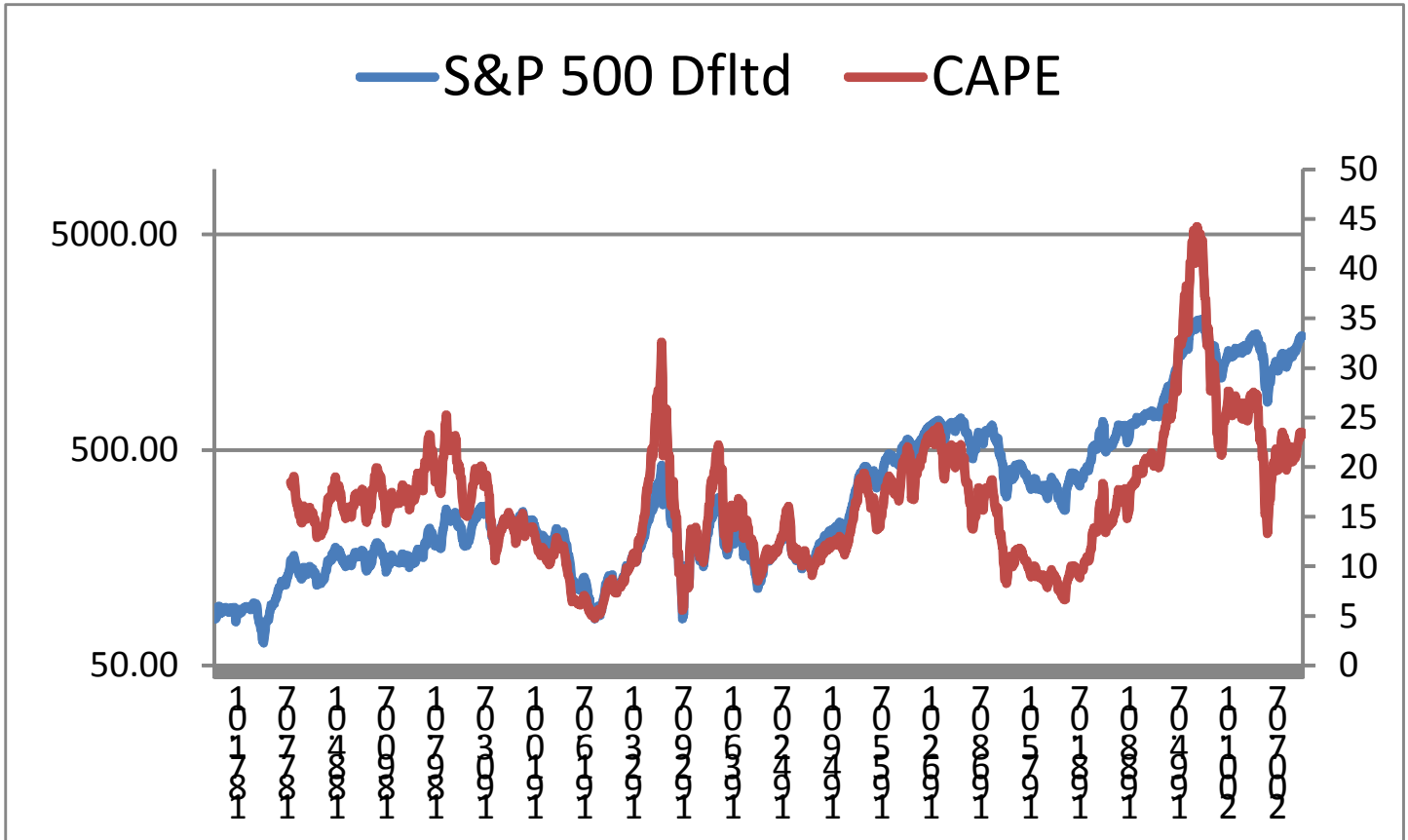
ETF Rankings by C to previous week's end

PS Dynmc Technology	PTF	EA	0.71
PS BLDR Asia 50 ADR	ADRA	EW	0.71
iShares Taiwan Indx	EW T	EW	0.65
Vngrd Extnd 4500	VXF	ELC	0.60
Wtree S&P 500	EPS	ELC	0.57
PS Dynmc Semicndctr	PSI	EA	0.50
PS Dynmc Consmr Discr	PEZ	EA	0.50
PS Zacks Micro Cap	PZI	ESC	0.45
iShares Core S&P 500	IVV	ELC	0.42
SPDR S&P 500	SPY	ELC	0.40
iShares S&P 100 Indx	OEF	ELC	0.38
Guggnhm Frntr	FRN	EW	0.29
Market Vectors Semiconductor	SMH	EA	0.29
Vngrd Small Cap Value	VBR	ESC	0.28
PS WilderHill Prgsv Enrgy	PUW	EA	0.28
Vngrd Large Cap	VV	ELC	0.25
Vngrd TTL Stock	VTI	ELC	0.22
Guggnhm MidCap Core	CZA	EMC	0.21
Wtree Ttl Earn	EXT	ELC	0.19
SPDR S&P Bank	KBE	EA	0.19
iShares Russell 2000 Value Indx	IW N	ESC	0.14
Vngrd Small Cap	VB	ESC	0.14
Vngrd Div Apprctn	VIG	EGI	0.12
iShares DJ Slct Div	DVY	EGI	0.11
PS DWA Tech Ldr	PDP	ELC	-0.02
Vngrd Emrg Mrkt	VW O	EW	-0.02
PS S&P SmICap Fincl	PSCF	EA	-0.02
Wtree MidCap Div	DON	EMC	-0.09
iShares Canada	EW C	EW	-0.14
Select SPDR Enrgy	XLE	EA	-0.16
iShares Russel MidVal	IW S	EMC	-0.18
Wtree LrgCap Div	DLN	ELC	-0.20
Vngrd MidCap Val	VO	EMC	-0.20
PS Dynmc Lrg Cap Value	PW V	ELC	-0.23
Guggnhm Insdrr Sent	NFO	EMC	-0.24
iShares Russell 1000 Value Indx	IW D	ELC	-0.30
iShares Core S&P Mid Cap	IJH	EMC	-0.33
SPDR Mid Cap Trust	MDY	EMC	-0.38
Select SPDR Div	SDY	EGI	-0.42
Vngrd Consmr Stpls	VDC	EA	-0.43
Wtree Div Ex Fincl	DTN	ELC	-0.44
PS Hi Yld Eqty Div	PEY	EGI	-0.44
PS Intrntl Dvdnd	PID	EW	-0.44
Select SPDR Cnsmr Stpl	XLP	EA	-0.46
iShares Latin Amr	ILF	EW	-0.46
Wtree Middle East Div	GULF	EW	-0.62
PS Dividend Achievers	PFM	EGI	-0.65
PS S&P 500 BuyWrite	PBP	ELC	-0.68
PS Dynmc Bldg Cnstrctn	PKB	EA	-0.70
Wtree Eqty Income	DHS	EGI	-0.73
Wtree Japan SC Div	DFJ	EW R	-0.74
Guggnhm Multi Ast In	CVY	EV	-0.75
PS DB Commodity	DBC	EA	-0.81
PS Dynmc Consmr Staples	PSL	EA	-0.87
PS Emrg Mrkt Infrastrctr	PXR	EW	-0.97

ETF Rankings by C to previous week's end

SPDR DJ Industrials	DIA	ELC	-1.01
Guggnhm Candn Enrg Incm	ENY	EWR	-1.01
Select SPDR Financs	XLF	EA	-1.01
PS DB Oil	DBO	EA	-1.02
Vngrd Fincl Srv	VFH	EA	-1.04
Guggnhm Dfnsv Eqty	DEF	EV	-1.05
PS S&P 500 LowVolatility Portfolio	SPLV	ELC	-1.12
Alerian MLP	AMLP	EGI	-1.19
Wtree World Ex US Grth	DNL	EW	-1.24
PS DB Agriculture	DBA	EA	-1.26
iShares Prfrd	PFF	EGI	-1.27
PS DB Energy	DBE	EA	-1.30
PS Dynmc Utilities	PUI	EA	-1.32
PS Fincl Pfd	PGF	EGI	-1.33
Guggnhm China REIT	TAO	EWR	-1.47
Wtree Emrg Mrkt SC Div	DGS	EW	-1.52
PS Gbl Agriculture	PAGG	EA	-1.55
Wtree Japan Hedge Eqty	DXJ	EC	-1.57
iShares Malaysia Indx	EW M	EW	-1.57
iShares Japan	EW J	EW	-1.61
PS Dynmc Food & Bev	PBJ	EA	-1.61
Wtree India	EPI	EWR	-1.66
Wtree Intrntl REIT	DRW	ERE	-1.66
PS MENA Frntr Countries	PMNA	EW	-1.73
iShares Singapore	EW S	EW	-1.92
Select SPDR Utilities	XLU	EA	-2.04
SPDR S&P Homebuilders	XHB	EA	-2.07
PS Lux Nanotech	PXN	EA	-2.11
Vngrd Utilities	VPU	EA	-2.12
PS S&P SmICap Utilties	PSCU	EA	-2.12
PS India	PIN	EW	-2.46
PS DB Base Metals	DBB	EG	-2.77
Pro Shares Short S&P 500	SH	EC	-3.25
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-3.63
SPDR Gold	GLD	EG	-3.65
iShares Gold	IAU	EG	-3.65
PS DB Precious Metals	DBP	EG	-3.73
US Oil Fund	USO	EA	-3.99
PS DB Gold	DGL	EG	-4.00
iShares Silver	SLV	EG	-4.13
iShares REIT	IYR	ERE	-4.24
Vngrd REIT	VNQ	ERE	-4.32
iShares DJ US Home Constr.	ITB	EA	-4.38
PS US REIT	PSR	ERE	-4.42
SPDR Wlsh REIT	RWR	ERE	-4.56
PS DB Silver	DBS	EG	-4.71
iShares Cohen&Str REIT	ICF	ERE	-4.81
iShares Mexico	EW W	EW	-4.87
Pro Shares Short Russell 2000	RWM	ESC	-5.03
US Natural Gas	UNG	EA	-5.51
PS Gbl Gold Precious Mtls	PSAU	EG	-12.90
Market Vectors Gold Minors	GDX	EG	-20.16
Market Vectors Junior Gold Miners	GDXJ	EG	-35.51
iPath S&P 500 VIX Shrt Trm	VXX	EC	-37.91

CAPE



This is the deflated S&P 500 price and CAPE (cyclically adjusted 10-year PE ratio). Both are adjusted for inflation.

As you can see, whenever CAPE exceeds the 22 area, stocks are poised for a decline. CAPE is currently at 25.5.

Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

may rally here, but shouldn't get back to new highs (new rate lows). Those days are behind us, especially given the stronger current economic numbers. Plus the leading economic numbers continue to trend higher. Except for bounces, the primary secular trend is up for interest rates and down for bond prices.

As for stocks, they rallied on the positive economic news. The question here is whether this good news is factored in or not? With a PE (12-month as reported earnings) of 20 and a CAPE of 25 (10-year deflated averaged earnings, see page 11), the market is clearly anticipating good news. It

looks to be factored in already. CAPE was higher in 1929 and in 2000, but we know what happened next in those instances.

There is one possibility, however, where things "stay the same". If the economy begins to substantially accelerate its growth rate, then the overvaluation may subside without a corresponding plunge in stock prices. The "E" part of the ratio may improve, rather than the "P" part plunge.

So, those are a couple of scenarios to keep in mind in the next couple months.

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 World Growth Index, not the individual ETFs. Stops will be emailed when close or if triggered.

12/9 No changes.

12/2 As mentioned on page 11, a top test timing model is being constructed. This would be more timely than a trend-following approach.

11/25 No newsletter changes.

11/18 No newsletter changes.

11/11 No changes.

11/4 No changes.

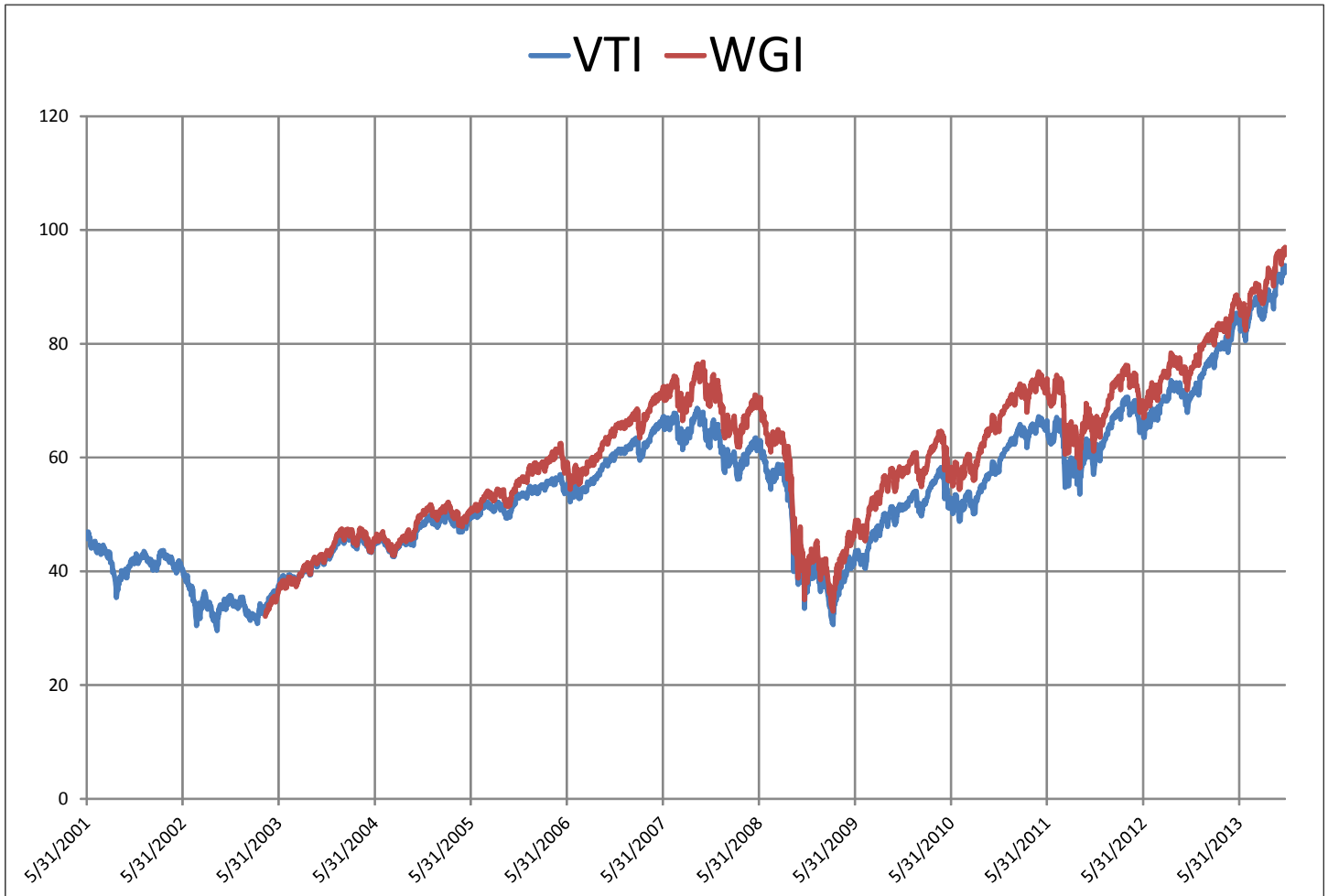
10/28 No changes.

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.

VTI and World Growth Index (reiteration)



The chart shows VTI and WGI from 5/1/2003 to the present. VTI is the Vanguard Total Stock Market ETF. It has less than 2% in non-domestic stocks. It is designed to mimic the US market. WGI is the World Growth Index that is made up of 20% each in EEM, EFA, IWM, QQQ, SPY.

As you can see, the two series track each other fairly closely, but because of the international component the WGI has periods of outperformance. The two are recently back in a neck and neck race because the domestic market is currently stronger than the international markets.

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. As mentioned, 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, defined as market closed).

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 (closed stock market) 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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