

# ETF Selections & Timing

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## Introductory Review

After a disastrous 2008 and first quarter 2009, the market spent the rest of 2009 in a recovery rally. The chart below shows the bear and bull markets and my thinking about them at the time.

Around January, 2009, I saw that the market was potentially tracing out a head and shoulders pattern (on the chart,

the H is Head and S is shoulder and N is the neckline. T is the Target measure therefrom). This pattern should be bullish.

Essentially this pattern shows fear, more fear, and maximum fear. But at that final maximum fear, the market should not drop to new lows. Instead, we should begin to see faint signs of recover in the

forms of index nonconfirmations, fiscal and monetary stimulus programs, and still worsening investor sentiment. My favorite adage was happening; that is, buy in fear and sell in greed.

But global events instead worsened, the first H&S pattern

*(Continued on bottom right on page 5 see REVIEW)*



The chart is the daily S&P 500 with green line a 200-day moving average.

### SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	0.0%					0.0%
ETF Growth Portfolio	0.0%					0.0%
Wilshire 5000	2.5%					2.5%

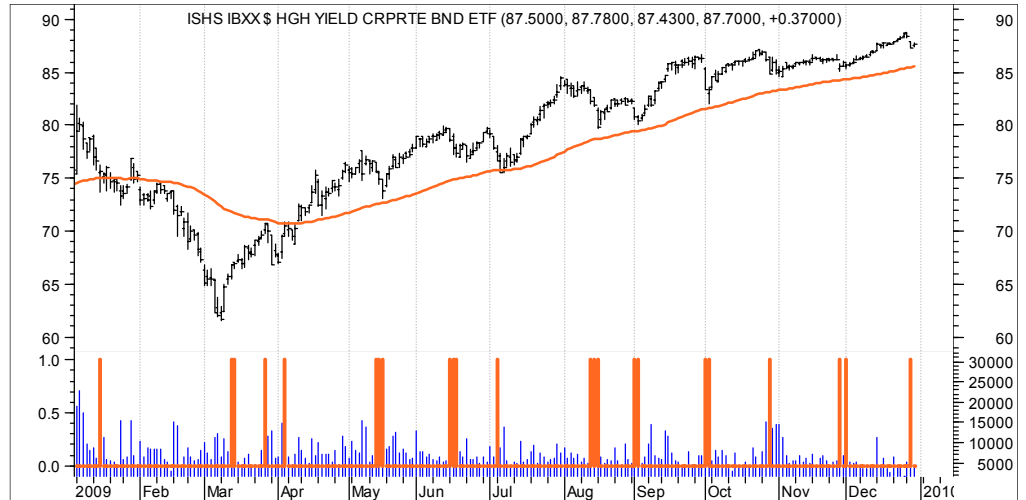
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# Income Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date:				1/8/2010	
Action Date	Action Symbol	Action Price	# of Shares	Action Value	Closing Stop Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total		
31-Dec											0.0%	
Money Market						1.00	100,000	100,000.00	100.0%			
								Total Valuation=		100,000.00	100.0%	

SYMBOL	NAV	RoC
HYG	87.84	7.43%
PHB	18.01	7.05%
TIP	103.90	-0.56%
PCY	25.53	-2.27%
BSV	79.54	-2.96%
BND	78.59	-3.71%
SHY	82.96	-4.28%
MBB	105.98	-4.63%
GVI	105.26	-4.74%
AGG	103.19	-6.49%
LQD	104.15	-6.90%
BWX	56.83	-11.57%
IEF	88.60	-12.17%
IEF	88.60	-12.17%
PLW	26.57	-13.10%
TLH	106.47	-13.67%
TLT	89.89	-17.15%



## WEEKLY REVIEW

No changes last week or for today.

# Growth Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 1/8/2010			
Action Date	Action Symbol	Action Price	# of Shares	Action Value	Closing Symbol	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
31-Dec										0.0%
					Money Market		1.00	100,000	100,000.00	100.0%
								Total Valuation=	100,000.00	100.0%

## WEEKLY REVIEW

No changes last week or for today.

See performance rankings of the equity oriented ETFs on page five.

# ETF Database

Exchange Traded Fund	Symbol	Base	Provider	Exchange Traded Fund	Symbol	Base	Provider
streetTRACKS DJ Global Titans ETF	DGT	Broad	streetTRACKS	iShares MSCI United Kingdom Index Fund	EWU	Intrntl	iShares
DIAMONDS	DIA	Broad	PDR Services LLC	iShares MSCI-Mexico	EWW	Intrntl	BGI
streetTRACKS DJ Wilshire Small Cap ETF	DSC	Broad	streetTRACKS	iShares MSCI-South Korea Index Fund	EWY	Intrntl	iShares
streetTRACKS DJ Wilshire Small Cap Growth ETF	DSG	Broad	streetTRACKS	iShares MSCI-Brazil Index Fund	EWZ	Intrntl	iShares
streetTRACKS DJ Wilshire Small Cap Value ETF	DSV	Broad	streetTRACKS	iShares MSCI-South Africa	EZA	Intrntl	BGI
iShares Dow Jones Select Dividend Index Fund	DVY	Broad	BGI	iShares MSCI-EMU	EZU	Intrntl	BGI
streetTRACKS DJ Wilshire Large Cap Growth ETF	ELG	Broad	streetTRACKS	streetTRACKS Dow Jones STOXX 50 Index Fund	FEU	Intrntl	streetTRACKS
streetTRACKS DJ Wilshire Large Cap ETF	ELR	Broad	streetTRACKS	streetTRACKS Dow Jones EURO STOXX 50 Index Fund	FEZ	Intrntl	NA
streetTRACKS DJ Wilshire Large Cap Value ETF	ELV	Broad	streetTRACKS	iShares FTSE/Xinhua China 25 Index Fund	FXI	Intrntl	BGI
streetTRACKS DJ Wilshire Mid Cap Growth ETF	EMG	Broad	streetTRACKS	iShares S&P Europe 350 Index Fund	IEV	Intrntl	iShares
streetTRACKS DJ Wilshire Mid Cap ETF	EMM	Broad	streetTRACKS	iShares S&P Latin America 40	ILF	Intrntl	BGI
streetTRACKS DJ Wilshire Mid Cap Value ETF	EMV	Broad	streetTRACKS	iShares S&P/TOPIX 150	ITF	Intrntl	BGI
First Trust Dow Jones Select MicroCap Index Fund	FDM	Broad	First Trust ETF	Vanguard European VIPERs	VGK	Intrntl	Vanguard
streetTRACKS Gold Shares	GLD	Broad	streetTRACKS	Vanguard Pacific VIPERs	VPL	Intrntl	Vanguard
iShares COMEX Gold Trust	IAU	Broad	iShares	Vanguard Emerging Markets VIPERs	VWO	Intrntl	Vanguard
iShares S&P MidCap 400 Index Fund	IJH	Broad	iShares	iShares Nasdaq Biotechnology	IBB	Sector	BGI
iShares S&P MidCap 400 Value Index Fund	IJJ	Broad	iShares	iShares Cohen & Steers Realty Majors	ICF	Sector	BGI
iShares S&P MidCap 400 Growth Index Fund	IJK	Broad	iShares	iShares Dow Jones U.S. Utilities Sector Index Fund	IDU	Sector	iShares
iShares S&P SmallCap 600 Index Fund	IJR	Broad	iShares	iShares Goldman Sachs Natural Resources	IGE	Sector	BGI
iShares S&P SmallCap 600 Value Index Fund	IJS	Broad	iShares	iShares Goldman Sachs Technology	IGM	Sector	BGI
iShares S&P SmallCap 600 Growth Index Fund	IJT	Broad	iShares	iShares Goldman Sachs Networking	IGN	Sector	BGI
iShares S&P 1500 Index Fund	ISI	Broad	iShares	iShares Goldman Sachs Software	IGV	Sector	BGI
iShares S&P 500 Value Index Fund	IVE	Broad	iShares	iShares Goldman Sachs Semiconductor	IGW	Sector	BGI
iShares S&P 500 Index	IVV	Broad	iShares	iShares S&P Global Energy Sector	IXC	Sector	BGI
iShares S&P 500 Growth Index Fund	IWW	Broad	iShares	iShares S&P Global Financial Sector	IXG	Sector	BGI
iShares Russell 1000	IWB	Broad	BGI	iShares S&P Global Healthcare Sector	IXJ	Sector	BGI
iShares Russell 1000 Value	IWD	Broad	BGI	iShares S&P Global Information Technology Sector	IXN	Sector	BGI
iShares Russell 1000 Growth	IWF	Broad	BGI	iShares S&P Global Telecommunications Sector	IXP	Sector	BGI
iShares Russell 2000	IWM	Broad	BGI	iShares Dow Jones U.S. Consumer Services Sector Index Fund	IYC	Sector	iShares
iShares Russell 2000 Value	IWN	Broad	BGI	iShares Dow Jones U.S. Energy Sector Index Fund	IYE	Sector	iShares
iShares Russell 2000 Growth	IWO	Broad	BGI	iShares Dow Jones U.S. Financial Sector Index Fund	IYF	Sector	iShares
iShares Russell Midcap Growth Index Fund	IWP	Broad	BGI	iShares Dow Jones U.S. Financial Services Index Fund	IYG	Sector	iShares
iShares Russell Midcap Index Fund	IWR	Broad	BGI	iShares Dow Jones U.S. Healthcare Sector Index Fund	IYH	Sector	iShares
iShares Russell Midcap Value Index Fund	IWS	Broad	BGI	iShares Dow Jones U.S. Industrial Sector Index Fund	IYJ	Sector	iShares
iShares Russell 3000	IWV	Broad	BGI	iShares Dow Jones U.S. Consumer Goods Sector Index Fund	IYK	Sector	iShares
iShares Russell 3000 Value	IWW	Broad	BGI	iShares Dow Jones U.S. Basic Materials Sector Index Fund	IYM	Sector	iShares
iShares Russell 3000 Growth	IWZ	Broad	BGI	iShares Dow Jones U.S. Real Estate Index Fund	IYR	Sector	iShares
iShares Dow Jones U.S. Total Market Index	IYY	Broad	iShares	iShares Dow Jones Transportation Average Index Fund	IYT	Sector	iShares
MidCap SPDRs	MDY	Broad	PDR Services LLC	iShares Dow Jones U.S. Technology Sector Index Fund	IYW	Sector	iShares
iShares S&P 100 Index Fund	OEF	Broad	BGI	iShares Dow Jones U.S. Telecommunications Sector Index Fund	IYZ	Sector	iShares
SPDR O-Strip ETF	OOO	Broad	State Street	streetTRACKS KBW Bank ETF	KBE	Sector	streetTRACKS
PowerShares WilderHill Clean Energy Portfolio	PBW	Broad	PowerShares ETF	streetTRACKS KBW Capital Markets ETF	KCE	Sector	streetTRACKS
PowerShares High Yield Equity Dividend Achievers Portfolio	PEY	Broad	PowerShares ETF	streetTRACKS KBW Insurance ETF	KIE	Sector	streetTRACKS
PowerShares Dividend Achievers Portfolio	PFM	Broad	PowerShares ETF	streetTRACKS Morgan Stanley Technology ETF	MTK	Sector	streetTRACKS
PowerShares Golden Dragon Halter USX China Portfolio	PGJ	Broad	PowerShares ETF	PowerShares Dynamic Biotechnology & Genome Portfolio	PBE	Sector	PowerShares ETF
PowerShares High Growth Rate Dividend Achievers Portfolio	PHJ	Broad	PowerShares ETF	PowerShares Dynamic Food & Beverage Portfolio	PBJ	Sector	PowerShares ETF
PowerShares International Dividend Achievers Portfolio	PID	Broad	PowerShares ETF	PowerShares Dynamic Media Portfolio	PBS	Sector	PowerShares ETF
PowerShares Value Line Timeliness Select Portfolio	PIV	Broad	PowerShares ETF	PowerShares Dynamic Leisure & Entertainment Portfolio	PEJ	Sector	PowerShares ETF
PowerShares Dynamic Large Cap Growth Portfolio	PWB	Broad	PowerShares ETF	PowerShares Dynamic Water Resource Portfolio	PHO	Sector	PowerShares ETF
PowerShares Dynamic Market Portfolio	PWC	Broad	PowerShares ETF	PowerShares Dynamic Hardware & Consumer Electronics Portfolio	PHW	Sector	PowerShares ETF
PowerShares Dynamic Mid Cap Growth Portfolio	PWJ	Broad	PowerShares ETF	PowerShares Dynamic Insurance Portfolio	PIC	Sector	PowerShares ETF
PowerShares Dynamic OTC Portfolio	PWO	Broad	PowerShares ETF	PowerShares Dynamic Pharmaceuticals Portfolio	PJP	Sector	PowerShares ETF
PowerShares Dynamic Mid Cap Value Portfolio	PWP	Broad	PowerShares ETF	PowerShares Dynamic Building & Construction Portfolio	PKB	Sector	PowerShares ETF
PowerShares Dynamic Small Cap Growth Portfolio	PWT	Broad	PowerShares ETF	streetTRACKS Morgan Retail Portfolio	PMR	Sector	PowerShares ETF
PowerShares Dynamic Large Cap Value Portfolio	PWV	Broad	PowerShares ETF	PowerShares Aerospace & Defense Portfolio	PPA	Sector	PowerShares ETF
PowerShares Dynamic Small Cap Value Portfolio	PWY	Broad	PowerShares ETF	PowerShares Dynamic Semiconductors Portfolio	PSI	Sector	PowerShares ETF
PowerShares Zacks Micro Cap Portfolio	PZI	Broad	PowerShares ETF	PowerShares Dynamic Software Portfolio	PSJ	Sector	PowerShares ETF
Nasdaq-100 Index Tracking Stock	QQQQ	Broad	Nasdaq Financial Products	PowerShares Dynamic Telecom & Wireless Portfolio	PTE	Sector	PowerShares ETF
Rydex S&P Equal Weight ETF	RSP	Broad	Rydex ETF	PowerShares Dynamic Utilities Portfolio	PUI	Sector	PowerShares ETF
SPDR Dividend ETF	SDY	Broad	NA	PowerShares Dynamic Energy Exploration & Production Portfolio	PXE	Sector	PowerShares ETF
SPDRs	SPY	Broad	PDR Services LLC	PowerShares Dynamic Oil Services Portfolio	PXJ	Sector	PowerShares ETF
streetTRACKS DJ Wilshire Total Market ETF	TMW	Broad	streetTRACKS	PowerShares Lux Nanotech Portfolio	PXN	Sector	PowerShares ETF
Vanguard Small-Cap VIPERs	VB	Broad	Vanguard	PowerShares Dynamic Networking Portfolio	PXQ	Sector	PowerShares ETF
Vanguard Small-Cap Growth VIPERs	VBK	Broad	Vanguard	streetTRACKS DJ Wilshire REIT ETF	RWR	Sector	streetTRACKS
Vanguard Small-Cap Value VIPERs	VBR	Broad	Vanguard	Vanguard Materials VIPERs	VAW	Sector	Vanguard
Vanguard Mid-Cap VIPERs	VO	Broad	Vanguard	Vanguard Consumer Discretionary VIPERs	VCR	Sector	Vanguard
Vanguard Total Stock Market VIPERs	VTI	Broad	Vanguard	Vanguard Consumer Staples VIPERs	VDC	Sector	Vanguard
Vanguard Value VIPERs	VTV	Broad	Vanguard	Vanguard Energy VIPERs	VDE	Sector	Vanguard
Vanguard Growth VIPERs	VUG	Broad	Vanguard	Vanguard Financials VIPERs	VFH	Sector	Vanguard
Vanguard Large-Cap VIPERs	VV	Broad	Vanguard	Vanguard Information Technology VIPERs	VGT	Sector	Vanguard
Vanguard Extended Market VIPERs	VXF	Broad	Vanguard	Vanguard Health Care VIPERs	VHT	Sector	Vanguard
Rydex Russell Top 50 ETF	XLG	Broad	Rydex ETF	Vanguard Industrials VIPERs	VIS	Sector	Vanguard
iShares MSCI Emerging Markets	EEM	Intrntl	BGI	Vanguard REIT VIPERs	VNQ	Sector	Vanguard
iShares MSCI-EAFE	EFA	Intrntl	BGI	Vanguard Telecommunication Services VIPERs	VOX	Sector	Vanguard
iShares MSCI-Pacific Ex-Japan	EPP	Intrntl	BGI	Vanguard Utilities VIPERs	VPU	Sector	Vanguard
iShares MSCI-Australia	EWA	Intrntl	BGI	Select Sector SPDR-Materials	XLB	Sector	State Street
iShares MSCI-Canada	EWC	Intrntl	BGI	Select Sector SPDR-Energy	XLE	Sector	State Street
iShares MSCI Sweden Index Fund	EWD	Intrntl	iShares	Select Sector SPDR-Financial	XLF	Sector	State Street
iShares MSCI-Germany	EWG	Intrntl	BGI	Select Sector SPDR-Industrial	XLI	Sector	State Street
iShares MSCI Hong Kong Index Fund	EWH	Intrntl	iShares	Select Sector SPDR-Technology	XLK	Sector	State Street
iShares MSCI Italy Index Fund	EWI	Intrntl	iShares	Select Sector SPDR-Consumer Staples	XLP	Sector	State Street
iShares MSCI Japan Index Fund	EWJ	Intrntl	iShares	Select Sector SPDR-Utilities	XLU	Sector	State Street
iShares MSCI Belgium Index Fund	EWK	Intrntl	iShares	Select Sector SPDR-Health Care	XLV	Sector	State Street
iShares MSCI Switzerland Index Fund	EWL	Intrntl	iShares	Select Sector SPDR-Consumer Discretionary	XLY	Sector	State Street
iShares MSCI Malaysia Index Fund	EWM	Intrntl	iShares	iShares Lehman Aggregate Bond Fund	AGG	Broad	BGI
iShares MSCI Netherlands Index Fund	EWN	Intrntl	iShares	iShares GS \$ InvesTopTM Corporate Bond Fund	LQD	Broad	BGI
iShares MSCI-Austria	EWO	Intrntl	BGI	iShares Lehman 1-3 Year Treasury Bond Fund	SHY	Broad	BGI
iShares MSCI Spain Index Fund	EWP	Intrntl	iShares	iShares Lehman 7-10 Year Treasury Bond Fund	IEF	Broad	BGI
iShares MSCI France Index Fund	EWQ	Intrntl	iShares	iShares Lehman 20+ Year Treasury Bond Fund	TLT	Broad	BGI
iShares MSCI Singapore (Free) Index Fund	EWS	Intrntl	iShares				
iShares MSCI Taiwan Index Fund	EWT	Intrntl	iShares				

This information is reformatted from the American Stock Exchange.

## ETF Performance Page

SYMBOL	NAV	RoC
IGW	49.23	34.66%
EWT	12.97	30.72%
PWO	40.45	27.69%
IYW	57.54	25.99%
IGM	54.22	24.11%
XLK	22.93	23.92%
VGT	54.87	23.39%
ILF	47.79	23.20%
QQQQ	45.75	23.18%
RWR	49.21	22.14%
ICF	52.52	21.90%
IYM	59.91	20.27%
IYR	45.92	19.97%
EWY	47.64	19.92%
IXN	56.01	19.23%
DSG	83.96	19.21%
EWZ	74.61	18.76%
IGV	46.87	18.39%
IWP	45.34	18.02%
EEM	41.50	17.75%
VBK	59.87	17.67%
ELG	49.26	16.82%
XLB	32.99	16.60%
XLY	29.77	15.83%
RSP	39.53	15.21%
VUG	53.06	15.09%
IWM	62.44	15.09%
VAW	67.82	14.75%
VCR	46.77	14.74%
EWC	26.33	14.71%
DSV	56.60	14.54%
IWR	82.51	14.51%
VO	59.95	14.46%
IXJ	52.01	14.40%
IYH	63.82	14.29%
PWC	38.05	13.85%
EWS	11.49	13.71%
VXF	43.06	13.68%
IYC	55.49	12.84%
IDU	74.79	12.63%
VB	57.35	12.43%
VPU	65.18	12.11%
IWS	36.95	11.88%
XLU	31.02	11.71%
XLV	31.07	11.60%
IYY	55.39	10.62%
ISI	50.14	10.46%
DVY	43.91	10.36%
VTI	56.37	10.01%
VV	50.67	9.51%
IGE	34.31	8.93%
EPP	41.37	8.91%

DGT	57.02	8.19%
OEF	51.45	7.91%
VBR	54.48	7.86%
PEY	7.65	7.83%
EWA	22.84	7.42%
EWV	48.87	7.20%
XLE	57.01	6.99%
IYJ	53.03	6.72%
EZA	55.97	6.49%
IYK	55.53	6.34%
IGN	26.98	6.27%
ELV	57.50	5.97%
VHT	54.19	5.57%
EWL	22.26	5.38%
PGJ	24.10	5.33%
EWN	20.46	4.92%
IYT	73.82	4.84%
XLI	27.79	4.03%
IYE	33.24	3.63%
EWG	22.44	3.53%
XLP	26.47	2.69%
IXC	35.68	2.64%
IOO	60.25	2.60%
EWU	16.20	1.39%
IBB	84.00	1.22%
IYF	51.78	1.21%
EWQ	25.85	0.62%
EWM	10.62	0.19%
FEZ	41.48	-0.04%
IEV	38.96	-0.21%
GLD	107.31	-0.58%
IAU	107.37	-0.63%
VFH	29.04	-0.66%
EFA	55.28	-0.98%
IXP	54.68	-1.28%
FEU	35.85	-1.86%
EWB	15.66	-1.94%
IYG	53.71	-2.33%
XLF	14.40	-2.36%
VDC	65.69	-3.34%
EZU	37.47	-4.45%
IXG	45.41	-6.15%
EWI	19.51	-7.70%
EWD	23.50	-8.82%
EWK	12.76	-8.86%
ITF	42.34	-9.31%
FXI	42.26	-10.14%
EWJ	9.74	-11.74%
EWP	48.04	-15.85%
EWO	19.56	-28.34%

The two columns to the left show the rankings of the equity oriented ETFs in our database through 12/31/09.

These rankings are based on momentum indicators around which we generally want to trade. Our general strategy is to invest with the stronger performing ETFs by investing with the main trend and against the minor trend down. This means that in a bear (down) market, we want to short the funds that rally against their main trend downward. In a bull market, we want to buy during selloffs with the main trend up.

*(Continued from page 1) REVIEW*

“failed” (shown with smaller H&S on the chart).

That failure turned into the final cold sweat, can't sleep, end of the world as we know it, panic sell off in March. Glory days.

Since that low, the market rallied smartly to the top of what should have been the earlier break through of the neckline. It stalled there, but since then has continued to rally, until it is now around the Target area.

That is the summary, but where to now? The same fiscal and monetary policies remain in place that helped the recovery begin. They should help it continue. But the market has obviously come a long way higher. Signs of weakness are appearing.

So, I may nibble in the weeks ahead, but will wait for a larger pullback to get more fully invested. **We are in this to consistently make money without giving it back over the years.**

# Descriptions & Disclosures

## **PORTFOLIO DESCRIPTIONS (pages 2 and 3)**

Our guiding goal is to provide the most return with the least risk.

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 3: Uses the same methodologies as in the Income Portfolio, except as it is applied to stock-oriented ETFs.

All portfolios were started on 1/1/10 with \$100,000.

Portfolio changes will usually be made either at the close on Friday (the day this eNewsletter is posted) or on Mondays at the open, unless otherwise noted in the email hotline update.

Portfolios are updated through the Friday close the week before.

Dividends are reinvested in additional shares. Commissions of \$5/trade and short-term redemption charges, if any, are applied.

Interest is zero for the money market (cash) position.

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Unless otherwise noted, the weekly eNewsletter is posted by 1:30 PM central time each Friday, except for holidays and then on Monday. It may contain actionable, specific buy or sell advice to take that day at the Friday close in each portfolio. Portfolio data will be updated through the previous Thursday's close. Fund symbols, rather than names, are the official identification used for activity.

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