

ETF Selections & Timing

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Over Easy

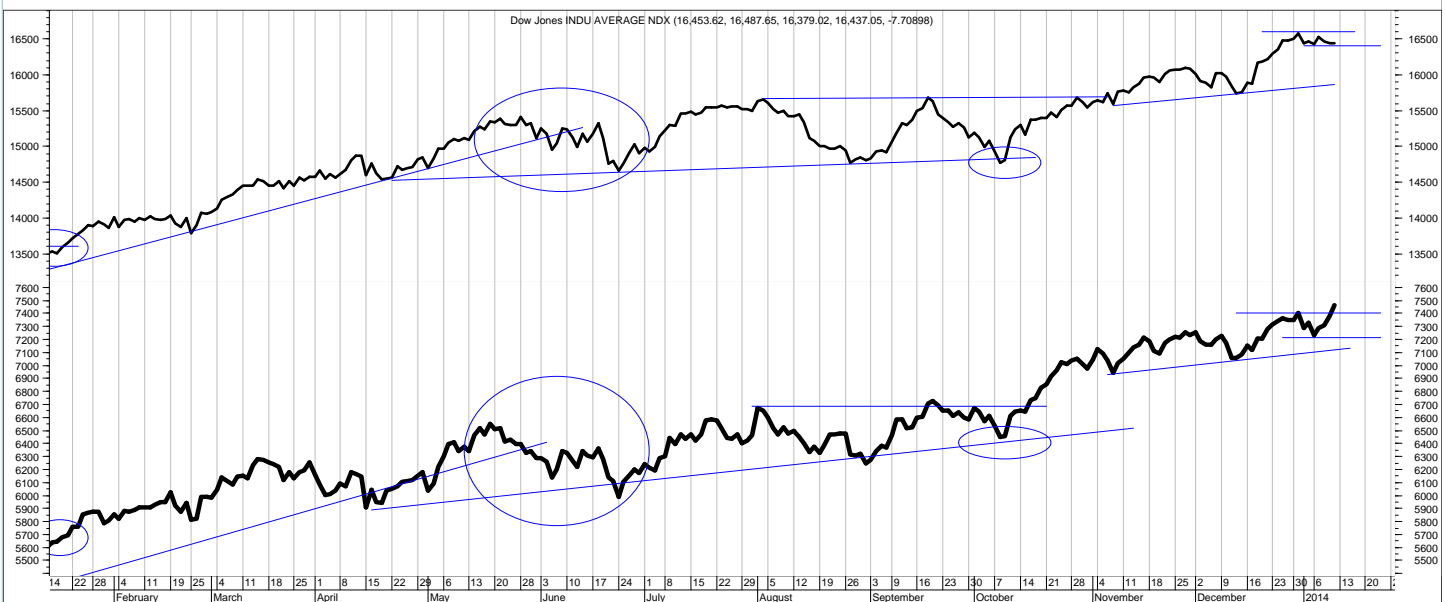
One of the final stock market “alerts” is now in place. With this, it should be easier than ever for the market to roll over, given all of its other issues I’ve been talking about (Fed tapering, investor sentiment, rising interest rates, over valuation, over bought).

As you can see on the chart below, there is now a divergence at, what is so far, the top, however small the divergence may be, between the Dow Industrials and Dow Transports.

As usual with a divergence, it is not really “in place”, until the market indexes drop below

previous lows set before the divergence took place. In this case, I’ve drawn those lower levels. Given the market action about noon today, the Dow Industrials is already below its confirming line by roughly 80

(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	0.6%	1.7%	2.1	1.2	0.7	0.4%
ETF Growth Portfolio	1.6%	22.4%	12.4	3.8	3.5	0.6%
Index						
Aggrgt Bond (AGG)	0.1%	-1.7%	0.9	0.1	0.1	0.1%
S&P 500 TR (SPY)	0.2%	27.8%	11.1	8.8	4.0	-0.3%
World Growth Index	-0.1%	24.5%	12.1	6.9	3.9	-0.6%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 1/10/2014								
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 12/23	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total	
28-Oct	sell	PCY	27.95	1,300	36,325								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	26.80		26.86	27.22	2,129	57,952.20	50.1%	
9-Dec	buy	AGG	106.76	537	57,340									
9-Dec	buy	PCY	26.86	2,120	56,953									
these two will move the portfolio to fully invested														
26-Dec	sell	AGG	106.39	537	57,121									
										Money Market	1.00	57,796	57,796.00	49.9%
												Total Valuation=	115,748.20	100.0%

WEEKLY REVIEW

1/13 No changes.

1/6 No portfolio changes.

12/30 Stopped out of AGG last week. Will stand aside for now (half in and half out).

12/23 Updated the stop level on PCY. These are tight because the economy is stronger than expected, thus rates should generally begin to increase.

12/16 No changes.

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.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Income Portfolio	4.8%	3.6	4.8	1.1	0.6	15.7
Aggregate Bond	6.4%	7.7	3.9	-2.2	0.1	16.6

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 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.

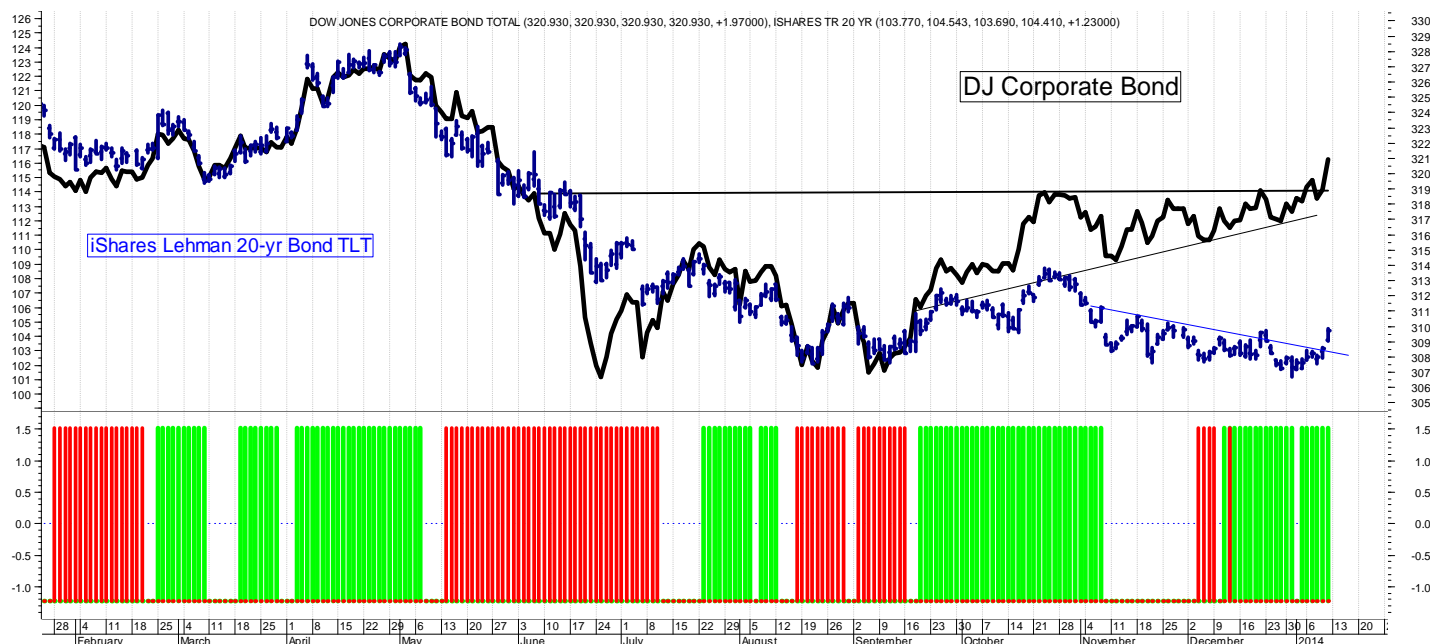
ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

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

1/13 Bond prices look like they've broken to the upside (lower rates). If we get a pullback, I expect to reenter.

1/6 Corporates rallied back to resistance. As you can see on the chart above, the "spring" is tightening. Which way will it go? Best estimate is downward for prices and up for yields.

12/30 Corporate bonds fell back from their attempted "break out" last week. Remain cautious.

12/23 Bonds rallied on the taper news. I will maintain close stops however.

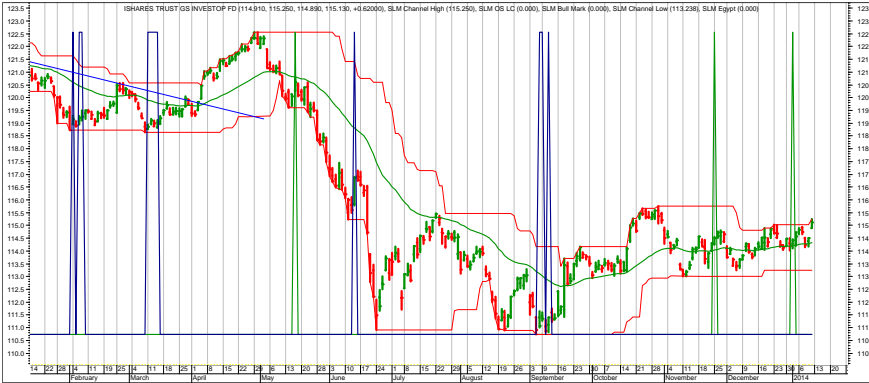
12/16 No changes. Watch the close stops noted on page 2.

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.

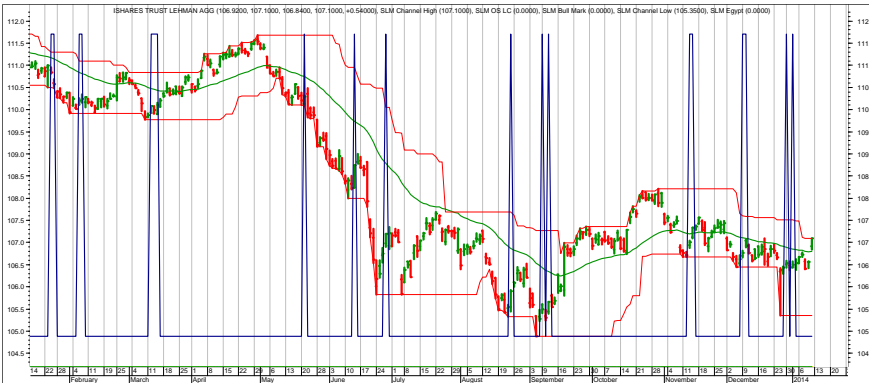
11/25 Will look to reenter a bond position as noted on page 2.

Income Charts (DAILY)



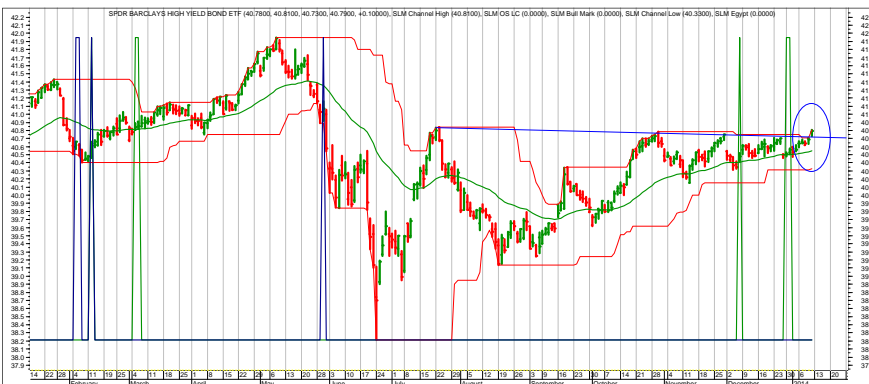
LQD—Investment Grade Corporate

1/13 No changes.
1/6 No changes.
12/30 No changes.
12/23 Slight rally.
12/16 No changes.
12/9 No changes.
11/2 No changes.



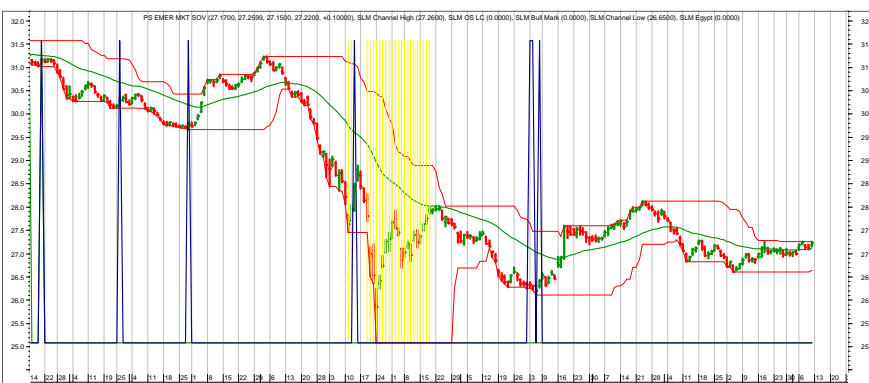
AGG—Aggregate Bond Market

1/13 No changes.
1/6 No changes.
12/30 Corporates and Treasuries comprise AGG, so with tapering, Treasuries are getting hit, so too AGG.
12/23 Expecting more.
12/16 Monitor stop level on page 2.
12/9 Buy as noted on page 2.
11/2 No changes.



JNK—hi-yield bonds

1/13 Possible break to the upside.
1/6 Like corporates, hi-yield is winding a spring before a breakout. And like corporates, expect the result to be down.
12/30 Closed below up trend, potentially bearish.
12/23 No changes.
12/16 No changes.
12/9 No changes.



PCY—International Bonds

1/13 No changes.
1/6 Still long. International Central Banks are still easing.
12/30 Watch stop. Still expect rally.
12/23 Expecting more.
12/16 Monitor close stop on page 2.
12/9 Buy as shown 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:				1/10/2014			
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
30-Dec	sell	PGJ	30.12	258	7,751	World Growth							
30-Dec	buy	EWP	38.48	201	7,744	EEM		Emrg Mrkt	43.03	40.13	180.980	7,262.73	5.0%
buy will be about 5.5% of total portfolio						EFA		Euro Asia	55.55	66.85	117.210	7,835.49	5.4%
						IWM		Rusl 2000	82.54	115.54	71.340	8,242.62	5.7%
6-Jan	sell	EWP	37.94	204	7,731	QQQ		Nsdq 100	65.12	87.35	96.680	8,445.00	5.9%
6-Jan	buy	CSD	44.37	174	7,730	SPY		S&P 500	142.47	184.20	45.130	8,312.95	5.8%
buy will be about 5.5% of total portfolio						C-lect 5							
13-Jan	sell	PNQI		118		DFE			53.54	58.98	145.490	8,581.00	5.9%
13-Jan	buy	PJP		142		PSCH			53.97	56.03	140.000	7,844.20	5.4%
13-Jan	sell	CSD		176.27		CSD		to be sold	44.37	44.78	176.270	7,893.37	5.5%
13-Jan	buy	PBD		620		PNQI		to be sold	60.74	68.22	118.000	8,049.96	5.6%
buys will be roughly 5.5% of total portfolio						TAN			30.50	40.35	233.390	9,417.29	6.5%
									Two potential ways to sell: stop loss about 9% lower or timing model signals sell				
									Two potential ways to buy: "lower-risk window" may open or timing model signals buy.				
						C-lect Short							
						(under construction)							
						Cash from short				1.00	-	-	0.0%
						Money Market				1.00	62,470	62,470.00	43.3%
						Total Valuation=						144,354.60	100.0%

WEEKLY REVIEW

1/13 Make the two sells and buys as shown above. Window to buy (additional shares) is still closed. Risk of a loss of 9% on new purchases is too wide to make additional buys. To buy more, will wait for a pullback and watch if timing model remains bullish.

1/6 A new sell and buy is shown above.

12/30 Make the sell and buy as noted above. Standard Deviations updated below. Stop is 10% away, so window to buy new positions without substantial risk (-10%) is closed.

12/23 No changes. Risk of loss is high for new purchases; in other words, buying here with the stop 10% away, subjects the portfolio to a 10% loss on new purchases. Best to wait for a pullback when the "window to buy" reopens.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Growth Portfolio	8.1%	6.9	-2.1	25.7	1.6	45.6
World Growth Index	17.2%	-4.1	15.1	30.5	-0.1	68.7

The ETF Growth Portfolio changed as of 12/10/12 and again 9/23/13. 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. Returns are of previous years (to last Friday in year), year to date (ytd) (from last Friday in previous year), and from inception (incptn). It also shows standard deviation (SD). The green highlight (2013, 2014) is to contrast the aforementioned changes.

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	9.00
Wtree Eur SC Div	DFE	EW	8.53
PS Dynmc Pharma	PJP	EA	7.60
PS S&P SmICap Hlth Care	PSCH	EA	6.69
PS Gbl Clean Enrgy	PBD	EW	6.11
iShares Spain	EW P	EW	6.09
PS NASDAQ Intrnt	PNQI	EA	6.04
PS Dynmc Media	PBS	EA	5.86
Guggnhm Spin Off	CSD	EMC	5.79
Select SPDR Indl	XLI	EA	5.51
PS S&P SmICap Indstrils	PSCI	EA	5.50
iShares Germany Indx	EW G	EW	5.40
PS QQQ	QQQ	ELC	5.29
PS Aerospace & Def	PPA	EA	5.28
PS Dyn Mrkt	PWC	ELC	5.08
PS S&P SmICap Cnsmr Dis	PSCD	EA	5.03
Guggnhm China Sml	HAO	EW R	4.85
PS Dynmc Lrg Cap Grth	PWB	ELC	4.80
Wtree Middle East Div	GULF	EW	4.73
PS Gldn Drgn USX China	PGJ	EW	4.52
PS Dynmc Fncl	PFI	EA	4.51
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	4.26
SPDR S&P Regional Banking	KRE	EA	4.10
PS Cleantech	PZD	EA	4.03
PS Gbl Listd Prvt Eqty	PSP	EW	4.01
PS S&P SmICap Mtrls	PSCM	EA	3.90
Vngrd Tech	VGT	EA	3.71
iShares Italy Indx	EW I	EW	3.71
PS Dynmc Energy Explor	PXE	EA	3.50
Guggnhm Shipping	SEA	EA	3.44
PS Dyn OTC	PWO	ESC	3.40
PS Gbl Water	PIO	EW	3.40
PS S&P SmICap Info Tech	PSCT	EA	3.36
SPDR Euro Stoxx 50	FEZ	EW	3.32
Select SPDR Cnsmr Disc	XLY	EA	3.30
PS WilderHill Cln Enrgy	PBW	EA	3.17
PS Dynmc Healthcare	PTH	EA	3.17
Vngrd Cnsmr Dis	VCR	EA	3.11
iShares EMU Indx	EZU	EW	3.06
Select SPDR Technlgy	XLK	EA	2.87
iShares Slct Div	IDV	ELC	2.82
Wtree MidCap Earn	EZM	EMC	2.72
PS Water Resources	PHO	EA	2.70
SPDR S&P Metals & Mining	XME	EA	2.60
PS S&P SmICap Energy	PSCE	EA	2.59
PS Dynmc Software	PSJ	EA	2.59
Vngrd Health	VHT	EA	2.59
Select SPDR Health	XLV	EA	2.59
Wtree Intrntl SC Div	DLS	EW	2.58
iShares Russell 1000 Grwth Indx	IWF	ELC	2.47

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 S&P 500	EPS	ELC	2.35
PS Dynmc Basic Matrl	PYZ	EA	2.33
Guggnhm China All	YAO	EW R	2.25
PS Buyback Achievers	PKW	EGI	2.23
Guggnhm RJ All	RYJ	ELC	2.20
PS Dynmc Energy	PXI	EA	2.17
Wtree Intrntl Div Ex Fincl	DOO	EW	2.17
Wtree DEFA Eqty Incm	DTH	EW	2.16
Vngrd Materials	VAW	EA	2.10
iShares South Korea Indx	EWY	EW	2.10
Vngrd Grth	VUG	ELC	2.08
PS Dynmc Biotech	PBE	EA	2.00
Select SPDR Matrls	XLB	EA	2.00
PS FTSE RAFI US 1500 SmI-Mid	PRFZ	EMC	1.86
Guggnhm Insdrr Sent	NFO	EMC	1.86
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	1.83
PS Zacks Micro Cap	PZI	ESC	1.81
Vngrd Small Cap Value	VBR	ESC	1.80
PS Lux Nanotech	PXN	EA	1.79
PS Dynmc Bldg Cnstrctn	PKB	EA	1.78
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	1.77
Guggnhm Gbl Wtr	CGW	EW	1.76
iShares Core S&P 500	IVV	ELC	1.65
SPDR S&P 500	SPY	ELC	1.62
PS Dynmc Leisure & Enter	PEJ	EA	1.58
Wtree Ttl Earn	EXT	ELC	1.54
PS Dyn MagniQuant	PIQ	ELC	1.52
SPDR S&P Bank	KBE	EA	1.49
Vngrd Large Cap	VV	ELC	1.45
PS Dynmc Semicndctr	PSI	EA	1.45
Wtree DEFA	DWM	EW	1.44
iShares S&P 100 Indx	OEF	ELC	1.43
Vngrd TTL Stock	VTI	ELC	1.41
PS BLDR Europe 100 ADR	ADRU	EW	1.31
iShares Russell 2000	IWM	ESC	1.30
Vngrd Extnd 4500	VXF	ELC	1.28
Vngrd European Indx	VGK	EW	1.26
Wtree Intrntl LC Div	DOL	EW	1.25
Wtree India	EPI	EW R	1.21
PS WilderHill Prgsv Enrgy	PUW	EA	1.20
Wtree SmI Cap Div	DES	ESC	1.19
iShares Europe 350	IEV	EW	1.14
Guggnhm Timber	CUT	EA	1.11
SPDR S&P Retail	XRT	EA	1.06
Guggnhm BRIC	EEB	EW	1.04
PS Dynmc Technology	PTF	EA	1.02
iShares Russell 2000 Value Indx	IWN	ESC	1.00
Wtree Intrntl MC Div	DIM	EW	0.98
Vngrd Small Cap	VB	ESC	0.94
PS FTSE RAFI Asia Pac xJpn	PAF	EW	0.93
Vngrd Small Cap Grth	VBK	ESC	0.93
PS Dynmc Retail	PMR	EA	0.92
iShares Australia	EW A	EW	0.89
PS FTSE RAFI Dvlp Mrkt xUSA SmI	PDN	EW	0.86
PS Dynmc Lrg Cap Value	PWV	ELC	0.84

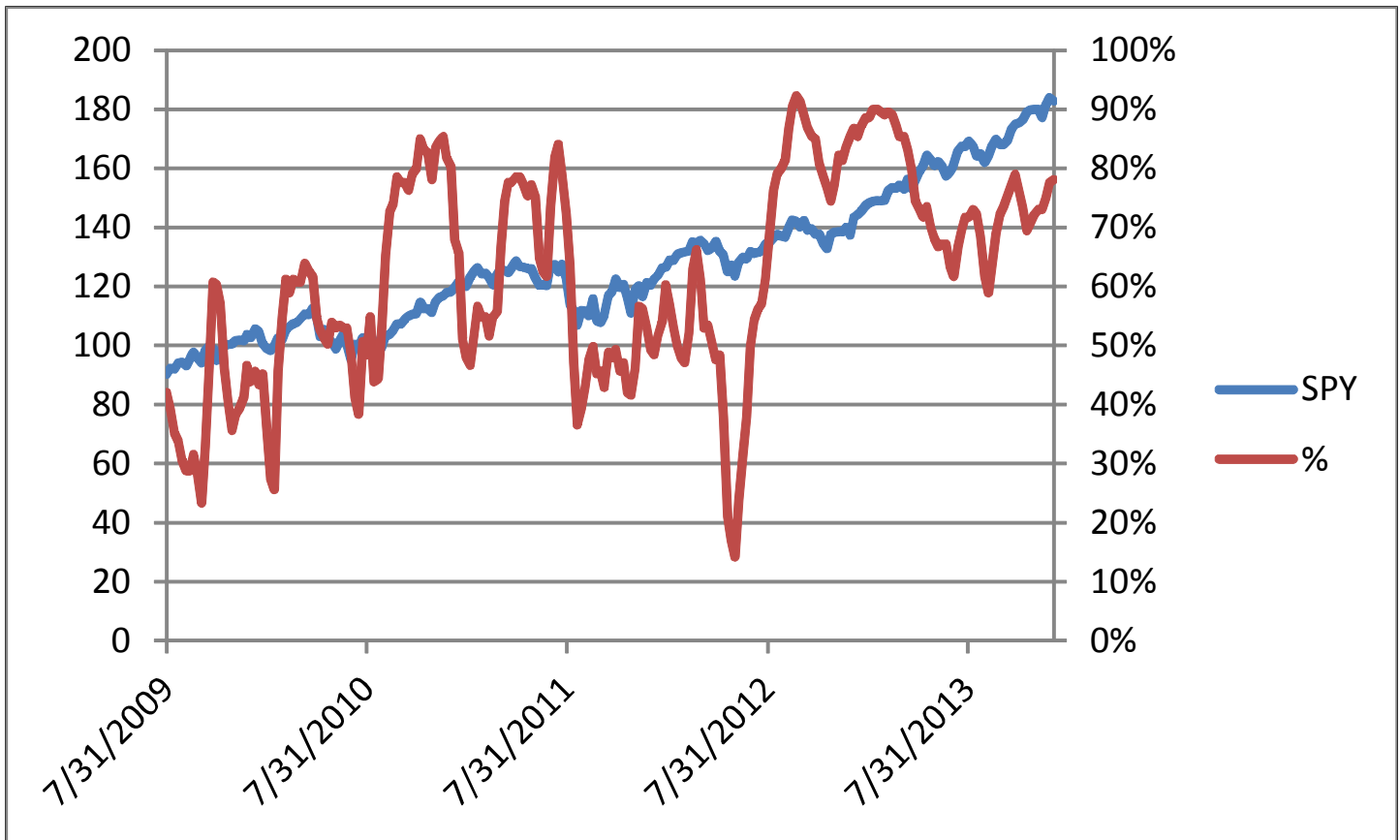
ETF Rankings by C to previous week's end

iShares Pacific ex Jpn	EPP	EW	0.83
Select SPDR Financs	XLF	EA	0.83
SPDR DJ Industrials	DIA	ELC	0.75
SPDR S&P Homebuilders	XHB	EA	0.71
PS DWA Tech Ldr	PDP	ELC	0.71
Wtree Gbl Eqty Incm	DEW	EW	0.69
Market Vectors Semiconductor	SMH	EA	0.67
SPDR DJ Gbl Titans	DGT	EW	0.67
iShares DJ US Home Constr.	ITB	EA	0.66
Vngrd Europe Pacific	VEA	EW	0.66
iShares Russell 1000 Value Indx	IWD	ELC	0.63
Market Vectors Russia	RSX	EW	0.57
PS MENA Frntr Countries	PMNA	EW	0.55
Vngrd TTL Intrntl Stk	VXUS	EW	0.53
Market Vectors Oil Services	OIH	EA	0.52
PS S&P SmICap Cnsmr Stpl	PSCC	EA	0.51
PS S&P SmICap Fincl	PSCF	EA	0.50
Guggnhm MidCap Core	CZA	EMC	0.49
Wtree Intrntl Utilities	DBU	EW	0.48
Guggnhm Intrntl A Incm	HGI	EW	0.44
iShares DJ Slct Div	DVY	EGI	0.44
Vngrd MidCap Val	VO	EMC	0.43
Vngrd Fincl Srv	VFH	EA	0.40
PS Dynmc Oil & Gas Srvcs	PXJ	EA	0.39
iShares EAFE Indx	EFA	EW	0.37
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	0.35
iShares Core S&P Mid Cap	IJH	EMC	0.35
Vngrd Div Apprctn	VIG	EGI	0.33
SPDR Mid Cap Trust	MDY	EMC	0.28
Guggnhm Gbl Div	LVL	EW	0.24
PS Hi Yld Eqty Div	PEY	EGI	0.23
iShares Russel MidVal	IWS	EMC	0.23
Wtree LrgCap Div	DLN	ELC	0.16
Wtree MidCap Div	DON	EMC	0.08
Wtree Japan Hedge Eqty	DXJ	EC	0.07
Guggnhm Frntr	FRN	EW	0.04
PS S&P 500 BuyWrite	PBP	ELC	-0.02
Wtree Div Ex Fincl	DTN	ELC	-0.06
Select SPDR Div	SDY	EGI	-0.07
Select SPDR Cnsmr Stpl	XLP	EA	-0.08
Vngrd Cnsmr Stpls	VDC	EA	-0.08
iShares Hong Kong Indx	EW H	EW	-0.08
PS FTSE RAFI Emrg Mrkt	PXH	EW	-0.13
PS S&P SmICap Utilities	PSCU	EA	-0.23
PS India	PIN	EW	-0.27
PS Dividend Achievers	PFM	EGI	-0.38
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-0.42
Wtree Eqty Income	DHS	EGI	-0.42
PS Intrntl Dvdnd	PID	EW	-0.45
iShares Taiwan Indx	EW T	EW	-0.49
iShares China	FXI	EW	-0.56
PS Dynmc Utilities	PUI	EA	-0.61
PS Gbl Agriculture	PAGG	EA	-0.62
Select SPDR Enrgy	XLE	EA	-0.64
Guggnhm Multi Ast In	CVY	EV	-0.65

ETF Rankings by C to previous week's end

PS Dynmc Consmr Staples	PSL	EA	-0.66
PS S&P 500 Low Volatility Portfolio	SPLV	ELC	-0.68
PS Dynmc Consmr Discr	PEZ	EA	-0.75
iShares Emrg Mrkt Stk	EEM	EW	-0.78
iShares Canada	EW C	EW	-0.82
iShares Prfrd	PFF	EGI	-0.82
PS Fincl Pfd	PGF	EGI	-0.85
Guggnhm Dfnsv Eqty	DEF	EV	-0.88
PS BLDR Asia 50 ADR	ADRA	EW	-0.94
PS Dynmc Networking	PXQ	EA	-1.00
iShares Malaysia Indx	EWM	EW	-1.02
Wtree Emrg Mrkt Eincm	DEM	EW	-1.03
Wtree Japan SC Div	DFJ	EW R	-1.07
Alerian MLP	AMPLP	EGI	-1.11
Vngrd Emrg Mrkt	VWO	EW	-1.19
Guggnhm Candn Enrg Incm	ENY	EW R	-1.25
US Natural Gas	UNG	EA	-1.27
iShares Japan	EWJ	EW	-1.37
Wtree World Ex US Grth	DNL	EW	-1.53
Vngrd Utilities	VPU	EA	-1.62
PS DB Agriculture	DBA	EA	-1.62
PS Dynmc Food & Bev	PBJ	EA	-1.63
Select SPDR Utilities	XLU	EA	-1.68
iShares Singapore	EW S	EW	-1.82
PS Emrg Mrkt Infrastrctr	PXR	EW	-1.85
Wtree Emrg Mrkt SC Div	DGS	EW	-1.95
Wtree Intrntl REIT	DRW	ERE	-2.04
iShares Latin Amr	ILF	EW	-2.06
PS DB Commodity	DBC	EA	-2.09
iShares Brazil Indx	EW Z	EW	-2.31
PS DB Base Metals	DBB	EG	-2.51
PS DB Energy	DBE	EA	-2.63
PS DB Oil	DBO	EA	-2.69
iShares Mexico	EW W	EW	-2.74
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-3.08
iShares REIT	IYR	ERE	-3.21
PS US REIT	PSR	ERE	-3.49
Vngrd REIT	VNQ	ERE	-3.50
Guggnhm China REIT	TAO	EW R	-3.61
SPDR Wlsh REIT	RWR	ERE	-3.80
Pro Shares Short S&P 500	SH	EC	-3.82
iShares Cohen&Str REIT	ICF	ERE	-4.06
Pro Shares Short Russell 2000	RWM	ESC	-5.25
iShares Gold	IAU	EG	-6.36
SPDR Gold	GLD	EG	-6.38
US Oil Fund	USO	EA	-6.82
PS DB Gold	DGL	EG	-6.86
PS DB Precious Metals	DBP	EG	-7.10
iShares Silver	SLV	EG	-9.19
PS DB Silver	DBS	EG	-10.20
PS Gbl Gold Precious Mtls	PSAU	EG	-17.93
Market Vectors Gold Minors	GDX	EG	-24.59
iPath S&P 500 VIX Shrt Trm	VXX	EC	-36.27
Market Vectors Junior Gold Miners	GDXJ	EG	-45.56

Percent ETFs by C (reiteration)



The chart shows the recent history of the equity oriented ETF database outperforming the World Growth Index from 7/31/2009 through the present. The blue line is the S&P 500 Total Return (SPY).

Generally speaking, high readings indicate a top area, while low readings indicate a bottom area.

Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

points. The Dow Transports needs to close below 7240 (currently at 7406).

As to the Growth Portfolio, we will sit tight in the World Growth Model and C-lect 5 portions. We will make the two sells and two buys in the C-lect 5 part.

The reason for this is the underlying timing model used there is based more on trends, rather than divergences. Right now, the trend is still up.

Besides, I already have cash in the portfolio as a cushion. But if the market continues to roll over and start a trend down, then we will sell and go to 100% cash.

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.

1/13 No updates.

1/6 No changes.

12/30 Happy New Year.

12/23 Correction to 10/21 comment [changed to WGI]. No other changes.

12/16 No changes.

12/9 No changes.

12/2 As mentioned on page 11 (on 12/2), 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.

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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