

ETF Selections & Timing

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High Risk

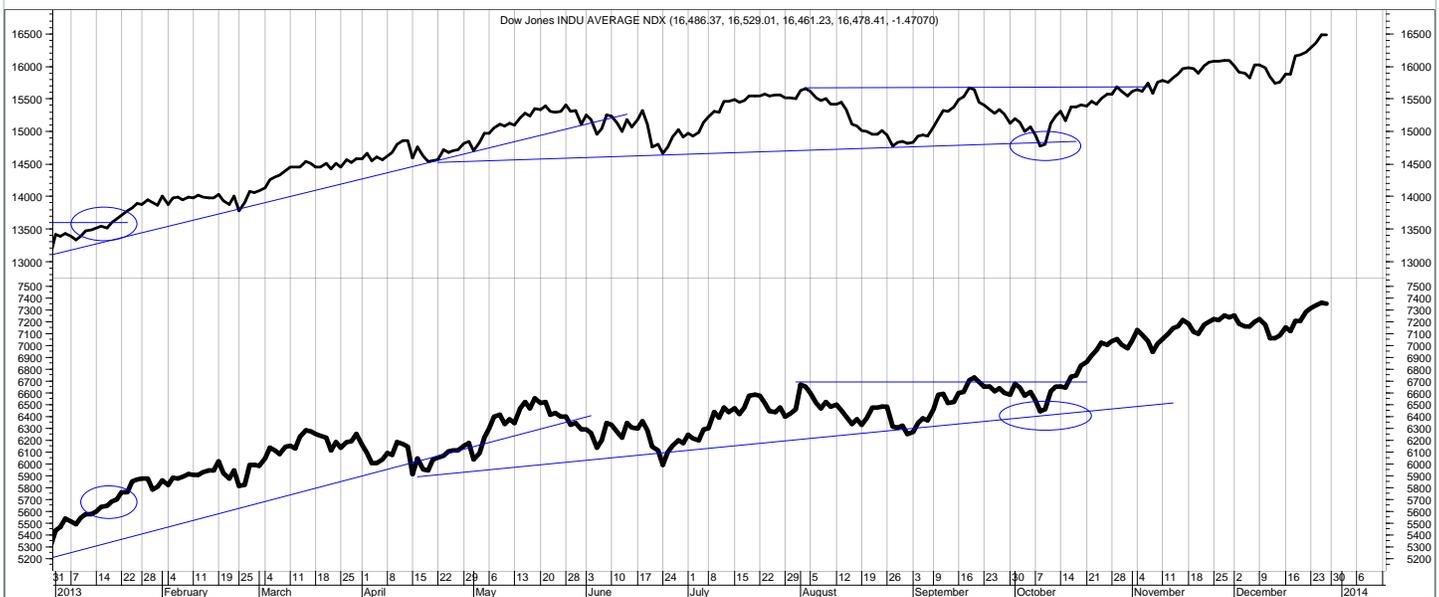
Risk of loss from a major correction or even a bear market remains very high. Interest rates are rising, investor sentiment is very bullish (which is a contrary indicator), stocks are overbought (momentum parabolic up), and market valuation is rich.

What should happen is a sharp, fast major pullback of 10%-15% and then another rally with more non-confirmations (one or two indexes hitting recovery highs, unaccompanied by other indexes); perhaps even met with more bullishness. From there a bear market of

losses between 30%-60% should unfold for the reasons previously listed.

It's not because the economy is weak, it's not, but because the stronger economy is already priced into the market. It is

(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	1.1%	1.1%	1.9	0.8	-0.3	-0.3%
ETF Growth Portfolio	25.7%	25.7%	16.6	3.8	0.1	0.7%
Index						
Aggrgt Bond (AGG)	-4.4%	-4.4%	-0.7	-0.8	-0.9	-0.2%
S&P 500 TR (SPY)	31.9%	31.9%	14.6	8.9	1.6	1.1%
World Growth Index	29.4%	29.4%	16.6	7.5	1.1	1.3%

CONTENTS

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

Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 1/12/1900								
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	27.00	2,120	57,240.00	49.8%	
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	50.2%
												Total Valuation=	115,036.00	100.0%

WEEKLY REVIEW

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.

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.

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Income Portfolio	4.8%	3.6	4.8	1.1	15.0	4.6
Aggregate Bond	2.5%	4.3	0.9	-4.4	3.1	2.4

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.

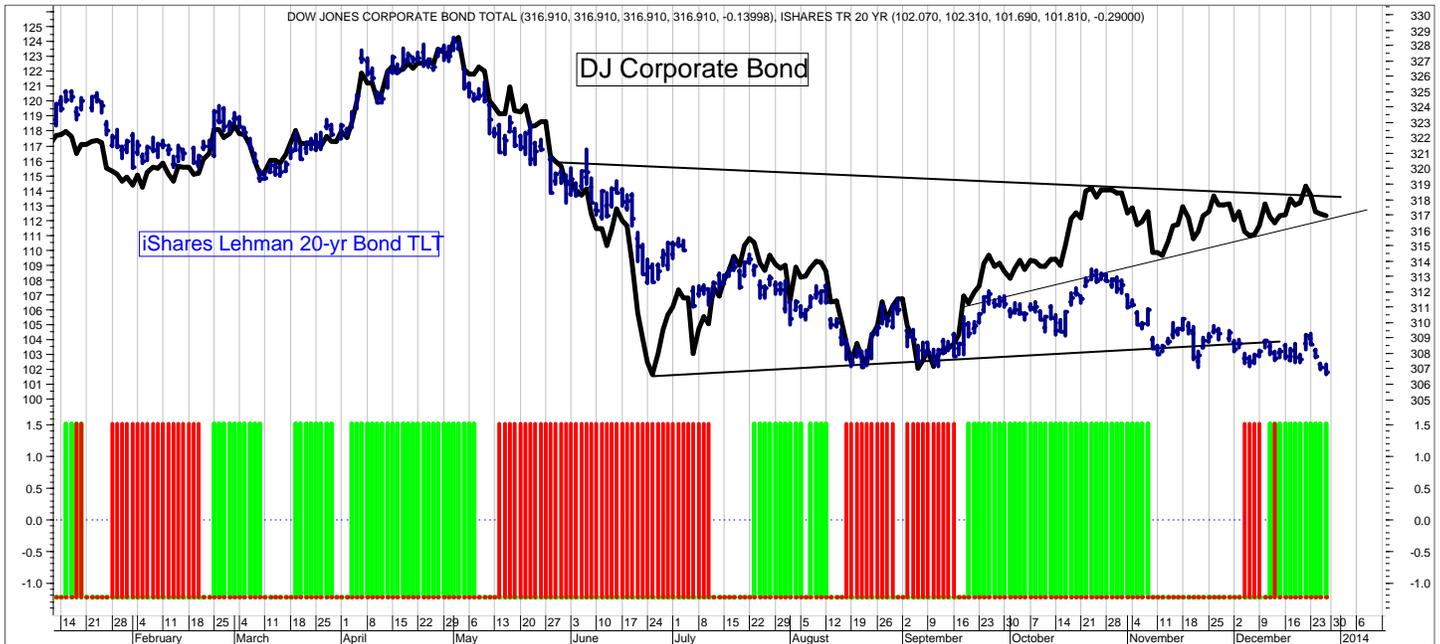
ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

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

12/30 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.

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.

Income Charts (DAILY)



LQD—Investment Grade Corporate

12/30 No changes.
 12/23 Slight rally.
 12/16 No changes.
 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.



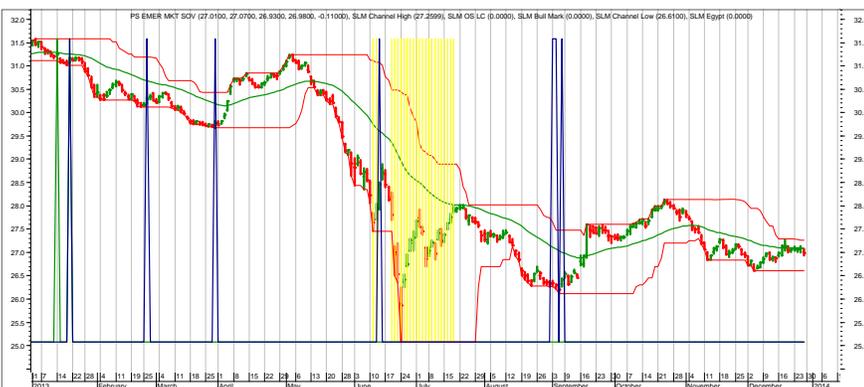
AGG—Aggregate Bond Market

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.
 11/25 Looking to buy AGG on the pullback.
 11/18 Holding off.



JNK—hi-yield bonds

12/30 Closed below up trend, potentially bearish.
 12/23 No changes.
 12/16 No changes.
 12/9 No changes.
 12/2 Missed the pullback (circled area), I had thought it would be deeper. Won't chase here.



PCY—International Bonds

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.
 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:			1/12/1900			
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	41.18	179.440	7,389.34	5.2%
18-Nov	buy	IWM	110.07	6	670	EFA		Euro Asia	55.55	66.57	116.060	7,726.11	5.4%
18-Nov	buy	QQQ	83.10	8	675	IWM		Rusl 2000	82.54	115.16	70.960	8,171.75	5.8%
18-Nov	buy	SPY	179.42	4	728	QQQ		Nsdq 100	65.12	87.52	96.280	8,426.43	5.9%
18-Nov	buy	DFE	53.74	13	709	SPY		S&P 500	142.47	183.90	44.820	8,242.40	5.8%
18-Nov	buy	EWP	36.99	19	713	C-lect 5							
18-Nov	buy	PGJ	29.70	23	693	DFE			53.54	56.96	145.300	8,276.29	5.8%
18-Nov	buy	PNQI	63.66	11	710	PSCH			53.97	55.16	140.000	7,722.40	5.4%
18-Nov	buy	TAN	39.50	17	682	PGJ			27.97	30.08	257.670	7,750.71	5.5%
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	68.11	118.000	8,036.98	5.7%
So, the portfolio will be about 56% invested and 44% cash.						TAN			30.50	34.29	230.000	7,886.70	5.6%
						Two potential ways to sell: Stop loss is roughly 10% below current level or timing model may signal sell.							
16-Dec	sell	EWP	36.75	209	7,671	Two potential ways to buy: "window" may open or timing model may signal buy.							
16-Dec	buy	PSCH	53.97	140	7,566	C-lect Short (under construction)							
30-Dec	sell	PGJ		all									
30-Dec	buy	EWP	38.50	201	7,749								
buy will be about 5.5% of total portfolio													
						Cash from short			1.00	-	-	-	0.0%
						Money Market			1.00	62,463	62,463.00	44.0%	
						Total Valuation=					142,092.11	100.0%	

WEEKLY REVIEW

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.

12/16 Make the sell and buy as noted above. The timing model stop is about 8% away. "Window to buy" is closed.

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

	2010	2011	2012	ytd 2013	Incptn	SD
ETF Growth Portfolio	8.1%	6.9	-2.1	25.7	42.1	10.3
World Growth Index	17.2%	-4.2	14.3	29.4	66.0	17.7

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	10.41
Wtree Eur SC Div	DFE	EW	9.38
PS NASDAQ Intrnt	PNQI	EA	8.27
PS S&P SmICap Hlth Care	PSCH	EA	7.89
iShares Spain	EW P	EW	7.82
Guggnhm Spin Off	CSD	EMC	7.38
PS Gldn Drgn USX China	PGJ	EW	7.26
PS Dynmc Pharma	PJP	EA	7.09
PS Gbl Clean Enrgy	PBD	EW	6.92
PS S&P SmICap Indstrils	PSCI	EA	6.84
iShares Germany Indx	EW G	EW	6.77
Guggnhm China SmI	HAO	EW R	6.74
PS QQQ	QQQ	ELC	6.49
Select SPDR Indl	XLI	EA	6.44
PS S&P SmICap Info Tech	PSCT	EA	6.40
Guggnhm Shipping	SEA	EA	6.30
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	6.18
PS Aerospace & Def	PPA	EA	6.17
PS Dynmc Lrg Cap Grth	PWB	ELC	6.03
PS Dyn Mrkt	PWC	ELC	6.02
PS Dynmc Media	PBS	EA	5.89
PS S&P SmICap Cnsmr Dis	PSCD	EA	5.79
SPDR Euro Stoxx 50	FEZ	EW	5.71
iShares Slt Div	IDV	ELC	5.56
PS Gbl Listd Prvt Eqty	PSP	EW	5.56
iShares Italy Indx	EW I	EW	5.56
iShares EMU Indx	EZU	EW	5.54
PS Cleantech	PZD	EA	5.40
PS S&P SmICap Mtrls	PSCM	EA	5.27
PS Gbl Water	PIO	EW	5.25
Wtree Intrntl SC Div	DLS	EW	5.21
iShares South Korea Indx	EW Y	EW	5.15
Wtree Intrntl Div Ex Fincl	DOO	EW	5.00
Guggnhm China All	YAO	EW R	4.97
PS Dynmc Fncl	PFI	EA	4.96
PS S&P SmICap Energy	PSCE	EA	4.96
Vngrd Tech	VGT	EA	4.92
Wtree DEFA Eqty Incm	DTH	EW	4.86
Select SPDR Matrils	XLB	EA	4.83
PS Buyback Achievers	PKW	EGI	4.78
Vngrd Materials	VAW	EA	4.73
iShares Russell 1000 Grwth Indx	IWF	ELC	4.70
Vngrd Cnsmr Dis	VCR	EA	4.59
Vngrd Grth	VUG	ELC	4.58
PS Dynmc Energy Explor	PXE	EA	4.53
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	4.50
Select SPDR Cnsmr Disc	XLY	EA	4.49
Wtree DEFA	DWM	EW	4.47
PS Dynmc Basic Matrl	PYZ	EA	4.47
PS Dynmc Leisure & Enter	PEJ	EA	4.36

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

W tree MidCap Earn	EZM	EMC	4.33
PS Water Resources	PHO	EA	4.30
Guggnhm Timber	CUT	EA	4.26
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	4.13
Vngrd European Indx	VGK	EW	4.09
W tree Intrntl LC Div	DOL	EW	4.07
PS BLDR Europe 100 ADR	ADRU	EW	4.01
PS Dyn OTC	PWO	ESC	3.99
PS Dynmc Energy	PXI	EA	3.98
iShares Europe 350	IEV	EW	3.96
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	3.95
PS WilderHill CIn Enrgy	PBW	EA	3.86
W tree Intrntl MC Div	DIM	EW	3.81
Select SPDR Technlgy	XLK	EA	3.81
PS FTSE RAFI Dvlp Mrkt xUSA Sml	PDN	EW	3.80
SPDR DJ Gbl Titans	DGT	EW	3.80
PS Dynmc Healthcare	PTH	EA	3.80
PS Dynmc Software	PSJ	EA	3.79
PS FTSE RAFI Asia Pac xJpn	PAF	EW	3.78
Select SPDR Health	XLV	EA	3.76
Guggnhm Gbl Wtr	CGW	EW	3.75
Vngrd Europe Pacific	VEA	EW	3.73
Guggnhm BRIC	EEB	EW	3.71
PS WilderHill Prgsv Enrgy	PUW	EA	3.71
SPDR S&P Regional Banking	KRE	EA	3.67
PS Dyn MagniQuant	PIQ	ELC	3.64
Vngrd Health	VHT	EA	3.64
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	3.61
PS Dynmc Biotech	PBE	EA	3.56
Guggnhm RJ All	RYJ	ELC	3.52
W tree S&P 500	EPS	ELC	3.50
W tree Gbl Eqty Incm	DEW	EW	3.46
Vngrd TTL Stock	VTI	ELC	3.45
iShares Russell 2000	IWM	ESC	3.43
Vngrd Large Cap	VV	ELC	3.42
Vngrd Small Cap Value	VBR	ESC	3.40
Vngrd TTL Intrntl Stk	VXUS	EW	3.39
PS Zacks Micro Cap	PZI	ESC	3.38
iShares Core S&P 500	IVV	ELC	3.37
SPDR S&P 500	SPY	ELC	3.36
Market Vectors Russia	RSX	EW	3.36
Vngrd Extnd 4500	VXF	ELC	3.33
iShares EAFE Indx	EFA	EW	3.31
W tree Ttl Earn	EXT	ELC	3.28
Vngrd Small Cap	VB	ESC	3.22
iShares Australia	EW A	EW	3.18
PS Dynmc Technology	PTF	EA	3.17
iShares Pacific ex Jpn	EPP	EW	3.15
Vngrd Small Cap Grth	VBK	ESC	3.12
SPDR S&P Metals & Mining	XME	EA	3.11
iShares S&P 100 Indx	OEF	ELC	3.05
Guggnhm Intrntl A Incm	HGI	EW	3.00
iShares Russell 2000 Value Indx	IWN	ESC	2.92
Guggnhm MidCap Core	CZA	EMC	2.92
W tree Sml Cap Div	DES	ESC	2.92

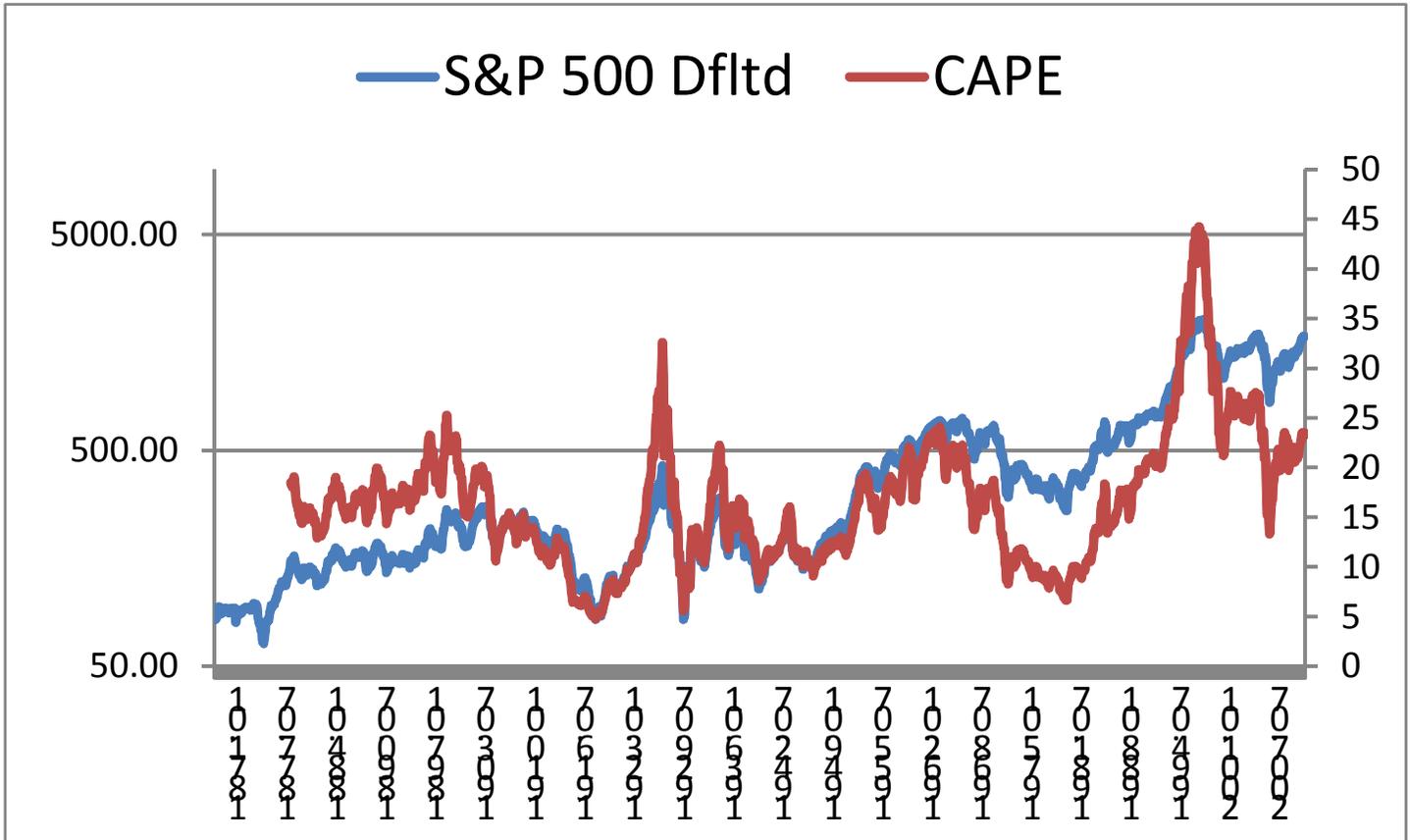
ETF Rankings by C to previous week's end

PS Dynmc Semicndctr	PSI	EA	2.79
PS Intrntl Dvdnd	PID	EW	2.77
SPDR S&P Retail	XRT	EA	2.70
PS Dynmc Retail	PMR	EA	2.68
PS DWA Tech Ldr	PDP	ELC	2.65
Guggnhm Insdrr Sent	NFO	EMC	2.65
Vngrd Div Apprctn	VIG	EGI	2.62
Vngrd MidCap Val	VO	EMC	2.62
iShares China	FXI	EW	2.61
Market Vectors Semiconductor	SMH	EA	2.51
Wtree Intrntl Utilities	DBU	EW	2.49
Market Vectors Oil Services	OIH	EA	2.39
Wtree Middle East Div	GULF	EW	2.37
PS S&P SmICap Cnsmr Stpl	PSCC	EA	2.35
iShares Core S&P Mid Cap	IJH	EMC	2.32
PS Dynmc Bldg Cnstrctn	PKB	EA	2.29
iShares Russel MidVal	IWS	EMC	2.24
Select SPDR Enrgy	XLE	EA	2.23
Guggnhm Gbl Div	LVL	EW	2.21
SPDR Mid Cap Trust	MDY	EMC	2.21
iShares Russell 1000 Value Indx	IWD	ELC	2.18
Wtree MidCap Div	DON	EMC	2.17
PS FTSE RAFI Emrg Mrkt	PXH	EW	2.14
PS Dynmc Lrg Cap Value	PWV	ELC	1.99
iShares DJ Slct Div	DVY	EGI	1.97
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	1.86
PS S&P SmICap Fincl	PSCF	EA	1.85
PS Dynmc Oil & Gas Srvcs	PXJ	EA	1.85
Wtree LrgCap Div	DLN	ELC	1.84
Wtree Emrg Mrkt Eincm	DEM	EW	1.68
Wtree India	EPI	EW R	1.67
PS S&P 500 BuyWrite	PBP	ELC	1.67
SPDR DJ Industrials	DIA	ELC	1.67
PS Dynmc Networking	PXQ	EA	1.66
Guggnhm Frntr	FRN	EW	1.65
Wtree Div Ex Fincl	DTN	ELC	1.65
PS Hi Yld Eqty Div	PEY	EGI	1.62
iShares Emrg Mrkt Stk	EEM	EW	1.53
Select SPDR Div	SDY	EGI	1.50
iShares Hong Kong Indx	EW H	EW	1.50
PS BLDR Asia 50 ADR	ADRA	EW	1.45
SPDR S&P Bank	KBE	EA	1.42
Select SPDR Financls	XLF	EA	1.31
Vngrd Fincl Srv	VFH	EA	1.23
Guggnhm Multi Ast In	CVY	EV	1.16
PS Dynmc Cnsmr Discr	PEZ	EA	1.14
PS Dividend Achievers	PFM	EGI	1.12
iShares Taiwan Indx	EW T	EW	1.00
iShares Canada	EW C	EW	0.99
Vngrd Cnsmr Stpls	VDC	EA	0.85
Select SPDR Cnsmr Stpl	XLP	EA	0.80
Vngrd Emrg Mrkt	VWO	EW	0.75
PS Dynmc Utilities	PUI	EA	0.73
Wtree Eqty Income	DHS	EGI	0.73
PS Dynmc Cnsmr Staples	PSL	EA	0.66

ETF Rankings by C to previous week's end

Wtree Japan Hedge Eqty	DXJ	EC	0.57
SPDR S&P Homebuilders	XHB	EA	0.56
Wtree World Ex US Grth	DNL	EW	0.38
iShares Brazil Indx	EWZ	EW	0.32
Guggnhm Dfnsv Eqty	DEF	EV	0.27
PS MENA Frntr Countries	PMNA	EW	0.26
Wtree Japan SC Div	DFJ	EW R	0.16
PS India	PIN	EW	0.11
PS S&P 500 Low Volatility Portfolio	SPLV	ELC	0.11
PS Gbl Agriculture	PAGG	EA	0.10
Guggnhm Candn Enrg Incm	ENY	EW R	0.03
PS Lux Nanotech	PXN	EA	0.01
PS S&P SmICap Utilities	PSCU	EA	-0.01
iShares Latin Amr	ILF	EW	-0.04
iShares Malaysia Indx	EW M	EW	-0.10
PS Emrg Mrkt Infrastrctr	PXR	EW	-0.19
iShares Japan	EW J	EW	-0.46
iShares DJ US Home Constr.	ITB	EA	-0.51
Wtree Emrg Mrkt SC Div	DGS	EW	-0.53
Wtree Intrntl REIT	DRW	ERE	-0.55
iShares Singapore	EW S	EW	-0.65
PS DB Agriculture	DBA	EA	-0.70
iShares Prfrd	PFF	EGI	-0.90
PS Fincl Pfd	PGF	EGI	-0.95
Alerian MLP	AML P	EGI	-0.95
PS Dynmc Food & Bev	PBJ	EA	-1.16
US Natural Gas	UNG	EA	-1.32
Vngrd Utilities	VPU	EA	-1.43
PS DB Oil	DBO	EA	-1.45
PS DB Commodity	DBC	EA	-1.47
Select SPDR Utilities	XLU	EA	-1.48
PS DB Energy	DBE	EA	-1.54
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-1.90
PS DB Base Metals	DBB	EG	-1.93
Guggnhm China REIT	TAO	EW R	-1.96
iShares Mexico	EW W	EW	-2.41
iShares REIT	IYR	ERE	-2.90
PS US REIT	PSR	ERE	-3.13
Vngrd REIT	VNQ	ERE	-3.16
SPDR Wlsh REIT	RWR	ERE	-3.45
iShares Cohen&Str REIT	ICF	ERE	-3.75
Pro Shares Short S&P 500	SH	EC	-3.78
Pro Shares Short Russell 2000	RW M	ESC	-5.28
US Oil Fund	USO	EA	-5.51
iShares Gold	IAU	EG	-6.03
SPDR Gold	GLD	EG	-6.04
PS DB Gold	DGL	EG	-6.47
PS DB Precious Metals	DBP	EG	-6.54
iShares Silver	SLV	EG	-8.21
PS DB Silver	DBS	EG	-9.10
PS Gbl Gold Precious Mtls	PSAU	EG	-17.03
Market Vectors Gold Minors	GDX	EG	-24.57
iPath S&P 500 VIX Shrt Trm	VXX	EC	-38.38
Market Vectors Junior Gold Miners	GDXJ	EG	-44.77

CAPE (reiteration)



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**

simply confirming the reason stocks are up in the first place. Better economy has meant better earnings and the rising market.

We don't see bad news at the top, but only talk of "moon landings" where the market is expected to head higher and higher and higher still.

Only after the bear begins do we see what caused the fractures. Except in this case, it is the excessive bullishness, valuation, and high prices. The fear is missing the rally, rather than losing portfolio value. These things are already in place.

So, while my actual timing model is still bullish, I am simply

pointing out the reasons for why the market may shortly roll over and head lower. If it does, the timing model will signal a sell. (If the market continues higher, the timing model is still bullish.)

From an investor point of view, however, a timing model sell signal may appear like a random event; in other words, why turn bearish when "everyone" else and the news is still bullish? But be assured the background to the market's rally and potential top is very familiar.

Historic tops are accompanied by the signs we see today (competition from rising yields, too much investor complacency and bullishness, fear of missing

the rally, rich valuations with PE ratios north of 20x).

So, we are still invested, but have a close eye on the timing model to watch for a sell signal to both protect the substantial gains we've made and avoid what probably will turn out to be even more substantial losses.

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.

12/30 Happy New Year.

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

12/16 No changes.

12/9 No changes.

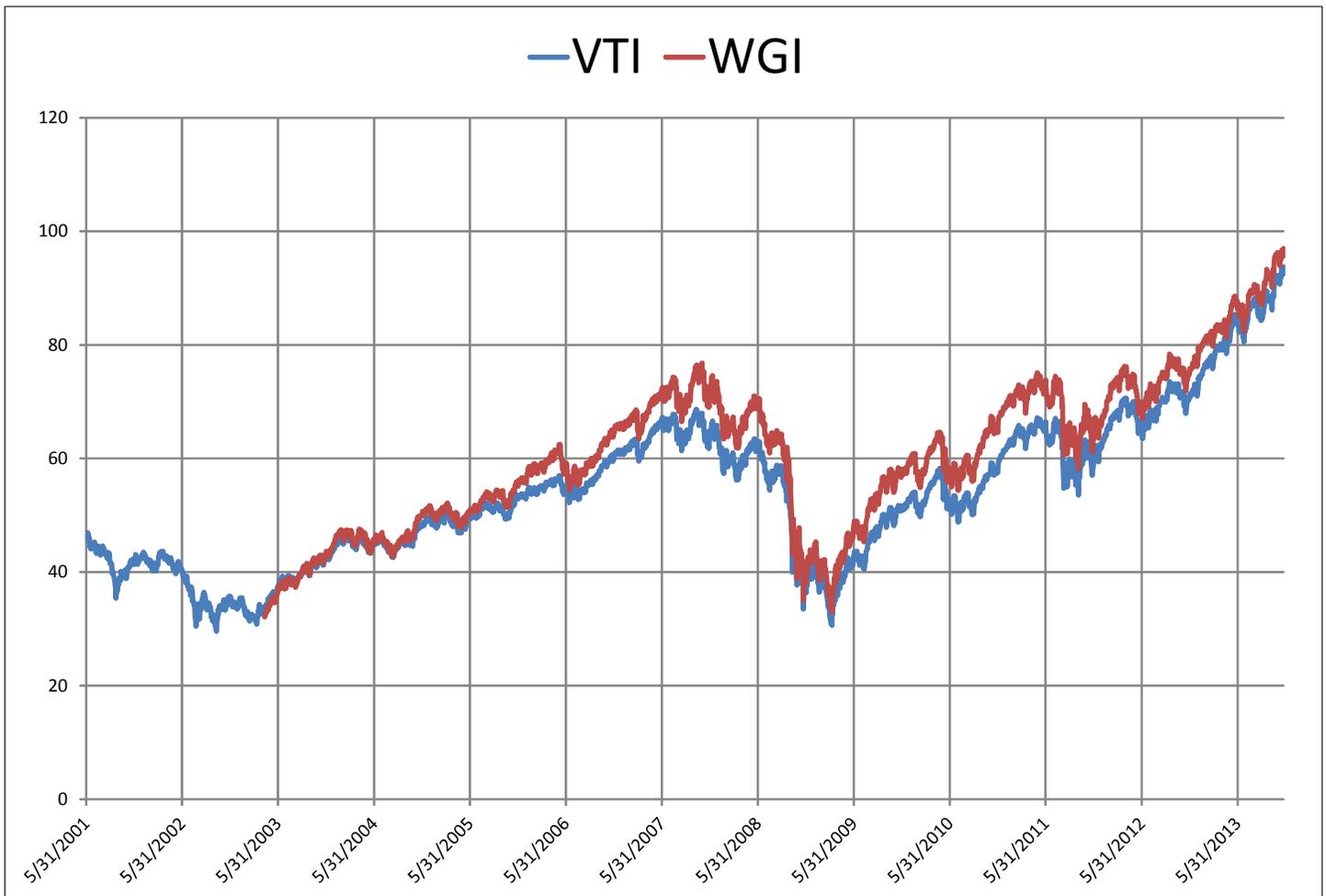
12/2 As mentioned on page 11 (on 12/2), a top test timing model is being constructed. This would be more timely than a trend-following approach.

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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