



No-Load Mutual Fund Selections & Timing Newsletter

Striving to provide you with the most return and the least risk.

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Top 5% Funds By C

C measures the risk (V) adjusted relative performance between fund and market (CS).

| Fund | Symbol | Style | C |
|-------------------------------|--------|-------|------|
| x | x | x | x |
| x | x | x | x |
| x | x | x | x |
| x | x | x | x |
| Lazard Emrg Mkt Open | LZOEX | EWR | 24.9 |
| Alpine Intl Real Estate | EGLRX | ERE | 23.5 |
| Fidelity Latin America | FLATX | EWR | 22.3 |
| Price Latin America | PRLAX | EWR | 21.7 |
| FBR Amrcn Gas | GASFX | EA | 21.3 |
| Vanguard Energy | VGENX | EA | 19.8 |
| Alpine US Real Estate | EUEYX | ERE | 19.7 |
| Neuberger & Berman Intrntnl | NBISX | EW | 19.7 |
| Oakmark Intrntl Small Cap | OAKEX | EW | 19.5 |
| Price Emrg Mkt Stk | PRMSX | EW | 19.4 |
| Baron Growth | BGRFX | ELC | 19.2 |
| Fidelity Contra | FCNTX | ELC | 18.7 |
| RS Contrarian | RSCOX | EC | 18.5 |
| Dodge & Cox Intl Stock | DODFX | EW | 18.3 |
| Fidelity Europe | FIEUX | EWR | 18.1 |
| AmCent Utilities Income | BULIX | EGI | 18.1 |
| Vanguard Intl Expl | VINEX | EW | 17.4 |
| Muhlenkamp | MUHLX | EGI | 17.3 |
| AXA Rosen Intl SmCap | RISIX | EW | 17.2 |
| Fidelity Emrg Mrkt | FEMKX | EW | 16.4 |
| ING Corp Leaders | LEXCX | EGI | 15.7 |
| Crdt Suisse Gbl Tech | WPGTX | EW | 15.6 |
| SAFECO Growth | SAFGX | ESC | 15.4 |
| AmSouth Intl Eqty | IIEX | EW | 15.1 |
| Price International Discovery | PRIDX | EW | 14.9 |
| Amana Grth | AMAGX | EMC | 14.8 |
| Excelsior Intl | UMINX | EW | 14.4 |
| Amana Incm | AMANX | EV | 14.2 |
| SSGa Emrg Mrkt | SSEMXX | EWR | 14.1 |
| x | x | x | x |
| x | x | x | x |
| Price Emrg Mkt Bond | PREMX | BW | 14.0 |
| Rydex US Govt Bond | RYGBX | BU | 12.0 |
| Payden Emrg MrkBd | PYEMX | BW | 11.7 |
| Legg Mason Global Incm | LMGGX | BW | 10.8 |
| Accessor Intrmdt FI | AIFIX | BI | 10.3 |
| Wasatch Ho US Tr | WHOSX | BL | 10.1 |

Personal Security

With Social Security and retirement planning high on the President's and public's agenda, I figure I should weigh in as well. Due to space limitations, this issue will be like Nebraska's Platte River, wide, but not very deep. In later issues, however, I will wade in deeper.

A few years ago, Peter Lynch rocked the retirement world when he suggested that retirees could safely draw off 7% of their assets without worrying about running out of money. He was corrected from numerous parties. 4% is the most commonly used replacement number.

Folks figure that Peter simply took the long-term average annual stock market return of 10% and decided 7% would be

okay. I suspect, however, he also used his personal investing skills to arrive at that number, which is to say, if your returns are average, 4% is the number to use.

The reason to be conservative are the bear markets that come upon us every few years. Unlike grizzlies that hibernate during the

SECURITY WITHDRAWALS

| \$500 nest egg | 2000 | 2001 | 2002 | 2003 | 2004 |
|----------------|-------|-------|-------|-------|-------|
| 4% out (\$20) | \$442 | \$375 | \$284 | \$335 | \$350 |
| 7% out (\$35) | \$428 | \$350 | \$252 | \$275 | \$266 |

Numbers rounded, in thousands.

lean times, we have to keep living.

You can see the combined impact from a bear market and living expenses on your nest egg in the table above.

Two things, would you have "stayed the course" to be there for

(Continued on page 7)



AROUND THE CAMPFIRE

So who won the Super Bowl? A team or the ads? From Burt Reynolds to babes to the laughing monkeys to the new rides, the ads were outstanding, entertaining, funny, and memorable.

The game too was great.

Please bear with me as I undergo a system change over the next month. This should result in more accurate data, more timely publication, and new modeling to bring you the most return with the least reward.

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Interest Rates and Bond Prices

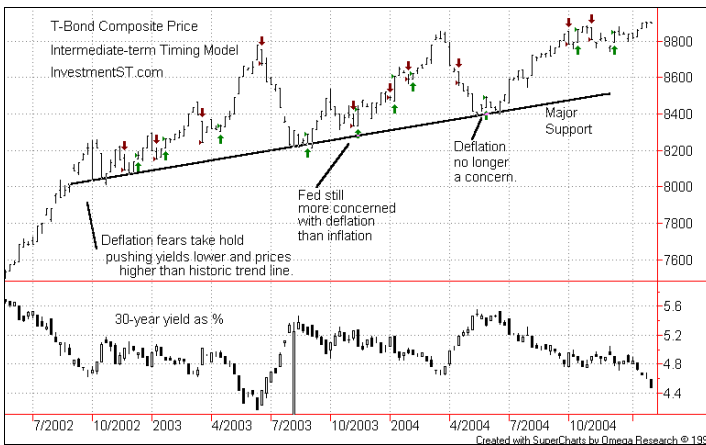
What is to be made of the fact that while the Federal Reserve has increased short-term rates six times over the past nine months from 1% to 2.5%, long-term rates have actually, surprisingly fallen from 5.5% to 4.5%?

In normal times, we would expect long and short-term rates to move in lock-step both up and down. This time, however, we are seeing the yield curve flatten out to where the difference between yields is akin to the flatlands of Kansas. Should the curve eventually invert, where long-term rates are less than short-term rates, this would lead to a recession. Good for bonds. Bad for stocks.

There may be three sources of buying to account for the decline in long rates. Foreign buyers are putting their dollars to work. The carry trade, where investors borrow short and buy long, is alive and well despite repeated warnings by the Fed. Inflation appears under control, OPEC oil notwithstanding.

I wouldn't argue with the market, but I also don't have to join the party. When it's busted, the exits will be jammed and participants fined heavily with market losses. Each 1% rise in long-term rates corresponds to about a 10% decline in price.

Caution is warranted.



The SLM Bond Market Timing Models are forecasting tools of the direction of bond prices and yields, which move inversely. The right one forecasts the long-term (months to years); the left forecasts the intermediate-term (weeks to months). Up arrows identify buy signals; expect prices to move higher and interest rates to move lower. Down arrows show sell signals; expect lower prices and higher interest rates.

MAAP Model Portfolios

Took profits, raised cash last month.

| MONTHLY ACTIVITY | | | MONTH ENDING: 1/31/0- | | MONTH END VALUATIONS | | | | | | | |
|-------------------|----------|------|-----------------------|------------------|----------------------|-------------------------|------------|--------------------|------------|------------------|---------------|------------------|
| AGGRESSIVE GROWTH | | | | | | | | | | | | |
| Activity Date | Activity | Fund | Action Price | Number of Shares | Action Value | Symbol | Style | Name | Ending NAV | Number of Shares | Current Value | Percent of Total |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | NBISX | World Grth | Nbrgr Brmn Intrntl | 18.38 | 1011.0719 | 18,584 | 6% |
| | | | | | | RSPFX | Small Cap | RS Partners | 34.15 | 540.4463 | 18,456 | 6% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | RYURX | Contrary | Rydex Ursa | 8.68 | 5594.2900 | 48,558 | 15% |
| | | | | | | | MM | Money Market | 1.00 | 242906.63 | 242,907 | 74% |
| | | | | | | Growth, may use margin. | | | | Total Valuation= | \$328,505 | 100% |

MAAP Model Portfolios

MONTHLY ACTIVITY

MONTH ENDING: 1/31/0-

MONTH END VALUATIONS

GROWTH

| Activity Date | Activity | Fund | Action Price | Number of Shares | Action Value | Symbol | Fund Style | Fund | Ending NAV | Number of Shares | Current Value | Percent of Total |
|------------------|----------|------|-----------------|---------------------|-----------------|-----------------------------------|---------------|--------------------|---------------|---------------------|------------------|---------------------|
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | NBISX | World Grth | Nbrgr Brmn Intrntl | 18.38 | 2022.1339 | 37167 | 6% |
| | | | | | | RSPFX | Small Cap | RS Partners | 34.15 | 1080.8927 | 36912 | 6% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | RYURX | Contrary | Rydex Ursa | 8.68 | 5594.2900 | 48558 | 8% |
| | | | | | | | MM | Money Market | 1.00 | 464979.63 | 464980 | 79% |
| | | | | | | Growth emphasis, 0-50% per style. | | Total Valuation= | | \$587,617 | 100% | |

BALANCED

| Activity Date | Activity | Fund | Action Price | Number of Shares | Action Value | Symbol | Fund Style | Fund | Ending NAV | Number of Shares | Current Value | Percent of Total |
|------------------|----------|------|-----------------|---------------------|-----------------|--|---------------|--------------------|---------------|---------------------|------------------|---------------------|
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | NBISX | World Grth | Nbrgr Brmn Intrntl | 18.38 | 2022.1339 | 37167 | 7% |
| | | | | | | RSPFX | Small Cap | RS Partners | 34.15 | 1080.8927 | 36912 | 7% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | VFSTX | Corp Incm | Vngrd Short Corp | 10.63 | 3876.5500 | 41208 | 8% |
| | | | | | | NCINX | Corp Incm | Nicholas Incm | 2.22 | 34525.8200 | 76647 | 15% |
| | | | | | | | MM | Money Market | 1.00 | 317905.45 | 317905 | 62% |
| | | | | | | All styles permitted, 0-50% per style. | | Total Valuation= | | \$509,840 | 100% | |

INCOME

| Activity Date | Activity | Fund | Action Price | Number of Shares | Action Value | Symbol | Fund Style | Fund | Ending NAV | Number of Shares | Current Value | Percent of Total |
|------------------|----------|------|-----------------|---------------------|-----------------|-----------------------------------|---------------|--------------------|---------------|---------------------|------------------|---------------------|
| | | | | | | | | | | | | 0% |
| | | | | | | VFSTX | Corp Incm | Vngrd Short Corp | 10.63 | 6228.17 | 66205 | 35% |
| | | | | | | BUFHX | High Yld | Buffalo High Yield | 11.51 | 3180.76 | 36611 | 19% |
| | | | | | | | | | | | | 0% |
| | | | | | | NCINX | Corp Incm | Nicholas Incm | 2.22 | 5754.33 | 12775 | 7% |
| | | | | | | | MM | Money Market | 1.00 | 75447.75 | 75448 | 40% |
| | | | | | | Income emphasis, 0-50% per style. | | Total Valuation= | | \$190,767 | 100% | |

AGGRESSIVE INCOME

| Activity Date | Activity | Fund | Action Price | Number of Shares | Action Value | Symbol | Fund Style | Fund | Ending NAV | Number of Shares | Current Value | Percent of Total |
|------------------|----------|------|-----------------|---------------------|-----------------|------------------------------------|---------------|--------------------|---------------|---------------------|------------------|---------------------|
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | VFSTX | Corp Incm | Vngrd Short Corp | 10.63 | 2507.21 | 26652 | 13% |
| | | | | | | BUFHX | High Yld | Buffalo High Yield | 11.51 | 3222.48 | 37091 | 18% |
| | | | | | | | | | | | | 0% |
| | | | | | | NCINX | Corp Incm | Nicholas Incm | 2.22 | 23019.23 | 51103 | 25% |
| | | | | | | | MM | Money Market | 1.00 | 91624.05 | 91624 | 44% |
| | | | | | | | MM | Margin Loan | -1.00 | 0.00 | 0 | 0% |
| | | | | | | Income emphasis, 0-100% per style. | | Total Valuation= | | \$205,978 | 100% | |

All MAAP portfolio performance include an annual 2% management fee expense. All dividends are reinvested.

Market Timing and Asset Allocation

(Continued from page 1)

the rebound in 2003, given that roughly half your equity was already gone? If you are not retired and you did stay the course, your answer does not count because your emotions will not be identical.

With the higher withdrawal rate, or a longer or deeper bear market, the losses to the account could be such that the recovery will not be enough to overcome the losses. You can see this in year five with the 7% withdrawal rate.

Granted this was a horrible bear market, one that crept up and stayed longer and fell further than historic norms. Still, who knows whether something similar will happen or not happen again?

As you can see from the table, the numbers are huge. What can be done?

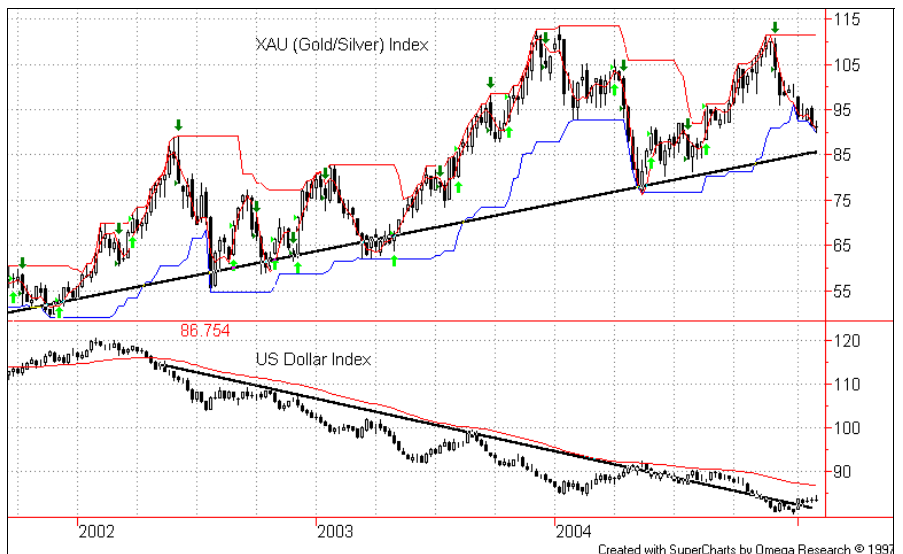
Live more frugally in retirement, at least as the years go by.

Get out and stay out of debt by retirement.

Diversify between stocks and bonds and styles like large and small, value and growth, international and domestic.

Increase your returns, which would allow greater withdrawals. I've said this before and it bears repeating, manage your money like you are living off of it, instead of waiting until retirement to do so. Riding the market up and down, like a cork, is not the way to in-

Gold and US Dollar



Dow Jones International Index



MARKET and FUND COMMENTS

The stock market corrected some of its short-term overbought condition last month. There's still no catalyst to propel it sharply higher.

Fiscal policy—no tax rebates this year—neutral, offset by enormous Microsoft dividend.

Inflation up, neutral.

Oil stable, neutral.

Investor sentiment, bearish because too bullish.

Fed tightening, bearish.

Market valuation, bearish.

Terrorism risk, bearish.

SLM TIMING MODELS

LCITT, modified 1/96, 3/97, 9/98.

Large cap stock intermediate-term, signals lasting weeks to months.

LC Long-term, modified 11/95

Large cap stock long-term, lasting months to years. Under reconstruction.

SCITT, introduced 3/03

Small cap stock intermediate-term, signals lasting weeks to months.

GOLD, web site, InvestmentST.com

BONDS, intermediate and long-term, page five.

Performance Scoreboard

| INDEXES, FUND STYLES & MAAP PORTFOLIOS | % RETURNS FROM THE PAST X MONTHS THRU 1/31/05 | | | | | V Vol- atility | INDEX CLOSE | | PERFORMANCE IN: | | | | | |
|--|--|-------|-------|-------|-------|----------------------|---|---|-----------------|-------|--------|--------|--------|-------|
| | X= | 12 | 9 | 6 | 3 | | | | 1 | 2004 | 2003 | 2002 | 2001 | 2000 |
| Wilshire 5000 | 5.56 | 7.86 | 8.79 | 5.18 | -2.74 | 2.2 | 11642.57 | - | 10.85 | 29.44 | -22.08 | -12.06 | -11.41 | 21.44 |
| Dow Jones Industrials | 0.02 | 2.59 | 3.45 | 4.61 | -2.72 | 2.0 | 10489.94 | - | 3.15 | 25.32 | -16.76 | -7.10 | -6.18 | 25.22 |
| Standard & Poors 500 | 4.43 | 6.68 | 7.22 | 4.52 | -2.53 | 2.1 | 1181.25 | - | 8.99 | 26.38 | -23.37 | -13.04 | -10.14 | 19.53 |
| Russell 2000 (small cap) | 7.45 | 11.47 | 13.19 | 6.89 | -4.23 | 3.4 | 624.02 | - | 17.00 | 45.37 | -21.58 | 1.03 | -4.20 | 19.62 |
| Dow Jones World Index | 9.69 | 11.22 | 12.41 | 7.25 | -2.11 | 2.4 | 209.41 | - | 14.43 | 33.42 | -20.73 | -16.58 | -15.89 | 23.73 |
| Gold London PM Fix | 5.60 | 8.66 | 7.86 | -0.80 | -3.09 | 3.5 | 422.15 | - | 4.65 | 19.89 | 25.57 | 1.28 | -5.94 | 0.85 |
| T-Bond TTL Rtrn Cmpst | 3.69 | 4.68 | 3.59 | 0.37 | 0.75 | 1.0 | 8906.84 | - | 3.99 | 2.20 | 11.96 | 6.77 | 13.40 | 10.92 |
| Small Cap Growth | 5.47 | 7.23 | 8.51 | 4.16 | -2.47 | 3.3 | Columns 2 through 6 are the average returns and Column 7 is the average V (Volatility) for all funds in each fund style. Usually, the larger the V, the greater the risk. | | 11.74 | 39.43 | -21.96 | -6.21 | 0.96 | 38.84 |
| Mid Cap Growth | 8.14 | 8.74 | 10.16 | 4.94 | -1.74 | 2.6 | | | 12.96 | 33.65 | -21.89 | -11.03 | -0.38 | 38.52 |
| Large Cap Growth | 9.00 | 10.08 | 11.45 | 7.83 | -2.14 | 2.3 | | | 13.34 | 27.54 | -21.75 | -13.19 | -3.69 | 29.36 |
| Value Company | 7.61 | 7.82 | 7.76 | 3.89 | -1.26 | 2.2 | | | 11.26 | 27.18 | -15.61 | 2.30 | 9.99 | 12.27 |
| Contrary | 4.58 | 3.28 | 2.77 | 1.33 | 2.08 | 2.2 | | | 3.11 | 0.47 | 9.99 | 2.83 | 13.54 | 6.12 |
| World Growth | 12.93 | 12.66 | 14.16 | 7.24 | -0.72 | 2.7 | | | 17.11 | 34.67 | -15.76 | -19.89 | -12.70 | 49.42 |
| Growth & Income | 7.07 | 7.80 | 7.90 | 4.39 | -1.24 | 2.0 | For more information about these model portfolios, please see page six. | | 10.24 | 23.46 | -18.22 | -7.76 | 0.03 | 23.36 |
| Long-term Corp Income | 8.65 | 7.85 | 7.22 | 3.19 | 2.13 | 1.7 | | | 8.43 | 8.64 | 6.73 | 2.45 | 11.68 | -7.61 |
| High Yield Income | 5.76 | 5.21 | 5.41 | 1.61 | 0.54 | 1.1 | | | 6.63 | 16.24 | -7.55 | -4.73 | -12.68 | 1.33 |
| International Income | 8.76 | 8.45 | 7.69 | 2.57 | 1.14 | 1.4 | | | 9.07 | 11.56 | 10.56 | 1.48 | 0.18 | 3.46 |
| MAAP Aggrsv Grth | 1.45 | 2.42 | 3.10 | 1.97 | 0.24 | 0.5 | | | 0.57 | 15.03 | -4.93 | 1.42 | 1.78 | 26.66 |
| MAAP Growth | 1.96 | 2.65 | 3.15 | 1.92 | 0.07 | 0.4 | | | 1.53 | 11.56 | -1.22 | 0.75 | 2.64 | 18.42 |
| MAAP Balanced | 5.17 | 5.63 | 5.33 | 2.79 | -0.24 | 0.8 | | | 5.88 | 12.57 | 0.09 | -0.56 | 0.37 | 17.81 |
| MAAP Income | -1.39 | 1.81 | 1.60 | 0.26 | -0.08 | 0.7 | | | 0.62 | 5.16 | 2.05 | 1.40 | 4.38 | 2.82 |
| MAAP Aggrsv Incm | -0.79 | 3.73 | 2.58 | 0.56 | -0.16 | 1.1 | | | 1.90 | 7.05 | 1.75 | 4.59 | 2.37 | 6.04 |

Funds and MAAP portfolio data include dividend reinvestment and fees (2% annual for MAAP). Market data does not include dividends, except for T-Bond Index.

Managed Asset Allocation Program (MAAP)

Fund Selection. We conduct a three-step selection process on more than 900 funds. Firstly, we separate funds into their primary investment style, Equity, Bond, Hybrid, and then subdivide into small, large, value, etc.. Secondly, we rank the funds by recent performance relative to their peer group (CS). Thirdly, we consider their historical risk, as measured by their volatility (V).

Portfolio Allocation. We follow a straightforward approach to allocation: Overweight the portfolio to the investment style that is performing the strongest out of the three (stocks, bonds, cash) major asset classes.

Diversification. We diversify by fund company, investment style, and asset class. The funds themselves normally reduce specific company risk, so that the main investment risks are the market and then the industry.

MAAP. Our Managed Asset Allocation Program brings our proprietary fund selection and market timing models together. We EVOLVE, buying from the top 5%, holding as long as the fund is in the top 20%. If it drops below 4 comets, we evolve, selling that fund and buying from the top 5% again. We overlay market timing on this fund selection evolution. The results are five portfolios shown on pages 5 and 6. See Scoreboard above for comparative performances.

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