



# 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
Janus Twenty	JAVLX	EMC	29.3
ABN AMRO Mntg Balncd	MOBAX	HB	27.7
Leuthold Core Invst	LCORX	HB	25.1
Caldwell & Oakin Mrkt Opprtnty	COAGX	EA	24.8
Janus Gbl LifeScienc	JAGLX	EWR	23.9
Spectra N	SPECX	ELC	23.4
Janus Orion	JORNX	EMC	23.2
Monetta	MONTX	EMC	22.9
Badgley Blncd	BMFBX	HB	22.5
Scudder Intl Eqty	BTEQX	EW	22.5
Federated Mgd Model	FMMSX	HB	21.5
SIT Dvlpng M rkts Grth	SDMGX	EWR	21.4
Vanguard Grth Eqty	VGEQX	ELC	21.4
Turner Midcap Gr	TMGFY	EMC	21.3
Fidelity Independence	FDFFX	ELC	21.2
Kinetics Paradigm	WWWFX	EA	21.0
Loomis Sayles Growth	LSGRX	ELC	20.6
Bonnel Grth	ACBGX	EMC	20.5
AmCent Hertg Investors	TWHIX	EMC	20.4
Wells Fargo Growth	SGROX	ELC	20.2
AmCent Grwth Investors	TWCGX	ELC	20.2
Wells Fargo LargeCap Gr	STRFX	ELC	20.1
JohnsonFam Intrntl Value	JFIEX	EW	19.7
Marshall Mid Cap Stock	M RMSX	EMC	19.6
Northern MidCap Gr	NOMCX	ELC	19.5
Gabelli Growth	GABGX	ELC	19.4
Janus Mercury	JAMRX	ELC	19.0
AmSouth Intl Eqty	IIEIX	EW	18.8
USAA Growth	USAAX	ELC	18.5
Fidelity OTC	FOCPX	ESC	18.4
Price New Era	PRNEX	EC	18.3
Matthews China	MCHFX	EWR	18.3
Investec China HK	ICHKX	EWR	18.1
x	x	x	x
Rydex US Govt Bond	RYGBX	BU	1.7
Dreyfus US Long	DRGBX	BL	-1.1
Wasatch Hsng Trsry	WHOSX	BL	-1.6
Price US Treasury Bond Long	PRULX	BL	-1.7
Federated US Bond	FEDBX	BU	-3.9
Vanguard LT Trsry	VUSTX	BL	-4.4
Price US Treasury Intermediate	PRTIX	BI	-5.2

## Slip, Slide, and Rally

Well we are slipping a bit. The stock market is recording lower peaks and lower troughs. The main trend is down. As I've been talking about, this was foreshadowed numerous ways, but primarily from the negative divergences between the Industrials and Transports. The former made recovery highs, but the latter did not.

The weakness in the Transports also points to the weakness in the overall economy. After all it is made up of the transporting of goods by various means throughout the country and world. Less shipping suggests less buying, which indicates a recession possibility. Indeed the leading economic indicators have turned down as well.

All of this is suggested without even talking about the credit crunch, hedge fund leverage, and housing bubble pop. When one adds those things into the equation, the question is whether you really want to pay 16x earnings for and receive a 2% yield in the riskier stock market?

The answer from more and more investors is I don't, especially given that earnings are slowing and may in fact be lower

in the months ahead than they were last year.

But, many people say, this is an election year. The stock market is always up in an election year. The incumbent party wants to get reelected and therefore does what is necessary to insure that. Interest rates will also go down. Pork barrels should roll.

This is true, but if you break down the market's performance by month, it is typically very weak in the first half of the year because of uncertainty and then rebounds strongly into year end as the election becomes surer and clearer. Right now we still have some six candidates and they all lead in different polls, but who will actually lead us for the next four years?

So, in these tenuous times, protect your capital, use rallies to sell and sell short; by the summer a bottom should be in place and the whole thing rally back to where it began January 1.

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### AROUND THE CAMPFIRE

As you drive south on the cut through highway 15 between Beatrice NE and Marysville KS, there to your right on the crest of a hill, you glimpse a tribute to our heritage, the Pony Express. Once upon a time, there was a way station there; now a steel cut out shows a kid on a galloping horse riding for all he's worth with mail sack horizontal in the wind.





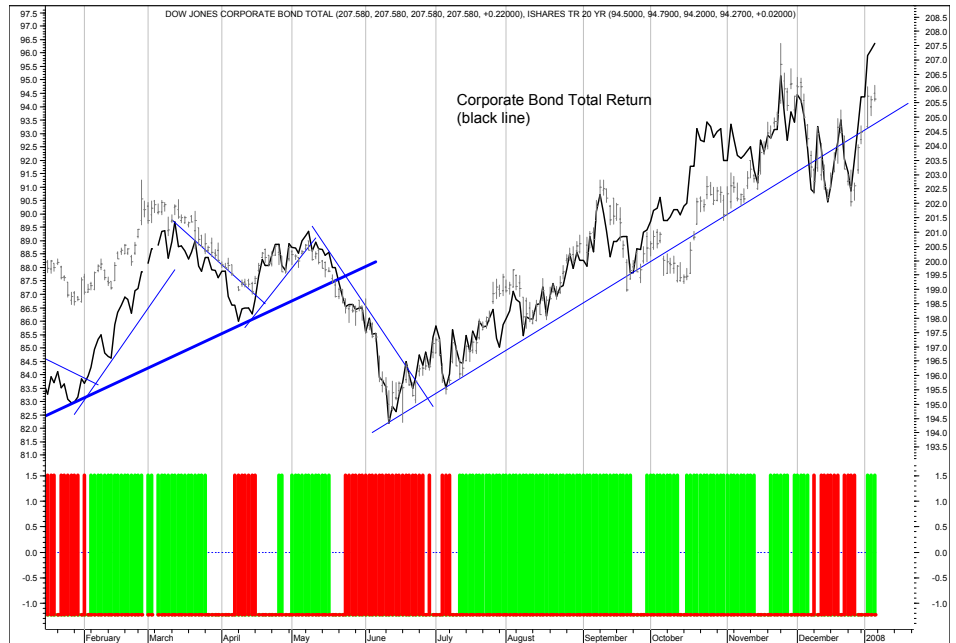


# Interest Rates and Bond Prices

The SLM Bond Timing Model switched back to bullish, suggesting lower interest rates and higher bond prices ahead. You can see this by the color changes on the bottom part of the chart to the right. This short-term switch was as I expected. The long-term down trend in interest rates remains intact.

Because of credit and recession concerns, many analysts are expecting the Fed Funds rate to drop to the 3% area this year. Long term bond yields may also decline into the 3 1/2% area.

But like many other investment areas, bond picking will be primary. So as a wide example, while government bonds should do well in this environment, high yields may lag.



The SLM Bond Market Timing Model shown on bottom part of chart above is an intermediate to long-term (months to years) forecasting tool of the direction of bond prices and yields, which move inversely. If you see this as a PDF file off the internet, the green bars are buy/hold, the red bars are sell/avoid signals. White spaces indicate that the previous signal is still in effect. If you see this as a printed version, the dark bars indicate red, the lighter bars indicate green.

# MAAP Income Portfolio

No changes this month to the MAAP Income Portfolio.

## MONTHLY ACTIVITY

MONTH ENDING: 12/31/2007

## MONTH END VALUATIONS

### INCOME, selected & timed, style and asset allocated (bond, balanced, cash)

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
						PSAFX	Bond Wrld	Prudent Gbl Incm	12.94	4,108.8060	53,168	24%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	8.68	3,314.9171	28,773	13%
						BEGBX	Bond Wrld	AmCent Intrn Bond	14.52	2,162.9067	31,405	14%
						MM	Money Market		100	103,795.0000	103,795	48%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=											217,142	100%

# MAAP Growth and Balanced Portfolios

**MONTHLY ACTIVITY**

**MONTH ENDING:** 12/31/2007

**MONTH END VALUATIONS**

**AGGRESSIVE GROWTH, selected & timed, style allocated (stock, balanced, cash)**

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Name	Ending NAV	Number of Shares	Current Value	Percent of Total
17-Dec	buy	CGM Focus CGMFX	57.16	349.8950	20,000							
					-	MID SX	Gold	Midas	5.64	6,246.9607	35,233	9%
						SPE CX	Eqty LrgCap	Spectra N	11.74	1,646.0905	19,325	5%
						OAK GX	Eqty Wrld	Oakmark Global	24.10	1,372.5630	33,079	8%
						JORN X	Eqty MidCap	Janus Orion	13.01	2,276.1760	29,613	7%
						CM GFX	Eqty Aggrsv	CGM Focus	52.49	416.2750	21,850	5%
						RYUR X	Contrary	Rydex Ursa	36.25	1,772.6139	64,257	16%
							MM	Money Market	100	199,543.0000	199,543	50%
<b>Total Valuation=</b>											<b>\$402,900</b>	<b>100%</b>

**GROWTH, selected & timed, style & asset allocated (stock, balanced, cash)**

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total
17-Dec	buy	CGM Focus CGMFX	57.16	349.8950	20,000							
						MID SX	Gold	Midas	5.64	3,759.3985	21,203	3%
						SPE CX	Eqty LrgCap	Spectra N	11.74	1,234.5679	14,494	2%
						OAK GX	Eqty Wrld	Oakmark Global	24.10	1,372.5630	33,079	5%
						JORN X	Eqty MidCap	Janus Orion	13.01	2,276.1760	29,613	4%
						CM GFX	Eqty Aggrsv	CGM Focus	52.49	416.2750	21,850	3%
						RYUR X	EqtyContry	Rydex Ursa	36.25	1218.2860	44,163	7%
							MM	Money Market	100	499,569.0000	499,569	75%
<b>Total Valuation=</b>											<b>\$663,971</b>	<b>100%</b>

**BALANCED, selected & timed, style & asset allocated (stock, balanced, bond, cash)**

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total
17-Dec	buy	CGM Focus CGMFX	57.16	349.8950	20,000							
						MID SX	Gold	Midas	5.64	3,759.3985	21,203	4%
						SPE CX	Eqty LrgCap	Spectra N	11.74	1,234.5679	14,494	3%
						OAK GX	Eqty Wrld	Oakmark Global	24.10	1,372.5630	33,079	6%
						JORN X	Eqty MidCap	Janus Orion	13.01	2,276.1760	29,613	5%
						CM GFX	Eqty Aggrsv	CGM Focus	52.49	416.2750	21,850	4%
						FAG IX	Bond HiYld	Fidelity Cap/Incm	8.68	6,629.8343	57,547	10%
							MM	Money Market	100	400,923.0000	400,923	69%
<b>Total Valuation=</b>											<b>\$578,709</b>	<b>100%</b>

No portfolio changes for now.

All MAAP portfolio performances include a separate annual 2% management fee expense (the fee we would charge to manage it). All dividends are reinvested.

# Market Timing and Asset Allocation

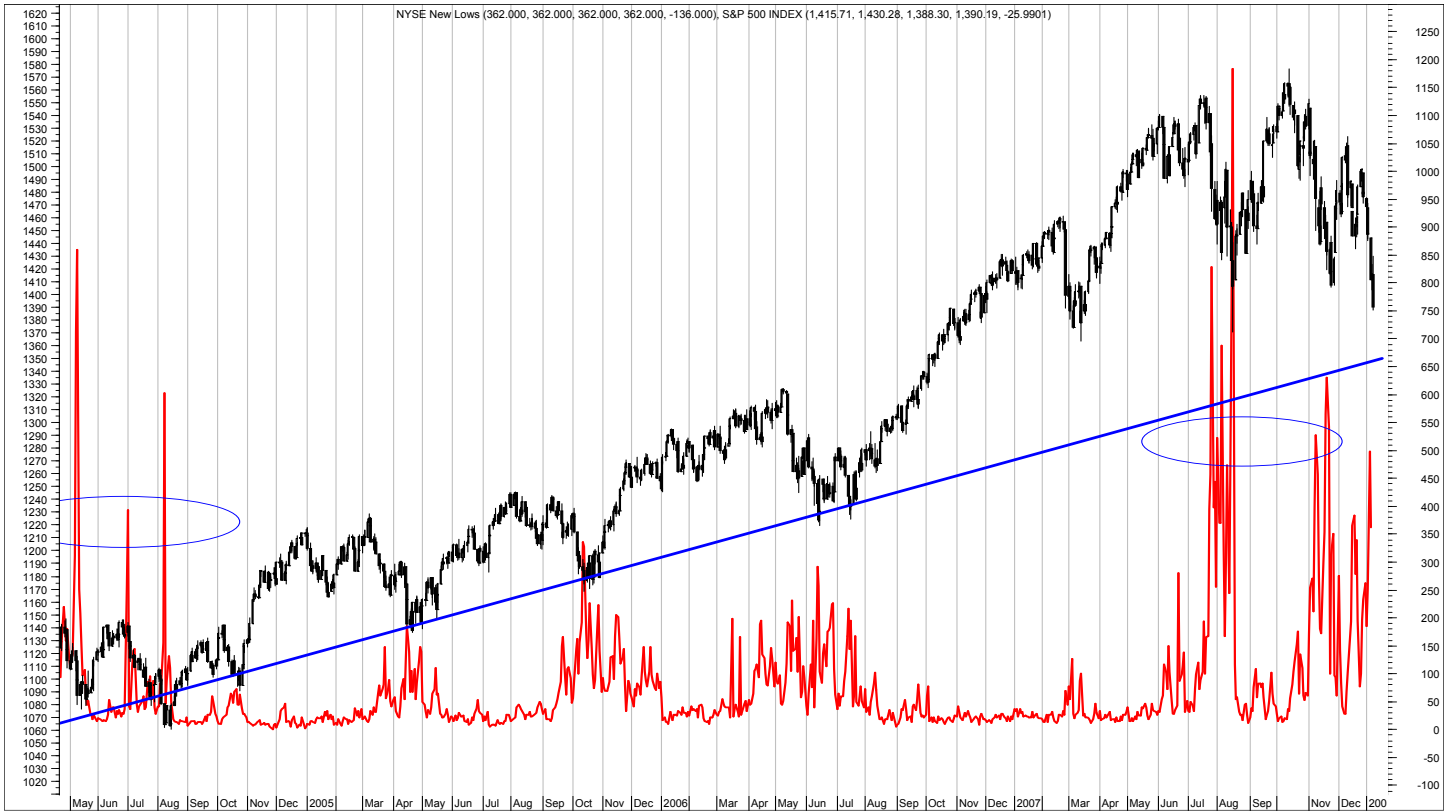
## S&P 500 and the number of new NYSE lows

The chart below shows the S&P 500 and the number of new NYSE lows. There's good and bad news to consider here.

The good news is that the number of new lows (right scale) is shrinking even though the S&P 500 is

making new lows (left scale).

The bad news is that the fundamentals continue to deteriorate, providing little reason to risk capital. The next stop appears to be the major long-term support line around 1,350, down another 3-4%.



### TIMING POSITIONS

**STOCKS:** Bearish. **GOLD:** Bullish. **BONDS:** Bullish.

### STOCK MARKET COMMENTS

- US Gov. fiscal policy, neutral.
- Corporate activity (buy backs, mergers), bearish (credit dried up).
- Economy, neutral, turning to bearish.
- Inflation, neutral, turning to bearish.
- Oil prices, bearish.
- Housing, bearish.
- Investor sentiment, bearish (too many bulls).
- Federal Reserve policy, bullish (lowering rates, providing liquidity).
- Market valuation (PE, yield, book), bearish (unsustainable).
- Terrorism risk, neutral.
- Hedge fund risk, bearish (leverage problem).

Stock market technicals and fundamentals continued to deteriorate last month. The economy is slowing noticeably, but inflation remains a growing problem. One would expect that as the economy eases, inflation would ease as well. This is somewhat different from times past because of the world wide spread of capitalism. Although the US may slow, China and India may not. This keeps prices high, even as our economy worsens.

# Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	% RETURNS FROM THE PAST X MONTHS THRU 12/31/07					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2006	2005	2004	2003	2002	2001
DJ Wilshire 5000	3.94	2.85	-2.57	-3.53	-0.76	2.4	14819.60	-	13.72	8.24	10.85	29.44	-22.08	-12.06
Dow Jones Industrials	6.43	7.37	-1.07	-4.54	-0.80	2.3	13264.80	-	16.29	-0.61	3.15	25.32	-16.76	-7.10
Standard & Pooors 500	3.53	3.34	-2.33	-3.82	-0.86	2.3	1468.36	-	13.62	3.00	8.99	26.38	-23.37	-13.04
Russell 2000	-2.75	-4.33	-8.12	-4.89	-0.23	2.7	766.03	-	17.00	3.32	17.00	45.37	-2158	103
Dow Jones World Index	8.43	5.77	-0.62	-2.65	-1.44	2.4	300.88	-	18.52	9.41	14.43	33.42	-20.73	-16.58
Gold/Sliver Index (XAU)	21.84	26.50	27.49	2.71	1.32	5.7	173.32	-	11.11	28.87	4.65	19.89	25.57	128
Dow Jones Ttl Bond	5.24	3.16	4.25	2.31	0.44	0.8	205.72	-	3.70	1.40	3.99	2.20	11.96	6.77
Small Cap	-3.52	-6.48	-11.97	-11.55	-8.07	3.2	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.	7.20	2.63	11.74	39.43	-21.96	-6.21	
Mid Cap	6.00	2.15	-5.13	-7.86	-6.49	3.1		6.79	8.38	12.96	33.65	-21.89	-11.03	
Large Cap	5.81	4.20	-2.06	-5.59	-4.64	2.8		6.11	5.75	13.34	27.54	-21.75	-13.19	
Value	-6.44	-7.86	-13.01	-12.31	-9.49	3.0		10.08	3.66	11.26	27.18	-15.61	2.30	
Contrary	-1.11	-2.61	-2.36	-1.93	-2.85	2.3		-1.99	5.78	3.11	0.47	9.99	2.83	
World Growth	x	x	x	-1.75	-2.65	2.4	For more information about these model portfolios, please see pages five and six.	x	13.07	17.11	34.67	-15.76	-19.89	
Growth/Income	0.47	-1.12	-6.85	-7.81	-6.13	2.7		9.82	4.23	10.24	23.46	-18.22	-7.76	
Bond Long	6.19	5.18	7.12	3.58	-1.15	1.8		2.75	10.32	8.43	8.64	6.73	2.45	
Bond High Yield	x	-0.76	-1.07	-1.52	-0.60	2.6		8.84	5.76	6.63	16.24	-7.55	-4.73	
Bond World	4.74	3.39	3.92	0.46	-1.69	1.3		5.65	7.40	9.07	11.56	10.56	1.48	
MAAP Aggrsv Grth	4.30	3.58	2.79	1.64	0.71	1.2		9.95	7.20	0.57	15.03	-4.93	1.42	
MAAP Growth	3.39	2.77	1.88	1.11	0.48	0.3		5.66	3.50	1.53	11.56	-1.22	0.75	
MAAP Balanced	3.17	2.58	1.27	0.36	0.36	0.5		7.59	2.01	5.88	12.57	0.09	-0.56	
MAAP Income	4.32	3.32	2.20	0.88	0.34	0.3		2.80	-1.86	1.90	7.05	1.75	4.59	

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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## SAMPLE FUND EVOLUTION SELECTING AND TIMING

This is to show a sample evolution of the newly combined fund selecting and fund timing strategies working together. It is not indicative of actual results or picks. The funds were chosen because they show the strategies in action.

The selecting strategy is to buy from the top 5% and hold as long as the fund remains in the top 20% (5% and next 15%) of the funds we track. The timing strategy shows precise buy and sell points based only on the fund. The green is hold, the red is sell/avoid. The green spike is buy. No color indicates that the previous signal is still in effect.

I pick up the process with the first valid buy signal in September, 2004. The fund selecting model showed MNEFX in the top 5% at the time. The timing model also gave a buy signal, as shown by the dark green spike, the inverted V on the top chart.

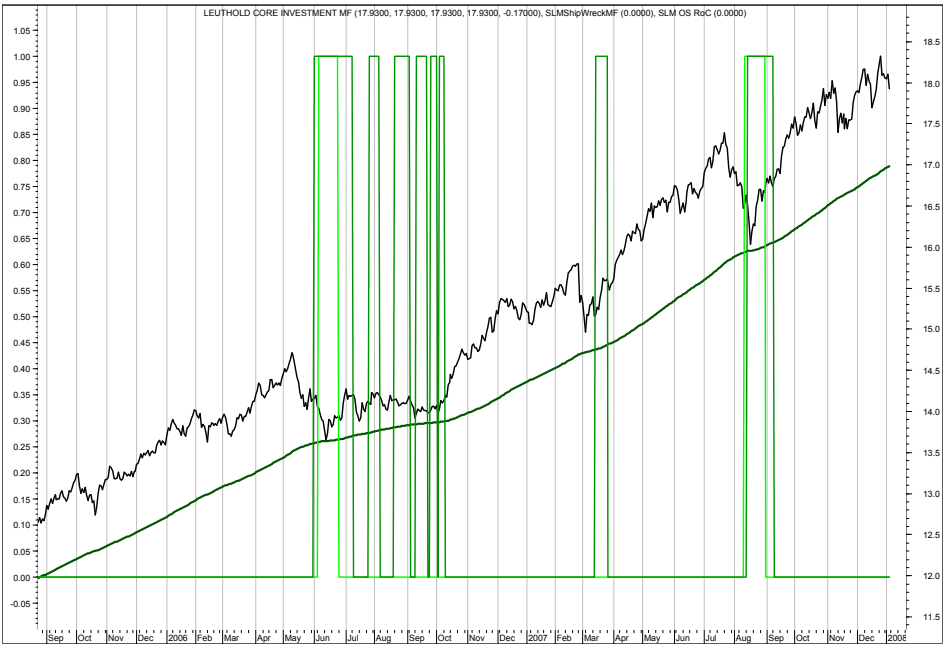
The fund dropped out of the top 20% at the end of January 2005. Even though the timing model remained bullish, the fund was sold. It would not have been rebought in July 2005 with the timing model buy because the fund was not in the top 5% at the time of the buy signal. It could have been bought in May.

The second chart shows its replacement. There was a buy spike and the fund was in the top 5%. Three months later it dropped out of the top 20% and was sold.

The third chart shows the replacement fund for the reinvestment. It was selected because it was in the top 5% and there was a timing model buy signal. The fund is still in the top 5%.

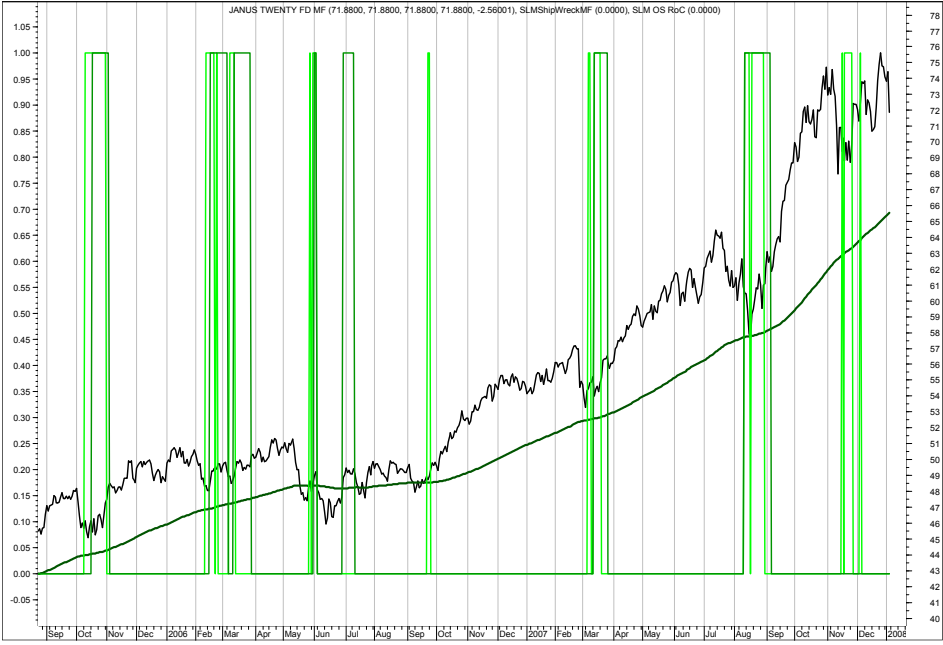
The end result is a gain of about 37% over the last 13 months. The Wilshire 5000 was up roughly 15% over the same period.



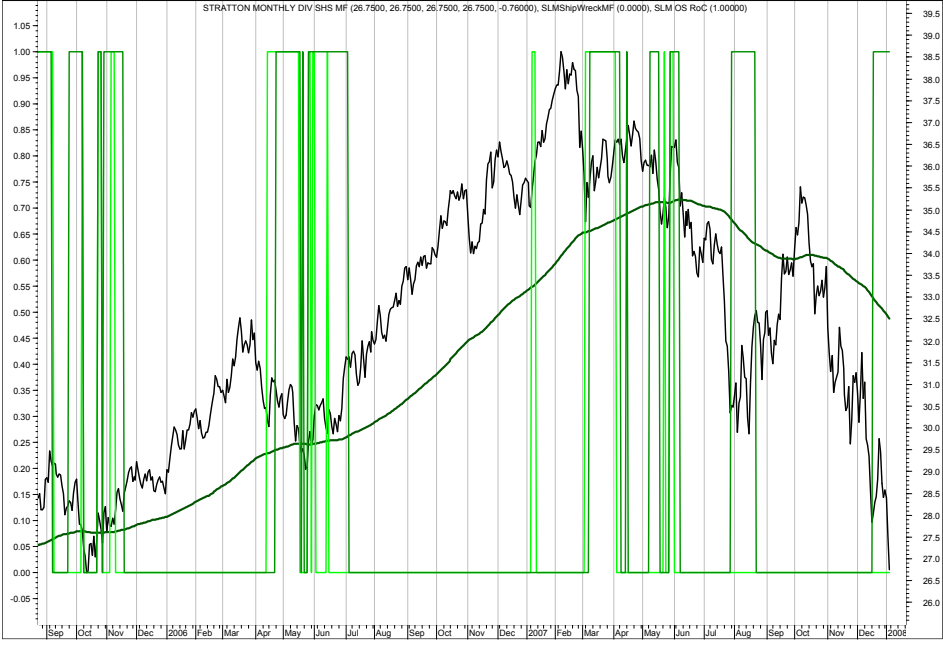


These funds are currently in the top 5%. The 200-day moving average is the solid trending dark line. The green spikes are buy signals (assuming the fund is within the top 5% at the time of the signal).

The top chart is LCORX, Leuthold Core, a balanced steady as she goes fund.



The middle chart is JAVLX, Janus 20, a mid cap equity fund. Mid cap rules right now.



The bottom chart is STMDX, Stratton Monthly Dividend, which is an REIT fund. You can see how the real estate debacle has trimmed 30% off of its price from the peak. It does show oversold, but is in a confirmed down trend.