



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
Nicholas Equity Income	NSEIX	EGI	38.1
Clipper Fund	CFIMX	EV	35.8
Weitz Partners Val	WPVLX	EV	34.0
Weitz Value Fund	WWALX	EV	33.9
Oakmark	OAKMX	EV	33.8
Yacktman	YACKX	EV	33.2
Gabelli Glbl Telecomm	GABTX	EWR	33.1
Matthews China	MCHFX	EWR	33.0
AmCent Utilities Income	BULIX	EGI	32.7
Fidelity Utilities	FIUIX	EGI	32.5
Vanguard Slctd Value	VASVX	EV	32.0
Jensen	JENSX	ELC	31.9
Boston Prtn Lng/Shrt Eqty	BPLEX	EC	31.3
Yacktman Focused	YAFFX	EV	31.2
Oak Value	OAKVX	EV	30.9
Oakmark Eqty Incm I	OAKBX	HB	30.6
Primary Trend	PTFDX	EGI	30.6
Longleaf Small Cap	LLSCX	ESC	30.2
AmCent Equity Income	TWEIX	EGI	30.1
Berwyn Income	BERIX	HGI	30.0
Cohen & Steers Realty Shares	CSRSX	ERE	30.0
Ameristock	AMSTX	EGI	29.9
Alpine Realty Inc/Grth	AIGYX	ERE	29.6
Columbia REIT	CREEX	ERE	29.6
AmCent Value	TWVLX	EV	29.5
ABN AMRO Real Estate	ARFCX	ERE	29.4
Harbor Value	HAVLX	EV	29.4
Vanguard Wellesley Incm	VWINX	HB	29.3
Merger Fund	MERFX	EC	29.1
Vanguard Windsor II	VWNFX	ELC	29.1
First Eagle Fund of Amr	FEAFX	ELC	28.9
ABN AMRO Value	RVALX	EV	28.7
MSB	MSBFX	EGI	28.7
x	x	x	x
Excelsior Hi Yld	UMHYX	BH	25.9
Westcore Flex Incm	WTLTX	BL	25.9
Legg Mason High Yield	LMHYX	BH	22.3
Northeast Investors Trust	NTHFX	BF	21.8
USAA HiYld	USHYX	BH	21.1
Accessor High Yld	AHBIX	BH	20.0
BlackRock Hi Yld	BHYSX	BH	20.0

Present Perfect

Long, long time ago, when cars didn't park themselves, cell phones didn't exist, and computers used vacuum tubes, back at the tail end of the secular bear market that had stretched for 16 years from 1966 to 1982, the market again gave a signal that appeared to be a confirmation of another down move. Instead, right after that negative signal, it began to move higher into a secular bull market that some consider is still running 24 years later. In other words, at the secular turn from down to up, the market never gave any "normal" historically dependable signal of a turn. It never told us that it had all just changed.

At the time, yours truly was a green stock broker at a major Wall Street firm and I remember listening to the top well known market strategist never declaring that the bear was officially in hibernation and the bull market had begun, even as the market kept roaring higher from those August, 1982 lows.

I also remember Joe Granville who was the market guru at the time (we don't have any gurus now a days for some reason). His calls could turn the market

higher and lower on a dime. Sell everything he'd scream. Buy it all he'd proclaim. Because the market failed at the turn, however, never giving the nonconfirmations of a turn, he remained bearish and never turned to bullish until years later.

I bring up the past as simply a way to remind ourselves that the market always does its best to confound the proud, the sure, and the many.

Just this week, the venerable Dow Theory has again confirmed the bull market, turning bullish with both the Dow Transports confirming new highs in the Dow Industrials. Any signal of a top is nonexistent.

But with investor sentiment and consumer sentiment and analyst sentiment all so bullish, I for one have to wonder whether, like once before in 1982, the market's turn has come again without any announcement.

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AROUND THE CAMPFIRE

How about that Super Bowl? How about those commercials? Makes you want to turn it off and shut it down. It stands because of our support and falls without our support.

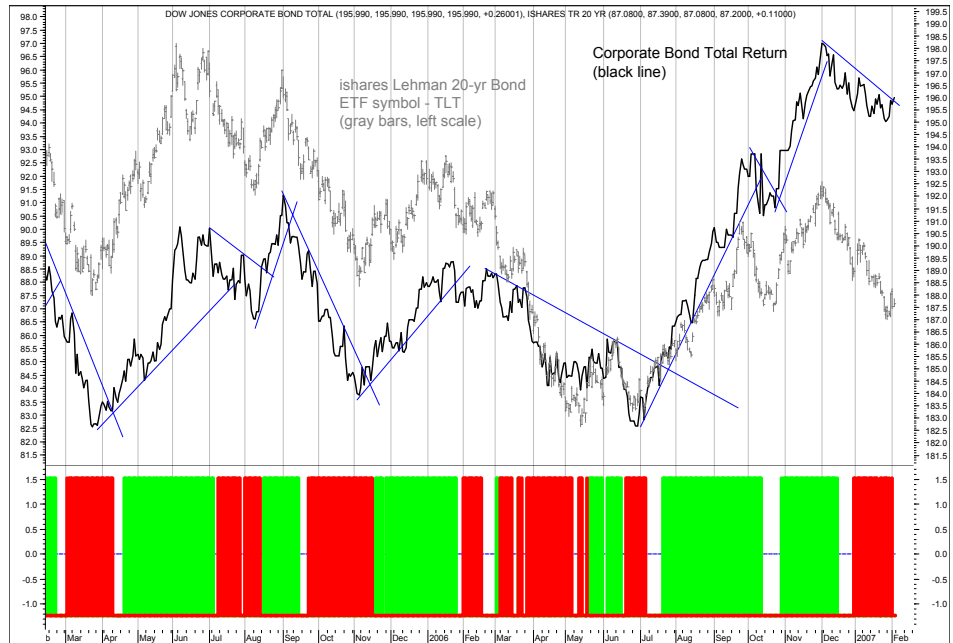
Interest Rates and Bond Prices

The SLM Bond Timing Model remains bearish, indicating higher yields and lower prices ahead. This is shown on the chart to the right in red (if viewed from the web site InvestmentST.com copy).

Nearly all the data supports this. Sentiment is too bullish on bonds. The economy remains strong, growing at rates above 3%. Inflation hovers above the Federal Reserve's comfort level. Housing is stabilizing.

It is beginning to look like the next interest rate move by the Federal Reserve will be up, and not as the market expects, which is down or even no change.

No risk cash at 5% remains king, outperforming stocks on a total return basis since 2000.



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

As I said last month, I'll continue to hold the bond fund, since it was only bought in the last three months, to avoid the redemption charge. No changes.

MONTHLY ACTIVITY

MONTH ENDING: 1/31/2007

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
						WTLTX	BL	Westcore Flex Incm	10.46	7,994.6246	83,624	40%
							MM	Money Market	100	125,377.0000	125,377	60%
							MM	Margin Loan	-100	-	-	0%
Total Valuation=											209,001	100%

MAAP Growth and Balanced Portfolios

MONTHLY ACTIVITY
MONTH ENDING: 1/31/2007

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
13-Feb	sell	FAIRX		748.0331	-							0%
13-Feb	buy	CFIMX			25,000	MIDSX	Gold	Midas	4.36	2,487.5622	10,846	3%
					-	VWINX	Hybrid	Vngrd Wellsly	2188	1462.3641	31,997	8%
					-	FAIRX	Eqty LrgCap	Fairholme	28.97	748.0331	21,671	6%
					-	RYURX	Contrary MM	Rydex Urso Money Market	7.41 100	8,506.3693 258,929.0000	63,032 258,929	16% 67%
Total Valuation=											\$386,474	100%

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
13-Feb	sell	FAIRX		748.0331	-	VWINX	Hybrid	Vngrd Wellsly	2188	1,950.0088	42,666	7%
13-Feb	buy	CFIMX			25,000							
					-	FAIRX	Eqty LrgCap	Fairholme	28.97	748.0331	21,671	3%
					-	RYURX	EqtyContry	Rydex Urso	7.41	5,846.2800	43,321	7%
					-		MM	Money Market	100	535,506.0000	535,506	83%
Total Valuation=											\$643,164	100%

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
13-Feb	sell	FAIRX		748.0331	-	VWINX	Hybrid	Vngrd Wellsly	2188	1,950.0088	42,666	8%
13-Feb	buy	CFIMX			25,000							
					-	FAIRX	Eqty LrgCap	Fairholme	28.97	748.0331	21,671	4%
					-		MM	Money Market	100	497,866.0000	497,866	89%
Total Valuation=											\$562,203	100%

The FAIRX Fairholme Fund has done well for us, but is now in the 3 comet grouping. It's time to take profits. As a replacement, we're buying CFIMX Clipper Fund.

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

Midas Fund MIDSX (dark line) and XAU (gold silver index)

Gold, along with other commodities, had nearly a perfect parabolic rise to the upside that popped in May of last year. Since then it has traced out a side-ways pattern as you can see on the chart below.

The strategy for now is to buy the dips and sell the rallies within the already established boundaries.



MARKET POSITION and STOCK MARKET COMMENTS

STOCKS: Bearish, awaiting a 3-10% correction from highs.
GOLD: Neutral, within a broad trading range.
BONDS: Bearish, next move will be a rate increase.

US Gov. fiscal policy, neutral.
Corporate actions (buy backs, mergers), bullish.
Economy, neutral.
Inflation, bearish as it increases.
Oil prices, neutral.
Housing, bearish.
Investor sentiment, bearish (too many bulls).
Federal Reserve policy, bearish (inverted yield curve).
Market valuation, neutral.
Exogenous events: Terrorism risk, neutral; hedge fund risk, neutral.
So much liquidity looking for a home. Watch for interest rate increases, not cuts. Eventually this will curb enthusiasm.

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, shown bi monthly.
BONDS, page 5

First three are under a rework for 2006, emphasizing timing on funds directly. Signals last months to years.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	% RETURNS FROM THE PAST X MONTHS THRU 1/31/07					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2006	2005	2004	2003	2002	2001
DJ Wilshire 5000	12.18	9.42	13.62	5.08	1.92	1.8	1453.190	-	13.72	8.24	10.85	29.44	-22.08	-12.06
Dow Jones Industrials	16.17	11.04	12.84	4.48	1.27	1.7	1262.170	-	16.29	-0.61	3.15	25.32	-16.76	-7.10
Standard & Pooors 500	12.36	9.74	12.66	4.38	1.41	1.6	1438.24	-	13.62	3.00	8.99	26.38	-23.37	-13.04
Russell 2000	9.16	4.68	14.24	4.37	1.61	2.8	800.34	-	17.00	3.32	17.00	45.37	-2.158	103
Dow Jones World Index	14.15	8.88	13.52	5.98	1.11	2.3	280.58	-	18.52	9.41	14.43	33.42	-20.73	-16.58
Gold/Sliver Index (XAU)	-9.27	-11.52	-1.38	1.88	-1.66	8.0	139.89	-	11.11	28.87	4.65	19.89	25.57	128
Dow Jones Ttl Bond	4.13	5.73	4.89	1.04	0.20	1.0	195.87	-	3.70	1.40	3.99	2.20	11.96	6.77
Small Cap	7.41	2.98	13.49	4.95	1.91	3.0	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	-2.196	-6.21	
Mid Cap	8.67	5.17	13.79	5.98	2.79	2.7		6.79	8.38	12.96	33.65	-2.189	-11.03	
Large Cap	7.56	5.92	12.60	4.83	2.15	2.1		6.11	5.75	13.34	27.54	-2.175	-13.19	
Value	14.29	10.87	13.95	5.30	1.64	2.1		10.08	3.66	11.26	27.18	-15.61	2.30	
Contrary	1.68	-0.37	-4.39	0.04	-0.27	2.1		-1.99	5.78	3.11	0.47	9.99	2.83	
World Growth	1.50	-0.55	-4.76	-0.02	-0.33	2.2	For more information about these model portfolios, please see pages five and six.	9.95	7.20	0.57	15.03	-4.93	142	
Growth/Income	12.30	9.27	12.75	5.03	1.56	1.9		9.82	4.23	10.24	23.46	-18.22	-7.76	
Bond Long	2.60	7.26	4.30	-1.06	-0.94	1.6		2.75	10.32	8.43	8.64	6.73	2.45	
Bond High Yield	27.06	25.08	24.96	20.65	18.04	2.0		8.84	5.76	6.63	16.24	-7.55	-4.73	
Bond World	4.23	3.74	2.85	0.38	-0.90	1.2		5.65	7.40	9.07	11.56	10.56	148	
MAAP Aggrsv Grth	4.19	3.75	2.93	0.42	-0.85	1.1		7.59	2.01	5.88	12.57	0.09	-0.56	
MAAP Growth	5.66	3.27	2.06	1.31	0.18	0.6		5.66	3.50	1.53	11.56	-1.22	0.75	
MAAP Balanced	7.59	5.27	4.24	3.28	0.77	0.7		7.59	2.01	5.88	12.57	0.09	-0.56	
MAAP Income	2.80	1.93	1.31	1.38	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.

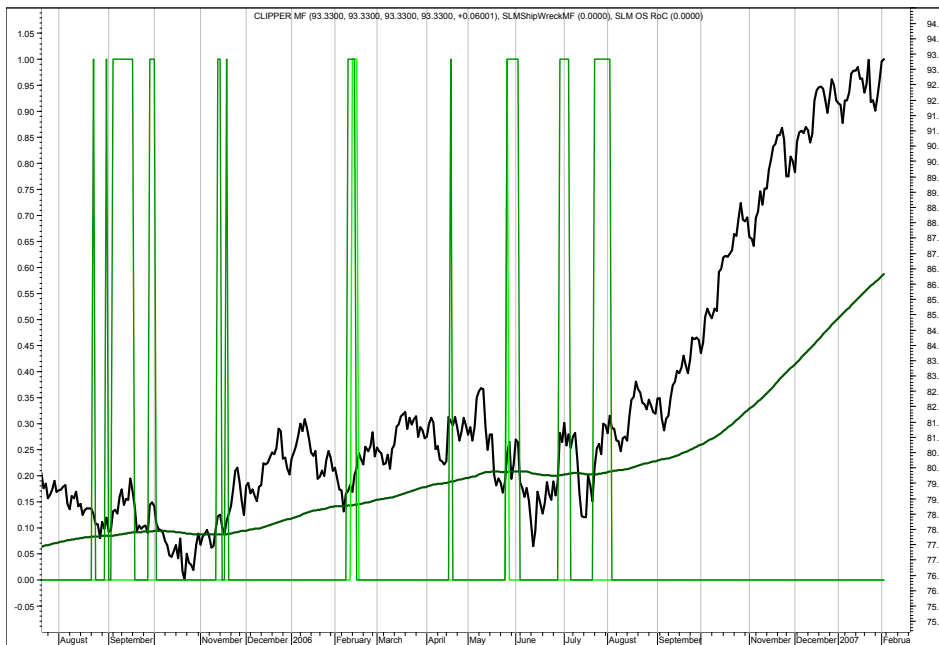
The fund dropped out of the top 20% at the end of January 2005. Even though the timing model remained bullish, the fund was sold. It would not have been rebought in July 2005 with the timing model buy because the fund was not in the top 5% at the time of the buy signal. It could have been bought in May.

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%.

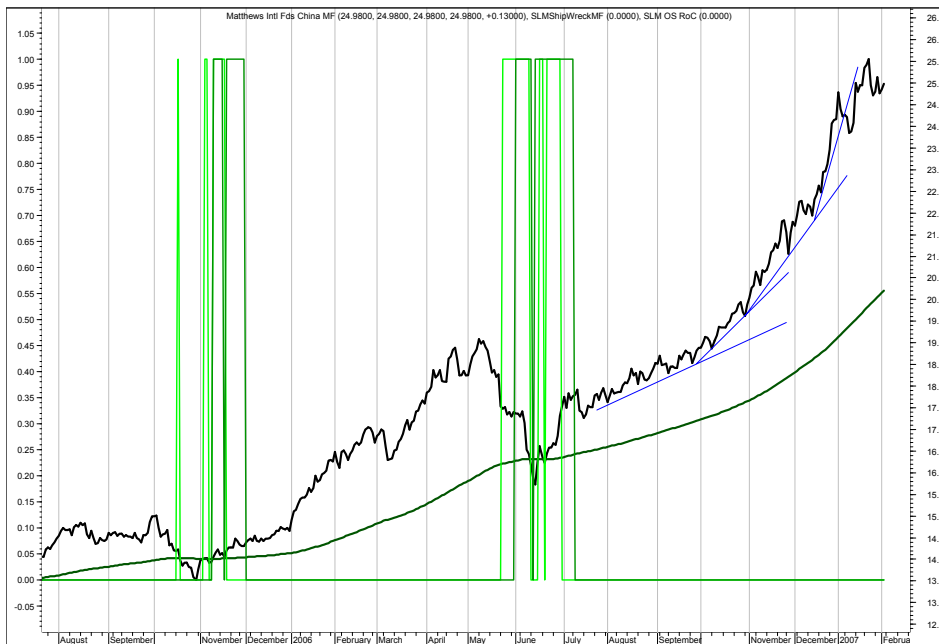
The end result is a gain of about 37% over the last 13 months. The Wilshire 5000 was up roughly 15% over the same period.



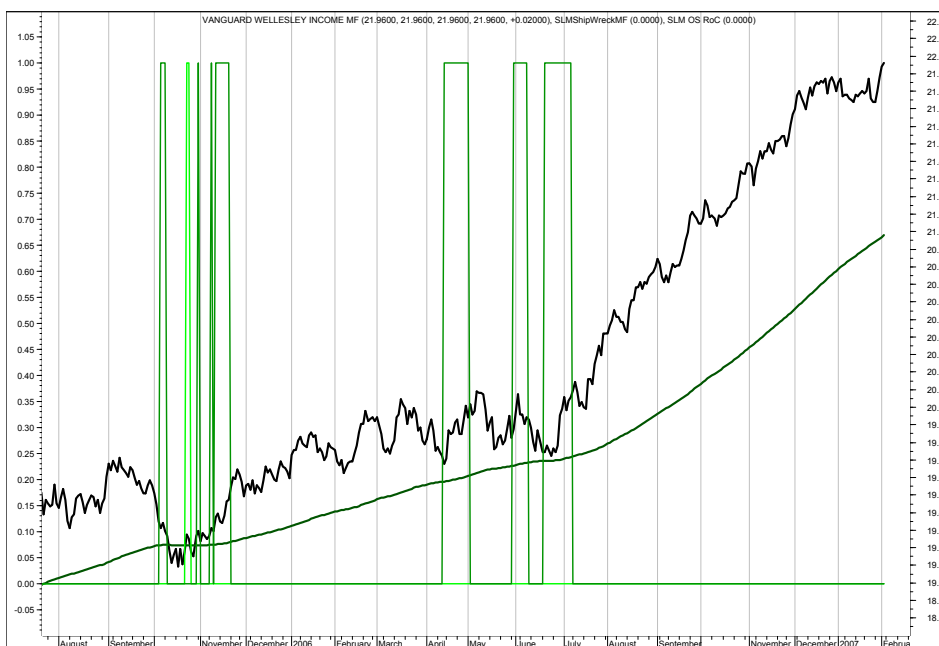


All of these funds are currently in the top 5%. The 200-day moving average is the solid trending dark line. The green spikes are buy signals (assuming the fund is within the top 5% at the time of the signal).

The top chart is CFIMX Clipper Fund.



The middle chart is MCHFX Matthews China Fund. Be very careful with this one. You can see the parabolic rise over the last year as the price accelerated to the upside. This is a terminal move.



The bottom chart is VWINX Vanguard Wellesly Income Fund.