



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
Grizzly Short	GRZZX	EC	23.6
Permanent Portfolio Family	PRPFX	HB	22.8
Badgley Blncd	BMFBX	HB	22.5
Prudent Bear	BEARX	EC	22.2
Profunds Shrt SmCap	SHPIX	EC	21.9
Caldwell & Oakin Mkt Opprtnty	COAGX	EA	21.7
Federated Mgd Model	FMMSX	HB	21.5
Gabelli Mathers Fund	MATRX	HGI	21.4
USAA Pr Mtls	USAGX	EG	20.9
JohnsonFam Intrntl Value	JFIEIX	EW	19.7
CGM Focus	CGMFX	EA	19.3
RydexURSA (short S&P 500)	RYURX	EC	19.2
AmSouth Intl Eqty	IIEIX	EW	18.8
Potomac US Short	PSPSX	EC	18.4
The Arbitrage	ARBFX	EC	18.4
US Gbl Invst US Gold	USERX	EG	18.0
Legg Mason Balanced	LMBTX	HB	17.1
Badgley Grth	BMFGX	ELC	16.6
McMorgan Balanced	MCMBX	HB	16.1
Leuthold Core Invst	LCORX	HB	15.9
Commerce Core Eqty	CEFIX	EGI	15.6
AmCent Global Gold	BGEIX	EG	15.4
Profunds Ultra Bear	URPIX	EC	15.2
Rydex Precious Metals	RYPMX	EG	14.9
McMorgan Eqty	MCMEIX	EGI	14.6
CGM Mutual Fund	LOMMX	HGI	14.3
Vanguard Prcs Mtls	VGPMX	EG	14.2
N/I Numeric SmlCap Valu	NISVX	ESC	14.0
x	x	x	x
Laudus Rosen US L/S	RMNIX	EC	13.3
Rydex ArktoS	RYAIX	EC	13.3
1st Source Spcl Eqty	FMSPX	ESC	12.0
Lighthouse Contrarian	LGFTX	ESC	11.9
Preferred Short Govt Secrts	PFGSX	BS	66.8
AmCent Inf Adj B	ACITX	BU	13
Rydex US Govt Bond	RYGBX	BU	0.7
AmCent Intl Bond	BEGBX	BW	-1.1
Dreyfus US Long	DRGBX	BL	-2.0
Nicholas High Incm	NCINX	BH	-2.1
Wright Total Return Bond	WTRBX	BF	-2.8
Wasatch Hsng Trsrty	WHOSX	BL	-2.9

Are We There Yet?

Like when the family drives in the car on a long trip, if the children are asking if we are there yet, you can be sure that the answer is no.

No, we are not yet at the stock market's destination, its bear market bottom, as long as we continue to wonder whether we are there yet or not. As Sir John Templeton used to say, the market peaks in hysteria and bottoms in fear, not in the hope, boredom, or looking forward to what's next attitudes that we might be there yet. It is when there is fear instead, where we do not want anything to do with stocks anymore, where we do not want to know whether it is time to buy for the recovery, where there is still the hope we can start making money again, rather than preserving what we have. The bottom comes only when we stop hoping and start fearing that there will not be a recovery. It will not be when we are still asking about one.

To be sure, there is plenty of worry and pain out there. The NASDAQ for example is down roughly 20% from its peak, which is the traditional definition of a bear market. If your portfo-

lio is down less than that, then be happy. Housing and mortgage and financial stocks have been crushed over the last six months. Some have gone bankrupt.

But are housing prices, not the stocks, yet reflecting economic reality? The sharp drop in the stock market as a reaction to the ISM report this week obviously reflected the fact that participants are still hoping for the bottom, instead of preparing for a further slide or recession.

The consumer may retrench somewhat further.

The good news is, however, that fiscal policy with the rebate checks are stimulative, as is the significant drop in interest rates.

It will simply take some time, roughly six months, for these things to work through the system. When that happens, stocks should improve. We are getting close, but we might hit a few sharp downdrafts before we arrive.

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AROUND THE CAMPFIRE

One of the most heartfelt apologies, humble repentances, and complete forgiveness sequences ever written comes toward the end of the first chapter in the book "Wind in the Willows" after Mole haphazardly tips over the row boat in which he and Water Rat sit rowing home after a delightful dinner earlier on the bank of the river.

Fund Style	Legend	Fund Name	Symbol	S	A	Ttl. % return (dividends + or - capital changes) last					V	NAV	CS	Rank	C						
						12m	9m	6m	3m	1m											
Large Cap 95 funds followed.	F SW	Badgley Grth	BMFGX	ELC	E	7.71	12.17	4.43	2.00	2.33	173	12.72	29	*****	16.6						
	F SW	Reynolds Blue Chip Growth	RBCGX	ELC	E	4.02	5.01	2.59	-4.69	-2.27	152	3190	5	****	3.1						
	F SW	Fairholme	FAIRX	ELC	E	10.03	3.79	190	-8.46	-2.13	2.56	31.8	5	****	2.0						
	F SW	Chase Grth	CHASX	ELC	E	8.95	6.84	4.35	-8.86	-7.88	2.60	19.7	3	****	1.3						
	F SW	TCW Gal Sltc Eqty	TGCNX	ELC	E	-0.15	-3.56	-3.42	-12.60	-10.55	2.84	17.05	-30	****	0.9						
	Usually... Market cap greater than \$3.5 billion, larger dividend, with growth and average risk.	Fn SW	Fidelity Independence	FDFFX	ELC	E	14.33	8.91	3.86	-13.39	-10.32	3.96	25.28	-3	****	-0.9					
		F SW	Excelsior LrgCap Grth	UMLGX	ELC	E	8.11	5.62	3.71	-13.37	-8.02	3.23	1147	-4	****	-12					
		Fn So Wns	Janus Mercury	JAMRX	ELC	E	10.51	2.63	0.2	-10.36	-7.41	2.98	28.74	-5	****	-15					
		F SW	Spectra N	SPECX	ELC	E	11.71	5.48	1.56	-13.33	-11.41	3.64	10.40	-6	****	-16					
		F So Wn	AmCent Grwth Investors	TWCGX	ELC	E	5.53	2.78	105	-10.08	-8.83	2.92	24.05	-10	****	-3.3					
		Value 54 funds followed.	Fn So Wns	Wells Fargo MultiCap Value	SMTVX	EV	E	9.55	11.58	11.17	-1.65	-5.31	4.01	63.35	25	****	6.3				
			F SW	JohnsonFam LargeCap Value	JFLCX	EV	E	7.20	157	-2.34	155	-0.96	1.98	1130	7	****	3.5				
			F SW	Amana Incm	AMANX	EV	E	6.51	1.8	-0.38	-7.60	-4.87	2.24	29.47	-5	****	-2.3				
			F SW	Harbor Value	HAVLX	EV	E	1.5	-0.63	0.07	-7.95	-3.92	2.69	9.07	-11	****	-4.2				
			F SW	Ameristock Focus Val	AMFVX	EV	E	-3.88	0.00	0.00	0.00	0.00	0.89	24.01	-4	****	-4.4				
			Usually... Some dividend some growth. Risk varies. Lower PE, P.S.	F SW	Aquinas Value	AQEVX	EV	E	1.11	-2.75	-1.75	-7.61	-3.90	2.65	12.56	-15	****	-5.6			
				F SW	Excelsior Value	UMBIX	EV	E	1.85	-4.35	-3.69	-10.24	-5.30	3.29	53.81	-22	****	-6.6			
				Fn So Wn	Yacktman Focused	YAFFX	EV	E	-2.27	-4.27	-0.38	-5.85	-3.36	2.21	13.53	-16	****	-7.3			
				F SW	ABN AMRO Value	RVALX	EV	E	0.65	-3.69	-1.88	-8.70	-5.24	2.48	12.85	-19	****	-7.6			
				F W	Preferred Value	PFVLX	EV	E	-1.10	0.53	-5.27	-9.06	0.00	1.81	13.96	-15	****	-8.2			
				World Growth 79 funds followed.	F SW	JohnsonFam Intrntl Value	JFIEV	EW	E	21.66	12.76	4.2	4.84	2.59	2.33	18.21	46	*****	19.7		
					F SW	AmSouth Intl Eqty	IIEX	EW	E	19.34	11.37	8.08	-1.62	-1.62	1.89	13.37	36	*****	11.8		
					F SW	AMIDEX 35	AMDEX	EW	E	19.85	4.31	6.28	-5.66	-5.18	3.72	15.19	20	****	5.3		
					Fn So Wn C R2<3m	Janus Overseas	JAOSX	EW	E	19.87	12.15	4.2	-11.23	-5.29	3.87	51.06	20	****	5.1		
					F W	Preferred Intrntl Value	PFIFX	EW	E	4.14	1.99	3.02	-1.26	-0.88	1.46	11.29	7	****	4.8		
					Risk, growth, income and country emphasis varies.	F SW	Legg Mason Emrg Mkt	LMEMX	EW	E	30.0	20.54	3.06	-16.29	-11.27	5.63	24.89	26	****	4.6	
						F SW	Matthews Asian G/I	MACSX	EW	E	13.41	9.33	199	-6.27	-5.11	3.12	18.77	13	****	4.3	
						Fn So Wn	Wells Fargo Emrg Mkt	MNEFX	EW	E	20.13	17.25	3.42	-16.29	-9.37	4.99	45.00	15	****	3.0	
						F SW	Price Emrg Mkt Stk	PRMSX	EW	E	25.71	18.15	2.78	-17.40	-12.74	5.67	37.45	16	****	2.9	
						Fn SW	Fidelity Emrg Mkt	FEMXX	EW	E	28.00	16.38	0.98	-17.68	-12.61	5.68	29.58	15	****	2.7	
						World Regional 26 funds followed.	F So Wn R2<180d	AmCent Emrg Mkt	TWMIX	EW	E	22.76	13.05	-2.05	-19.18	-14.05	5.49	9.91	1	****	0.1
							F SW	Price Gbl Stk	PRGSX	EW	E	7.94	3.84	150	-10.70	-7.67	3.34	23.23	-5	****	-15
							F SW	Harbor International Growth	HAIGX	EW	E	9.42	4.72	1.71	-15.02	-9.21	3.52	14.69	-8	****	-2.4
							F SW	Driehaus Intl Dis	DRIDX	EW	E	15.97	5.81	-3.68	-18.42	-10.90	4.67	37.02	-11	****	-2.4
							F SW	Harbor International	HAINX	EW	E	9.67	2.89	-1.64	-13.32	-8.84	3.63	65.05	-11	****	-3.1
Region or industry emphasis varies.							F SW	UMB Scout Worldwide	UMBWX	EW	E	8.35	0.18	-1.29	-10.19	-7.12	2.69	34.72	-10	****	-3.7
							Fn So Wn R2<3m	Janus Gbl Opptny	JGVAX	EW	E	6.48	-1.04	-4.57	-11.28	-3.13	3.04	14.55	-14	****	-4.5
							Fn SW	Fidelity Overseas	FOSFX	EW	E	9.08	0.74	-2.59	-15.62	-9.77	3.59	43.66	-18	****	-5.1
							Fn So Wn	SIT International Growth	SNGRX	EW	E	6.37	-0.57	-1.98	-11.78	-8.10	2.87	17.81	-16	****	-5.6
							Fn So Wn	Gabelli Gbl Grth	GICPX	EW	E	5.44	0.67	-1.16	-12.38	-9.97	3.03	24.39	-17	****	-5.7
	World Regional 26 funds followed.						F SW	AmCent Intl Discv	TWEGX	EW	E	8.91	-0.12	-6.49	-19.97	-11.55	4.75	12.71	-29	****	-6.2
							Fn So Wn	Managers International Equity	MGITX	EW	E	5.04	0.07	-2.98	-13.73	-8.07	3.11	70.86	-20	****	-6.3
							Fn So Wn C	Artisan International	ARTIX	EW	E	6.67	-0.50	-1.91	-15.49	-10.81	3.39	26.65	-22	****	-6.5
							Fn SW	Fidelity Worldwide	FWWFX	EW	E	5.79	-0.30	-2.76	-14.08	-9.22	3.16	19.40	-21	****	-6.5
							Fn SW	Citizens Gbl Equity	WAGEX	EW	E	3.34	-0.19	-1.47	-11.05	-8.10	2.62	20.75	-17	****	-6.7
		Region or industry emphasis varies.					F SR15<3m	Fidelity Latin America	FLATX	EWR	E	34.25	25.08	8.00	-10.44	-5.42	5.53	58.65	51	*****	9.3
							S	Price Latin America	PRLAX	EWR	E	35.93	26.60	8.79	-12.26	-6.85	5.78	50.20	52	****	9.0
							Fn So Ws R.1<4d	US Gbl Invstrs Global Rsrcs	PSPFX	EWR	E	32.27	18.18	8.00	-10.35	-7.20	5.52	16.24	41	****	7.4
							Fn So Wn R2<3m	Janus Gbl LifeScienc	JAGLX	EWR	E	13.84	5.38	7.09	-4.19	-4.07	2.47	23.11	18	****	7.3
							F Wn	Lazard Emrg Mkt Open	LZOEK	EWR	E	25.15	14.27	4.04	-10.00	-6.29	4.11	22.65	27	****	6.6
			Region or industry emphasis varies.				Fn So Wn	SIT Dvlpng Mkts Grth	SDMGX	EWR	E	25.35	18.20	4.05	-14.53	-9.77	4.59	26.41	23	****	5.1
							F SW	Price New Asia	PRASX	EWR	E	38.83	28.95	3.54	-21.48	-16.54	7.04	18.01	33	****	4.7
							F SW	Investec China HK	ICHKX	EWR	E	40.34	31.63	2.89	-27.67	-13.62	7.93	37.16	34	****	4.2
							F SW	Matthews China	MCHFV	EWR	E	37.40	31.05	0.25	-27.99	-17.24	8.23	32.88	23	****	2.9
							So WR1<3m	US Gbl Invstrs China Rgn	USCOX	EWR	E	31.70	25.16	145	-28.77	-15.46	7.82	10.77	14	****	1.8

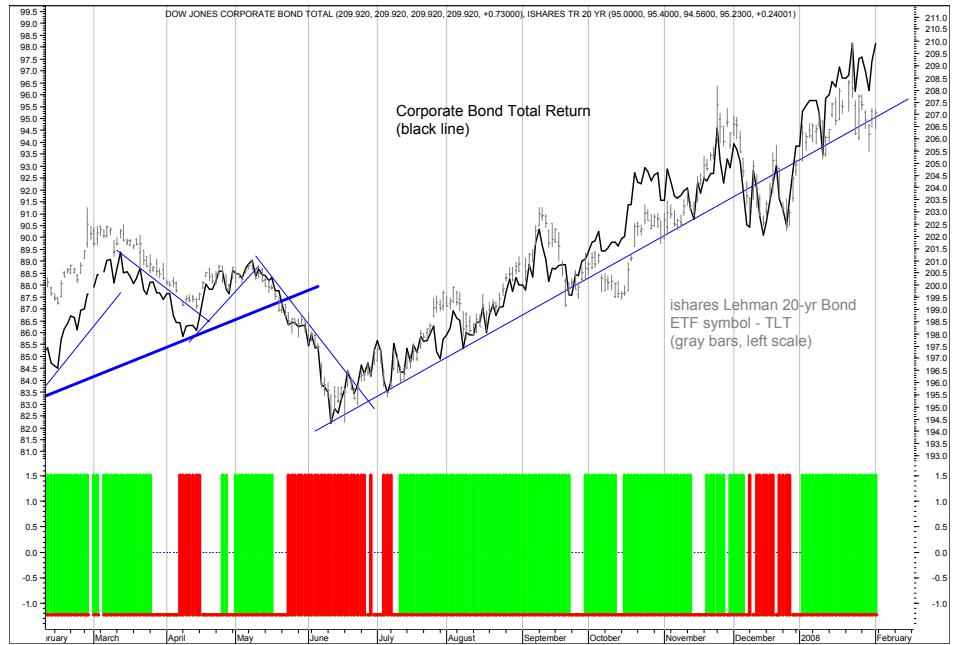
Interest Rates and Bond Prices

The US economy appears to be heading into a recession. The latest bad news came from the January ISM report that had employment contracting for the third straight month. For some reason, this surprised the markets.

At the same time, inventories are decreasing and prices are increasing. These two items will eventually be bullish for the economy and bearish for bonds when inventories will need to be built back up.

In the meantime, the SLM Bond Market Timing Model remains bullish, suggesting higher prices and lower yields for the months ahead.

You can see on the chart that the trend remains comfortably up for now.



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: 1/31/2008

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	13.32	4,108.8060	54,729	25%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	8.37	3,314.9171	27,746	13%
						BEGBX	Bond Wrld	AmCent Intrn Bond	15.09	2,162.9067	32,638	15%
						MM	Money Market		100	103,776.0000	103,776	47%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=											218,889	100%

MAAP Growth and Balanced Portfolios

MONTHLY ACTIVITY

MONTH ENDING: 1/31/2008

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	buy	CGM Focus			20,000							0%
13-Feb	buy	Janus Orion			13,000	MIDSX	Gold	Midas	5.57	6,246.9607	34,796	9%
13-Feb	buy	Spectra N			13,000							
						SPECX	Eqty LrgCap	Spectra N	10.40	1646.0905	17,119	4%
						OAKGX	Eqty Wrld	Oakmark Global	22.29	1,372.5630	30,594	8%
						JORNX	Eqty MidCap	Janus Orion	11.95	2,276.1760	27,200	7%
						CMGFX	Eqty Aggrsv	CGM Focus	48.24	416.2750	20,081	5%
						RYURX	Contrary	Rydex Ursa	38.64	1,772.6139	68,494	17%
							MM	Money Market	100	199,545.0000	199,545	50%
Total Valuation=											\$397,830	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	buy	CGM Focus			20,000	MIDSX	Gold	Midas	5.57	3,759.3985	20,940	3%
13-Feb	buy	Janus Orion			13,000							
13-Feb	buy	Spectra N			13,000							
						SPECX	Eqty LrgCap	Spectra N	10.40	1,234.5679	12,840	2%
						OAKGX	Eqty Wrld	Oakmark Global	22.29	1,372.5630	30,594	5%
						JORNX	Eqty MidCap	Janus Orion	11.95	2,276.1760	27,200	4%
						CMGFX	Eqty Aggrsv	CGM Focus	48.24	416.2750	20,081	3%
						RYURX	EqtyContry	Rydex Ursa	38.64	1,218.2860	47,075	7%
							MM	Money Market	100	500,137.0000	500,137	76%
Total Valuation=											\$658,867	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	buy	CGM Focus			20,000	MIDSX	Gold	Midas	5.57	3,759.3985	20,940	4%
13-Feb	buy	Janus Orion			13,000							
13-Feb	buy	Spectra N			13,000							
						SPECX	Eqty LrgCap	Spectra N	10.40	1,234.5679	12,840	2%
						OAKGX	Eqty Wrld	Oakmark Global	22.29	1,372.5630	30,594	5%
						JORNX	Eqty MidCap	Janus Orion	11.95	2,276.1760	27,200	5%
						CMGFX	Eqty Aggrsv	CGM Focus	48.24	416.2750	20,081	4%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	8.37	6,629.8343	55,492	10%
							MM	Money Market	100	401,312.0000	401,312	71%
Total Valuation=											\$568,459	100%

Make the purchases as noted above. For a subscriber's portfolio, the way to use this is to take the dollar amount as a percentage of the total portfolio and use that number to know how much you might buy.

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 Buy Signals

The chart below shows the S&P 500 with a 400-day moving average on a log chart and a new buy-the-market indicator on the bottom third over the last 6 1/2 years.

The indicator did a fairly good job of buying

around the lows during the past bear and bull market.

Currently there is no buy signal on the market, even though it has recently sold off sharply again and is now below its 400-day moving average.



TIMING POSITIONS

STOCKS: Neutral. **GOLD:** Bullish. **BONDS:** Bullish.

STOCK MARKET COMMENTS

- US Gov. fiscal policy, bullish (stimulative with rebates).
- Corporate activity (buy backs, mergers), bearish (credit dried up).
- Economy, neutral, turning to bearish.
- Inflation, neutral, turning to bearish.
- Oil prices, neutral.
- Housing, bearish (no end in sight to the contraction).
- Investor sentiment, bearish (still too many bulls).
- Federal Reserve policy, bullish (lowering rates, providing liquidity).
- Market valuation (PE, yield, book), bearish
(8800 on the Dow Industrials projected to fair value).
- Terrorism risk, neutral.
- Hedge fund risk, bearish (leverage problem).

Some folks consider fiscal and monetary policies as the main driver to the future of stock market prices. When rates go down and fiscal policy is generous, then it is bullish.

These two items in fact are now both bullish for stocks. The government will try to stimulate the economy with the \$600 per person rebate check, while the Federal Reserve will continue to lower interest rates to help. These will work through the system eventually and help stock prices go back up.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 1/31/08					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2007	2006	2005	2004	2003	2002
DJ Wilshire 5000	-4.37	-7.06	-5.35	-11.34	-6.23	2.6	13896.60	-	3.94	13.72	8.24	10.85	29.44	-22.08
Dow Jones Industrials	0.23	-3.16	-4.25	-9.19	-4.63	2.4	12650.40	-	6.43	16.29	-0.61	3.15	25.32	-16.76
Standard & Pooers 500	-4.15	-7.00	-5.27	-11.03	-6.12	2.5	1378.55	-	3.53	13.62	3.00	8.99	26.38	-23.37
Russell 2000	-10.88	-12.43	-8.09	-13.85	-6.88	2.8	713.30	-	-2.75	17.00	3.32	17.00	45.37	-21.58
Dow Jones World Index	-1.29	-6.50	-6.88	-13.54	-7.95	2.7	276.97	-	8.43	18.52	9.41	14.43	33.42	-20.73
Gold/Sliver Index (XAU)	33.18	35.93	25.28	-0.96	7.49	5.7	186.30	-	2184	11.11	28.87	4.65	19.89	25.57
Dow Jones Ttl Bond	6.80	4.29	5.77	2.80	1.69	0.9	209.19	-	5.24	3.70	1.40	3.99	2.20	11.96
Small Cap	-5.37	-8.77	-8.06	-13.76	-7.56	2.9	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.	-3.52	7.20	2.63	11.74	39.43	-21.96	
Mid Cap	1.81	-2.79	-3.98	-11.83	-7.47	3.0		6.00	6.79	8.38	12.96	33.65	-21.89	
Large Cap	0.34	-2.76	-3.08	-11.31	-7.52	2.8		5.81	6.11	5.75	13.34	27.54	-21.75	
Value	-4.70	-7.78	-6.34	-10.13	-4.74	2.6		-6.44	10.08	3.66	11.26	27.18	-15.61	
Contrary	5.10	4.72	2.67	6.17	2.91	2.4		-1.11	-1.99	5.78	3.11	0.47	9.99	
World Growth	5.04	4.78	2.62	6.52	3.08	2.5	For more information about these model portfolios, please see pages five and six.	x	x	13.07	17.11	34.67	-15.76	
Growth/Income	-1.21	-4.81	-4.14	-9.61	-5.62	2.5		0.47	9.82	4.23	10.24	23.46	-18.22	
Bond Long	8.59	5.99	7.27	3.73	1.17	1.8		6.19	2.75	10.32	8.43	8.64	6.73	
Bond High Yield	-1.01	-3.78	0.14	-4.00	-2.20	2.7		x	8.84	5.76	6.63	16.24	-7.55	
Bond World	8.49	5.19	6.24	1.50	1.43	1.3		4.74	5.65	7.40	9.07	11.56	10.56	
MAAP Aggrsv Grth	2.94	2.10	1.49	-1.74	-1.26	1.2		4.30	9.95	7.20	0.57	15.03	-4.93	
MAAP Growth	2.44	1.63	0.70	-0.70	-0.77	0.3		3.39	5.66	3.50	1.53	11.56	-1.22	
MAAP Balanced	1.11	0.10	-0.17	-2.54	-1.77	0.5		3.17	7.59	2.01	5.88	12.57	0.09	
MAAP Income	4.73	3.73	2.76	0.80	0.80	0.3		4.32	2.80	-1.86	1.90	7.05	1.75	

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.

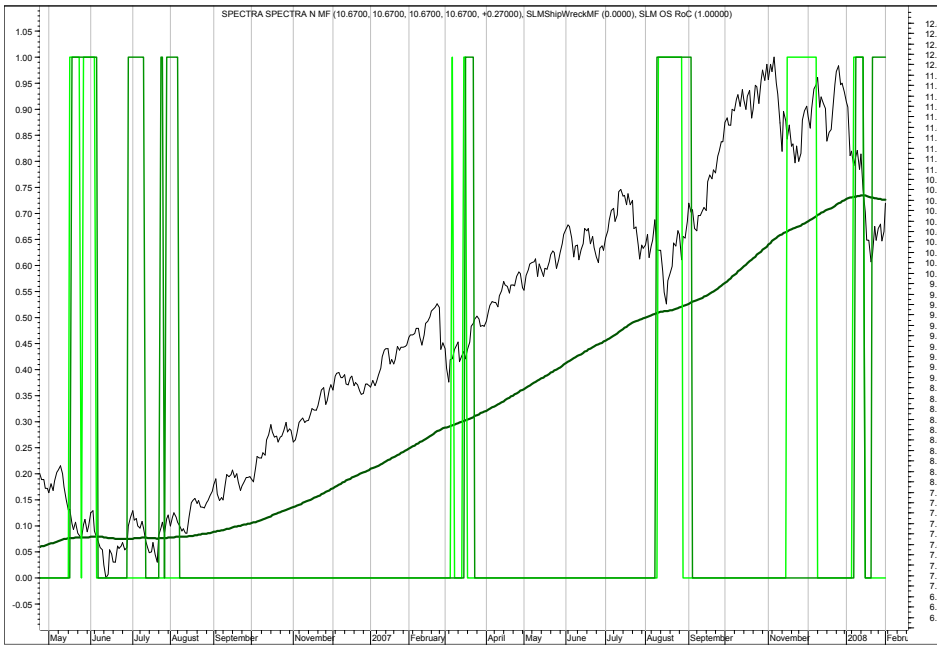
The fund dropped out of the top 20% at the end of January 2005. Even though the timing model remained bullish, the fund was sold. It would not have been rebought in July 2005 with the timing model buy because the fund was not in the top 5% at the time of the buy signal. It could have been bought in May.

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 SPECX, Spectra N Fund

The middle chart is JORNX, Janus Orion.

The bottom chart is CGMFX, CGM Focus Fund.

These are all on buy signals.

