



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
Rydex URSA (short S&P 500)	RYURX	EC	30.1
Grizzly Short	GRZZX	EC	26.1
Profunds Ultra Bear	URPIX	EC	25.2
Prudent Bear	BEARX	EC	21.9
Potomac US Short	PSPSX	EC	20.0
Rydex Arktos	RYAIX	EC	18.1
Profunds Shrt SmCap	SHPIX	EC	16.1
Profunds UltraShrt OTC	USPIX	EC	13.5
Hussman Strtg Ttl Rtrn	HSTRX	HB	7.1
SPDR Gold	GLD	EG	6.2
PS Gold	DGL	EG	5.2
The Arbitrage	ARBFX	EC	12
Merger Fund	MERFX	EC	0.4
AmCent Global Gold	BGEIX	EG	-0.8
USAA Pr Mtls	USAGX	EG	-2.0
Tocqueville Gold	TGLDX	EG	-3.0
Gabelli Gold	GOLDX	EG	-3.4
Caldwell & Oakin Mrkt Opprtnty	COAGX	EA	-3.5
US Gbl Invst US Gold	USERX	EG	-4.1
Rydex Precious Metals	RYPMX	EG	-4.8
PS Silver	DBS	EG	-5.0
US Gbl Invst World PMtl	UNWPX	EG	-8.3
Vanguard Health Care	VGHCX	EA	-10.4
Midas	MIDSX	EG	-10.8
Rydex Juno (short 30year TBond)	RYJUX	EC	-11.3
Copley	COPLX	EV	-11.4
Profunds Rising Rates	RRPIX	EC	-11.7
Greenspring Fund	GRSPX	HGI	-12.3
PS Agrcltr	DBA	EC	-12.4
James Market Neutral	JAMNX	EC	-12.4
Berwyn Income	BERIX	HGI	-12.7
Buffalo Small Cap	BUFSX	ESC	-12.8
Gabelli Mathers Fund	MATRX	HGI	-13.5
Wasatch Hsng Trsry	WHOSX	BL	7.9
Rydex US Govt Bond	RYGBX	BU	5.9
Price US Treasury Bond Long	PRULX	BL	3.2
Price US Treasury Intermediate	PRITX	BI	1.9
Vanguard LT Trsry	VUSTX	BL	1.5
Vanguard IT Trsry	VFITX	BI	-0.3
iShares 20+yr Trsry	TLT	BL	-0.7
Northern US Gov	NOUGX	BU	-2.4

The Ugly, The Bad, and The Good

After the third worst ugliest year in market history in 2008, we were greeted by the badest January ever. The S&P 500 fell nearly 9%. Will we ever get to the good?

I suppose just the fact in asking is a positive sign, but just like one data point doesn't make a trend, neither does one opinion. The market is made up of millions of investors who each have different goals, personalities, and emotions. So, what is showing up on a technical (market action, patterns, and sentiment) and fundamental (having to do with earnings and the economy) basis amongst all these participants?

Fundamentally, in the S&P 500 with just under half the companies reporting, earnings are down about 35% from 2008's fourth quarter. First quarter 2009 earnings should also be down from a year ago. It will probably not be until this year's fourth quarter that comparisons possibly turn positive.

The job reports likewise will be ugly. Unemployment should be near 7.5% this year. Wall Street, the auto companies, banks, and retail are all cutting back.

Fourth quarter GDP came in

at a negative 3.8%, the biggest drop since 1982.

Housing permits are down about 50% from a year ago and are still trending lower. Housing starts are at a 50-year low in 2008.

The leading economic indicators, except for the large increase in money supply, would continue to trend lower.

The economic contraction is not confined solely to the US. It is worldwide. Consider the Baltic Dry Index, measuring the shipping cost of freight on the high seas. It plunged from 11,600 to less than 1,000 over eight months in 2008. It has rebounded, however, in one bright spot, to 1,500.

So, the fundamentals are ugly and bad. It is the technicals of the stock market, however, that generally lead the economy, turning down and up, before the supporting fundamentals come in. See pages five and seven for more on this, another potentially good spot.

TABLE OF CONTENTS

Top 5% of NLMFST	Page 1
Fund Data	Page 2-4
MAAP Income	Page 5
MAAP Growth	Page 6
Timing & Allocation	Page 7
Scoreboard	Page 8



AROUND THE CAMPFIRE

The Super Bowl was interesting on a number of fronts this year. The game itself was great. The commercials were above average. The half-time show was memorable. Bruce Springsteen sang "Working On A Dream", which evoked memories of Martin Luther King, Jr.'s "I Have A Dream". Apparently that is how it works.

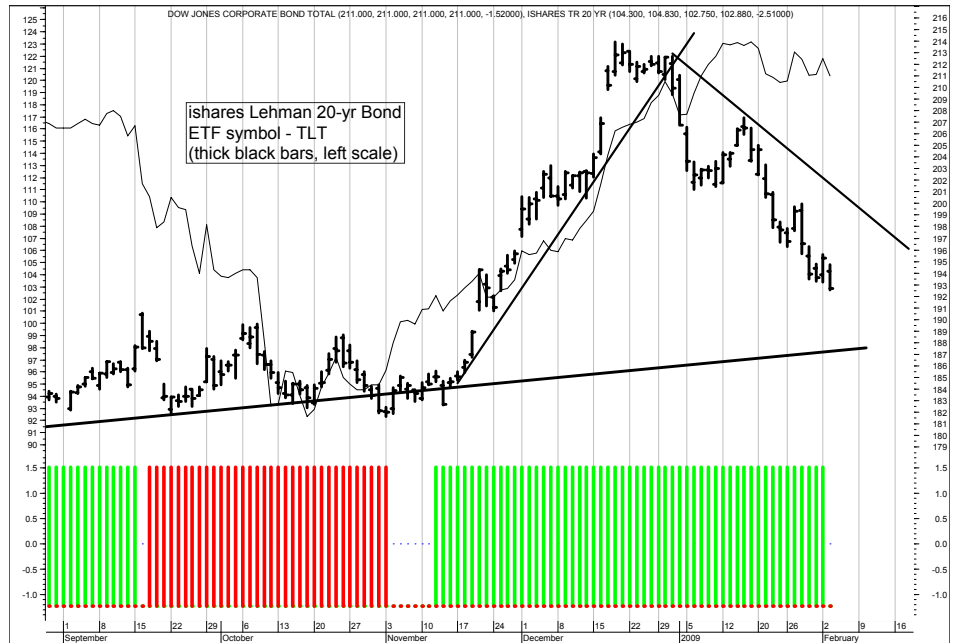
Table with columns: Fund Style, Legend, Fund Name, Symbol, S, A, Ttl. % return (dividends + or - capital changes) last (12m, 9m, 6m, 3m, 1m), V, NAV, CS, Rank, C. Rows include various fund categories like Hybrid 52 funds followed, Aggressive Growth 39 funds followed, Small Cap 104 funds followed, Mid Cap 62 funds followed, and Usually... Market cap \$1 billion to \$3.5 billion.

Interest Rates and Bond Prices

For all the fundamental gloom and doom shown on the front page with the economy, one has to wonder why, if it is soooo bad, that interest rates are actually climbing from where they were a month ago. The chart shows bond prices. They are falling, moving inversely to the direction of interest rates, which is up.

So, were bond prices in a bubble, pricing in the end of the world as we know it? That would mean they are simply returning to earth. Or are they signaling that the economy is actually beginning to improve? The third option is to consider inflation.

At this juncture, it would be best to simply keep an open mind to any of the three possibilities.



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

No changes this month. The high-yield fund finally improved a bit. This too may be in keeping with the possibility of an improving economy, if one can peer clearly over the valley. Or, as noted above, they too may have simply been way oversold and are now correcting back.

MONTHLY ACTIVITY

MONTH ENDING: 1/31/2009

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
12-Aug	sell	BEGBX	14.83	2,162.9067	32,076	FAGIX	Bond HiYld	Fidelity Cap/Incm	5.58	3,314.9171	18,497	9%
							MM	Money Market	100	188,467.0000	188,467	91%
							MM	Margin Loan	-100	-	-	0%
Total Valuation=											206,964	100%

MAAP: Aggressive Growth, Growth, and Balanced

PREVIOUS ACTIVITY		TO MONTH ENDING: 1/31/2009			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
8-Jan	sell	Parnassus Eqty Incm	19.56	2,213.0003	43,286							
8-Jan	sell	Westport Grth	15.08	1,597.5667	24,091							
8-Jan	sell	Janus Orion	6.70	3,379.8433	22,645							
8-Jan	sell	Berwyn Incm	10.47	1,738.7740	18,205	EEM	Eqty Wrld	Emrg Mrkt ETF	22.65	1,855.0116	42,016	12%
8-Jan	buy	Jamestown Blncd	10.61	1,885.0411	20,000							
8-Jan	buy	Buffalo Small Cap	16.31	1,226.2416	20,000	HRVIX	Eqty Value	Heartland Value	17.74	3,420.7587	60,684	18%
8-Jan	buy	FMI Com Stk	16.16	1,237.6238	20,000	RYSEX	Eqty SmlCap	Royce Spcl Eqty	12.62	3,798.0995	47,932	14%
8-Jan	buy	AstnTmr SmlCp	12.44	1,607.7170	20,000							
20-Jan	buy	EEM	22.53	400.0000	9,012	JAMBX	Hybrid	Jamestown Blncd	10.22	1,885.0411	19,265	6%
						BUFSX	Eqty SmlCap	Buffalo Small Cap	15.49	1,226.2416	18,994	5%
						FMIMX	Eqty SmlCap	FMI Com Stk	14.59	1,237.6238	18,057	5%
						ATASX	Eqty SmlCap	AstnTmr SmlCp	11.57	1,607.7170	18,601	5%
						MM	Money Market		100	120,214.0000	120,214	35%
Total Valuation=											\$345,764	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
8-Jan	sell	Parnassus Eqty Incm	19.56	2,213.0103	43,286							
8-Jan	sell	Westport Grth	15.08	1,597.5667	24,091	EEM	Eqty Wrld	Emrg Mrkt ETF	22.65	2,255.0116	51,076	9%
8-Jan	sell	Janus Orion	6.70	3,379.8433	22,645	HRVIX	Eqty Value	Heartland Value	17.74	5,149.3236	91,349	15%
8-Jan	sell	Berwyn Incm	10.47	1,738.7740	18,205							
8-Jan	buy	Jamestown Blncd	10.61	3,770.0283	40,000	RYSEX	Eqty SmlCap	Royce Spcl Eqty	12.62	8,835.0730	111,499	19%
8-Jan	buy	Buffalo Small Cap	16.31	2,452.4831	40,000							
8-Jan	buy	FMI Com Stk	16.16	2,475.2475	40,000	JAMBX	Hybrid	Jamestown Blncd	10.22	3,770.0283	38,530	6%
8-Jan	buy	AstnTmr SmlCp	12.44	3,215.4341	40,000	BUFSX	Eqty SmlCap	Buffalo Small Cap	15.49	2,452.4831	37,989	6%
20-Jan	buy	EEM	22.53	800.0000	18,024	FMIMX	Eqty SmlCap	FMI Com Stk	14.59	2,475.2475	36,114	6%
						ATASX	Eqty SmlCap	AstnTmr SmlCp	11.57	3,215.4341	37,203	6%
						MM	Money Market		100	195,848.0000	195,848	33%
Total Valuation=											\$599,607	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
14-Nov	buy	HrtInd Val HRVIX	17.96	1,837.4165	33,000							
14-Nov	buy	Royce SEqty RYSEX	13.63	3,668.3786	50,000	EEM	Eqty Wrld	Emrg Mrkt ETF	22.65	1,455.0116	32,956	7%
14-Nov	buy	Emrg Mrkt EEM	22.22	765.0765	17,000	HRVIX	Eqty Value	Heartland Value	17.74	5,149.3236	91,349	19%
8-Jan	sell	Parnassus Eqty Incm	19.56	2,213.0103	43,286	RYSEX	Eqty SmlCap	Royce Spcl Eqty	12.62	8,835.0730	111,499	23%
8-Jan	sell	Westport Grth	15.08	1,597.5667	24,091	JAMBX	Hybrid	Jamestown Blncd	10.22	1,885.0411	19,265	4%
8-Jan	sell	Janus Orion	6.70	3,379.8433	22,645	BUFSX	Eqty SmlCap	Buffalo Small Cap	15.49	1,226.2416	18,994	4%
8-Jan	sell	Berwyn Incm	10.47	1,738.7740	18,205	FMIMX	Eqty SmlCap	FMI Com Stk	14.59	1,237.6238	18,057	4%
8-Jan	buy	Jamestown Blncd	10.61	1,885.0411	20,000	ATASX	Eqty SmlCap	AstnTmr SmlCp	11.57	1,607.7170	18,601	4%
8-Jan	buy	Buffalo Small Cap	16.31	1,226.2416	20,000							
8-Jan	buy	FMI Com Stk	16.16	1,237.6238	20,000	FAGIX	Bond HiYld	Fidelity Cap/Incm	5.58	6,629.8343	36,994	8%
8-Jan	buy	AstnTmr SmlCp	12.44	1,607.7170	20,000							
						MM	Money Market		100	134,810.0000	134,810	28%
Total Valuation=											\$482,526	100%

No changes at this point. However, if the market continues to improve on the basis of further fiscal stimulus and other fundamental improvements, I will increase exposure again.

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

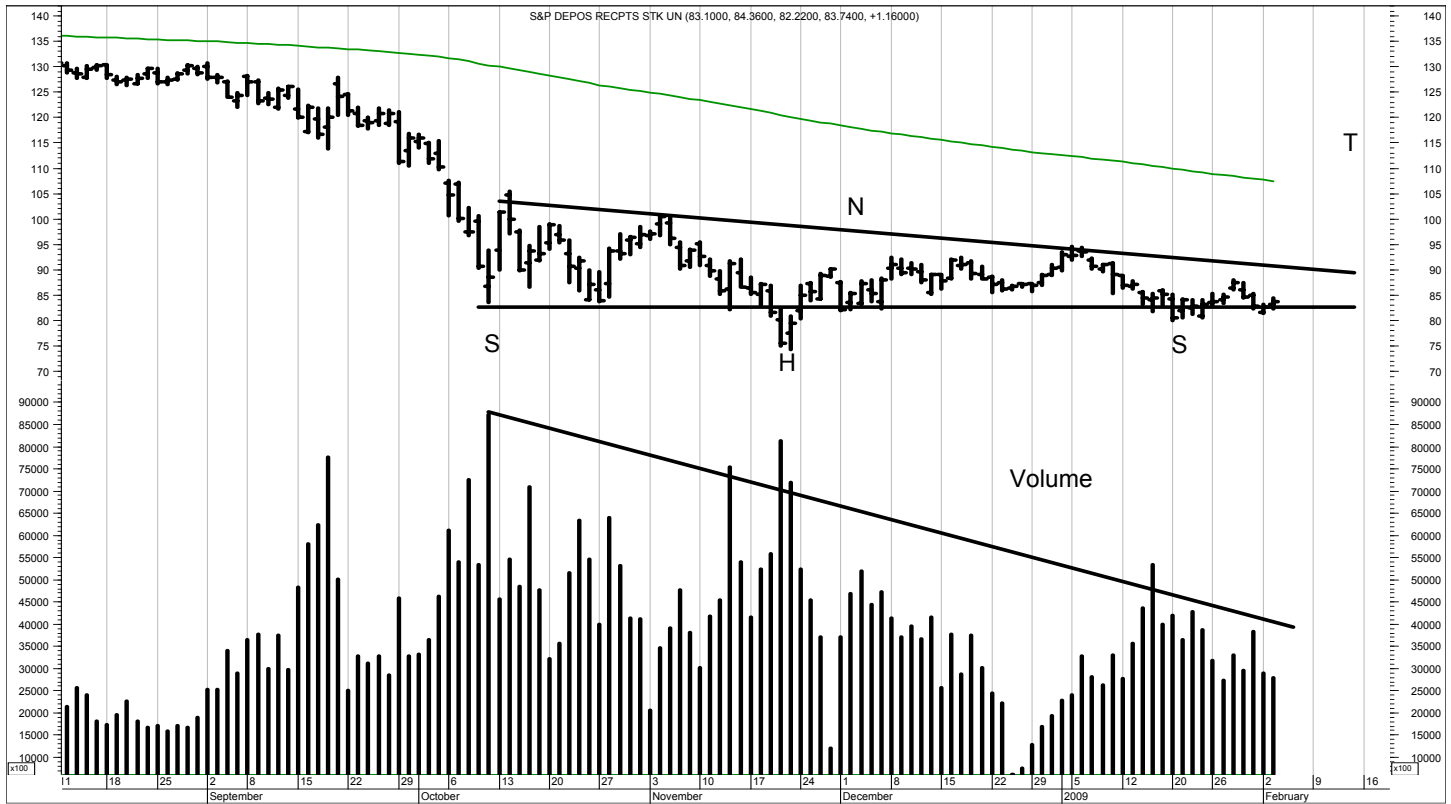
S&P 500 Chart Pattern

The S&P 500 is tracing out a textbook perfect inverse head and shoulders pattern, if you give credence to such patterns.

On the chart below, I marked the two shoulders (S), head (H), neckline (N), and target (T). Volume

also is precisely as it should be. Panic volume selling on the first shoulder, declining to the head, but still high, and then drying up to the right shoulder.

Watch for a high volume breakout through the neck to carry to 116 or so, closing the gap in October.



TIMING POSITIONS

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

STOCK MARKET COMMENTS

- US Gov. fiscal policy, **bullish** (bailouts, more stimulus checks).
- Corporate activity (buy backs, mergers), **neutral** (insider buying).
- Economy, **bearish** (recession).
- Inflation, **neutral** (deflation more likely).
- Oil prices, **bullish** (cheaper to fill up cars, trains, ships, planes).
- Housing, **bearish** (inventory overhang, falling prices, no liquidity).
- Investor sentiment, **bullish** (lots of bears).
- Federal Reserve policy, **bullish** (aggressive easing).
- Market valuation (PE, yield, book), **neutral** (earnings down).
(11,300 projected on Industrials to fair value, trailing earnings).
- Terrorism/war risk, **neutral**.
- Hedge fund/leverage risk, **neutral** (leverage selling down).
- Technical, **bullish**, (retest of lows successful so far).

With the stock market's successful test of its recent lows, I turned back to bullish from neutral on stocks. In fact, the market actually set up some positive divergences in doing so. The Transportation Average made a new bear market low, while the Industrials remained above its 11/20/08 low.

Still, what needs to happen to confirm all of this is a sustained rally. If the head and shoulders pattern shown above is accurate and unfolds per projected, then we should see some big volume increases to take the market much higher.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 1/31/09					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2008	2007	2006	2005	2004	2003
DJ Wilshire 5000	-40.02	-40.42	-35.62	-14.67	-8.27	5.4	8335.64	-	-36.68	3.94	13.72	8.24	10.85	29.44
Dow Jones Industrials	-36.75	-37.59	-29.68	-14.20	-8.84	4.3	8000.86	-	-33.84	6.43	16.29	-0.61	3.15	25.32
Standard & Pooers 500	-40.09	-40.40	-34.84	-14.75	-8.57	5.0	825.88	-	-38.49	3.53	13.62	3.00	8.99	26.38
Russell 2000	-37.82	-38.07	-37.93	-17.49	-11.20	6.7	443.53	-	-34.80	-2.75	17.00	3.32	17.00	45.37
Dow Jones World Index	-43.20	-45.14	-39.46	-11.46	-8.51	5.8	157.31	-	-42.85	8.43	18.52	9.41	14.43	33.42
Gold/Sliver Index (XAU)	-33.44	-27.58	-26.54	52.99	0.13	11.5	124.01	-	-28.54	21.84	11.11	28.87	4.65	19.89
Dow Jones Ttl Bond	0.91	0.92	3.03	14.49	0.80	2.2	211.10	-	1.80	5.24	3.70	1.40	3.99	2.20
Small Cap	-38.87	-39.22	-37.14	-14.67	-8.38	6.5	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.	-39.13	-3.52	7.20	2.63	11.74	39.43	
Mid Cap	-39.84	-41.34	-37.74	-12.38	-6.07	6.2		-41.93	6.00	6.79	8.38	12.96	33.65	
Large Cap	-37.84	-39.02	-34.99	-12.27	-5.94	5.4		-39.89	5.81	6.11	5.75	13.34	27.54	
Value	-38.20	-38.00	-33.17	-13.10	-7.55	5.4		-37.96	-6.44	10.08	3.66	11.26	27.18	
Contrary	6.49	7.14	3.05	-15.6	2.96	5.2		5.36	-1.11	-1.99	5.78	3.11	0.47	
World Growth	-45.09	-47.47	-41.76	-10.25	-8.91	6.8	For more information about these model portfolios, please see pages five and six.	-47.03	x	x	13.07	17.11	34.67	
Growth/Income	-36.13	-36.92	-32.35	-12.15	-7.14	5.0		-36.20	0.47	9.82	4.23	10.24	23.46	
Bond Long	3.24	4.28	4.84	8.64	-6.60	3.3		11.91	6.19	2.75	10.32	8.43	8.64	
Bond High Yield	-18.09	-19.38	-17.01	2.42	4.07	3.2		-23.05	x	8.84	5.76	6.63	16.24	
Bond World	-8.10	-8.64	-8.08	5.04	-2.14	2.3		-7.34	4.74	5.65	7.40	9.07	11.56	
MAAP Aggrsv Grth	-13.09	-14.13	-12.75	-5.58	-3.87	2.1		-10.73	4.30	9.95	7.20	0.57	15.03	
MAAP Growth	-8.99	-10.05	-8.95	-4.42	-4.18	1.3		-5.75	3.39	5.66	3.50	1.53	11.56	
MAAP Balanced	-15.12	-16.41	-14.56	-5.32	-4.06	2.1		-13.09	3.17	7.59	2.01	5.88	12.57	
MAAP Income	-5.45	-6.43	-5.52	-1.05	0.10	0.7		-4.78	4.32	2.80	-1.86	1.90	7.05	

Funds and MAAP portfolio data include dividend reinvestment and fees (2% annual for MAAP, as if Investment Selections & Timing, Inc. were managing a subscriber's portfolio). 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 nearly 800 funds. Firstly, we separate funds into their primary investment style, Equity, Bond, Hybrid, and then subdivide into categories like 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 four portfolios shown on pages 5 and 6. See Scoreboard above for comparative performances.

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