



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 |
| Vanguard Energy | VGENX | EA | 29.9 |
| Fidelity Latin America | FLATX | EWR | 29.7 |
| Price Latin America | PRLAX | EWR | 29.5 |
| Lazard Emrg Mkt Open | LZOEX | EWR | 28.3 |
| US Gbl Invstrs Global Rsrcs | PSPFX | EWR | 27.0 |
| Fidelity Europe | FIEUX | EWR | 23.4 |
| ING Corp Leaders | LEXCX | EGI | 22.9 |
| Neuberger & Berman Intrntnl | NBISX | EW | 22.9 |
| Fidelity Contra | FCNTX | ELC | 22.9 |
| Excelsior Energy NatRes | UMESX | EA | 22.6 |
| Price Emrg Mkt Stk | PRMSX | EW | 22.1 |
| Fidelity Emrg Mrkt | FEMKX | EW | 20.9 |
| Oakmark Intrntl Small Cap | OAKEX | EW | 20.8 |
| Alpine US Real Estate | EUEYX | ERE | 20.8 |
| Alpine Intl Real Estate | EGLRX | ERE | 20.7 |
| SIT Dvlping Mrkts Grth | SDMGX | EWR | 20.6 |
| Dodge & Cox Intl Stock | DODFX | EW | 20.6 |
| AXA Rosen Intl SmCap | RISIX | EW | 20.0 |
| Baron Growth | BGRFX | ELC | 19.3 |
| Amana Incm | AMANX | EV | 19.3 |
| SSGA Emrg Mrkt | SSEMX | EWR | 19.0 |
| Vanguard Intl Expl | VINEX | EW | 18.5 |
| Artisan MidCap Val | ARTQX | EMC | 18.2 |
| Price New Era | PRNEX | EC | 18.0 |
| AmCent Emrg Mrkt | TWMIX | EW | 17.6 |
| FBR Amrcn Gas | GASFX | EA | 17.5 |
| Excelsior Intl | UMINX | EW | 17.5 |
| Muhlenkamp | MUHLX | EGI | 17.1 |
| Julius Baer Intrntl Eqty | JBIX | EW | 17.1 |
| x | x | x | x |
| x | x | x | x |
| Price Emrg Mkt Bond | PREMX | BW | 22.8 |
| Fidelity Cap/Incm | FAGIX | BH | 20.3 |
| Legg Mason High Yield | LMHYX | BH | 18.2 |
| Payden Emrg MrkBd | PYEMX | BW | 15.6 |
| Accessor Intrmdt FI | AIFIX | BI | 14.4 |
| Strong HiYld | STHYX | BH | 13.5 |

Most Return and Least Risk

For fifteen years The Hulbert Financial Digest has been tracking our newsletter's progress and performance. They are the watchdog of the newsletter industry, attempting to separate fact from fiction, the phony from fabulous, the fraudulent from phenomenal. Through 12/31/04, it ranks us number one for risk-adjusted performance over the last 10 years and 15 years through bull, bear, pig, and chicken markets.

A couple of principles have guided us over the years, which are summed up in our slogan, striving to provide the most return with the least risk.

The principles of investing we follow aren't particularly new or mysterious or inaccessible, but rather are common sense, well-known, and proven, rock solid guides.

Rule number one is don't lose money and rule number two is don't forget rule number one.

I think it was either Buffett, Lynch, Templeton, or someone

else in like stead who announced our guiding principle.

Even though the rules are well known, they aren't so obvious at first glance. After all, as soon as you buy a stock, the price could immediately fall. You would be losing money and breaking rule one. Indeed I've seen examples of Buffett's buying and in

Rule Number One:
Don't lose money.
Rule Number Two:
Don't forget
rule number one.

fact the stocks regularly decline in price after his buying. So, the principle isn't necessarily about avoiding market price fluctuations.

In fact, a stock investor can't avoid price fluctuation.

Instead, it's about understanding the difference between temporary and permanent losses of capital. For example, those who

(Continued on page 7)



AROUND THE CAMPFIRE

It always costs more and takes longer than one plans. So it is with the system change at my company. Hopefully the changeover will be completed before next month's issue is due.

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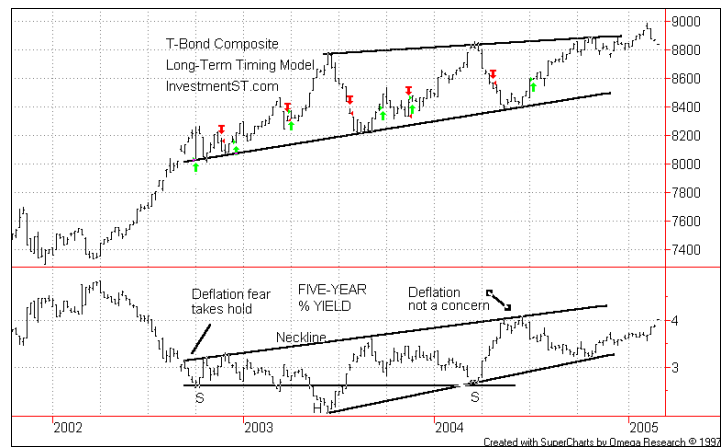
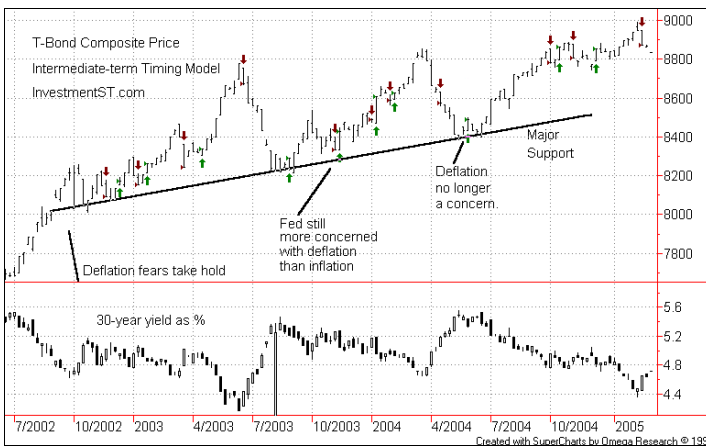
Interest Rates and Bond Prices

Maybe this time it is different. There's lots of reasons that are backed by history for long-term yields to be rising, but this time they're not.

The reasons are numerous and widespread. Commodity prices in general are soaring (see the CRBF-commodity research bureau-index on page 7). Gold is up. Oil is comfortably above \$50 per barrel with the peak demand summer driving season just around the corner. Employment numbers are very strong, which if you recall, is the Federal Reserve's main number to watch to help determine monetary policy. A strong jobs number implies that the Fed will continue to raise short-term rates and perhaps

raise them more aggressively than in the past.

One would expect long-term rates to be jumping also in the face of all this pressure. So far, that's not happening. In fact 30-year yields recently dropped to less than 4 1/2%. Apparently the market does not believe that inflation is more than a temporary blip or that the economy will strengthen further in the months ahead. Or foreign banks are the market now and continue to buy bonds with money from the deficit we're running. At some point this will change and we'll recall, as always, this time isn't different.



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

No changes for now.

| MONTHLY ACTIVITY | | | MONTH ENDING: 2/28/05 | | 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 | 19.43 | 1011.0719 | 19,645 | 6% |
| | | | | | | RSPFX | Small Cap | RS Partners | 35.09 | 540.4463 | 18,964 | 6% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | | | | | | | 0% |
| | | | | | | RYURX | Contrary | Rydex Ursa | 8.52 | 5594.2900 | 47,663 | 14% |
| | | | | | | | MM | Money Market | 1.00 | 242559.63 | 242,560 | 74% |
| | | | | | | Growth, may use margin. | | | | Total Valuation= | \$328,832 | 100% |

MAAP Model Portfolios

MONTHLY ACTIVITY

MONTH ENDING: 2/28/05

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% | | |
| | | | | | | NBISX | World Grth | Nbrgr Brmn Intrntl | 19.43 | 2022.1339 | 39290 | 7% | | |
| | | | | | | RSPFX | Small Cap | RS Partners | 35.09 | 1080.8927 | 37929 | 6% | | |
| | | | | | | | | | | | | 0% | | |
| | | | | | | | | | | | | 0% | | |
| | | | | | | | | | | | | 0% | | |
| | | | | | | | | | | | | 0% | | |
| | | | | | | | | | | | | 0% | | |
| | | | | | | RYURX | Contrary | Rydex Ursa | 8.52 | 5594.2900 | 47663 | 8% | | |
| | | | | | | | MM | Money Market | 1.00 | 464383.63 | 464384 | 79% | | |
| | | | | | | Growth emphasis, 0-50% per style. | | | | | | Total Valuation= | \$589,266 | 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% | | |
| | | | | | | NBISX | World Grth | Nbrgr Brmn Intrntl | 19.43 | 2022.1339 | 39290 | 8% | | |
| | | | | | | RSPFX | Small Cap | RS Partners | 35.09 | 1080.8927 | 37929 | 7% | | |
| | | | | | | | | | | | | 0% | | |
| | | | | | | | | | | | | 0% | | |
| | | | | | | | | | | | | 0% | | |
| | | | | | | VFSTX | Corp Incm | Vngrd Short Corp | 10.58 | 3887.5400 | 41130 | 8% | | |
| | | | | | | NCINX | Corp Incm | Nicholas Incm | 2.24 | 34525.8200 | 77338 | 15% | | |
| | | | | | | | MM | Money Market | 1.00 | 317314.45 | 317314 | 62% | | |
| | | | | | | All styles permitted, 0-50% per style. | | | | | | Total Valuation= | \$513,001 | 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 | 10.58 | 6228.17 | 65894 | 35% | | |
| | | | | | | BUFHX | High Yld | Buffalo High Yield | 11.50 | 3180.76 | 36579 | 19% | | |
| | | | | | | | | | | | | 0% | | |
| | | | | | | NCINX | Corp Incm | Nicholas Incm | 2.24 | 5754.33 | 12890 | 7% | | |
| | | | | | | | MM | Money Market | 1.00 | 75193.75 | 75194 | 40% | | |
| | | | | | | Income emphasis, 0-50% per style. | | | | | | Total Valuation= | \$190,285 | 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 | 10.58 | 2514.32 | 26602 | 13% | | |
| | | | | | | BUFHX | High Yld | Buffalo High Yield | 11.50 | 3222.48 | 37059 | 18% | | |
| | | | | | | | | | | | 0 | 0% | | |
| | | | | | | NCINX | Corp Incm | Nicholas Incm | 2.24 | 23019.23 | 51563 | 25% | | |
| | | | | | | | MM | Money Market | 1.00 | 91356.40 | 91356 | 44% | | |
| | | | | | | | MM | Margin Loan | -1.00 | 0.00 | 0 | 0% | | |
| | | | | | | Income emphasis, 0-100% per style. | | | | | | Total Valuation= | \$206,089 | 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)

bought certain tech stocks during the market's frenzy in 2000 have suffered a permanent loss of capital. They can hold their dot com stock until the cow jumps over the moon, but they'll never be made whole. Those who bought Japanese stocks in 1989 have yet to be made whole. They will never recover their capital.

No, it's about buying stocks, or funds that invest accordingly, that the market has mispriced, that are priced below their intrinsic value as measured by their discounted cash flow or assets. These stocks aren't necessarily only value stocks, they may also be growth stocks.

The key in either situation is that the market has misjudged the situation.

As to rule number two, how is it that we'd somehow forget rule number one?

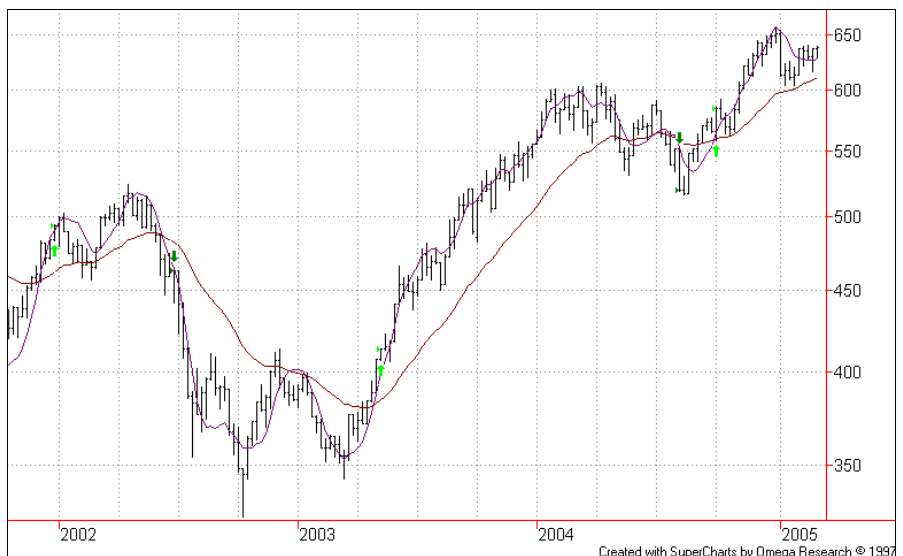
The two rules go hand in hand. Greed, excitement, a well-established bull market will all tempt the unwary investor to pay too much, to ignore rule one. In other words, think of the year 2000.

We're gratified to see our ranking and look forward to the next fifteen years as we strive to provide the most return with the least risk.

CRBF and Gold Indexes



Russell 2000 (small cap)



MARKET and FUND COMMENTS

The market is going up, but is that a reason to turn bullish?

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

Economy up, bullish.

Inflation up, neutral.

Oil up, bearish.

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 2/28/05 | | | | | V Vol- atility | INDEX CLOSE | PERFORMANCE IN: | | | | | | |
|--|--|-------|-------|-------|-------|----------------------|---|-----------------|-------|--------|--------|--------|--------|-------|
| | X= | 12 | 9 | 6 | 3 | | | 1 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
| Wilshire 5000 | 6.18 | 8.58 | 10.68 | 2.55 | 1.90 | 2.3 | 11863.48 | - | 10.85 | 29.44 | -22.08 | -12.06 | -11.41 | 21.44 |
| Dow Jones Industrials | 1.72 | 5.67 | 5.82 | 3.24 | 2.63 | 2.1 | 10766.23 | - | 3.15 | 25.32 | -16.76 | -7.10 | -6.18 | 25.22 |
| Standard & Poors 500 | 5.12 | 7.40 | 9.00 | 2.54 | 1.89 | 2.1 | 1203.60 | - | 8.99 | 26.38 | -23.37 | -13.04 | -10.14 | 19.53 |
| Russell 2000 (small cap) | 8.28 | 11.58 | 15.72 | 0.05 | 1.61 | 3.3 | 634.06 | - | 17.00 | 45.37 | -21.58 | 1.03 | -4.20 | 19.62 |
| Dow Jones World Index | 11.17 | 14.05 | 15.44 | 4.80 | 3.06 | 2.5 | 215.82 | - | 14.43 | 33.42 | -20.73 | -16.58 | -15.89 | 23.73 |
| Gold London PM Fix | 10.00 | 10.73 | 6.92 | -3.96 | 3.15 | 3.5 | 435.45 | - | 4.65 | 19.89 | 25.57 | 1.28 | -5.94 | 0.85 |
| T-Bond TTL Rtrn Cmpst | 1.45 | 4.06 | 0.68 | 0.91 | -0.81 | 1.1 | 8834.72 | - | 3.99 | 2.20 | 11.96 | 6.77 | 13.40 | 10.92 |
| Small Cap Growth | 7.07 | 7.97 | 12.61 | 0.43 | 2.45 | 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 | 8.48 | 9.26 | 13.01 | 2.39 | 2.28 | 2.6 | | 12.96 | 33.65 | -21.89 | -11.03 | -0.38 | 38.52 | |
| Large Cap Growth | 9.28 | 9.96 | 13.41 | 5.00 | 1.51 | 2.4 | | 13.34 | 27.54 | -21.75 | -13.19 | -3.69 | 29.36 | |
| Value Company | 8.10 | 9.46 | 9.48 | 1.88 | 2.31 | 2.3 | | 11.26 | 27.18 | -15.61 | 2.30 | 9.99 | 12.27 | |
| Contrary | 5.26 | 4.84 | 3.89 | 2.10 | 2.03 | 2.3 | | 3.11 | 0.47 | 9.99 | 2.83 | 13.54 | 6.12 | |
| World Growth | 14.79 | 16.90 | 17.81 | 5.62 | 3.90 | 2.8 | For more information about these model portfolios, please see page six. | 17.11 | 34.67 | -15.76 | -19.89 | -12.70 | 49.42 | |
| Growth & Income | 7.61 | 8.91 | 9.45 | 2.69 | 2.30 | 2.0 | | 10.24 | 23.46 | -18.22 | -7.76 | 0.03 | 23.36 | |
| Long-term Corp Income | 7.97 | 7.76 | 5.95 | 3.34 | 1.28 | 1.7 | | 8.43 | 8.64 | 6.73 | 2.45 | 11.68 | -7.61 | |
| High Yield Income | 6.64 | 7.02 | 5.25 | 1.80 | 1.41 | 1.1 | | 6.63 | 16.24 | -7.55 | -4.73 | -12.68 | 1.33 | |
| International Income | 8.70 | 8.95 | 6.62 | 1.99 | 1.44 | 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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