



# No-Load Mutual Fund Selections & Timing Newsletter

Striving to provide you with the most return and the least risk.

Date: March, 2007 (pricing data through 2/28/07)

Publisher: Watercourse Way Holdings, LLC

Volume: 25 Number: 3

InvestmentST.com

Editor: Stephen L. McKee

## Top 5% Funds By C

C measures the risk (V) adjusted relative performance between fund and market (CS).

Fund	Symbol	Style	C
AmCent Utilities Income	BULIX	EGI	34.8
Longleaf Small Cap	LLSCX	ESC	34.2
Fidelity Utilities	FIUIX	EGI	33.6
Caldwell & Oakin Mktk Opprtnty	COAGX	EA	33.4
Nicholas Equity Income	NSEIX	EGI	33.2
Gabelli Gbl Telecomm	GABTX	EWR	31.9
Berwyn Income	BERIX	HGI	31.7
Vanguard Wellesley Incm	VWINX	HB	30.6
Vanguard Slctd Value	VASVX	EV	30.0
Oakmark Eqty Incm I	OAKBX	HB	29.5
Matthews China	MCHFX	EWR	29.3
Merger Fund	MERFX	EC	29.3
Price Mid Value	TRMCX	EV	29.3
Fidelity Asset Manager	FASMX	HA	28.8
First Eagle Fund of Amr	FEAFX	ELC	28.6
Lazard Mid Cap	LZMOX	EW	28.3
Commonwth Aus New Zealand	CNZLX	EWR	27.5
The Arbitrage	ARBFX	EC	27.3
Copley	COPLX	EV	27.1
Alpine Intl Real Estate	EGLRX	ERE	27.1
Spectra N	SPECX	ELC	26.8
Third Ave REIT	TAREX	ERE	26.8
Boston Prtn MidCap Val	BPMCX	EMC	26.7
AmCent Equity Income	TWEIX	EGI	26.7
Marshall Mid Cap Value	MRVEX	EMC	26.6
Price Balanced	RPBAX	HB	26.6
Amrcn Bcn Blncd	AABPX	HB	26.3
Aegis Value	AVALX	EV	26.3
McMorgan Balanced	MCMBX	HB	26.0
Boston Prtn Lng/Shrt Eqty	BPLEX	EC	26.0
Northern LrgCap Value	NOLVX	EV	25.8
Gateway Index Plus	GATEX	EC	25.8
Alpine Realty Inc/Grth	AIGYX	ERE	25.6
Nicholas High Incm	NCINX	BH	x
Excelsior Hi Yld	UMHYX	BH	22.3
Westcore Flex Incm	WTLTX	BL	19.4
Legg Mason High Yield	LMHYX	BH	17.2
Fidelity Cap/Incm	FAGIX	BH	16.4
Accessor High Yld	AHBIX	BH	15.6
USAA HiYld	USHYX	BH	15.4
TIAA-CREF HiYld	TCHYX	BH	15.1

## Risk Spike

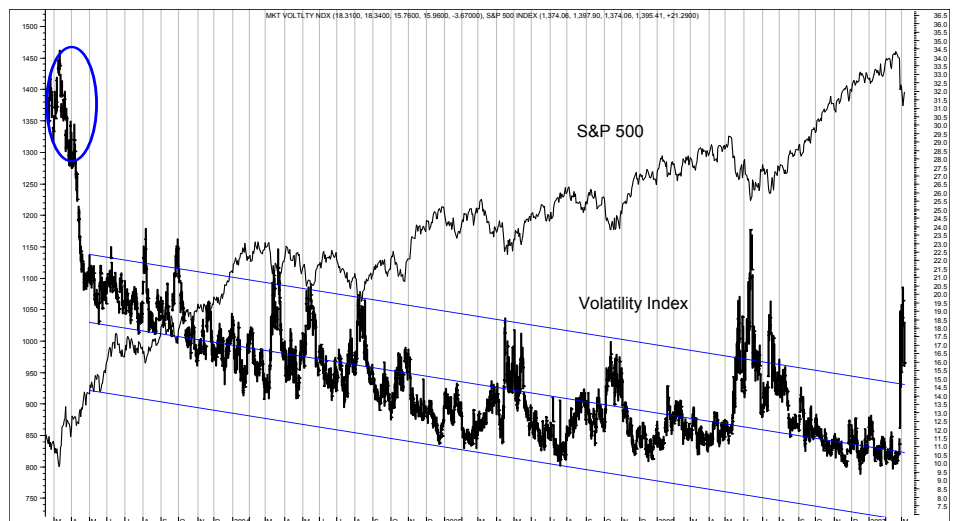
Risk and reward work together like a hand in glove. When one clenches, the other grips also.

The daily chart below of the S&P 500 and the VIX (volatility index) shows this relationship. Since the bear market bottom in 2003, volatility has been trending lower. Since 1932, this bull market is the third longest in duration on record, but is below average

tors, taking the recent past and extending it into the future on the assumption that what has been working will continue to work. We all have short memories.

But take a look at the far left side of the chart to recall that bear markets as measured by high volatility also exist. Bull markets, like bear markets, don't last forever.

Volatility will increase in the future as markets decline. The recent spike is a foretaste.



for returns.

Part of the reason is the decreasing volatility. As stocks returned a steady 10% per year as they have over the last three years, the assumed risk of loss also decreases.

Investors are great extrapolation

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## AROUND THE CAMPFIRE

Lots of folks have lists of what they want to do before passing on, like sky or SCUBA dive. Me, I have a list of things never to do again, like ride a horse for more than six hours straight after last summer's trip to the Bridger Wilderness. After last weekend, I can add another one. Don't camp out when the night temperature is below 30 degrees.







## Interest Rates and Bond Prices

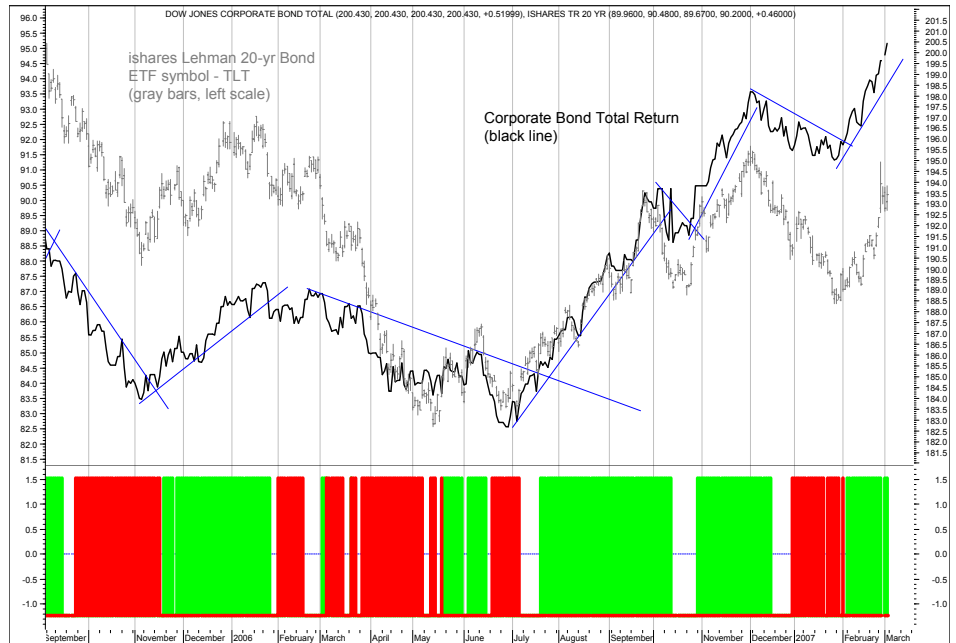
The SLM Bond Timing Model has turned bullish. A number of factors has contributed to this change in the last month.

Most noticeably has been the housing factor adjustment. The worst for housing had been thought to be over, but it may not be so as the subprime mortgage market continues to weaken. This may spillover into the rest of the housing market as inventories continue to build. The number of contracts to buy previously owned homes continues to decline.

Another factor has been the slowdown in corporate profits.

Offsetting these factors is inflation's continued rise. Labor costs continue to rise as productivity decreases.

Expect no Fed policy change.



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

With the Bond Market Timing model now bullish, continue to hold the long bond in the MAAP Income Portfolio.

### MONTHLY ACTIVITY

MONTH ENDING:

2/28/2007

### 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	10.53	8,026.9646	84,524	40%
							MM	Money Market	100	125,497.0000	125,497	60%
							MM	Margin Loan	-100	-	-	0%
Total Valuation=											210,021	100%

# MAAP Growth and Balanced Portfolios

**MONTHLY ACTIVITY**

**MONTH ENDING:** 2/28/2007

**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	29.26	748.0331	21887							0%
13-Feb	buy	CFIMX	92.64	269.8618	25,000	MIDSX	Gold	Midas	4.52	2,487.5622	11,244	3%
						VWINX	Hybrid	Vngrd Wellsly	22.08	1,462.3641	32,289	8%
						CFIMX	Eqty LrgCap	Clipper	90.24	269.8618	24,352	6%
						RYURX	Contrary MM	Rydex Urso Money Market	7.60	8,506.3693	64,648	17%
									100	256,235.0000	256,235	66%
<b>Total Valuation=</b>											<b>\$388,769</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
13-Feb	sell	FAIRX	29.26	748.0331	21887	VWINX	Hybrid	Vngrd Wellsly	22.08	1,950.0088	43,056	7%
13-Feb	buy	CFIMX	92.64	269.8618	25,000	CFIMX	Eqty LrgCap	Clipper	90.24	269.8618	24,352	4%
						RYURX	EqtyContry	Rydex Urso	7.60	5,846.2800	44,432	7%
							MM	Money Market	100	533,537.0000	533,537	83%
<b>Total Valuation=</b>											<b>\$645,377</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
13-Feb	sell	FAIRX	29.26	748.0331	21887	VWINX	Hybrid	Vngrd Wellsly	22.08	1,950.0088	43,056	8%
13-Feb	buy	CFIMX	92.64	269.8618	25,000	CFIMX	Eqty LrgCap	Clipper	90.24	269.8618	24,352	4%
							MM	Money Market	100	495,877.0000	495,877	88%
<b>Total Valuation=</b>											<b>\$563,286</b>	<b>100%</b>

With the market down about 6% from peak to trough, it's time to watch for an entry point as shown on the chart on page 7.

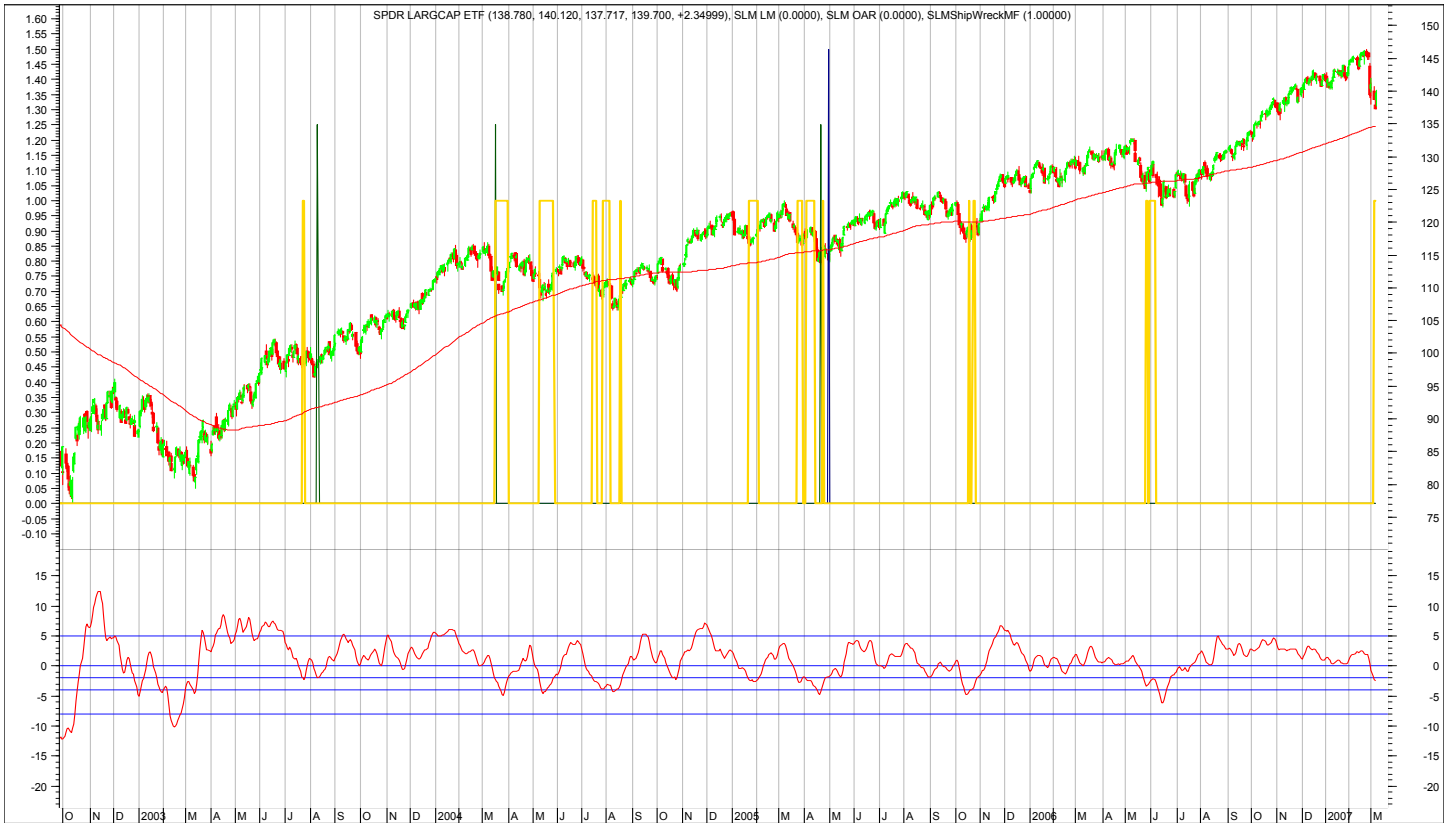
All MAAP portfolio performances include a separate annual 2% management fee expense (the fee we would charge to manage it). All dividends are reinvested.

# Market Timing and Asset Allocation

## SPY (S&P 500 ETF) with vertical buy indicators

The S&P 500 has sold off roughly 6%, which is enough to trigger a buy signal as you can see below. Because the sell off happened so quickly, however, it would be normal for weeks of backing and filling to unfold before a profitable bounce occurs.

The top part of the chart shows the daily SPY, large vertical bars that are buy indicators, and a solid line that is the 200-day moving average. On the bottom part is a proprietary oversold indicator.



### MARKET POSITION and STOCK MARKET COMMENTS

**STOCKS:** Bearish, awaiting a time 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.

Liquidity is driving the market, not valuations. Inflation remains a background problem. The current correction should move the market sideways for awhile.

### 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 2007, emphasizing timing on funds directly. Signals last months to years.

# Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	% RETURNS FROM THE PAST X MONTHS THRU 2/28/07					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2006	2005	2004	2003	2002	2001
DJ Wilshire 5000	10.44	11.13	9.26	1.10	-1.79	1.7	1427.160	-	13.72	8.24	10.85	29.44	-22.08	-12.06
Dow Jones Industrials	11.60	9.85	7.80	0.38	-2.80	1.6	12268.60	-	16.29	-0.61	3.15	25.32	-16.76	-7.10
Standard & Pooers 500	9.85	10.77	7.90	0.44	-2.18	1.5	1406.82	-	13.62	3.00	8.99	26.38	-23.37	-13.04
Russell 2000	8.58	10.03	10.10	0.91	-0.88	2.6	793.30	-	17.00	3.32	17.00	45.37	-21.58	103
Dow Jones World Index	14.11	13.18	10.49	2.79	-0.39	2.1	279.48	-	18.52	9.41	14.43	33.42	-20.73	-16.58
Gold/Sliver Index (XAU)	4.73	-2.06	-4.81	-6.44	-0.16	7.6	139.66	-	11.11	28.87	4.65	19.89	25.57	128
Dow Jones Ttl Bond	5.79	7.89	4.74	0.97	1.91	1.1	199.62	-	3.70	1.40	3.99	2.20	11.96	6.77
Small Cap	7.99	8.55	11.21	2.07	-0.15	2.7	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	9.22	9.90	11.31	2.38	-0.27	2.4			6.79	8.38	12.96	33.65	-21.89	-11.03
Large Cap	6.65	8.68	8.47	0.98	-1.65	2.0			6.11	5.75	13.34	27.54	-21.75	-13.19
Value	13.00	12.34	10.29	1.76	-1.29	2.0			10.08	3.66	11.26	27.18	-15.61	2.30
Contrary	2.51	-2.05	-1.87	1.73	0.80	2.0			-1.99	5.78	3.11	0.47	9.99	2.83
World Growth	2.31	-2.36	-2.15	1.67	0.77	2.1			x	13.07	17.11	34.67	-15.76	-19.89
Growth/Income	10.84	11.17	9.18	1.51	-1.33	1.8	For more information about these model portfolios, please see pages five and six.		9.82	4.23	10.24	23.46	-18.22	-7.76
Bond Long	4.88	10.34	4.62	-0.04	2.57	1.7			2.75	10.32	8.43	8.64	6.73	2.45
Bond High Yield	x	x	x	x	0.78	2.1			8.84	5.76	6.63	16.24	-7.55	-4.73
Bond World	5.57	5.79	3.07	0.14	1.31	1.2			5.65	7.40	9.07	11.56	10.56	1.48
MAAP Aggrsv Grth	6.74	3.45	1.92	0.60	0.59	1.1	For more information about these model portfolios, please see pages five and six.		9.95	7.20	0.57	15.03	-4.93	1.42
MAAP Growth	4.22	3.24	2.00	0.67	0.34	0.6			5.66	3.50	1.53	11.56	-1.22	0.75
MAAP Balanced	6.22	5.46	3.96	1.19	0.19	0.7			7.59	2.01	5.88	12.57	0.09	-0.56
MAAP Income	3.06	2.42	1.84	1.24	0.49	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.

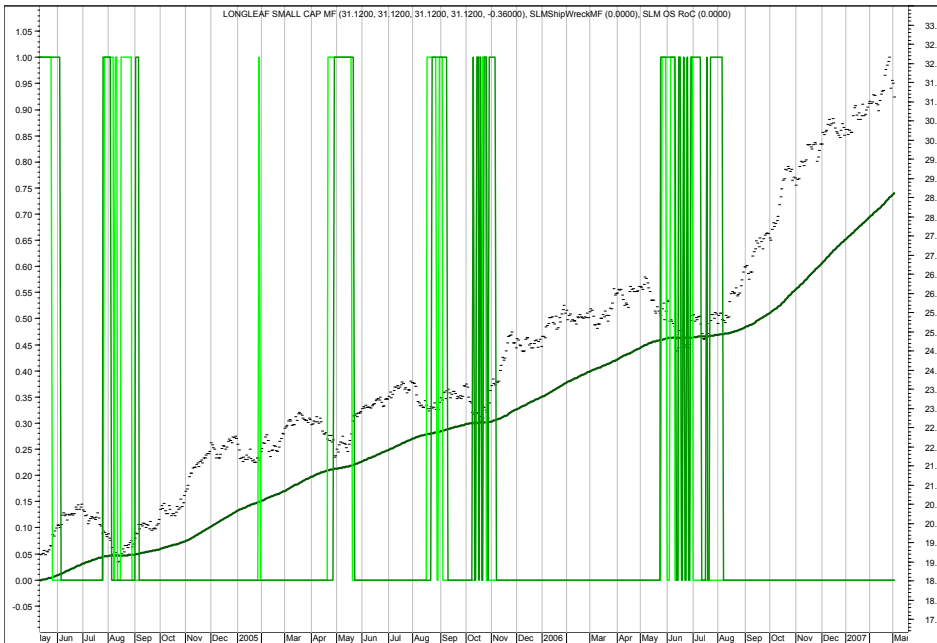
The fund dropped out of the top 20% at the end of January 2005. Even though the timing model remained bullish, the fund was sold. It would not have been rebought in July 2005 with the timing model buy because the fund was not in the top 5% at the time of the buy signal. It could have been bought in May.

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.



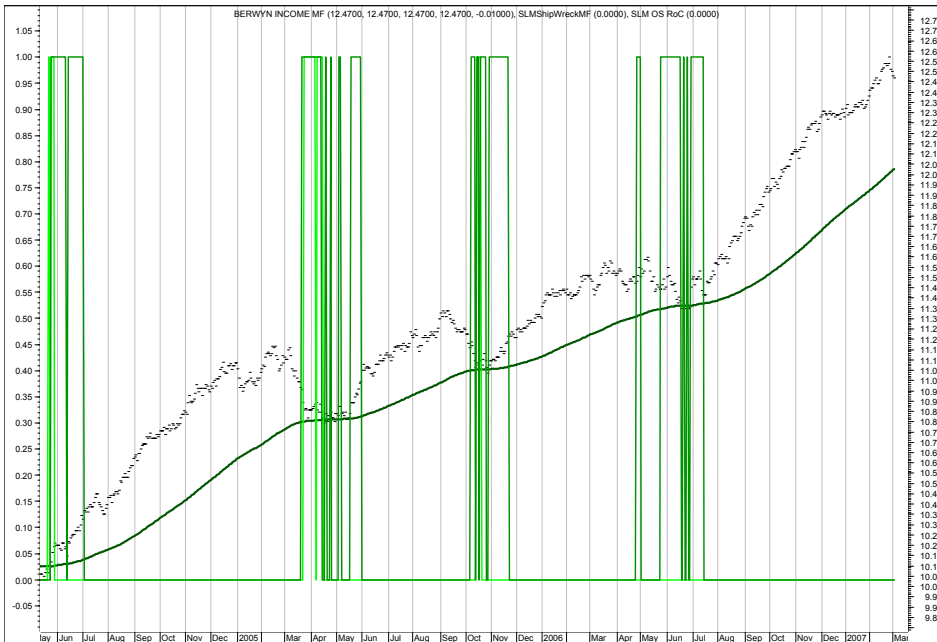


All of these funds are currently in the top 5%. The 200-day moving average is the solid trending dark line. The green spikes are buy signals (assuming the fund is within the top 5% at the time of the signal).

The top chart is LLSCX, Longleaf Small Cap Fund.

The middle chart is BERIX, Berwyn Income Fund.

The bottom chart is FASMFX, Fidelity Asset Manager.



None of these three funds has corrected enough to trigger a buy signal.

