



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
USAA Pr Mtls	USAGX	EG	32.7
Grizzly Short	GRZZX	EC	32.6
Permanent Portfolio Family	PRPFX	HB	29.7
Prudent Bear	BEARX	EC	28.8
US Gbl Invst US Gold	USERX	EG	28.0
Vanguard Prcs Mtls	VGPMX	EG	27.0
Rydex Precious Metals	RYPMX	EG	26.3
CGM Focus	CGMFX	EA	24.9
AmCent Global Gold	BGEIX	EG	24.8
Profunds Shrt SmCap	SHPIX	EC	24.6
Gabelli Mathers Fund	MATRXX	HGI	24.2
US Gbl Invst World PMtl	UNWPX	EG	23.3
Badgley Blncd	BMFBX	HB	22.5
Toqueville Gold	TGLDX	EG	22.2
Federated Mgd Model	FMMSX	HB	21.5
Leuthold Core Invst	LCORX	HB	21.2
Rydex URSA (short S&P 500)	RYURX	EC	21.1
Potomac US Short	PSPSX	EC	20.0
JohnsonFam Intrntl Value	JFIEIX	EW	19.7
Gabelli Gold	GOLDX	EG	19.4
CGM Mutual Fund	LOMMX	HGI	19.0
Midas	MIDSX	EG	18.9
AmSouth Intl Eqty	IIEIX	EW	18.8
US Gbl Invstrs Global Rsrcls	PSPFX	EWR	18.5
Caldwell & Oakin Mktk Opprtnty	COAGX	EA	18.3
Excelsior Energy NatRes	UMESX	EA	18.2
Profunds Ultra Bear	URPIX	EC	17.8
Price Latin America	PRLAX	EWR	17.5
Fidelity Latin America	FLATX	EWR	17.5
Price New Era	PRNEX	EC	17.2
Legg Mason Balanced	LMBTX	HB	17.1
Badgley Grth	BMFGX	ELC	16.6
Vanguard Energy	VGENX	EA	16.5
Preferred Short Govt Secrts	PFSGX	BS	16.9
Prudent Gbl Incm	PSAFX	BW	22.2
AmCent Intl Bond	BGBX	BW	18.3
AmCent Inf Adj B	ACITX	BU	17.9
Price US Treasury Intermediate	PRTIX	BI	15.5
Vanguard IT Trsry	VFITX	BI	14.3
Harbor Bond	HABDX	BF	13.0
Dreyfus US Intrmdt	DRGIX	BI	12.7

What's Working

They say that there is always a bull market somewhere. With the Wilshire 5000 down some 9% already this year, where is that bull market today? What is going up, instead of down?

Judging from the top 5% of the funds NLMFS&T tracks as shown in the table to the left, I would say that there are at least three areas that have been working. All are related to each other, or key off of the same driver, which is the weak US economy brought on by the credit market implosion over the last six months. Put another way, the things that are working are related to the popping of the last bubble.

The last bubble to pop was not housing, which was a close second, but to easy credit. The days of buying a house with nothing down and no income verification are over. Likewise with buying a company at 20-40 times EBITDA in the hope of making the return from capital gains rather than the income stream. The two bubbles are related and fed off of each other, but it is the drying up of credit that is the last bubble to burst. We now see the fallout in a number of ways and

in different areas of the world.

One area that works is betting against the US dollar. It continues to sink against other world currencies. As a result, international income funds continue to dominate the top bond funds. For example the Prudent Global Income Fund is doing well.

For stocks, the funds that profit when everything else is going down are the ones doing well. These are the inverse funds or short funds. As you can see on the left, the list favors such funds, like the Prudent Bear Fund.

Additionally, gold is doing well and nearing \$1,000 an ounce. So the Midas Fund is going up.

The next question of course is how long will these trends last? We see clearly in hindsight, but what will work tomorrow? It will take more than 6 months to unravel the credit bubble, take losses, and move on; more closer to a full year before it is over.

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AROUND THE CAMPFIRE

Flopsy, Mopsy, and Cotton-tail, all great names for the children's storybook rabbit folk. But from where did the name come for Peter? There is also Benjamin Bunny as a nice consonantal alliteration, but Peter Rabbit, one might ask Ms. Beatrix Potter? As in shades of St. Peter and Easter?

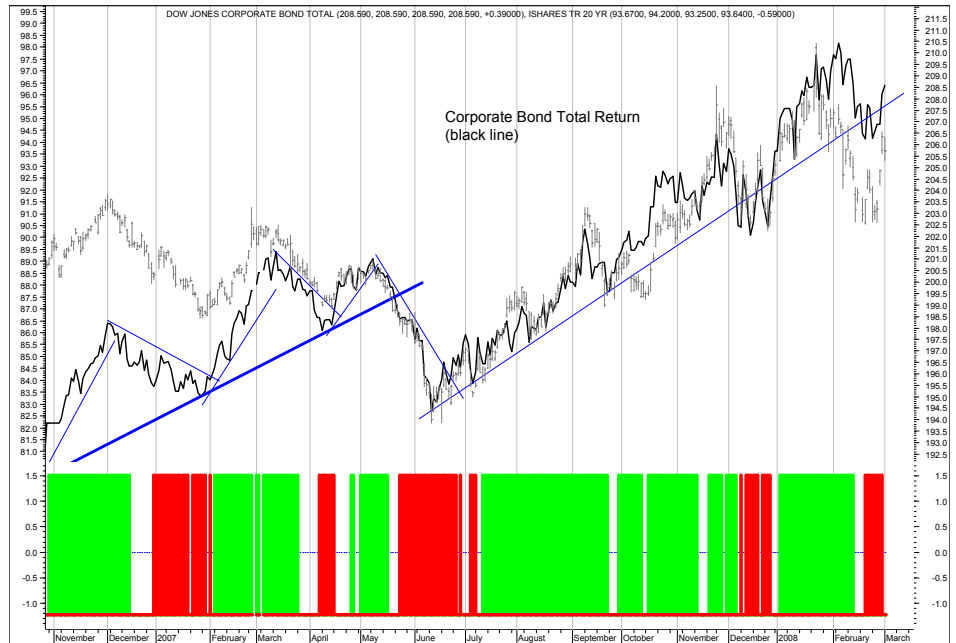
Interest Rates and Bond Prices

There was a bout of profit taking in the bond market over the last two weeks, which turned the SLM Bond Market Timing Model bearish. However, I think this is temporary and presents a good buying opportunity.

The economy continues to slow and flirts with a recession. Job data is coming in weaker than expected. Housing remains horrible. Write offs are in the billions because of the credit implosion.

The Federal Reserve basically has no choice but to fight slowing growth at the expense of greater inflation.

This implies that the dollar will continue downward, which makes domestic and international bonds a buy.



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

International bond funds continue to outperform, moving in the opposite direction of the US dollar.

MONTHLY ACTIVITY

MONTH ENDING: 2/29/2008

MONTH END VALUATIONS

INCOME, selected & timed, style and asset allocated (bond, balanced, cash)

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Fund Symbol	Fund Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total
						PSAFX	Bond Wrld	Prudent Gbl Incm	13.66	4,108.8060	56,126	25%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	8.29	3,314.9171	27,481	12%
						BEGBX	Bond Wrld	AmCent Intrn Bond	15.49	2,162.9067	33,503	15%
						MM	Money Market		100	103,754.0000	103,754	47%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=											220,864	100%

MAAP Growth and Balanced Portfolios

MONTHLY ACTIVITY

MONTH ENDING: 2/29/2008

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	49.50	404.0404	20,000							0%
13-Feb	buy	Janus Orion	12.12	1,072.6073	13,000	MIDSX	Gold	Midas	6.11	6,246.9607	38,169	9%
13-Feb	buy	Spectra N	10.60	1,226.4151	13,000							
						SPECX	Eqty LrgCap	Spectra N	10.04	2,872.5056	28,840	7%
						OAKGX	Eqty Wrld	Oakmark Global	22.16	1,372.5630	30,416	8%
						JORNX	Eqty MidCap	Janus Orion	11.95	3,348.7833	40,018	10%
						CMGFX	Eqty Aggrsv	CGM Focus	51.03	820.3154	41,861	10%
						RYURX	Contrary	Rydex Ursa	39.89	1,772.6139	70,710	18%
							MM	Money Market	100	153,384.0000	153,384	38%
Total Valuation=											\$403,397	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	49.50	404.0404	20,000	MIDSX	Gold	Midas	6.11	3,759.3985	22,970	3%
13-Feb	buy	Janus Orion	12.12	1,072.6073	13,000							
13-Feb	buy	Spectra N	10.60	1,226.4151	13,000							
						SPECX	Eqty LrgCap	Spectra N	10.04	2,460.9830	24,708	4%
						OAKGX	Eqty Wrld	Oakmark Global	22.16	1,372.5630	30,416	5%
						JORNX	Eqty MidCap	Janus Orion	11.95	3,348.7833	40,018	6%
						CMGFX	Eqty Aggrsv	CGM Focus	51.03	820.3154	41,861	6%
						RYURX	EqtyContry	Rydex Ursa	39.89	1218.2860	48,597	7%
							MM	Money Market	100	454,546.0000	454,546	69%
Total Valuation=											\$663,116	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	49.50	404.0404	20,000	MIDSX	Gold	Midas	6.11	3,759.3985	22,970	4%
13-Feb	buy	Janus Orion	12.12	1,072.6073	13,000							
13-Feb	buy	Spectra N	10.60	1,226.4151	13,000							
						SPECX	Eqty LrgCap	Spectra N	10.04	2,460.9830	24,708	4%
						OAKGX	Eqty Wrld	Oakmark Global	22.16	1,372.5630	30,416	5%
						JORNX	Eqty MidCap	Janus Orion	11.95	3,348.7833	40,018	7%
						CMGFX	Eqty Aggrsv	CGM Focus	51.03	820.3154	41,861	7%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	8.29	6,629.8343	54,961	10%
							MM	Money Market	100	355,546.0000	355,546	62%
Total Valuation=											\$570,480	100%

I will watch for the next leg down to buy some more. The gold and inverse fund are obviously performing well in this bear market.

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

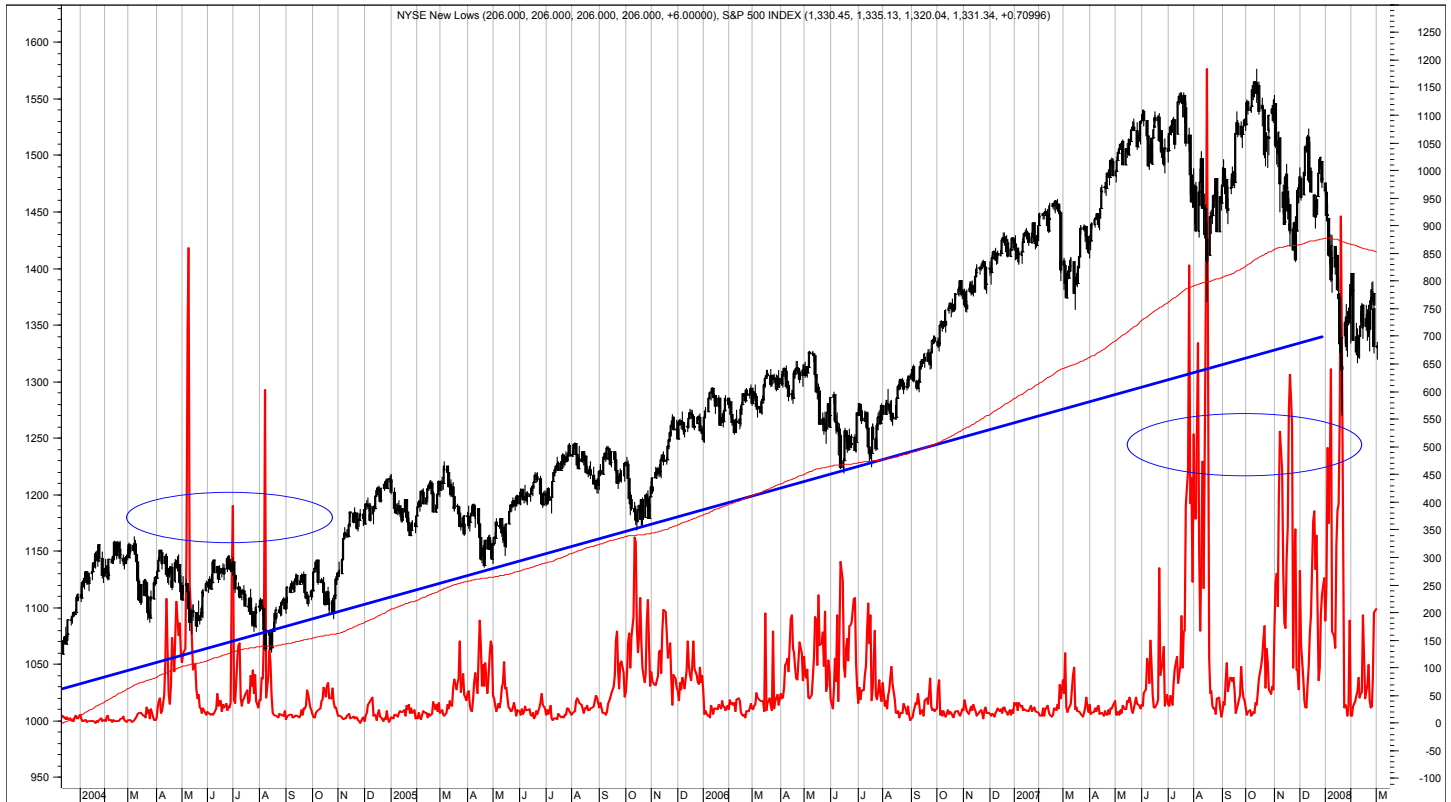
Market Timing and Asset Allocation

S&P 500 and New Lows

The chart below shows the S&P 500 with its 400-day moving average and the number of new NYSE lows (shown as spikes).

As you can see, even though the market is making marginal new lows, the number of stocks on the

NYSE that are also making new lows is shrinking. This development is bullish. It means investors are accumulating stocks at higher prices and sellers have dried up at the lower prices. This action shrinks the number of new lows that show up on sell offs.



TIMING POSITIONS

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

STOCK MARKET COMMENTS

- US Gov. fiscal policy, bullish (summer tax rebates).
- Corporate activity (buy backs, mergers), bearish (credit dried up).
- Economy, bearish.
- Inflation, neutral, turning to bearish (rising).
- Oil prices, neutral (at \$100!?).
- Housing, bearish (prices to fall further).
- Investor sentiment, bearish (brokerages still estimate 10-20% gains).
- Federal Reserve policy, bullish (lowering rates, providing liquidity).
- Market valuation (PE, yield, book), bearish
(7800 projected on the Industrials to fair value vs. bond yield).
- Terrorism risk, neutral.
- Hedge fund risk, bearish (leverage problem).
- Technical, bearish long-term, (bearish divergence in October, 2007).

Brokerages are still estimating price gains on the S&P 500 of 10-20% for this year. Given a slowing economy, billion dollar write downs, and falling earnings, this appears wildly optimistic.

The VIX (volatility index) a measure of fear in the market is still trading below levels hit in mid January this year. This is complacency, signaling a need for more fear before the bottom is seen.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 2/29/08					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2007	2006	2005	2004	2003	2002
DJ Wilshire 5000	-5.71	-12.97	-9.37	-9.89	-3.17	2.6	13456.00	-	3.94	13.72	8.24	10.85	29.44	-22.08
Dow Jones Industrials	-0.02	-9.99	-8.17	-8.27	-3.04	2.5	12266.40	-	6.43	16.29	-0.61	3.15	25.32	-16.76
Standard & Pooers 500	-5.42	-13.07	-9.73	-10.16	-3.48	2.6	1330.63	-	3.53	13.62	3.00	8.99	26.38	-23.37
Russell 2000	-13.50	-19.00	-13.46	-10.63	-3.80	2.8	686.18	-	-2.75	17.00	3.32	17.00	45.37	-21.58
Dow Jones World Index	-0.75	-8.91	-6.00	-9.14	0.45	2.5	277.38	-	8.43	18.52	9.41	14.43	33.42	-20.73
Gold/Sliver Index (XAU)	40.76	40.66	39.65	14.91	5.52	5.5	196.58	-	2184	11.11	28.87	4.65	19.89	25.57
Dow Jones Ttl Bond	4.30	4.96	4.09	165	-0.47	0.8	208.20	-	5.24	3.70	140	3.99	2.20	11.96
Small Cap	-7.86	-14.70	-11.26	-10.29	-2.81	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	0.81	-8.25	-5.95	-8.67	-1.35	2.9		6.00	6.79	8.38	12.96	33.65	-21.89	
Large Cap	-0.01	-7.97	-6.16	-9.39	-2.00	2.8		5.81	6.11	5.75	13.34	27.54	-21.75	
Value	-6.23	-13.16	-9.36	-8.84	-2.95	2.6		-6.44	10.08	3.66	11.26	27.18	-15.61	
Contrary	7.31	8.70	7.23	6.95	2.98	2.5		-1.11	-1.99	5.78	3.11	0.47	9.99	
World Growth	7.43	8.98	7.51	7.31	3.12	2.6	x	x	13.07	17.11	34.67	-15.76		
Growth/Income	-2.29	-10.07	-7.13	-8.15	-2.37	2.6	0.47	9.82	4.23	10.24	23.46	-18.22		
Bond Long	5.28	7.50	5.52	0.36	-0.61	1.7	6.19	2.75	10.32	8.43	8.64	6.73		
Bond High Yield	-3.08	-5.30	-2.00	-2.89	-1.36	2.6	x	8.84	5.76	6.63	16.24	-7.55		
Bond World	7.81	7.09	6.73	2.09	0.53	1.2	4.74	5.65	7.40	9.07	11.56	10.56		
MAAP Aggrsv Grth	3.76	2.95	3.71	0.83	1.40	0.7	For more information about these model portfolios, please see pages five and six.	4.30	9.95	7.20	0.57	15.03	-4.93	
MAAP Growth	2.75	1.82	1.91	0.35	0.64	0.5		3.39	5.66	3.50	1.53	11.56	-1.22	
MAAP Balanced	1.28	-0.26	0.21	-1.07	0.36	0.6		3.17	7.59	2.01	5.88	12.57	0.09	
MAAP Income	5.16	4.05	3.81	2.06	0.90	0.5		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 400-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.

