



# 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	38.1
Profunds Ultra Bear	URPIX	EC	36.7
Grizzly Short	GRZZX	EC	32.7
Prudent Bear (Load)	BEARX	EC	27.3
Profunds Shrt SmCap	SHPX	EC	24.5
Rydex Arktos	RYAIX	EC	21.7
Potomac US Short	PSPSX	EC	20.0
Profunds UltraShrt OTC	USPIX	EC	18.2
SPDR Gold	GLD	EG	5.0
The Arbitrage	ARBFX	EC	4.7
PS Gold	DGL	EG	3.9
Caldwell & Oakin Mrkt Opprtnty	COAGX	EA	-1.6
Hussman Strtg Ttl Rtrn	HSTRX	HB	-2.0
Merger Fund	MERFX	EC	-3.1
AmCent Global Gold	BGEIX	EG	-4.1
PS Silver	DBS	EG	-4.4
USAA Pr Mtls	USAGX	EG	-4.5
Tocqueville Gold	TGLDX	EG	-4.8
Gabelli Gold	GOLDX	EG	-5.6
US Gbl Invst US Gold	USERX	EG	-6.4
Rydex Juno (short 30year TBond)	RYJUX	EC	-8.2
Rydex Precious Metals	RYPMX	EG	-8.4
US Gbl Invst World PMtl	UNWPX	EG	-9.3
Hussman Strtg Grth	HSGFX	EMC	-10.2
Profunds Rising Rates	RRPIX	EC	-11.6
Midas	MIDSX	EG	-12.5
PS Agrcltr	DBA	EC	-14.2
Buffalo Small Cap	BUFSX	ESC	-14.3
Currency Euro	FXE	EC	-16.1
iShares China	FXI	EW	-16.3
Reynolds Blue Chip Growth	RBCGX	ELC	-16.3
Matthews China	MCHFV	EWR	-16.5
x	x	x	x
Neubrgr & Brmn Lmtd Bond	NLMBX	BS	21.6
Amrcn Bcn Intl Bond	AAPAX	BI	17.1
Payden GNMA	PYGNX	BU	16.1
Fidelity GNMA	FGMNX	BU	13.7
USAA GNMA	USGNX	BU	12.7
Value Line US Govt Securities	VALBX	BU	12.5
AmCent GNMA Income	BGNMX	BU	12.4
Vanguard Short Federal	VSGBX	BS	12.0

## All Thumbs

If Warren Buffett can admit to sucking his thumb, saying in his most recent annual report, "Furthermore, I made some errors of omission, sucking my thumb when new facts came in that should have caused me to re-examine my thinking and promptly take action.", then I might admit to twiddling said thumbs as new data came in and also not rethinking. See his full and interesting report on the web at [berkshirehathaway.com](http://berkshirehathaway.com)

You see, unlike others who claim no connection with trying to adjust one's positions to the current market climate, I have steadfastly maintained the importance of, association with, and promotion of market timing. It is in my name after all. Selections & Timing, though last, certainly not least. So no, I am not some advisor who has just recently seen the light (that hole through the billfold), to come lately to the "there is a time to be in and a time to be out" party, to the alter of my capital is half gone (if I had used no leverage), therefore I should change my thinking about such investment approaches.

To be clear, and if you are in need of some intellectual sooth-

ing, market timing is simply another word for asset allocation, add tactical if you really want to appear smart. No, Virginia, valuation does matter and always has mattered. To say otherwise, is to eschew market timing, to ignore logic, and the price of cash flow. Not to mention having to suffer through the aftermath of fools.

Some have converted to my camp that value matters. That change in itself helps the bottoming process.

So, we are done sucking and twiddling. What now?

Selections & Timing. I will continue to select from the top funds who themselves are outperforming their peers on a risk-adjusted basis. I will continue to time the markets. Value matters. There is a time when things are cheap and a time when things are dear. With the market losing some 53% from its peak, it is certainly closer to the cheap bottom.

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## AROUND THE CAMPFIRE

Driving from Virginia to Texas over the long weekend, I watch the scenery and greenery change. It moves from mountains to molehills. The trees are numerous and varied at the beginning with abundant water, and at the end of the journey they grow only where water is, along the creeks. I grew up in Nebraska; they say that every tree there came from planted stock, that there was not one single native tree in all of the land.







# Interest Rates and Bond Prices

Bonds continue to move sideways caught in the powerful cross currents of massive government financing that increases supply and the enormous demand for that safety. Risk aversion is the new investment style.

Still, it is an interesting teeter-totter. The huge demand for low risk investments implies that the supply will be there to meet that demand precisely because of the increasing economic problems that triggers the supply. How odd.

In the meantime, as you can see on the chart, the bond market has come down and has broken its intermediate-term down trend channel, but is still long-term bullish.. Time to buy bonds.



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

On March 13th, buy \$20,000 into Fidelity GNMA (FGMNX). This is roughly 10% of the total portfolio.

### MONTHLY ACTIVITY

MONTH ENDING:

2/28/2009

### 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
2-Aug	sell	BEGBX	14.83	2,162.9067	32,076							
						FAGIX	Bond HiYld	Fidelity Cap/Incm	5.40	3,314.9171	17,901	9%
							MM	Money Market	100	188,280.0000	188,280	91%
							MM	Margin Loan	-100	-	-	0%
Total Valuation=											206,181	100%

# MAAP: Aggressive Growth, Growth, and Balanced

PREVIOUS ACTIVITY		TO MONTH ENDING: 2/28/2009				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	2123	1,855.0116	39,382	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	15.75	3,420.7587	53,877	16%
8-Jan	buy	FMI Com Stk	16.16	1,237.6238	20,000	RYSEX	Eqty SmlCap	Royce Spcl Eqty	1184	3,798.0995	44,969	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	9.72	1,885.0411	18,322	6%
						BUFSX	Eqty SmlCap	Buffalo Small Cap	14.57	1,226.2416	17,866	5%
						FMIMX	Eqty SmlCap	FMI Com Stk	13.16	1,237.6238	16,287	5%
						ATASX	Eqty SmlCap	AstnTmr SmlCp	10.76	1,607.7170	17,299	5%
						MM	Money Market		100	19,767.0000	19,767	37%
										Total Valuation=	\$327,770	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	2123	2,255.0116	47,874	8%
8-Jan	sell	Janus Orion	6.70	3,379.8433	22,645	HRVIX	Eqty Value	Heartland Value	15.75	5,149.3236	81,102	14%
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	1184	8,835.0730	104,607	18%
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	9.72	3,770.0283	36,645	6%
8-Jan	buy	AstnTmr SmlCp	12.44	3,215.4341	40,000	BUFSX	Eqty SmlCap	Buffalo Small Cap	14.57	2,452.4831	35,733	6%
20-Jan	buy	EEM	22.53	800.0000	18,024	FMIMX	Eqty SmlCap	FMI Com Stk	13.16	2,475.2475	32,574	6%
						ATASX	Eqty SmlCap	AstnTmr SmlCp	10.76	3,215.4341	34,598	6%
						MM	Money Market		100	195,203.0000	195,203	34%
										Total Valuation=	\$568,336	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	2123	1,455.0116	30,890	7%
14-Nov	buy	Emrg Mrkt EEM	22.22	765.0765	17,000	HRVIX	Eqty Value	Heartland Value	15.75	5,149.3236	81,102	18%
8-Jan	sell	Parnassus Eqty Incm	19.56	2,213.0103	43,286	RYSEX	Eqty SmlCap	Royce Spcl Eqty	1184	8,835.0730	104,607	23%
8-Jan	sell	Westport Grth	15.08	1,597.5667	24,091	JAMBX	Hybrid	Jamestown Blncd	9.72	1,885.0411	18,322	4%
8-Jan	sell	Janus Orion	6.70	3,379.8433	22,645	BUFSX	Eqty SmlCap	Buffalo Small Cap	14.57	1,226.2416	17,866	4%
8-Jan	sell	Berwyn Incm	10.47	1,738.7740	18,205	FMIMX	Eqty SmlCap	FMI Com Stk	13.16	1,237.6238	16,287	4%
8-Jan	buy	Jamestown Blncd	10.61	1,885.0411	20,000	ATASX	Eqty SmlCap	AstnTmr SmlCp	10.76	1,607.7170	17,299	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	5.40	6,629.8343	35,801	8%
8-Jan	buy	AstnTmr SmlCp	12.44	1,607.7170	20,000							
						MM	Money Market		100	134,160.0000	134,160	29%
										Total Valuation=	\$456,335	100%

No changes at this time, as I await stability.

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

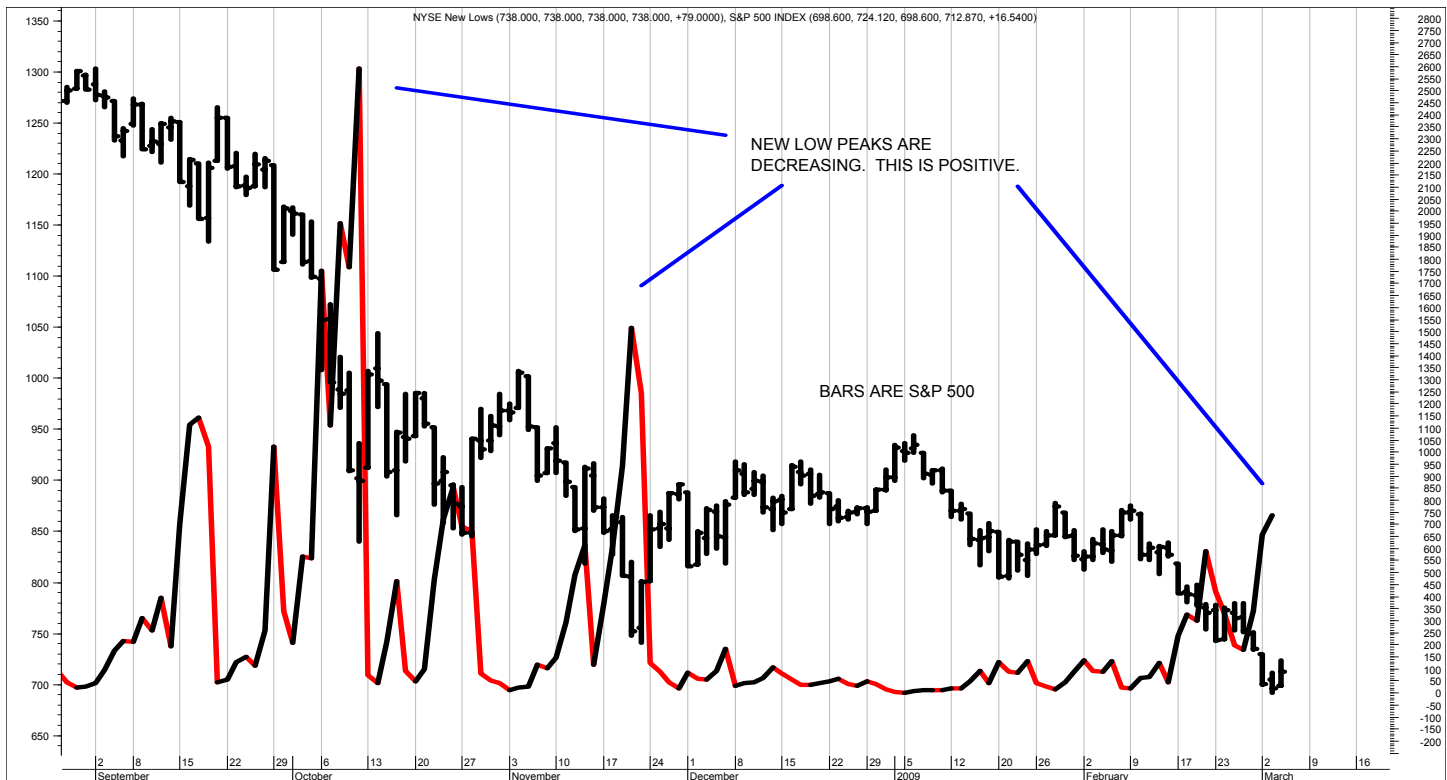
## S&P 500 & Number of New NYSE Lows

So much for my textbook perfect inverse head and shoulders I talked about last month. Clearly the market has failed and is now at a new bear market low.

Nonetheless, the bottoming process continues. A

positive sign is that the number of new lows continues to shrink. This is positive.

My problem was in thinking the trend was changing from down to up. It hasn't yet. So, as a change, I will probably use rallies to sell.



### TIMING POSITIONS

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

### STOCK MARKET COMMENTS

US Gov. fiscal policy, **bullish** (bailouts, more stimulus checks).  
Corporate activity (buy backs, mergers), **bearish**.  
Economy, **bearish** (recession).  
Inflation, **neutral**.  
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), **bullish** (undervalued).  
(11,000 projected on Industrials to fair value, earnings discounted).  
Terrorism/war risk, **neutral**.  
Hedge fund/leverage risk, **neutral** (leverage selling down).  
Technical, **neutral**, (failure of retest).

The stock market made its expected test last month, but it failed. All indexes have moved to new lows for this bear market.

What this means is that there will likely be further declines and then another rally and then another test. And then we will need to see if that next test is successful before all green.

So, the bottoming process will take longer than I initially thought. The bear will end, but will take more time.

Probably, therefore, I will use rallies to lighten up and not yet buy more.

# Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 2/28/09					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2008	2007	2006	2005	2004	2003
DJ Wilshire 5000	-44.46	-47.59	-43.05	-15.59	-10.34	5.8	7473.89	-	-36.68	3.94	13.72	8.24	10.85	29.44
Dow Jones Industrials	-42.42	-44.11	-38.81	-20.00	-11.72	4.9	7062.93	-	-33.84	6.43	16.29	-0.61	3.15	25.32
Standard & Pooers 500	-44.76	-47.51	-42.70	-17.98	-10.99	5.4	735.09	-	-38.49	3.53	13.62	3.00	8.99	26.38
Russell 2000	-43.31	-48.01	-47.39	-17.78	-12.29	7.0	389.02	-	-34.80	-2.75	17.00	3.32	17.00	45.37
Dow Jones World Index	-49.06	-51.41	-44.44	-14.65	-10.17	6.2	14131	-	-42.85	8.43	18.52	9.41	14.43	33.42
Gold/Sliver Index (XAU)	-39.40	-34.35	-20.17	17.26	-3.94	11.2	119.12	-	-28.54	21.84	11.11	28.87	4.65	19.89
Dow Jones Ttl Bond	-0.73	-0.14	0.09	6.88	-2.09	2.2	206.69	-	180	5.24	3.70	140	3.99	2.20
Small Cap	-43.06	-47.14	-44.09	-13.46	-9.71	6.7	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.	-39.13	-3.52	7.20	2.63	11.74	39.43
Mid Cap	-43.69	-47.94	-43.08	-10.53	-8.20	6.4	-4193		6.00	6.79	8.38	12.96	33.65	
Large Cap	-41.64	-45.44	-40.72	-11.93	-8.26	5.7	-39.89		5.81	6.11	5.75	13.34	27.54	
Value	-42.70	-45.03	-40.98	-14.84	-10.21	5.8	-37.96		-6.44	10.08	3.66	11.26	27.18	
Contrary	6.70	13.57	9.57	2.47	2.35	5.3	5.36		-1.11	-1.99	5.78	3.11	0.47	
World Growth	-49.67	-52.43	-44.31	-11.03	-7.87	7.0	-47.03		x	x	13.07	17.11	34.67	
Growth/Income	-40.47	-43.56	-39.01	-13.96	-9.34	5.3	-36.20	0.47	9.82	4.23	10.24	23.46		
Bond Long	1.87	4.81	1.75	-1.06	-1.93	3.2	1191	6.19	2.75	10.32	8.43	8.64		
Bond High Yield	-19.49	-21.28	-19.18	6.85	-2.97	3.4	-23.05	x	8.84	5.76	6.63	16.24		
Bond World	-10.29	-9.48	-8.38	1.87	-2.12	2.3	-7.34	4.74	5.65	7.40	9.07	11.56		
MAAP Aggrsv Grth	-18.75	-19.70	-15.54	-7.02	-5.20	2.4	For more information	-10.73	4.30	9.95	7.20	0.57	15.03	
MAAP Growth	-14.29	-15.10	-13.00	-7.66	-5.22	1.6	about these model	-5.75	3.39	5.66	3.50	1.53	11.56	
MAAP Balanced	-20.01	-21.82	-18.48	-7.45	-5.43	2.4	portfolios, please	-13.09	3.17	7.59	2.01	5.88	12.57	
MAAP Income	-6.65	-6.64	-5.54	-0.29	-0.38	0.7	see pages five and six.	-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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