



# 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
Grizzly Short	GRZZX	EC	33.5
Badgley Binco	BMFBX	HB	22.5
Permanent Portfolio Family	PRPFX	HB	22.5
Federated Mgd Model	FMMSX	HB	21.5
Profunds Shrt SmCap	SHPIX	EC	20.8
Rydex URSA (short S&P 500)	RYURX	EC	20.7
Gabelli Mathers Fund	MATRXX	HGI	20.6
Potomac US Short	PSPSX	EC	20.0
Prudent Bear	BEARX	EC	19.9
JohnsonFam Intrntl Value	JFIEX	EW	19.7
AmSouth Intl Eqty	IIEIX	EW	18.8
Profunds Ultra Bear	URPIX	EC	17.6
Legg Mason Balanced	LMBTX	HB	17.1
Badgley Grth	BMFGX	ELC	16.6
McMorgan Balanced	MCMBX	HB	16.1
Commerce Core Eqty	CEFIX	EGI	15.6
USAA Pr Mtls	USAGX	EG	14.7
McMorgan Eqty	MCMEX	EGI	14.6
N/I Numerical SmCap Valu	NISVX	ESC	14.0
1838 Intrntl Eqty	INTEX	x	13.4
Laudus Rosen US L/S	RMNIX	EC	13.3
US Gbl Invst US Gold	USERX	EG	12.7
1st Source Spcl Eqty	FMSPX	ESC	12.0
Lighthouse Contrarian	LGFTX	ESC	11.9
Rydex Arktos	RYAIX	EC	11.7
CGM Focus	CGMFX	EA	11.5
Tocqueville Alexis	TOCAX	EGI	11.2
Oakmark Eqty Incm I	OAKBX	HB	11.1
Caldwell & Oakin Mkt Opprtnty	COAGX	EA	11.0
Leuthold Core Invst	LCORX	HB	10.9
Janus Twenty	JAVLX	EMC	10.0
The Arbitrage	ARBFX	EC	9.8
Vanguard Prcs Mtls	VGPMX	EG	9.6
x	x	x	x
AmCent Intl Bond	BEGBX	BW	21.6
Price US Treasury Intermediate	PRTIX	BI	19.0
Prudent Gbl Incm	PSAFX	BW	17.7
Vanguard IT Trsry	VFITX	BI	17.7
Price International Bond	RPBIX	BW	15.3
Price US Treasury Bond Long	PRULX	BL	13.7
Crtd Suisse Gbl FI	CGFIX	BW	13.6

## Rounding Out A Bottom

Although the Top 5% Funds By C list on your left is dominated by short funds (those that profit when the market declines), it may be getting late in the game to aggressively use them.

The market is down some 16% from its peak in October 2007 through 3/31/08. That is not quite the definition of a bear market, which is usually a 20% decline, but keep in mind that many industry groups are down two and three times or more that number. There has been a lot of carnage on Wall Street. Bear Stearns is a well known example, falling ignominiously from \$170 to \$10 in a little more than a year.

Before the correction or decline or bear market, the market tipped its hand as it usually does before major market moves, I say usually because there is no perfect system, but there were some warning signals.

The main one was the negative divergence between the Dow Industrials and Dow Transports that set up last October. The Industrials made it to a new high, but they were unaccompanied by the Transports.

That past divergence incidentally signaled the weakness in

the economy today, since the Transports are heavily interlaced in expansions and contractions. When truckers and airlines weaken, the economy contracts.

The other signal, which is also perfectly clear in hindsight, was the fact of the two implosions with the two Bear Stearns hedge funds. The market continued cheerfully along for awhile, but that debacle was a "the king has no clothes" comment.

So, the market has come down in reaction to all the bad news, not to mention the housing crisis. But is the decline enough to warrant a bottom?

Given the weak economic numbers and bond yields, the Industrials would need to actually need to trade at 7,000 to equalize their values. However, the numbers are skewed, we hope, because of these one-time, we hope, charge offs. As such, the market is slowly on its way to recovery

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### AROUND THE CAMPFIRE

Time was when drivers used to brag about how fast their cars were. She goes from zero to sixty in five seconds flat. Nowadays, however, bragging rights fall more in line with she gets 40 miles to the gallon and that's in the city.





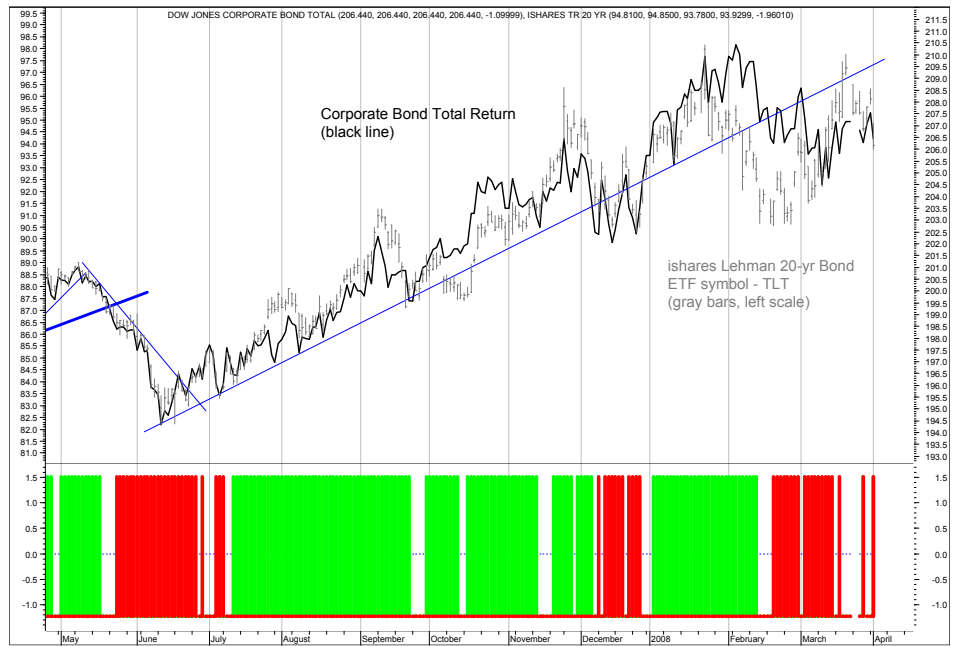


# Interest Rates and Bond Prices

The bond market rally appears to be over for now. The strong uptrend line dating from June 2007 has been broken and bonds are now trading sideways. The SLM Bond Market Timing Model remains bearish.

On the one hand, this suggests higher rates and lower bond prices ahead, but on the other hand it may mean that the worst is over for the equity market. Rates were dropping in reaction to the financial crisis, but they are not dropping further. Perhaps there is strength coming.

As to which bonds to buy, sell, or hold in the portfolio, international bonds should continue to outperform. High yield bonds may be next to start performing better.



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

It may be time for the high-yield bond funds to start performing relatively better.

### MONTHLY ACTIVITY

MONTH ENDING: 3/31/2008

### MONTH END VALUATIONS

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

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Fund Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total
						PSAFX	Bond Wrld	Prudent Gbl Incm	13.76	4,108.8060	56,537	26%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	8.17	3,314.9171	27,083	12%
						BEGBX	Bond Wrld	AmCent Intrn Bond	15.87	2,162.9067	34,325	15%
						MM	Money Market		100	103,730.0000	103,730	47%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=											221,675	100%

# MAAP Growth and Balanced Portfolios

**MONTHLY ACTIVITY**
**MONTH ENDING:** 3/31/2008

**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	5.41	6,246.9607	33,796	9%
13-Feb	buy	Spectra N	10.60	1,226.4151	13,000							
						SPECX	Eqty LrgCap	Spectra N	9.84	2,872.5056	28,265	7%
						OAKGX	Eqty Wrld	Oakmark Global	22.07	1,372.5630	30,292	8%
						JORNX	Eqty MidCap	Janus Orion	11.73	3,348.7833	39,281	10%
						CGMFX	Eqty Aggrsv	CGM Focus	48.39	820.3154	39,695	10%
						RYURX	Contrary	Rydex Ursa	40.00	1,772.6139	70,905	18%
							MM	Money Market	100	153,236.0000	153,236	39%
<b>Total Valuation=</b>											<b>\$395,471</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	buy	CGM Focus	49.50	404.0404	20,000	MIDSX	Gold	Midas	5.41	3,759.3985	20,338	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	9.84	2,460.9830	24,216	4%
						OAKGX	Eqty Wrld	Oakmark Global	22.07	1,372.5630	30,292	5%
						JORNX	Eqty MidCap	Janus Orion	11.73	3,348.7833	39,281	6%
						CGMFX	Eqty Aggrsv	CGM Focus	48.39	820.3154	39,695	6%
						RYURX	EqtyContry	Rydex Ursa	40.00	1218.2860	48,731	7%
							MM	Money Market	100	454,966.0000	454,966	69%
<b>Total Valuation=</b>											<b>\$657,521</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	buy	CGM Focus	49.50	404.0404	20,000	MIDSX	Gold	Midas	5.41	3,759.3985	20,338	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	9.84	2,460.9830	24,216	4%
						OAKGX	Eqty Wrld	Oakmark Global	22.07	1,372.5630	30,292	5%
						JORNX	Eqty MidCap	Janus Orion	11.73	3,348.7833	39,281	7%
						CGMFX	Eqty Aggrsv	CGM Focus	48.39	820.3154	39,695	7%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	8.17	6,629.8343	54,166	10%
							MM	Money Market	100	355,792.0000	355,792	63%
<b>Total Valuation=</b>											<b>\$563,781</b>	<b>100%</b>

I will look to buy on weakness with the assumption that we are in a bottoming process.

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

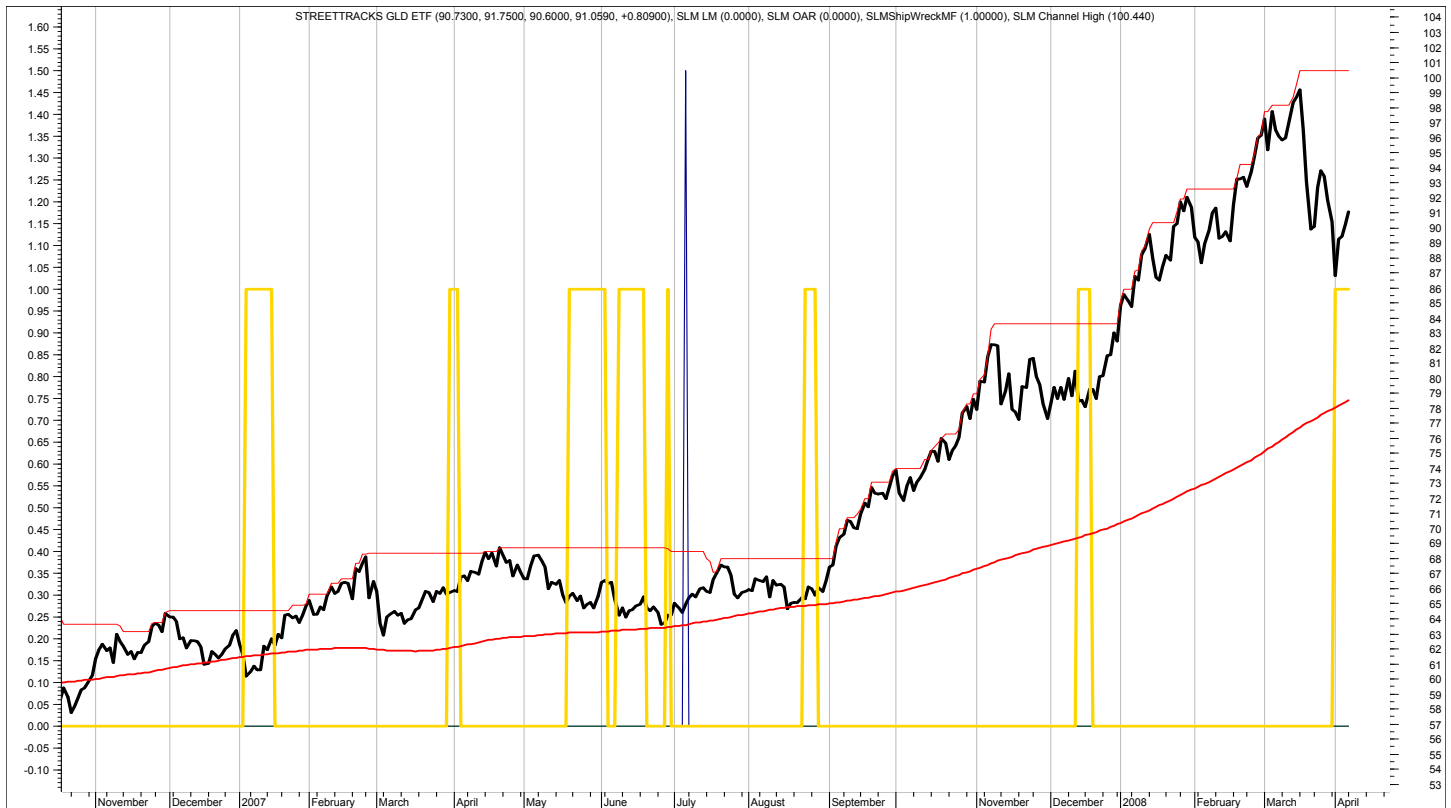
# Market Timing and Asset Allocation

## Gold ETF

The chart below shows the Gold ETF over the last two years. There was a recent buy signal as you can see by the spike.

Gold has benefited from the financial crisis, the plunging dollar, and drop in interest rates. These

things are all related, but it does not mean that once the crisis is over that gold will suddenly plunge. There are some long-term issues at work, not the least of which is the perceived value of the dollar. It is weak and may remain that way for years.



### TIMING POSITIONS

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

### STOCK MARKET COMMENTS

- US Gov. fiscal policy, bullish (housing bill, summer tax rebate).
- Corporate activity (buy backs, mergers), bearish (credit dried up).
- Economy, bearish.
- Inflation, neutral.
- Oil prices, bearish (still rising).
- Housing, bearish (inventory overhang, falling prices, no liquidity).
- Investor sentiment, neutral (some bears, some bulls, not lopsided).
- Federal Reserve policy, bullish (lowering rates, providing liquidity).
- Market valuation (PE, yield, book), bearish (too high values).  
(7000 projected on the Industrials to fair value vs. bond yield).
- Terrorism/war risk, neutral.
- Hedge fund risk, bearish (leverage problem).
- Technical, bearish long-term, (bearish divergence in October, 2007).

The Dow Industrials must strongly clear on good volume 12,750 in order to confirm the next short-term leg up. If it fails to do so, expect another decline to new lows for this bear market.

The market is oversold, but the crisis news is coming in a little bit better. Financial institutions are writing off the losses and raising new capital. Still if you look further out, the earnings slowdown may not yet be fully discounted, which would lead to the next leg down.

# Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 3/31/08					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2007	2006	2005	2004	2003	2002
DJ Wilshire 5000	-7.48	-12.35	-13.21	-10.04	-0.92	2.6	13332.00	-	3.94	13.72	8.24	10.85	29.44	-22.08
Dow Jones Industrials	-0.74	-8.54	-11.75	-7.55	-0.03	2.4	12262.90	-	6.43	16.29	-0.61	3.15	25.32	-16.76
Standard & Pooers 500	-6.91	-12.02	-13.36	-9.92	-0.60	2.6	1322.70	-	3.53	13.62	3.00	8.99	26.38	-23.37
Russell 2000	-14.08	-17.48	-14.59	-10.19	0.26	2.8	687.97	-	-2.75	17.00	3.32	17.00	45.37	-21.58
Dow Jones World Index	-4.00	-9.79	-11.64	-9.23	-1.54	2.5	273.10	-	8.43	18.52	9.41	14.43	33.42	-20.73
Gold/Sliver Index (XAU)	29.01	30.01	4.74	1.98	-10.09	5.9	176.75	-	21.84	11.11	28.87	4.65	19.89	25.57
Dow Jones Ttl Bond	4.07	5.17	3.22	0.88	-0.32	0.7	207.54	-	5.24	3.70	1.40	3.99	2.20	11.96
Small Cap	-9.91	-15.13	-14.06	-10.88	-1.03	3.0	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	-2.24	-9.19	-11.70	-10.42	-1.85	3.0		6.00	6.79	8.38	12.96	33.65	-21.89	
Large Cap	-2.27	-8.09	-11.40	-10.61	-1.25	2.8		5.81	6.11	5.75	13.34	27.54	-21.75	
Value	-8.42	-13.34	-12.77	-8.84	-1.60	2.7		-6.44	10.08	3.66	11.26	27.18	-15.61	
Contrary	5.41	6.33	7.01	4.92	-1.01	2.5		-1.11	-1.99	5.78	3.11	0.47	9.99	
World Growth	5.47	6.53	7.34	5.19	-1.03	2.6	x	x	13.07	17.11	34.67	-15.76		
Growth/Income	-4.16	-9.80	-10.80	-8.37	-0.84	2.5	0.47	9.82	4.23	10.24	23.46	-18.22		
Bond Long	7.38	9.39	5.68	1.32	0.03	1.6	6.19	2.75	10.32	8.43	8.64	6.73		
Bond High Yield	-3.23	-3.62	-3.89	-3.28	-0.66	2.6	x	8.84	5.76	6.63	16.24	-7.55		
Bond World	7.83	8.38	4.67	2.68	0.00	1.2	4.74	5.65	7.40	9.07	11.56	10.56		
MAAP Aggrsv Grth	1.67	0.89	-0.23	-1.84	-1.96	1.2	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	1.77	0.89	0.13	-0.97	-0.84	0.5		3.39	5.66	3.50	1.53	11.56	-1.22	
MAAP Balanced	-0.07	-1.34	-2.23	-2.58	-1.17	0.6		3.17	7.59	2.01	5.88	12.57	0.09	
MAAP Income	5.48	4.33	2.99	2.09	0.37	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.

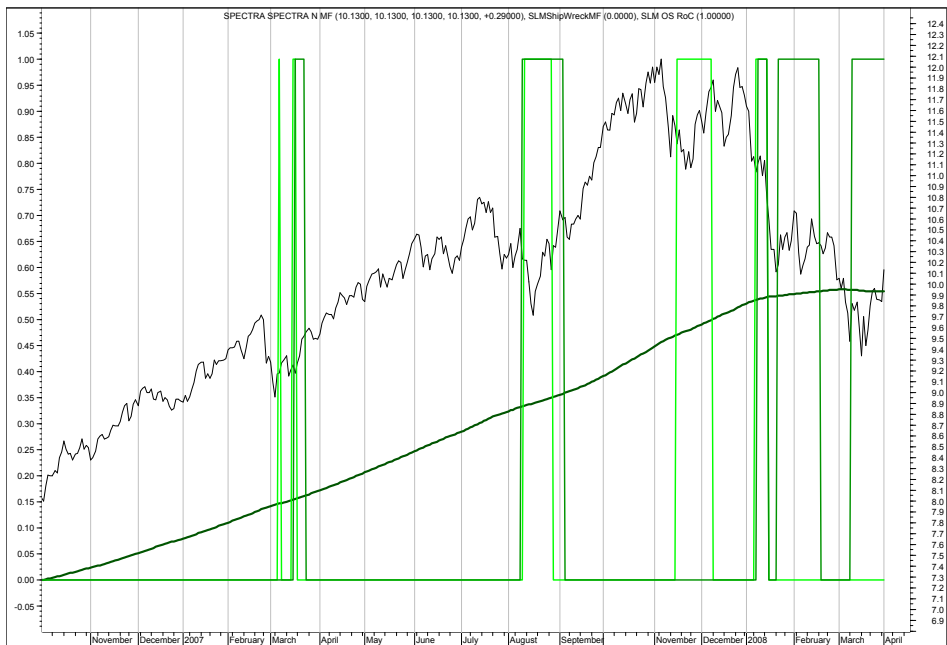
The fund dropped out of the top 20% at the end of January 2005. Even though the timing model remained bullish, the fund was sold. It would not have been rebought in July 2005 with the timing model buy because the fund was not in the top 5% at the time of the buy signal. It could have been bought in May.

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.

