



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
Potomac US Short	PSPSX	EC	20.0
RydexURSA (short S&P 500)	RYURX	EC	16.7
x	x	x	x
Profunds Ultra Bear	URPIX	EC	10.7
Profunds Shrt SmCap	SHPX	EC	9.9
Grizzly Short	GRZZX	EC	9.3
Merger Fund	MERFX	EC	9.0
The Arbitrage	ARBFX	EC	6.8
Hussman Strtg Ttl Rtrn	HSTRX	HB	5.6
Caldwell & Oakin Mrkt Opprtnty	COAGX	EA	5.3
Rydex Arktos	RYAIX	EC	5.2
Gabelli Mathers Fund	MATRX	HGI	3.0
SPDR Gold	GLD	EG	1.1
Profunds UltraShrt OTC	USPIX	EC	0.3
PS Gold	DGL	EG	-0.2
Toqueville Gold	TGLDX	EG	-0.4
AmCent Global Gold	BGEIX	EG	-0.9
USAA Pr Mtl	USAGX	EG	-0.9
Hussman Strtg Grth	HSGFX	EMC	-1.4
Gabelli Gold	GOLDX	EG	-1.9
US Gbl Invst US Gold	USERX	EG	-3.5
Rydex Precious Metals	RYPMX	EG	-3.8
Reynolds Blue Chip Growth	RBCGX	ELC	-3.9
PS Silver	DBS	EG	-4.0
US Gbl Invst World PMtl	UNWPX	EG	-5.5
Buffalo Small Cap	BUFSX	ESC	-5.8
Matthews China	MCHFX	EWR	-5.8
iShares China	FXI	EWR	-6.8
Matthews Korea	MAKOX	EWR	-7.5
Buffalo Science Tech	BUFTX	EA	-7.5
Midas	MIDSX	EG	-7.7
Price Science & Technology	PRSCX	EA	-8.0
Buffalo Mid Cap	BUFMX	EMC	-8.3
Payden GNMA	PYGNX	BU	13.6
Fidelity GNMA	FGMNX	BU	12.2
AmCent GNMA Income	BGNMX	BU	10.7
Wells Fargo Short Govt Bond	MNSGX	BS	10.0
USAA GNMA	USGNX	BU	10.0
Amrcn Bcn Intm Bond	AAPAX	BI	9.7
Northern US Gov	NOUGX	BU	9.7
Vanguard GNMA	VFIIX	BU	9.6

Now and Then

One advantage that comes from age is experience. It is the wisdom that results from having been there and done that. It is the advantage of having learned the lesson, perhaps the hard way, but it is learned. At the same time, however, the disadvantage of age is realizing that history does not always repeat itself exactly. In investing, experience is simply summed up to say, it is an art, not a science. Age teaches patterns, but the patterns do not always repeat.

Still, the most costly investment words are "this time it's different", both to the upside, if you fail to participate, and to the downside, if you do participate.

I say all of this to bring us to the current market situation. Age and history tell us that the market usually retests its lows in a W pattern, not a V. That is what I was expecting and what was unfolding through February.

Usually, however, is the key word. Age will remember investing in 1982 when things were fairly glum, being a bear market. The market had come down to test its lows and had failed with all indexes making new bear market lows.

It then rallied sharply and in short order made it back to 1,000, which was the stopping point for all

rallies since the Sixties. Moreover, the market had just failed its test of the lows. So investors were expecting another test and then would get in. Such would not be the case. The market made the lows as a failed test and went higher from there, never looking back into the great bull market. Famous prognosticators not only missed the bottom, but also hundreds of points of recovery.

And now back to today. The stock market is very oversold, yet it failed its test. Earnings are terrible, but there are companies selling below net cash in the bank. Sentiment is glum, but the market looks ahead. Things are bad, but fiscal and monetary policy are supportive for the bull.

So, I expect some pullback in here, but at the same time, I do not want to try to fine tune this too much and end up missing the recovery. There seems to be more risk to missing the upside, plus 25%, than to holding in the downside, minus 10%. The test should not hit new lows, but the upside is wide open. I am comfortable with the portfolios now at rough 2/3 in and 1/3 in cash.

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AROUND THE CAMPFIRE

Our fig tree, of the Brown Turkey variety, is about four years old now. The fruit is tasty, if you enjoy figs. The tree is dormant in the winter and then grows again in the spring, like other trees. I noticed this spring that it looked remarkably like a green "burning bush". While the branches themselves were all barren, at each tip the new leaves flamed forth.

Interest Rates and Bond Prices

The bond market continues to move broadly sideways in a channel, as you can see on the chart.

It seems caught between a weak economy, which would be bullish, pushing prices higher and yields lower, and big, new supply, which would be bearish, pushing prices lower and yields higher. It is caught between the two for now.

Still the longer-term trend remains bullish. The economy is contracting in many areas, both domestic and abroad. Manufacturing, housing, jobs, the service sector are all weak and none appear to be hitting bottom.

So, I will use the bottom part of the sideways channel to accumulate bond funds.



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

I expect to accumulate more bond funds, if the bond market pulls back further. However, if the economy begins to recovery strongly from the fiscal and monetary stimulus plans, then I will stand aside. There is hope out there that the plans will work, but there is not yet hard evidence that it actually is right now.

MONTHLY ACTIVITY

MONTH ENDING: 3/31/2009

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
13-Mar	buy	FGMNX	11.25	1,777.7778	20,000	FGMNX	Bond Gov	Fidelity GNM A	11.32	1,777.7778	20,124	10%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	5.55	3,314.9171	18,398	9%
						MM	Money Market		100	168,075.0000	168,075	81%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=											206,597	100%

MAAP: Aggressive Growth, Growth, and Balanced

PREVIOUS ACTIVITY		TO MONTH ENDING: 3/31/2009			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	24.81	1,855.0116	46,023	13%
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	16.47	3,420.7587	56,340	16%
8-Jan	buy	FMI Com Stk	16.16	1,237.6238	20,000	RYSEX	Eqty SmlCap	Royce Spcl Eqty	12.53	3,798.0995	47,590	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	10.09	1,885.0411	19,020	6%
						BUFSX	Eqty SmlCap	Buffalo Small Cap	16.21	1,226.2416	19,877	6%
						FMIMX	Eqty SmlCap	FMI Com Stk	14.45	1,237.6238	17,884	5%
						ATASX	Eqty SmlCap	AstnTmr SmlCp	11.69	1,607.7170	18,794	5%
						MM	Money Market		100	19,292.0000	19,292	35%
Total Valuation=											\$344,820	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	24.81	2,255.0116	55,947	9%
8-Jan	sell	Janus Orion	6.70	3,379.8433	22,645	HRVIX	Eqty Value	Heartland Value	16.47	5,149.3236	84,809	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	12.53	8,835.0730	110,703	19%
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	10.09	3,770.0283	38,040	6%
8-Jan	buy	AstnTmr SmlCp	12.44	3,215.4341	40,000	BUFSX	Eqty SmlCap	Buffalo Small Cap	16.21	2,452.4831	39,755	7%
20-Jan	buy	EEM	22.53	800.0000	18,024	FMIMX	Eqty SmlCap	FMI Com Stk	14.45	2,475.2475	35,767	6%
						ATASX	Eqty SmlCap	AstnTmr SmlCp	11.69	3,215.4341	37,588	6%
						MM	Money Market		100	194,370.0000	194,370	33%
Total Valuation=											\$596,980	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	24.81	1,455.0116	36,099	8%
14-Nov	buy	Emrg Mrkt EEM	22.22	765.0765	17,000	HRVIX	Eqty Value	Heartland Value	16.47	5,149.3236	84,809	18%
8-Jan	sell	Parnassus Eqty Incm	19.56	2,213.0103	43,286	RYSEX	Eqty SmlCap	Royce Spcl Eqty	12.53	8,835.0730	110,703	23%
8-Jan	sell	Westport Grth	15.08	1,597.5667	24,091	JAMBX	Hybrid	Jamestown Blncd	10.09	1,885.0411	19,020	4%
8-Jan	sell	Janus Orion	6.70	3,379.8433	22,645	BUFSX	Eqty SmlCap	Buffalo Small Cap	16.21	1,226.2416	19,877	4%
8-Jan	sell	Berwyn Incm	10.47	1,738.7740	18,205	FMIMX	Eqty SmlCap	FMI Com Stk	14.45	1,237.6238	17,884	4%
8-Jan	buy	Jamestown Blncd	10.61	1,885.0411	20,000	ATASX	Eqty SmlCap	AstnTmr SmlCp	11.69	1,607.7170	18,794	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	5.55	6,629.8343	36,796	8%
8-Jan	buy	AstnTmr SmlCp	12.44	1,607.7170	20,000							
						MM	Money Market		100	133,475.0000	133,475	28%
Total Valuation=											\$477,457	100%

No changes at this time, but as noted on the chart on page 7, stocks are at the top of their trend channel, so two things. One if you are not invested at all, wait for a pullback to buy. If you are overly invested, this is a good time to sell. As for these portfolios, being 2/3 in and 1/3 cash, it's a comfortable mix. Watch your email though, as I may tweak the Aggressive Growth Portfolio in reaction.

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 & Major Buys

As of 4/3, from its low, the stock market has rallied 24% back to the top of its down trend channel.

After the previous 24% rally, the pullback was forming that previously mentioned inverse head and shoulders pattern that was supposed to be the successful test of its November lows. It failed the test, however, in February/

March to set new lows.

So, I expect another pullback test to 750 on the S&P 500 that should be successful and hold there and then a rally to break the down trend.

The bottom part of the chart shows severely oversold, rare long-term buy signals.



TIMING POSITIONS

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

STOCK MARKET COMMENTS

- US Gov. fiscal policy, **bullish** (bailouts to banks, homeowners).
 - Corporate activity (buy backs, dividends, mergers), **bearish**.
 - Economy, **bearish** (recession).
 - Inflation, **neutral**.
 - Oil prices, **neutral** (stabilizing at lower levels).
 - 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, **bearish**, (at top of channel).
- SUMMARY FACTORS:** 4 bullish, 4 neutral, 4 bearish

It would be a good living if one could have pinpointed the buy and sell of the two rallies beforehand. Each gained 24%. We'd be up some 55%.

Ah well. For now, the market is at the top of its down trend channel and the underlying news, fundamentals, sentiment, and activity do not suggest to me anything positive enough to power it through resistance.

So, I do not expect a big break out to the upside. For now I think the channel will remain intact. The downside lows will probably be tested.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 3/31/09					V Vol- atility	INDEX CLOSE	PERFORMANCE IN:						
	X= 12	9	6	3	1			2008	2007	2006	2005	2004	2003	
DJ Wilshire 5000	-39.15	-37.94	-31.59	-10.72	8.55	6.3	8113.14	-	-36.68	3.94	13.72	8.24	10.85	29.44
Dow Jones Industrials	-37.95	-32.96	-29.88	-13.30	7.73	5.3	7608.92	-	-33.84	6.43	16.29	-0.61	3.15	25.32
Standard & Pooors 500	-39.68	-37.67	-31.59	-11.67	8.54	6.0	797.87	-	-38.49	3.53	13.62	3.00	8.99	26.38
Russell 2000	-38.55	-38.70	-37.79	-15.36	8.67	7.5	422.75	-	-34.80	-2.75	17.00	3.32	17.00	45.37
Dow Jones World Index	-44.23	-42.93	-31.39	-11.43	7.78	6.6	152.30	-	-42.85	8.43	18.52	9.41	14.43	33.42
Gold/Sliver Index (XAU)	-23.91	-31.12	2.50	8.59	12.90	12.0	134.49	-	-28.54	21.84	11.11	28.87	4.65	19.89
Dow Jones Ttl Bond	-0.97	-0.13	5.77	-1.87	-0.57	2.3	205.52	-	1.80	5.24	3.70	1.40	3.99	2.20
Small Cap	-38.20	-38.95	-33.32	-10.86	7.11	7.1	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	-37.82	-39.18	-29.68	-6.24	8.68	6.9			-41.93	6.00	6.79	8.38	12.96	33.65
Large Cap	-36.31	-36.60	-28.07	-6.82	8.02	6.2			-39.89	5.81	6.11	5.75	13.34	27.54
Value	-37.31	-35.14	-30.59	-10.37	8.18	6.3			-37.96	-6.44	10.08	3.66	11.26	27.18
Contrary	0.45	-1.14	-1.29	0.58	-4.09	5.7			5.36	-1.11	-1.99	5.78	3.11	0.47
World Growth	-45.33	-44.62	-31.19	-10.00	7.13	7.4	For more information about these model portfolios, please see pages five and six.		-47.03	x	x	13.07	17.11	34.67
Growth/Income	-36.07	-35.20	-28.45	-9.90	6.80	5.7			-36.20	0.47	9.82	4.23	10.24	23.46
Bond Long	3.96	6.03	5.38	-6.04	2.12	3.3			11.91	6.19	2.75	10.32	8.43	8.64
Bond High Yield	-18.12	-18.85	-12.68	2.33	0.62	3.4			-23.05	x	8.84	5.76	6.63	16.24
Bond World	-8.63	-7.08	-3.02	-1.28	1.60	2.4			-7.34	4.74	5.65	7.40	9.07	11.56
MAAP Aggrsv Grth	-12.81	-16.15	-9.40	-4.13	5.20	2.7			-10.73	4.30	9.95	7.20	0.57	15.03
MAAP Growth	-9.21	-11.10	-7.39	-4.60	5.04	1.9			-5.75	3.39	5.66	3.50	1.53	11.56
MAAP Balanced	-15.31	-17.67	-11.96	-5.07	4.63	2.6			-13.09	3.17	7.59	2.01	5.88	12.57
MAAP Income	-6.80	-5.85	-2.94	-0.08	0.20	0.6			-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 styles 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 all the investment styles. We also use contrary funds and cash (money market funds).

Diversification. We diversify by fund company, investment style, and asset class. The funds themselves normally reduce specific company risk, so that the main investment risk is the market's direction (up or down).

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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