



# 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
PS Commodity	DBC	EC	47.5
PS Energy	DBE	EA	46.3
PS Oil	DBO	EA	42.0
Grizzly Short	GRZZX	EC	28.7
PS Agrcltr	DBA	EC	23.8
Currency Euro	FXE	EC	22.2
Federated Mid Cap Indx	FMMSX	EMC	21.5
CGM Focus	CGMFX	EA	20.7
Potomac US Short	PSPSX	EC	20.0
Rydex URSA (short S&P 500)	RYURX	EC	19.4
Permanent Portfolio Family	PRPFX	HB	19.0
Spdr Gold	GLD	EG	18.5
Profunds Ultra Bear	URPIX	EC	17.8
Price New Era	PRNEX	EC	17.2
Prudent Bear	BEARX	EC	17.1
Vanguard Prcs Mtls	VGPMX	EG	16.2
Vanguard Energy	VGENX	EA	15.9
US Gbl Invstrs Global Rsrscs	PSPFX	EWR	15.4
Caldwell & Oakin Mkt Opprtnty	COAGX	EA	15.1
RS Partners	RSNRX	EMC	15.0
Laudus Rosen US L/S	RMNIX	EC	13.3
Profunds Shrt SmCap	SHPIX	EC	12.3
USAA Pr Mtls	USAGX	EG	12.3
Fidelity Independence	FDFFX	ELC	12.1
PS Silver	DBS	EG	11.8
CGM RealtyFund	CGMRX	LERE	10.7
AM IDEX 35	AMDEX	EW	8.9
Laudus Rosen Value L/S	BRMIX	EC	8.8
Neuberger & Berman Genesis	NBGNX	ESC	8.7
Gabelli Mathers Fund	MATRX	HGI	8.7
CGM Mutual Fund	LOMMX	HGI	8.6
FBR Amrcn Gas	GASFX	EA	8.6
Janus Twenty	JAVLX	EMC	8.4
x	x	x	x
Neubrg & Brmn Lmted Bond	NLMBX	BS	28.8
Amrcn Bcn Intm Bond	AAPAX	BI	21.2
Permanent Port Versatile Bond	PRVBX	BF	13.9
AmCent Inf Adj B	ACITX	BU	13.8
Dreyfus Short-Intmtd Govt	DSIGX	BI	13.3
SIT US Govt Securities	SNGVX	BU	13.1
Wells Fargo Short Govt Bond	MNSGX	BS	12.5

## Raising Rates

It was a short hibernation for the bear, lasting only three months from March to May. Since then, the Industrials and S&P 500 have moved to new lows for this bear market that started last Fall. It is now nine months old, about average in duration. The small cap index, the Russell 2000, is just points away from also making new lows. The indexes are now down about 20% from their peaks, which is about average in magnitude for bear markets.

As one might expect, the bear market funds again dominate our Top 5% Funds By C list to the left. Commodity oriented funds are also well represented, including energy, oil, gold, and other resources.

There are a few surprises, like FDFFX, but not many.

The problem is still the weakness in the dollar. Oil is priced in dollars. They are working together as a pair for now. When one rises, the other declines. When one falls, the other rises. It's a see-saw battle and the American consumer is losing.

As a result, consumer stocks are performing poorly. These are anything from the airlines, to retail, to cyclicals like cars and fur-

niture, to housing, to financials, like banks and brokerages. Of course this last group has its own set of problems.

If the Fed would have raised interest rates just a 1/4 point at its last meeting, the market would not have fallen out of bed like it did. But what gives? Aren't stable and falling rates bullish for stocks? Why instead did they fall?

The banks and brokerages are so far leveraged, still, that a quarter percent raise would kill their margins. The value of their holdings would drop further, just like any bond. They operate on such a thin margin that a 1/4 raise would destroy them.

You and I would not get hurt so much to finance a home or car at 5% versus 5 1/4%, but when one is still levered at 20 or 30x, each miniscule move hurts.

That's what the market is recognizing. The Fed's hands are tied until further notice.

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### AROUND THE CAMPFIRE

Sir John Templeton died July 8, 2008. His early investment career gave me some inspiration and direction. There's a story that as WW II broke out, he borrowed money and instructed his broker to buy \$100 of every stock trading below \$1 per share, even if bankrupt. He quadrupled his money over four years. He looked for tiny, unknown values.





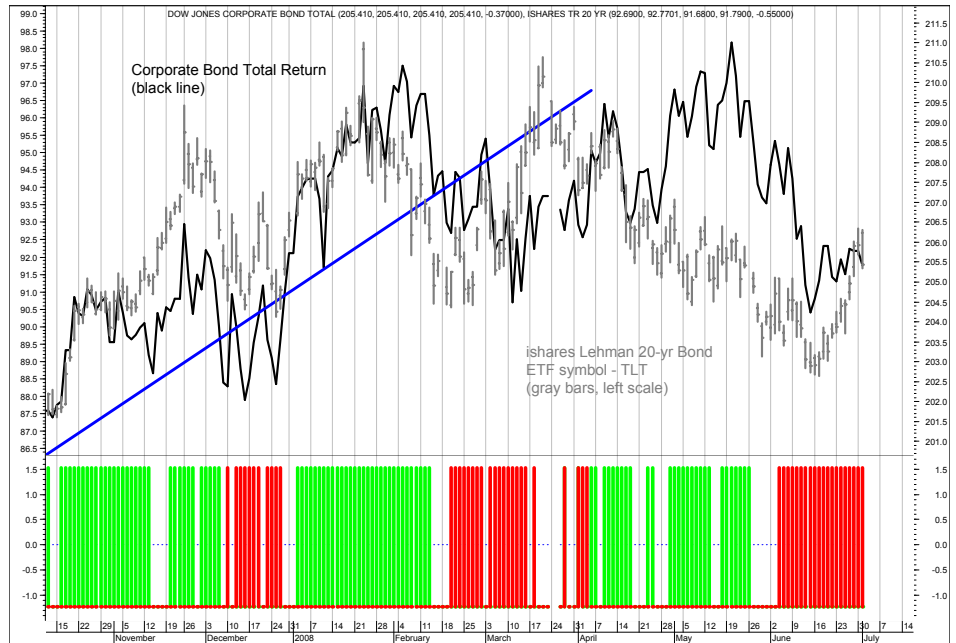


# Interest Rates and Bond Prices

Although it is hard to believe that interest rates may go up for the remainder of the year, background conditions warrant that opinion.

The rebate checks have come and are spent, but they made barely a blip in sales. Consumer sentiment is at new lows. Gasoline is at \$4/gallon. Housing remains on the skids. Credit is still tight not only for consumers, but also for businesses. The economy is weak, so why would the Federal Reserve raise rates?

The problem is the collateral damage from high oil prices. Inflation is the worry and the weak dollar. Oddly enough, if we raise rates, the dollar firms, oil drops and the economy improves, though financials may still suffer.



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

A stronger dollar will probably be the new mantra coming up.

## MONTHLY ACTIVITY

MONTH ENDING: 6/30/2008

## 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
12-Jun	sell	PSAFX	13.44	4,108.8060	55,222							
						FAGIX	Bond HiYld	Fidelity Cap/Incm	8.34	3,314.9171	27,646	13%
						BEGBX	Bond Wrld	AmCent Intrn Bond	15.13	2,162.9067	32,725	15%
						MM	Money Market		100	159,072.0000	159,072	72%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=											219,443	100%

# MAAP Growth and Balanced Portfolios

**MONTHLY ACTIVITY**

**MONTH ENDING: 6/30/2008**

**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
14-May	sell	SPECX	10.86	2,872.5056	31,195							0%
14-May	buy	PRBLX	25.36	1,380.1262	35,000	MID SX	Gold	Midas	5.18	6,246.9607	32,359	8%
24-May	buy	RYURX	38.12	1,049.3179	40,000							
12-Jun	sell	OAKGX	22.27	1,372.5630	30,567	PRBLX	Equity G/I	Parnassus Bal	24.19	1,380.1262	33,385	8%
12-Jun	buy	WPFRX	21.98	1,592.3567	35,000	WPFRX	Eqty MidCap	Westport Grth	21.39	1,592.3567	34,061	8%
						JORN X	Eqty MidCap	Janus Orion	12.17	3,348.7833	40,755	10%
						CGMFX	Eqty Aggrsv	CGM Focus	61.46	820.3154	50,417	12%
						RYURX	Contrary	Rydex Ursa	41.13	2,821.9318	116,066	28%
							MM	Money Market	100	104,183.0000	104,183	25%
<b>Total Valuation=</b>											<b>\$411,225</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
14-May	sell	SPECX	10.86	2,460.9830	26,726	MID SX	Gold	Midas	5.18	3,759.3985	19,474	3%
14-May	buy	PRBLX	25.36	1,380.1262	35,000							
24-May	buy	RYURX	38.12	1,049.3179	40,000	PRBLX	Equity G/I	Parnassus Bal	24.19	1,380.1262	33,385	5%
						WPFRX	Eqty MidCap	Westport Grth	21.39	1,592.3567	34,061	5%
						JORN X	Eqty MidCap	Janus Orion	12.17	3,348.7833	40,755	6%
						CGMFX	Eqty Aggrsv	CGM Focus	61.46	820.3154	50,417	8%
12-Jun	sell	OAKGX	22.27	1,372.5630	30,567							
12-Jun	buy	WPFRX	21.98	1,592.3567	35,000							
						RYURX	EqtyContry	Rydex Ursa	41.13	2,267.6039	93,267	14%
							MM	Money Market	100	400,178.0000	400,178	60%
<b>Total Valuation=</b>											<b>\$671,535</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
14-May	sell	SPECX	10.86	2,460.9830	26,726	MID SX	Gold	Midas	5.18	3,759.3985	19,474	3%
14-May	buy	PRBLX	25.36	1,380.1262	35,000							
24-May	buy	RYURX	38.12	1,049.3179	40,000	PRBLX	Equity G/I	Parnassus Bal	24.19	1,380.1262	33,385	6%
						WPFRX	Eqty MidCap	Westport Grth	21.39	1,592.3567	34,061	6%
						JORN X	Eqty MidCap	Janus Orion	12.17	3,348.7833	40,755	7%
						CGMFX	Eqty Aggrsv	CGM Focus	61.46	820.3154	50,417	9%
12-Jun	sell	OAKGX	22.27	1,372.5630	30,567	WPFRX	Eqty MidCap	Westport Grth				
12-Jun	buy	WPFRX	21.98	1,592.3567	35,000							
						FAGIX	Bond HiYld	Fidelity Cap/Incm	8.34	6,629.8343	55,293	10%
						RYURX	EqtyContry	Rydex Ursa	41.13	1,049.3179	43,158	7%
							MM	Money Market	100	303,377.0000	303,377	52%
<b>Total Valuation=</b>											<b>\$579,919</b>	<b>100%</b>

The cash and contrary fund (RYURX) that moves up as the market moves down are certainly helping to maintain the overall value of all three portfolios. Through the first six months of 2008, the market is down about 12%, while the portfolios are up about 1%.

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

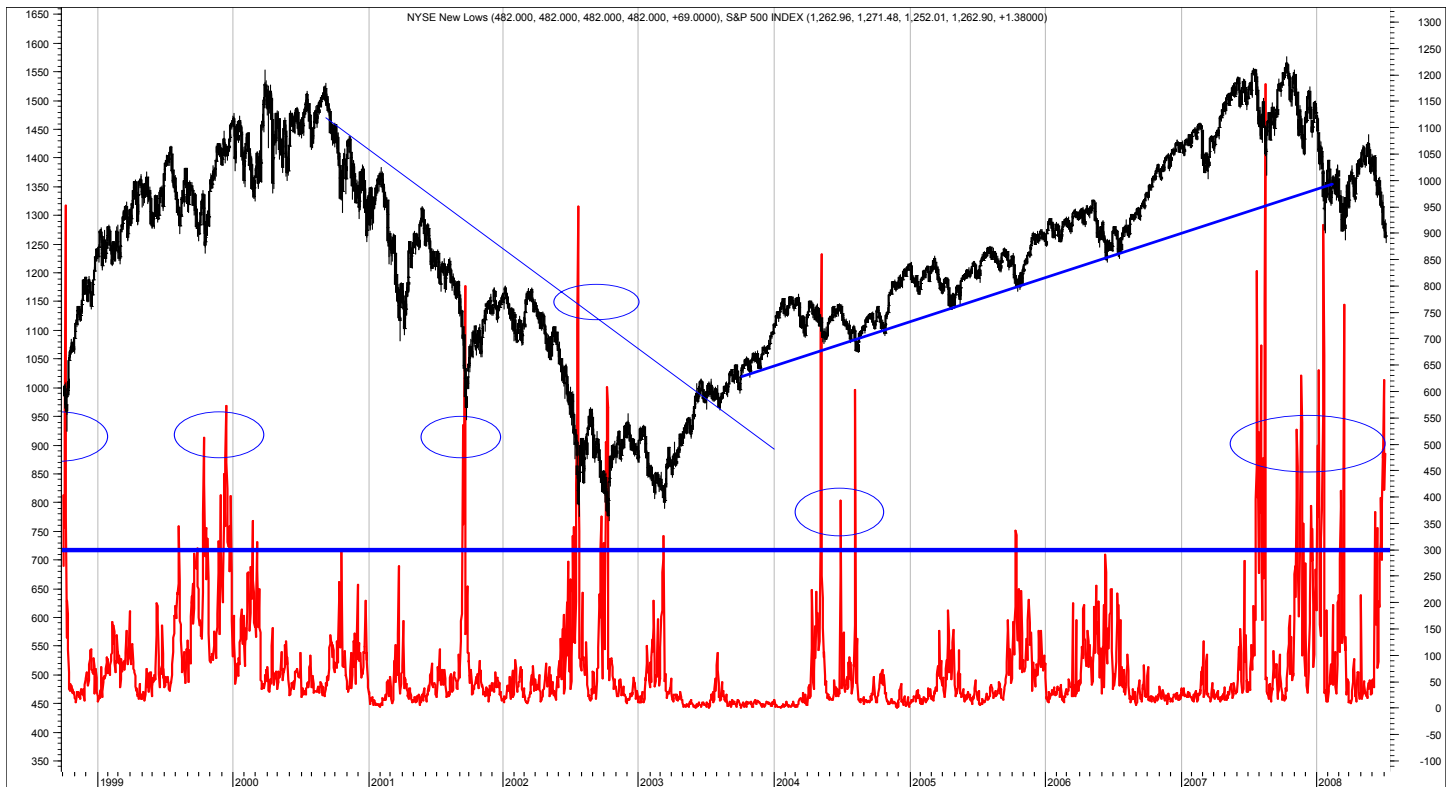
# Market Timing and Asset Allocation

## S&P 500 and the Number of New Lows

The number of new NYSE lows has expanded again to plus 600 on this latest sell off. Regardless of the emotion, the fear and panic, this is a positive sign. It is a contrary indicator.

As you can see on the chart below, large spikes

in the number of new lows is a signal of an intermediate-term low point for the market index. The trick is that these spikes do not necessarily signal the absolute bottom, but only intermediate-term lows. Trading, not buy/hold, is still the way to invest.



### TIMING POSITIONS

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

### STOCK MARKET COMMENTS

US Gov. fiscal policy, **neutral** (housing bill).  
Corporate activity (buy backs, mergers), **bearish** (credit dried up).  
Economy, **bearish** (expectations are coming down slowly).  
Inflation, **bearish** (expectations are going up slowly).  
Oil prices, **bearish**.  
Housing, **bearish** (inventory overhang, falling prices, no liquidity).  
Investor sentiment, **neutral** (some bears, some bulls, not lopsided).  
Federal Reserve policy, **neutral** (near the end of easing).  
Market valuation (PE, yield, book), **bearish** (too high values).  
(7000 projected on the Industrials to fair value vs. bond yield).  
Terrorism/war risk, **neutral** (Iranian tension easing a bit).  
Hedge fund/leverage risk, **bearish** (still too much leverage).  
Technical, **bearish**, (bearish divergence, broadening top).

Most investors and advisors have been hoping for a second half recovery in earnings and therefore stocks. But analysts are still cutting their earnings forecasts and expect an 11% or so earnings decline from last year.

The market has to discount these expectations before it can move consistently higher.

Certainly, lower oil prices will help, if they materialize, but we still have too much leverage in the system and too many housing related problems and too little consumer strength for things to improve so quickly.

# Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 6/30/08					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2007	2006	2005	2004	2003	2002
DJ Wilshire 5000	-14.05	-14.90	-11.78	-1.94	-8.33	3.3	13073.50	-	3.94	13.72	8.24	10.85	29.44	-22.08
Dow Jones Industrials	-15.35	-13.32	-14.44	-7.44	-10.19	3.1	11350.00	-	6.43	16.29	-0.61	3.15	25.32	-16.76
Standard & Pooors 500	-14.86	-16.16	-12.83	-3.23	-8.60	3.3	1280.00	-	3.53	13.62	3.00	8.99	26.38	-23.37
Russell 2000	-17.28	-14.38	-9.97	0.25	-7.83	3.7	689.66	-	-2.75	17.00	3.32	17.00	45.37	-21.58
Dow Jones World Index	-11.85	-13.66	-11.31	-2.28	-8.25	3.3	266.86	-	8.43	18.52	9.41	14.43	33.42	-20.73
Gold/Sliver Index (XAU)	43.62	15.70	12.65	10.47	7.61	6.7	195.25	-	21.84	11.11	28.87	4.65	19.89	25.57
Dow Jones Ttl Bond	4.28	2.34	0.03	-0.85	-0.58	0.8	205.78	-	5.24	3.70	1.40	3.99	2.20	11.96
Small Cap	-14.30	-13.25	-9.52	1.67	-7.18	3.9	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	-5.81	-8.57	-7.43	2.94	-6.91	3.8	6.00		6.79	8.38	12.96	33.65	-21.89	
Large Cap	-7.79	-11.22	-10.46	0.45	-7.45	3.6	5.81		6.11	5.75	13.34	27.54	-21.75	
Value	-16.96	-16.09	-11.93	-3.43	-9.44	3.4	-6.44		10.08	3.66	11.26	27.18	-15.61	
Contrary	14.45	13.82	9.95	3.76	5.02	3.4	-1.11		-1.99	5.78	3.11	0.47	9.99	
World Growth	-7.97	-11.41	-10.49	-1.47	-8.48	3.8	x	x	13.07	17.11	34.67	-15.76		
Growth/Income	-11.97	-12.83	-10.40	-1.77	-7.64	3.2	0.47	9.82	4.23	10.24	23.46	-18.22		
Bond Long	6.53	3.47	-0.92	-2.71	0.44	1.6	6.19	2.75	10.32	8.43	8.64	6.73		
Bond High Yield	-2.57	-3.02	-2.68	0.21	-2.66	1.6	x	8.84	5.76	6.63	16.24	-7.55		
Bond World	5.95	2.50	0.34	-2.50	-1.26	1.3	4.74	5.65	7.40	9.07	11.56	10.56		
MAAP Aggrsv Grth	4.91	3.74	2.07	3.98	0.75	1.0	For more information	4.30	9.95	7.20	0.57	15.03	-4.93	
MAAP Growth	3.04	2.26	1.14	2.13	0.32	0.6	about these model	3.39	5.66	3.50	1.53	11.56	-1.22	
MAAP Balanced	1.48	0.57	0.21	2.86	-0.65	0.9	portfolios, please	3.17	7.59	2.01	5.88	12.57	0.09	
MAAP Income	3.28	1.95	1.06	-1.01	-0.63	0.5	see pages five and six.	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 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 five portfolios shown on pages 5 and 6. See Scoreboard above for comparative performances.

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