



# 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
Reynolds Blue Chip Growth	RBCGX	ELC	19.0
The Arbitrage	ARBFX	EC	16.1
Boston Prtn Lng/Shrt Eqty	BPLEX	EC	15.2
Merger Fund	MERFX	EC	13.1
Price New Asia	PRASX	EWR	10.9
Yacktman Focused	YAFFX	EV	10.8
Berwyn Income	BERIX	HGI	9.7
Matthews China	MCHFV	EWR	9.6
Yacktman	YACKX	EV	9.2
Matthews Pacific Tiger	MAPTJ	EWR	8.2
Investec China HK	ICHKX	EWR	7.2
iShares China	FXI	EW	6.0
TCW Gal SmallCap Grth	TGSNX	ESC	6.0
Vanguard Cap Value	VCVLX	EGI	5.8
Westcore Intrntl	WTFIX	EW	5.7
Buffalo Small Cap	BUFSX	ESC	5.2
Hussman Strtg Ttl Rtrn	HSTRX	HB	4.9
Price Science & Technology	PRSCX	EA	4.9
Janus Overseas	JAOSX	EW	4.9
Oakmark Intrntl Small Cap	OAKEX	EW	4.7
Bridgeway UltraSmall Co	BRUSX	ESC	4.6
Pin Oak Aggrsv Stk	POGSX	EA	4.4
Price Latin America	PRLAX	EWR	4.4
Fidelity OTC	FOCPX	ESC	4.3
Oakmark International	OAKIX	EW	4.3
Kinetics Paradigm	WWWFX	EA	4.1
Wasatch SmCap Grth	WAAEX	ESC	4.1
Alpine Intl Real Estate	EGLRX	ERE	3.9
Price International Discovery	PRIDX	EW	3.9
Fidelity Asset Manager Income	FASIX	HA	3.8
Buffalo Science Tech	BUFTX	EA	3.8
Caldwell & Oakin Mrkt Opprtnty	COAGX	EA	3.7
Fidelity Pacific Basin	FPBFX	EWR	3.7
TCW Gal Core FI	TGFNX	BI	8.8
Harbor Bond	HABDX	BF	8.7
Fidelity New Markets Income	FNMIX	BW	7.7
Buffalo High Yld	BUFHX	BH	6.5
Amrcn Bcn Intm Bond	AAPAX	BI	6.2
Janus Short term Bond	JASBX	BS	5.9
Managers Gbl Bond	MGBBX	BW	5.8
Janus Flexible Income	JAFIX	BF	5.6

## Six Month Update

Six long quarters, counting exclusively, from 3Q07 to 2Q09, it has been the longest quarterly losing streak since 1969-70 of stock market losses. No wonder it's been so depressing to look at statements (if they are even opened in the first place) and contemplate retirement.

But the rally this quarter broke the streak. Just like it cannot grow to the moon, neither can it (taken as a whole, although certain individual companies may certainly) go to zero. The broadest measure of the whole US stock market, the Wilshire 5000, was up about 16% for the quarter. The three stock-oriented MAAP portfolios (excluding the income portfolio) were up about 13%.

For the year to date, stocks are up about 4%. Portfolios have done twice as well and are up about 8%.

From a year ago, the broad market measure is still down about 28%. The three portfolios are off on average about 4%.

With the rebound from the March lows this past quarter, the Growth Portfolio hit an all-time new high this month. It is above where it was a year ago, while the market is down roughly by 25%. Given that number, the market will have to increase 34% to get back to breakeven. The other portfolios are off their all-time new peaks by roughly 3-4%.

I also want to mention that these returns were accomplished

with about half the stock market's risk. I measure risk as volatility, the percentage gain or loss on a monthly basis in real time. But as subscribers know, that is our goal, to provide the most return and the least risk.

All of these numbers may be found on page 8 in the Scoreboard.

As to the leading investment styles and funds now, it has really become a stock picker's market, rather than the more "normal" homogenized style market. Hence, the switch last month in the portfolios from the small cap concentration to more international exposure and the hybrid investment. The style column on the table to the left is represented from no less than seven of the main styles, even excluding the hybrid sub categories. So, there are top rated funds in real estate, value, contrary, world, hybrid, small cap, and others. The main thing is to make sure you evolve over time to keep your portfolio investing with the leaders in the top 20% and avoiding the laggards.

So, the first six months of 2009 have been fairly successful. Let us hope the last half is twice as good.

### TABLE OF CONTENTS

Top 5% of NLMFST	Page 1
Fund Data	Page 2-4
MAAP Income	Page 5
MAAP Growth	Page 6
Timing & Allocation	Page 7
Scoreboard	Page 8



### AROUND THE CAMPFIRE

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness."





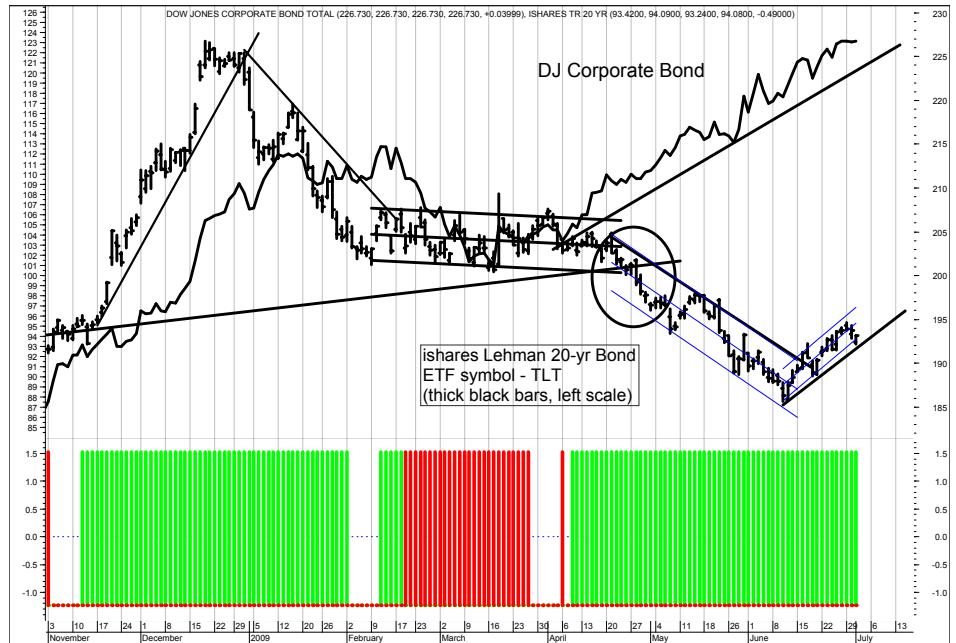


# Interest Rates and Bond Prices

The government bond market reversed course last month with prices increasing and yields decreasing. The corporate market continued its bullish trend higher.

The economic picture continues like my analog TV, blurry. The green shoots are few and far between. Unemployment is at 9.5% and is still projected to top 10%. California stands ready to issue IOUs in lieu of cash because they can't balance their budget (unlike the Federal government that has the ability with the Fed to print money). Real GDP is down four quarters in a row. About the only green shoot is the leading economic indicator index and part of the reason it is up is because money supply and the stock market are up. In turn, money supply is up because of the recession and stocks also were very oversold because of the recession.

The recession is losing steam, but is far from actually recovering. Until you mow those green shots, bonds should continue to rally.



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. The model is based on the corporate bond market.

## MAAP: Income

No changes. The bond market is bullish. All three domestic parts (high yield, investment grade, and government debt) are back bullishly in gear.

MONTHLY ACTIVITY						MONTH ENDING: 6/30/2009		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
						FGMNX	Bond Gov	Fidelity GNMA	1128	1,777.7778	20,053	10%
						PYGNX	Bond Gov	Payden GNMA	10.12	1,962.7085	19,863	9%
9-Jun	buy	LKCM Fincm	10.49	1,906.5777	20,000	LKFIX	Bond Flxble	LKCM Fincm	10.57	1,906.5777	20,153	10%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	6.89	3,314.9171	22,840	11%
						MM	Money Market		100	127,377.0000	127,377	61%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=										210,285	100%	

# MAAP: Aggressive Growth, Growth, and Balanced

PREVIOUS ACTIVITY						TO MONTH ENDING: 6/30/2009			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	
9-Jun	sell	Heartland Value	19.74	3,420.7587	67,526								
9-Jun	sell	Jamestown Blncd	10.79	1,885.0141	20,339	BERIX	Hybrid	Berwyn Income	1134	3,530.4501	40,035	10%	
9-Jun	sell	AstnTmr SmlCp	14.03	1,607.7170	22,556								
9-Jun	buy	Janus Overseas	35.43	1,552.3568	55,000	EEM	Eqty Wrld	Emrg Mkt ETF	32.23	1,855.0116	59,787	15%	
9-Jun	buy	Berwyn Income	1133	3,530.4501	40,000	JAOSX	Eqty Wrld	Janus Overseas	33.96	1,552.3568	52,718	14%	
						RYSEX	Eqty SmlCap	Royce Spcl Eqty	14.87	3,798.0995	56,478	15%	
						BUFEX	Eqty SmlCap	Buffalo Small Cap	19.55	1,226.2416	23,973	6%	
						FMIMX	Eqty SmlCap	FMI Com Stk	17.56	1,237.6238	21,733	6%	
						MM	Money Market		100	133,103.0000	133,103	34%	
											Total Valuation=	\$387,827	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	
9-Jun	sell	Heartland Value	19.74	5,149.3236	101,648								
9-Jun	sell	Jamestown Blncd	10.79	3,770.0830	40,679	BERIX	Hybrid	Berwyn Income	1134	7,060.9003	80,071	12%	
9-Jun	sell	AstnTmr SmlCp	14.03	3,215.4341	45,113								
9-Jun	buy	Janus Overseas	35.43	2,257.9735	80,000	EEM	Eqty Wrld	Emrg Mkt ETF	32.23	2,255.0116	72,679	11%	
9-Jun	buy	Berwyn Income	1133	7,060.9003	80,000	JAOSX	Eqty Wrld	Janus Overseas	33.96	2,257.9735	76,681	11%	
						RYSEX	Eqty SmlCap	Royce Spcl Eqty	14.87	8,835.0730	131,378	20%	
						BUFEX	Eqty SmlCap	Buffalo Small Cap	19.55	2,452.4831	47,946	7%	
						FMIMX	Eqty SmlCap	FMI Com Stk	17.56	2,475.2475	43,465	6%	
						MM	Money Market		100	219,993.0000	219,993	33%	
											Total Valuation=	\$672,212	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	
9-Jun	sell	Heartland Value	19.74	5,149.3236	101,648								
9-Jun	sell	Jamestown Blncd	10.79	1,885.0141	20,339	BERIX	Hybrid	Berwyn Income	1134	3,530.4501	40,035	7%	
9-Jun	sell	AstnTmr SmlCp	14.03	1,607.7170	22,556								
9-Jun	buy	Janus Overseas	35.43	2,257.9735	80,000	EEM	Eqty Wrld	Emrg Mkt ETF	32.23	1,455.0116	46,895	9%	
9-Jun	buy	Berwyn Income	1133	3,530.4501	40,000	JAOSX	Eqty Wrld	Janus Overseas	33.96	2,257.9735	76,681	14%	
9-Jun	buy	LKCM Fincm	10.49	4,766.4442	50,000	RYSEX	Eqty SmlCap	Royce Spcl Eqty	14.87	8,835.0730	131,378	24%	
						BUFEX	Eqty SmlCap	Buffalo Small Cap	19.55	1,226.2416	23,973	4%	
						FMIMX	Eqty SmlCap	FMI Com Stk	17.56	1,237.6238	21,733	4%	
						FAGIX	Bond HYld	Fidelity Cap/Incm	6.64	6,629.8343	44,022	8%	
						LKFIX	Bond Flxble	LKCM Fincm	10.57	4,766.4442	50,381	9%	
						MM	Money Market		100	106,466.0000	106,466	20%	
											Total Valuation=	\$541,564	100%

All of the funds in the portfolios are in the top 20%. So I'm holding them all for now. I raised the cash portion a bit last month when I evolved out of laggard funds into the leaders. I raised about 3% cash simply because the market has come a long way since its low in March and a pullback would be very normal in here.

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

## Emerging Markets ETF

As a sort of follow up to last month's article on the definition of bull and bear markets, shown below is a chart from 2003 to the present of the EEM, the emerging markets ETF.

Until mid 2008, these markets were in long-term bull trends. The charts shows the consist trend of higher highs and higher lows. All was normal until May 2008. At that time, you can see the emerging markets failed to make new highs and began to pull back. This was a warning, to be ignored at your investment peril.

The next event was the July/August drop below previous lows. This double whammy of a change in pattern should have helped you sidestep the plunge into October/November when the market lost 50%.

So what is ahead? On an intermediate-term basis, the emerging markets are back in a bull market with higher highs and lows. Their economies are recovering and their stock markets should as well. But you have to remain diligent, watching for confirmations and failures, realizing that nothing grows to the moon



### TIMING POSITIONS (Intermediate is weeks to months. Long term is months to years.)

**STOCKS:** Neutral intermediate-term      Bullish long-term  
**GOLD:** Neutral.      **BONDS:** Bullish.

### STOCK MARKET COMMENTS (4 bull, 5 neutral, 3 bear)

US Gov. fiscal policy, **bullish** (bailouts to banks, homeowners, co's).  
Corporate activity (buy backs, dividends, mergers), **bearish**.  
Economy, **bearish** (recession, less of a decline though).  
Inflation, **neutral**. (gold fails breakout to upside)  
Oil prices, **bearish** (prices up on lower supply, not demand jump).  
Housing, **neutral** (buyers stepping in, but lots of overhang).  
Investor sentiment, **bullish** (closing toward neutral).  
Federal Reserve policy, **bullish** (aggressive easing).  
Market valuation (PE, yield, book), **bullish** (slightly undervalued).  
(9950 projected on Industrials to fair value, earnings discounted).  
Terrorism/war risk, **neutral**.  
Hedge fund/leverage risk, **neutral** (lower leverage selling subsided).  
Technical, **neutral**, (pullback anticipated).

The stock market finally managed a quarterly gain in the quarter ending 2Q09. For the month, though, it went sideways.

Likeways our indicators. There were no changes. Things seem to be in limbo. There has been gobs of stimulus money spent, tax credits made, and green shoots seen, but precious little actual hard numbers to support for all that effort. As such, things seem to be on hold and the market goes sideways. 'Course that's better than plunging like it was. So, what now?

Still except intermediate-term sideways/neutral.

# Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	% RETURNS FROM THE PAST X MONTHS THRU 6/30/09					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2008	2007	2006	2005	2004	2003
DJ Wilshire 5000	-27.91	-20.53	3.72	16.17	0.18	6.6	9424.92	-	-36.68	3.94	13.72	8.24	10.85	29.44
Dow Jones Industrials	-25.58	-22.16	-3.75	11.01	-0.63	5.6	8447.00	-	-33.84	6.43	16.29	-0.61	3.15	25.32
Standard & Pooors 500	-28.18	-21.18	1.78	15.22	0.02	6.3	919.32	-	-38.49	3.53	13.62	3.00	8.99	26.38
Russell 2000	-26.30	-25.21	1.77	20.23	1.34	8.1	508.28	-	-34.80	-2.75	17.00	3.32	17.00	45.37
Dow Jones World Index	-30.66	-16.65	7.61	21.49	-0.55	7.4	185.03	-	-42.85	8.43	18.52	9.41	14.43	33.42
Gold/Sliver Index (XAU)	-28.80	5.95	12.25	3.37	-13.20	14.3	139.02	-	-28.54	21.84	11.11	28.87	4.65	19.89
Dow Jones Ttl Bond	10.16	16.66	8.24	10.30	2.80	2.8	226.69	-	180	5.24	3.70	1.40	3.99	2.20
Small Cap	-26.61	-20.32	6.85	19.60	1.41	7.6	Columns 2 through 6	-39.13	-3.52	7.20	2.63	11.74	39.43	
Mid Cap	-28.16	-17.20	10.45	18.46	0.34	7.4	are the average returns	-41.93	6.00	6.79	8.38	12.96	33.65	
Large Cap	-26.06	-15.99	8.92	16.76	0.07	6.6	and Column 7 is the	-39.89	5.81	6.11	5.75	13.34	27.54	
Value	-23.35	-17.74	6.47	18.90	-0.17	6.9	average V (Volatility)	-37.96	-6.44	10.08	3.66	11.26	27.18	
Contrary	-9.66	-7.98	-2.15	-2.73	-1.80	6.2	for all funds in each	5.36	-1.11	-1.99	5.78	3.11	0.47	
World Growth	-10.53	-8.63	-2.58	-3.07	-1.97	6.4	fund style. Usually,	-47.03	x	x	13.07	17.11	34.67	
Growth/Income	-25.74	-17.95	3.37	14.68	-0.13	6.1	the larger the V,	-36.20	0.47	9.82	4.23	10.24	23.46	
Bond Long	1.93	3.83	-7.01	-1.68	0.89	3.6	the greater	11.91	6.19	2.75	10.32	8.43	8.64	
Bond High Yield	-9.18	-1.96	15.05	12.32	1.46	4.0	the risk.	-23.05	x	8.84	5.76	6.63	16.24	
Bond World	-1.92	3.41	4.75	6.19	0.17	2.9		-7.34	4.74	5.65	7.40	9.07	11.56	
MAAP Aggrsv Grth	-2.04	3.23	4.92	6.19	0.16	2.9	For more information	-10.73	4.30	9.95	7.20	0.57	15.03	
MAAP Growth	0.10	4.28	7.42	12.60	0.12	2.6	about these model	-5.75	3.39	5.66	3.50	1.53	11.56	
MAAP Balanced	-6.61	-0.14	7.68	13.43	0.16	3.3	portfolios, please	-13.09	3.17	7.59	2.01	5.88	12.57	
MAAP Income	-4.17	-1.21	1.71	1.79	0.28	0.6	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 and ETFs. Firstly, we separate them into their primary Asset class, Equity, Bond, Hybrid. Then we subdivide them into Styles like small, large, value, international, etc.. Secondly, we rank the funds by recent performance relative to the market and peer group (CS). Thirdly, we measure their risk by volatility (V).

**Portfolio Allocation (market timing).** We follow a straightforward approach to allocation: Overweight the Portfolio to the investment Style that is performing the strongest on a risk-adjusted basis. We also use contrary (bear market) funds/ETFs 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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