



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
Analytic Defensive	ANDEX	EGI	38.9
AmCent Utilities Income	BULIX	EGI	36.5
FBR Amrcn Gas	GASFX	EA	36.2
Matthews Asian G/I	MACSX	EW	32.5
Alpine US Real Estate	EUEYX	ERE	32.4
Price New Asia	PRASX	EWR	32.2
Alpine Intl Real Estate	EGLRX	ERE	31.9
Copley	COPLX	EV	31.1
Fairholme	FAIRX	ELC	30.8
Vanguard Energy	VGENX	EA	30.6
Price Latin America	PRLAX	EWR	30.6
US Gbl Invstrs Global Rsrscs	PSPFX	EWR	30.5
Excelsior Energy NatRes	UMESX	EA	30.2
Permanent Port Aggrsv Grwth	PAGRFX	EA	30.0
Matthews Pacific Tiger	MAPTX	EWR	29.9
Vanguard Sictd Value	VASVX	EV	29.8
Price Emrg Mkt Stk	PRMSX	EW	29.8
Artisan MidCap Val	ARTQX	EMC	29.8
Lazard Emrg Mkt Open	LZOEX	EWR	29.7
Tweedy Browne Global Value	TBGVX	EW	29.5
Third Ave REIT	TAREX	ERE	29.5
SIT Dvlpng Mrkts Grth	SDMGX	EWR	29.0
CGM Realty Fund	CGMRX	ERE	28.4
Exeter Modrt	EXBAX	HGI	28.4
Fidelity Utilities	FIUIX	EGI	28.3
Fidelity Southeast Asia	FSEAX	EWR	28.3
Monetta	MONTX	EMC	28.1
Matthews Korea	MAKOX	EWR	27.8
Neuberger & Berman Genesis	NBGNX	ESC	27.7
Loomis Sayles Value	LSGIX	EGI	27.6
ICAP Dis Eqty	ICDEX	EV	27.6
Third Ave Value	TAVFX	EV	27.1
Exeter Extend	MNBAX	HB	26.8
Price Emrg Mkt Bond	PREMX	BW	20.6
Payden Emrg MrkBd	PYEMX	BW	17.3
Fidelity New Markets Income	FNMIX	BW	16.6
Fidelity Cap/Incm	FAGIX	BH	16.5
Permanent Portfolio T-Bill	PRTBX	BS	16.2
Northeast Investors Trust	NTHFX	BF	16.1
Payden Gbl FIncm	PYGFX	BW	15.2
Price Spectrum Income	RPSIX	BF	14.2

Second Half of 2005

The market looks ahead as a discounting mechanism, which is why it's always a bit perplexing when it acts contrarily to what you might expect given the news of the day. For example, a company may report better than expected earnings and the stock perversely falls. But if you look closely, you often find that the stock had already rallied into the announcement and perhaps management is less than optimistic about next quarter's prospects. So, the stock falls, instead of rallies. This is where we're at with the stock market as a whole. It's been rallying on good news for the last few months, but the good news of the day has all of a sudden turned from a tail wind into a head wind.

The main culprit is the economy, oddly enough, which is evidently much stronger than expected. In turn, this has led to a fallout in the bond market. Prices have declined for six straight weeks. Higher bond yields in turn give stock investors pause for numerous reasons, including concerns about higher corporate costs, competition for investor dollars, and lowering of valuations.

It is one thing to buy a company at 20 times earnings or an implied 5% earnings yield when rates are at 4 1/2%, but it's another thing to do so when rates are apparently on their way to 5 1/2%. It means stocks are overvalued. The main stock market trend for the next half of the year will be sideways to lower.

You may recall my pointing out over the last few months that the Index of Leading Economic Indicators had been signaling a slowdown, if not an outright recession. The assemblers of the Index have now revised how they make it up. As a result, it is up nearly every month, instead of down. It turns out they aren't too concerned any more with the narrowing of the yield curve, which had led to the Index's weakness, as much as they are if it actually inverts (short-term yields greater than longer-term yields), which it

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AROUND THE CAMPFIRE

Rough life. I'm watching the sunset from atop a houseboat on a beautiful lake and placing a trade with my broker. All of a sudden the cell phone connection is lost and I'm not sure if the trade is placed or not. I know you lose connections in the city, but it hadn't dawned on me that the same thing would happen as you drift along on a lake.

Interest Rates and Bond Prices

The bond market has closed down six weeks in a row now. Is it time to buy? Absolutely not!

The economy is coming in much stronger than expected, inflation in certain areas is picking up, supply is increasing with new 30-year bond issuances, and the Fed will surely tighten into next year. It's a recipe for higher yields and lower prices.

I expect long-term yields to increase to where they were a year ago. This puts the 30-year bond back to 5 1/2% up from 4 1/2% today. If this happens, prices will fall by about 12% on Treasuries. Corporate bonds will fall even further.

10-year bond yields should also increase from 4.4% to more than 5%. Again, prices will fall commensurately.

Avoid bonds and bond funds. Collect the higher interest in short-term instruments. CD's should pay



more than money markets, which typically lag an increase in yields. Use 3-month CD's and just keep rolling them over, until the yield curve inverts (if it does).

In addition, REIT's, utilities, and dividend stocks will all suffer if rates rise as expected. Be careful.

The SLM Bond Market Timing Models are forecasting tools of the direction of bond prices and yields, which move inversely. The right one forecasts the long-term (months to years); the left forecasts the intermediate-term (weeks to months). Up arrows identify buy signals; expect prices to move higher and interest rates to move lower. Down arrows show sell signals; expect lower prices and higher interest rates.

MAAP Model Portfolios

No portfolio changes at this time.

Make sure the funds you own are in the top 20% of the funds (4 and 5 comets) ranked in this newsletter.

MONTHLY ACTIVITY					MONTH ENDING: 7/31/2005		MONTH END VALUATIONS					
					AGGRESSIVE GROWTH							
Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Name	Ending NAV	Number of Shares	Current Value	Percent of Total
7-Jul	buy	PRMSX	21.11	1657.9820	35000	PRMSX	World Grth	Price Emrg M rkts	22.75	1657.9820	37,719	1%
						UNWPX	Prcs M tls	US Gbl Prc M tl	15.59	1373.3103	214.10	6%
						NBISX	World Grth	Nbrgr Brmn Intrntl	20.05	101107.19	20,272	6%
						RSPFX	Small Cap	RS Partners	37.96	540.4463	20,515	6%
											0%	0%
											0%	0%
											0%	0%
											0%	0%
						RYURX	Contrary	Rydex Ursa	8.36	5594.2900	46,768	14%
							MM	M Money Market	100	186280.63	186,281	56%
						Growth, may use margin.			Total Valuation=		\$332,965	100%

MAAP Model Portfolios

MONTHLY ACTIVITY

MONTH ENDING: 7/31/2005

MONTH END VALUATIONS

GROWTH

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	
7-Jul	buy	PRMSX	21.11	184,2729	25000							0%	
												0%	
						PRMSX	World Grth	Price Emrg Mkts	22.75	184,2729	26,942	5%	
						NBISX	World Grth	Nbrgr Brmn Intrntl	20.05	2022,1339	40544	7%	
						RSPFX	Small Cap	RS Partners	37.96	1080,8927	41031	7%	
												0%	
												0%	
												0%	
												0%	
						RYURX	Contrary	Rydex Ursa	8.36	5594,2900	46768	8%	
												0%	
							MM	Money Market	100	436755,63	436756	74%	
						Growth emphasis, 0-50% per style.					Total Valuation=	\$592,041	100%

BALANCED

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	
												0%	
												0%	
												0%	
						NBISX	World Grth	Nbrgr Brmn Intrntl	20.05	2022,1339	40544	8%	
						RSPFX	Small Cap	RS Partners	37.96	1080,8927	41031	8%	
												0%	
												0%	
												0%	
												0%	
						VFSTX	Corp Incm	Vngrd Short Corp	10.54	3943,0600	41560	8%	
												0%	
							MM	Money Market	100	388273,45	388273	76%	
						All styles permitted, 0-50% per style.					Total Valuation=	\$511,408	100%

INCOME

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	
												0%	
												0%	
												0%	
						VFSTX	Corp Incm	Vngrd Short Corp	10.54	6335,08	66772	35%	
												0%	
												0%	
							MM	Money Market	100	121883,75	121884	65%	
						Income emphasis, 0-50% per style.					Total Valuation=	\$188,384	100%

AGGRESSIVE INCOME

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	
												0%	
												0%	
												0%	
						VFSTX	Corp Incm	Vngrd Short Corp	10.54	2542,98	26803	13%	
												0%	
												0%	
							MM	Money Market	100	175035,40	175035	87%	
							MM	Margin Loan	-100	0.00	0	0%	
						Income emphasis, 0-100% per style.					Total Valuation=	\$201,347	100%

All MAAP portfolio performance include an annual 2% management fee expense. All dividends are reinvested.

Market Timing and Asset Allocation

(Continued from page 1)

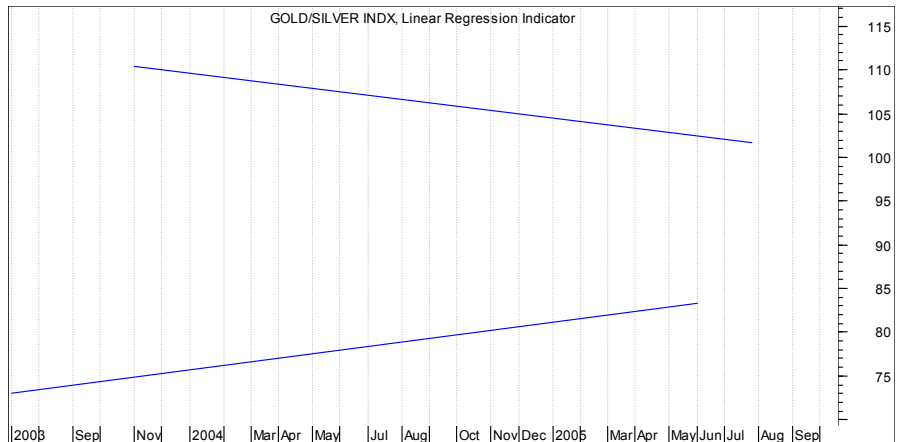
hasn't yet. Looking ahead, the economy should stay strong, which implies that bond market now thinks the Fed will not quit raising rates any time soon. Again, higher rates may lead to a lower stock market.

Additionally, payroll data is very strong. People are working. People are spending. Sales are up. But in the market's perverse way, this implies higher interest rates and lower market valuations. Hence the market corrects.

The other concern is whether oil remains above \$60 per barrel. Some folks are still calling for \$100 oil. My sense is the economy would reel like a drunk after being hit with a direct punch to the face by a jealous spouse. Stocks would plunge if oil continues up, especially as rates rise.

So, for the second half of 2005, expect a downward bias within a trading range. The Fed has advertised a measured rate increase and they're delivering. Expect this to continue through the Holiday season. Earnings will be good, but stocks have already discounted that good news.

Gold Index (XAU)



Wilshire 5000 Index



MARKET and FUND COMMENTS

As noted, gold bounced off of its major uptrend line, dating back to the year 2000. I remain bullish on gold.

Fiscal policy, neutral.

Corporate actions (buy backs, mergers), bullish.

Economy up, bullish.

Inflation up, neutral.

Oil up, bearish.

Investor sentiment, bearish because too bullish.

Fed tightening, bearish.

Market valuation, bearish when measured against historic norms, but bullish compared to bonds, however, if rates rise, this will change very quickly.

Terrorism risk, bearish.

To sum, still a mixed stock picture. Expect a continued sideways market movement, just like its been so far this year. Next trading move, however, is down.

SLM TIMING MODELS

LCITT, modified 1/96, 3/97, 9/98.

Large cap stock intermediate-term, signals lasting weeks to months.

LC Long-term, modified 11/95

Large cap stock long-term, lasting months to years. Under reconstruction.

SCITT, introduced 3/03

Small cap stock intermediate-term, signals lasting weeks to months.

GOLD, web site, InvestmentST.com

BONDS, intermediate and long-term, page five.

All of these are due for a review and reassessment in 2005.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	% RETURNS FROM THE PAST X MONTHS THRU 7/31/05					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2004	2003	2002	2001	2000	1999
Wilshire 5000	16.27	12.41	6.87	9.49	4.76	2.4	12442.40	-	10.85	29.44	-22.08	-12.06	-11.41	21.44
Dow Jones Industrials	4.94	6.12	1.44	4.40	3.56	2.2	10640.90	-	3.15	25.32	-16.76	-7.10	-6.18	25.22
Standard & Poors 500	12.02	9.20	4.48	6.68	3.60	2.1	1234.18	-	8.99	26.38	-23.37	-13.04	-10.14	19.53
Russell 2000 (small cap)	23.30	16.44	8.93	17.32	6.27	4.1	679.75	-	17.00	45.37	-21.58	1.03	-4.20	19.62
Dow Jones World Index	17.61	12.22	4.62	6.55	3.60	2.5	219.09	-	14.43	33.42	-20.73	-16.58	-15.89	23.73
Gold/Sliver Index (XAU)	4.36	-12.24	-0.70	8.68	-2.42	5.9	90.76	-	4.65	19.89	25.57	1.28	-5.94	0.85
Dow Jones Ttl Bond	7.41	2.74	1.00	2.19	-0.20	1.1	189.60	-	3.99	2.20	11.96	6.77	13.40	10.92
Small Cap Growth	21.92	16.40	9.16	14.04	5.22	3.8	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.		11.74	39.43	-21.96	-6.21	0.96	38.84
Mid Cap Growth	21.33	15.87	9.13	11.55	4.66	3.1			12.96	33.65	-21.89	-11.03	-0.38	38.52
Large Cap Growth	15.51	11.96	6.71	8.94	4.07	2.6			13.34	27.54	-21.75	-13.19	-3.69	29.36
Value Company	16.76	12.88	6.93	7.03	3.00	2.3			11.26	27.18	-15.61	2.30	9.99	12.27
Contrary	4.26	3.75	3.19	-0.13	0.33	2.2			3.11	0.47	9.99	2.83	13.54	6.12
World Growth	22.49	15.64	6.55	6.83	4.09	2.7	For more information about these model portfolios, please see page six.		17.11	34.67	-15.76	-19.89	-12.70	49.42
Growth & Income	15.26	11.59	6.64	7.19	3.41	2.2			10.24	23.46	-18.22	-7.76	0.03	23.36
Long-term Corp Income	14.59	9.88	7.82	3.79	1.09	1.6			8.43	8.64	6.73	2.45	11.68	-7.61
High Yield Income	10.80	6.27	4.31	4.37	1.60	1.4			6.63	16.24	-7.55	-4.73	-12.68	1.33
International Income	12.85	7.95	5.60	2.59	1.10	1.4			9.07	11.56	10.56	1.48	0.18	3.46
MAAP Aggrsv Grth	4.50	3.35	1.36	1.64	0.88	0.5			0.57	15.03	-4.93	1.42	1.78	26.66
MAAP Growth	3.93	2.68	0.75	1.21	0.67	0.4			1.53	11.56	-1.22	0.75	2.64	18.42
MAAP Balanced	5.66	3.11	0.31	1.52	0.70	0.8			5.88	12.57	0.09	-0.56	0.37	17.81
MAAP Income	0.33	-0.99	-1.25	-0.17	-0.16	0.6			0.62	5.16	2.05	1.40	4.38	2.82
MAAP Aggrsv Incm	0.28	-1.70	-2.25	-0.59	-0.10	0.9			1.90	7.05	1.75	4.59	2.37	6.04

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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