



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
Prudent Bear	BEARX	EC	24.2
Midas	MIDSX	EG	23.4
Merger Fund	MERFX	EC	23.2
US Gbl Invst US Gold	USERX	EG	23.1
US Gbl Invst World PMtl	UNWPX	EG	23.1
Fidelity Utilities	FIJIX	EGI	21.6
Vanguard European Index	VEURX	EWR	21.6
Vanguard Wellesley Incm	VWINX	HB	21.5
AmCent Equity Income	TWEIX	EGI	21.5
USAA World Growth	USAWX	EW	20.8
Vanguard Health Care	VGHCX	EA	20.8
Boston Prtn Lng/Shrt Eqty	BPLEX	EC	20.3
USAA International	USIFX	EW	20.3
Oakmark International	OAKIX	EW	20.2
Buffalo Balanced	BUFBX	HB	20.0
Gateway Index Plus	GATEX	EC	19.9
Fairholme	FAIRX	ELC	19.7
SSgA Intl Stock	SSAIX	EW	19.2
Loomis Sayles Value	LSGIX	EGI	18.8
Vanguard Value Index	VIVAX	EV	18.7
Laudus Rosen US L/S	RMNIX	EC	18.6
James Market Neutral	JAMNX	EC	18.6
Security Cap US Restate	SUSIX	ERE	18.6
USAA Pr Mtls	USAGX	EG	18.5
Gabelli Mathers Fund	MATRX	HGI	18.3
Vanguard Equity Income	VEIPX	EGI	18.3
AmCent Utilities Income	BULIX	EGI	18.2
ABN AMRO Value	RVALX	EV	17.6
Schwab International Index	SWINX	EW	17.6
Oakmark Eqty Incm I	OAKBX	HB	17.5
AmCent Cap Value	ACTIX	EV	17.5
AmCent Lrg Co Value	ALVIX	ELC	17.5
Amrcn Bcn Intrntl Eqty	AAIPX	EW	17.4
Permanent Portfolio T-Bill	PRTBX	BS	17.2
Northeast Investors Trust	NTHFX	BF	17.0
Permanent Port Versatile Bond	PRVBX	BF	16.9
Prudent Gbl Incm	PSAFX	BW	16.2
Wells Fargo UltrShrt FI	STADX	BS	14.4
Wells Fargo Shrt HiYld	STHFX	BH	13.0
Loomis Sayles Bond	LSBRX	BF	11.7
Vanguard ST InvstGrd	VFSTX	BS	11.4

The End to Rate Rising

Be careful what you wish for, as they say. The assumption in investment circles is that once the Federal Reserve is done raising rates, the stock market will surge. Does history prove this out? In a word, no.

Although this may seem counterintuitive, it actually makes sense.

The reason the market doesn't continue to advance after the end of the rate rising cycle is that the only reason the Fed ends its rate increases in the first place is because the economy has slowed. No rate rise, then no growth. In turn, this leads to lower corporate earnings. In turn, this leads to lower stock prices.

Interest rate rises and especially those accompanied with inverted yield curves (the short end yields more than the long end), which is what we have again now, typically lead to recessions. Stocks abhor negative growth rates and decline in the face of them.

It's not until the Fed actually starts lowering rates in reaction to the slowdown that the stock market rallies substantially.

The initial knee jerk market's reaction to the weak jobs

report today (Aug. 4) bears this out. While the Industrials are flat, the Transportation index is down. The Transports, of course, are more economically sensitive, forecasting the slowdown.

So, I've been looking for a recovery rally that sets up the final high. I think we're in that rally right now. It should continue higher, depending on what the Fed actually does and says at their next meeting. The reaction should be positive, but unsustainable as the economic slowdown takes hold.

I then see a market decline as recession or major slowdown sets in by year's end. Past data of market reactions to rate cycles suggests that stocks retrace to roughly where they were when rates started up. This gives us about 10,000 on the Industrials or a mild bear market of down 10%.

By mid 2007, the Fed should ease, setting up a fabulous rally in 2007 to 2008.

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AROUND THE CAMPFIRE

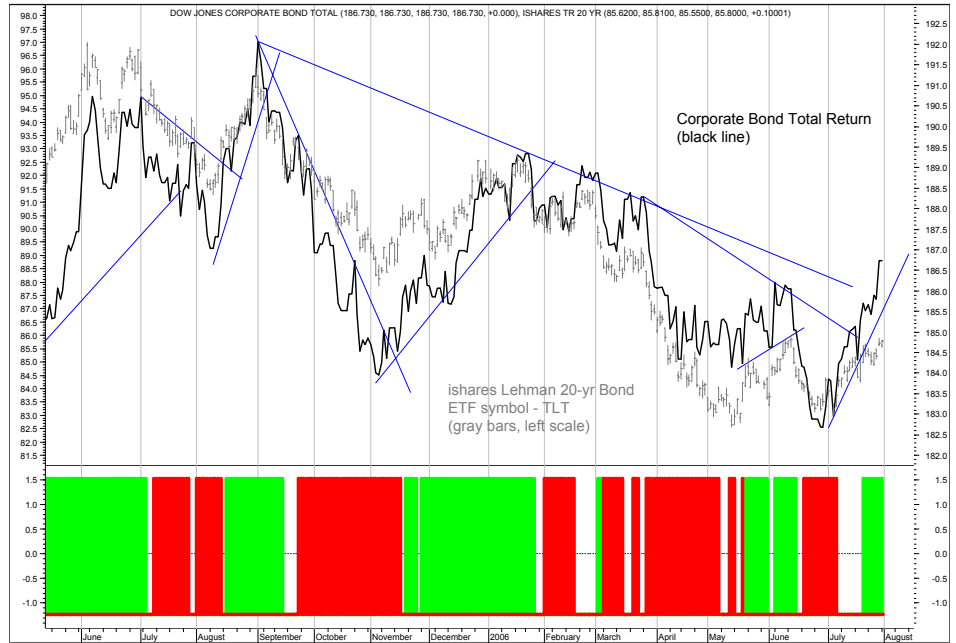
Sipping mountain stream chilled Pinot Grichio, eating freshly caught grilled Cutthroat Trout, talking with my two sons and brother, while watching the sun set in the Bridger Teton Wilderness area with 12,254 foot Mt. Victor at my back, I spent the second evening of my summer vacation.

Interest Rates and Bond Prices

The Bond Model has once again turned bullish after a brief bearish stint last month.

What's interesting to note about last month's sell off is the fact that 30-year bond yields pierced a down trend line that dates back to 1994 (see page 7). For 12 years, yields had been steadily declining with both lower high yields on sell offs and lower low yields on rallies. This means that market expectations for practically nonexistent inflation have now shifted to one with inflation fears.

There's been much talk of a secular (lasting many years) bear market in stocks, but nothing as regards a secular bear market in bonds that may start next year, after the current bond bull move.



The SLM Bond Market Timing Model shown 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

With the Bond Model again turning bullish, I'll buy \$40,000 into Prudent Global Income (PSAFX).

MONTHLY ACTIVITY

MONTH ENDING: 7/31/2006

MONTH END VALUATIONS

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

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Fund Symbol	Fund Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total
						STADX	Bond Shrt	Wfargo Ultra Shrt	9.11	4,420.5349	40,271	20%
						MM	Money Market		100	165,615.9200	165,616	80%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=											205,887	100%

MAAP Growth and Balanced Portfolios

MONTHLY ACTIVITY
MONTH ENDING: 7/31/2006
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
7-Aug	sell	PRIDX		215.9827	-							0%
7-Aug	sell	WWWFX		732.6007		MIDSX	Gold	Midas	4.03	2,487.5622	10,025	3%
7-Aug	buy	VWINX			30,000	UNWPX	Gold	US Gbl Prc Mtl	29.42	1,447.1803	42,576	11%
						PRIDX	Eqty Intrntl	Price Intrntl Discvry	44.74	215.9827	9,663	3%
						JAOSX	Eqty Intrntl	Janus Overseas	36.69	562.5879	20,641	5%
						CIVVX	Eqty Intrntl	Causeway Intrntl	18.31	1,115.4490	20,424	5%
						FAIRX	Eqty LrgCap	Fairholme	27.61	737.4631	20,361	5%
						AAIPX	Eqty Intrntl	Amrcn Intrntl Eqty	22.87	916.5903	20,962	6%
						SSAIX	Eqty Intrntl	Ssga Intrntl Stk	12.53	1,696.6528	21,259	6%
						WWWFX	Eqty Aggrsv	Kinetics Intrnt	25.67	732.6007	18,806	5%
						RYURX	Contrary	Rydex Ursa	8.40	5,679.0300	47,704	13%
							MM	Money Market	100	146,345.9100	146,346	39%
Total Valuation=											\$378,768	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
7-Aug	sell	PRGSX		1652.9555		PRGSX	EqtyWorld	TRowePr Gbl Stk	20.24	1,652.9555	33,456	5%
7-Aug	sell	WWWFX		732.6007		TB GVX	EqtyWorld	TwdyBrwn Gbl Val	28.19	1,178.4102	33,219	5%
7-Aug	buy	VWINX			40,000	JAOSX	Eqty Intrntl	Janus Overseas	36.69	562.5879	20,641	3%
						CIVVX	Eqty Intrntl	Causeway Intrntl	18.31	1,115.4490	20,424	3%
						FAIRX	Eqty LrgCap	Fairholme	27.61	737.4631	20,361	3%
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						WWWFX	Eqty Aggrsv	Kinetics Intrnt	25.67	732.6007	18,806	3%
						MIDSX	Gold	Midas	4.03	5,076.1421	20,457	3%
						RYURX	EqtyContry	Rydex Ursa	8.40	5,679.0300	47,704	8%
							MM	Money Market	100	372,360.8500	372,361	59%
Total Valuation=											\$629,651	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
7-Aug	sell	PRGSX		1377.4663		PRGSX	EqtyWorld	TRowePr Gbl Stk	20.24	1,377.4663	27,880	5%
7-Aug	sell	WWWFX		732.6007		TB GVX	EqtyWorld	TwdyBrwn Gbl Val	28.19	982.0068	27,683	5%
7-Aug	buy	VWINX			40,000	JAOSX	Eqty Intrntl	Janus Overseas	36.69	562.5879	20,641	4%
						CIVVX	Eqty Intrntl	Causeway Intrntl	18.31	1,115.4490	20,424	4%
						FAIRX	Eqty LrgCap	Fairholme	27.61	737.4631	20,361	4%
						AAIPX	Eqty Intrntl	Amrcn Intrntl Eqty	22.87	916.5903	20,962	4%
						SSAIX	Eqty Intrntl	Ssga Intrntl Stk	12.53	1,696.6528	21,259	4%
						WWWFX	Eqty Aggrsv	Kinetics Intrnt	25.67	732.6007	18,806	3%
						MIDSX	Gold	Midas	4.03	5,076.1421	20,457	4%
							MM	Money Market	100	339,170.4200	339,170	63%
Total Valuation=											\$537,644	100%

Continued to buy some funds last month on stock and gold market weaknesses. Repeat after me: Buy in fear, sell in greed.

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

Market Timing and Asset Allocation

S&P 500 (right scale) and 30-year Treasury Bond Yield (left scale)

As mentioned on page 5, the 30-year yield recently broke above its long-term dominant down trend line that dates back to 1994.

Up until now, most investors were not concerned with inflation's return. But this trend piercing suggests that a secular shift in bond prices and inflation

may be felt for years to come.

In the meantime, bonds should rally over the next year as the economy weakens. In the next easing cycle, however, yields may shoot much higher accompanied by much higher inflation.



MARKET and FUND COMMENTS

STOCKS: Neutral, continued sideways trend.

GOLD: Bullish.

BONDS: Bullish.

US Gov. fiscal policy, neutral.

Corporate actions (buy backs, mergers), bullish.

Economy, from neutral to bearish by early 2007.

Inflation, bearish as it increases.

Oil prices, bearish.

Investor sentiment, neutral.

Federal Reserve policy, bearish (tightening).

Market valuation, bearish.

Exogenous events: Terrorism risk, bearish; hedge fund risk, neutral; unwinding of Japan carry trade, neutral.

Recently past pessimism has been worked off. Expect a false rally to accompany the end of the rate rise cycle, then sideways to down action.

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, shown bi monthly.

BONDS, page 5

First three are under a rework for 2006, emphasizing timing on funds directly. Signals last months to years.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 7/31/06					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2005	2004	2003	2002	2001	2000
DJ Wilshire 5000	3.47	6.02	-127	-3.70	-0.46	18	12789.70	-	8.24	10.85	29.44	-22.08	-12.06	-11.41
Dow Jones Industrials	5.12	7.14	2.95	-160	0.32	16	11185.70	-	-0.61	3.15	25.32	-16.76	-7.10	-6.18
Standard & Poors 500	3.44	5.77	-0.27	-2.59	0.51	15	1276.66	-	3.00	8.99	26.38	-23.37	-13.04	-10.14
Russell 2000	3.06	8.34	-4.45	-8.37	-3.33	3.4	700.56	-	3.32	17.00	45.37	-2158	103	-4.20
Dow Jones World Index	12.81	11.95	0.55	-4.09	0.34	2.3	247.16	-	9.41	14.43	33.42	-20.73	-16.58	-15.89
Gold/Silver Index (XAU)	56.29	31.54	-8.00	-10.28	-120	8.2	14185	-	28.87	4.65	19.89	25.57	128	-5.94
Dow Jones Ttl Bond	-1.51	1.01	-0.73	0.80	1.95	10	186.73	-	1.40	3.99	2.20	11.96	6.77	13.40
Small Cap	3.31	6.71	-5.25	-9.33	-3.82	3.4	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. For more information about these model portfolios, please see pages five and six.		2.63	11.74	39.43	-21.96	-6.21	0.96
Mid Cap	4.66	6.62	-4.44	-7.52	-2.80	2.9			8.38	12.96	33.65	-21.89	-11.03	-0.38
Large Cap	1.90	3.20	-4.67	-6.01	-1.58	2.2			5.75	13.34	27.54	-21.75	-13.19	-3.69
Value	4.87	7.74	0.47	-2.95	-0.31	2.0			3.66	11.26	27.18	-15.61	2.30	9.99
Contrary	7.90	4.93	6.69	4.63	1.20	2.2			5.78	3.11	0.47	9.99	2.83	13.54
World Growth	20.66	16.75	1.18	-5.68	0.25	3.2			13.07	17.11	34.67	-15.76	-19.89	-12.70
Growth/Income	4.56	6.58	-0.53	-3.18	-0.08	1.9			4.23	10.24	23.46	-18.22	-7.76	0.03
Bond Long	-2.27	-0.09	-2.04	2.46	1.52	1.8			10.32	8.43	8.64	6.73	2.45	11.68
Bond High Yield	2.94	3.79	1.04	-0.41	0.09	0.8			5.76	6.63	16.24	-7.55	-4.73	-12.68
Bond World	3.48	3.14	1.05	0.57	1.28	1.2			7.40	9.07	11.56	10.56	1.48	0.18
MAAP Aggrsv Grth	13.76	11.76	3.35	0.46	0.02	1.4			7.20	0.57	15.03	-4.93	1.42	1.78
MAAP Growth	6.35	5.55	1.53	0.81	0.07	0.6			3.50	1.53	11.56	-1.22	0.75	2.64
MAAP Balanced	5.13	4.82	1.35	0.57	-0.09	0.6			2.01	5.88	12.57	0.09	-0.56	0.37
MAAP Income	2.25	1.98	1.24	0.61	0.21	0.2			-1.86	1.90	7.05	1.75	4.59	2.37

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.

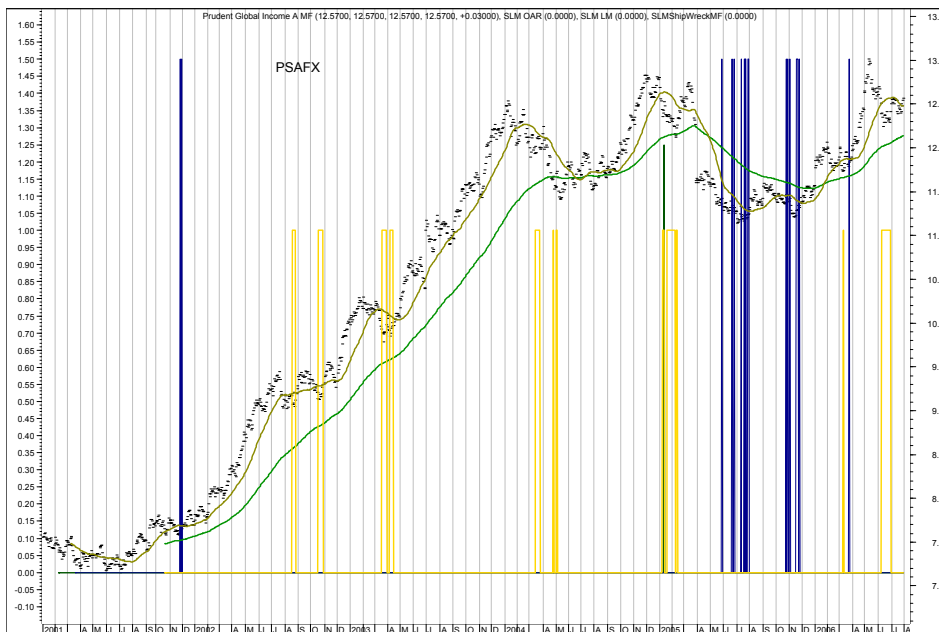
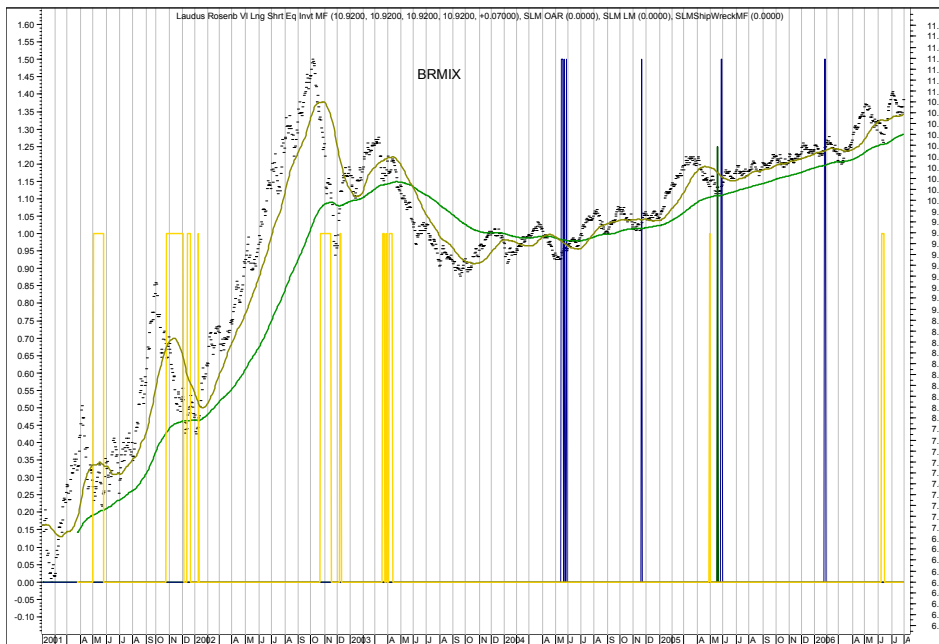
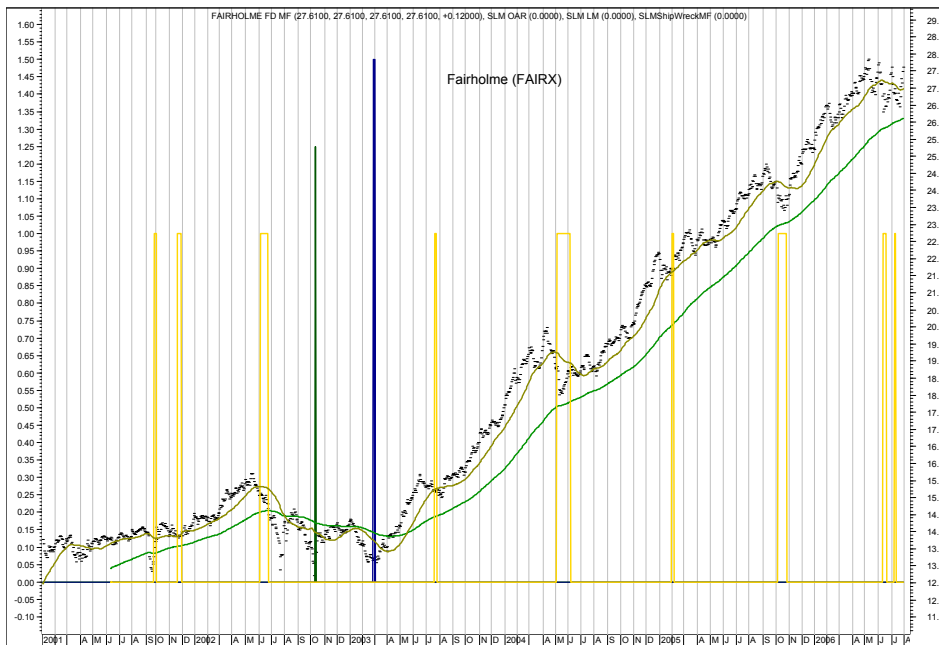
The fund dropped out of the top 20% at the end of January 2005. Even though the timing model remained bullish, the fund was sold. It would not have been rebought in July 2005 with the timing model buy because the fund was not in the top 5% at the time of the buy signal. It could have been bought in May.

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.





The charts show the daily closes of various funds in the top 5% of the funds we track.

The chart may also show up to three indicators on the price area. These buy signals may be shown as either blue, gold, or green spikes. These are contrary indicators, buying on weakness.

Our strategy is to buy from the top 5% of the funds we monitor and hold as long as they remain in the top 20%. If they fall out of the top 20% because of this selection strategy, sell. Alternatively, if the fund gets a timing sell signal, sell. Replace with funds from the top 5% when they flash a buy timing signal.

Fairholme Fund (large cap) is at the top (FAIRX).

Laudus Rosenberg LongShort (contrary) is in the middle (BRMIX).

Prudent Global Income (bond world) is on the bottom (PSAFX).