



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
Investec China HK	ICHKX	EWR	47.4
Matthews China	MCHFX	EWR	47.0
Fidelity Southeast Asia	FSEAX	EWR	44.8
Price New Asia	PRASX	EWR	39.6
US Gbl Invstrs China Rgn	USCOX	EWR	38.9
Atlas Blncd	ATBAX	HB	38.5
Fidelity Pacific Basin	FPBFX	EWR	37.0
AmCent Emrg Mkt	TWMIX	EW	36.8
Legg Mason Emrg Mkt	LMEMX	EW	36.0
SSgA Emrg Mkt	SSEM X	EWR	35.8
Fidelity Emrg Mkt	FEMKX	EW	35.0
SIT Dvlpng Mkts Grth	SDMGX	EWR	34.3
Leuthold Core Invst	LCORX	HB	34.3
Matthews Pacific Tiger	MAPT X	EWR	34.1
AmCent Hertz Investors	TWHIX	EMC	32.3
Driehaus Intl Dis	DRIDX	EW	32.0
Matthews Asian G/I	MACSX	EW	31.9
Artisan Intl SmCap	ARTJX	EW	31.1
Fidelity Co nvertible Securities	FCV SX	EGI	31.0
Price Emrg Mkt Stk	PRM SX	EW	31.0
Lazard Emrg Mkt Open	LZOEX	EWR	31.0
AmCent Intl Discv	TWEGX	EW	30.7
AmCent Vista Investors	TWCVX	ESC	30.6
Commonwth Aus New Zealand	CNZLX	EWR	30.3
AmCent Veedot	AMVIX	ESC	30.3
Matthews Korea	MAKOX	EWR	30.0
Price Latin America	PRLAX	EWR	29.5
Janus Overseas	JAOSX	EW	29.3
Price International Discovery	PRIDX	EW	29.3
Fidelity Latin America	FLATX	EWR	29.0
CGM Focus	CGMFX	EA	28.8
CGM Mutual Fund	LOMMX	HGI	28.5
Janus Orion	JORNX	EMC	28.5
Neubrg & Brmn Lmted Bond	NLMBX	BS	32.1
TIAA-CREF HiYld	TCHYX	BH	31.9
Legg Mason High Yield	LMHYX	BH	31.6
Atlas Strtgc Incm	ATSAX	BF	30.3
x	x	x	x
Permanent Port Versatile Bond	PRVBX	BF	26.7
Permanent Portfolio T-Bill	PRTBX	BS	25.5
TIAA-CREF Bond PI	TIPBX	BF	24.4

They Slide Faster Than They Glide

So much for last month's comments about the stock market having provided a pleasant surprise and decent upside return so far this year. The tiniest end of the market is now down about 6%, the small cap oriented Russell 2000 is now down about 2%, while the large cap S&P 500 is still up, but only by about 4%.

What happened was the repricing of risk. This is because the liquidity that was driving the market higher has been plugged. It's much harder to get a mortgage. It's much harder to get the merger and acquisition financing. The S&P 500 is down a fast 7% from its peak in mid July.

Everyone knows about the problems in the credit market, the subprime area, and housing in general. But it is only in the last month or so that the clamp down in easy credit has been felt in other areas besides consumer housing.

There has been the well-publicized implosion of the two hedge funds at Bear Stearns. But it turns out there was a third. Now everyone wonders whether there will be a fourth and a fifth.

Throughout the mortgage market sector, stocks are getting

pounded. As just one example, look at Luminent-from \$10 to less than \$1 in 30 days.

The risk of default has gone up and simultaneously the valuations have gone down. Is a broad based 7% haircut enough? The answer is that it depends.

It depends on whether in fact there are other implosions waiting to happen. It depends on whether the housing market debacle continues to deepen and spread into the broad economy. It depends on whether liquidity completely dries up. Adding to that specific risk is the untried Fed Chairman Bernanke. While it is not his job to bail out investors who made bad bets, it is his job to provide liquidity generally. His speech on August 7 will greatly sway the market one way or the other.

In the meantime, a few market, but not fund, indicators are flashing oversold. Monitor the email for updates between issues.

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AROUND THE CAMPFIRE

The headline, They Slide Faster Than They Glide, is the name of a chapter from a commodity trading book I read 20 some years ago. The point is that a bull meanders slowly, while the bear pounces quickly.

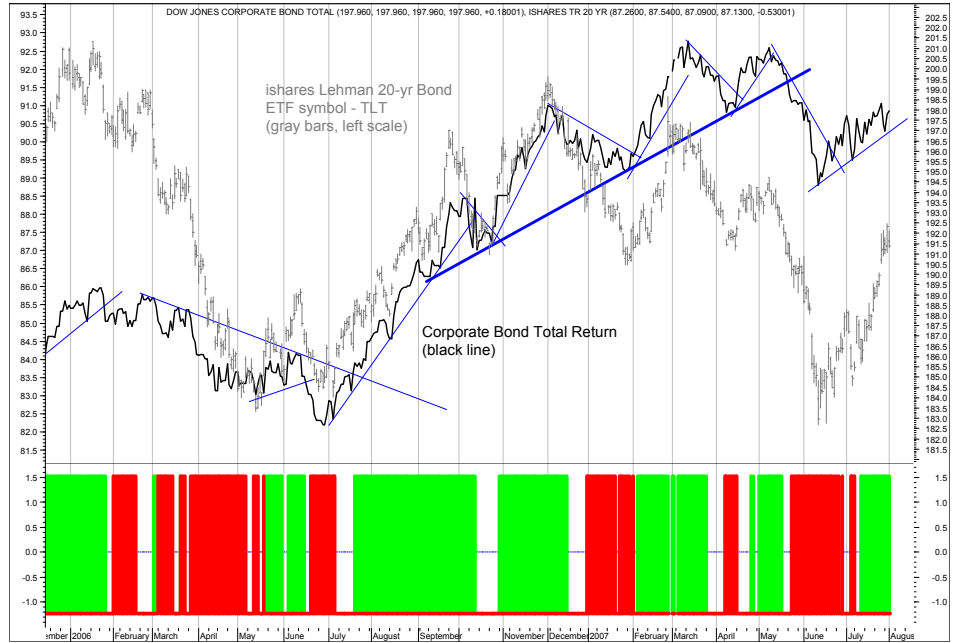
Take a look at mortgage company Luminent (LUM). In about 30 days it dropped from \$10 to less than \$1.

Interest Rates and Bond Prices

The SLM Bond Market Timing Model has turned bullish.

More trouble has unfolded in the bond market, but it is not homogenous. High yield and mortgage associated debt is getting sold at much lower prices, while Treasuries and investment grade debt is bought in a case of classic flight to quality. You can see this clearly on page four by comparing the last one and three month returns of the various funds in the various sectors. Note also how real estate funds are getting hit after years of out performance.

I have been waiting for a turn lower in inflation or the economy before buying back bond funds, but the trend has turned, so take action as noted below.



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

On August 8, buy \$50,000 each into ATSAX (Atlas Strategic Incm) and PSAFX (Prudent Global Incm). This is about 25% of the total portfolio into each of the two positions. Leave the remainder, about half, in the money market.

MONTHLY ACTIVITY

MONTH ENDING: 7/31/2007

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
							MM	Money Market	100	213,007.0000	213,007	100%
							MM	Margin Loan	-100	-	-	0%
Total Valuation=										213,007	100%	

MAAP Growth and Balanced Portfolios

MONTHLY ACTIVITY

MONTH ENDING: 7/31/2007

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
					-							0%
13-Jul	buy	Midas	5.32	3,759.3985	20,000	MIDSX	Gold	Midas	4.99	6,246.9607	31,172	8%
						TWEIX	Eqty G/I	AmCent Eqty Incm	8.63	3,775.7437	32,585	8%
						SPECX	Eqty LrgCap	Spectra N	10.24	1,646.0905	16,856	4%
						OAKGX	Eqty Wrld	Oakmark Global	27.33	12,172.630	33,268	8%
						RYURX	Contrary	Rydex Ursa	37.70	1,701.2739	64,188	16%
							MM	Money Market	100	213,986.0000	213,986	55%
Total Valuation=											\$392,005	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
					-							-
13-Jul	buy	Midas	5.32	3,759.3985	20,000	MIDSX	Gold	Midas	4.99	3,759.3985	18,759	3%
						TWEIX	Eqty G/I	AmCent Eqty Incm	8.63	3,775.7437	32,585	5%
						SPECX	Eqty LrgCap	Spectra N	10.24	1,234.5679	12,642	2%
						OAKGX	Eqty Wrld	Oakmark Global	27.33	12,172.630	33,268	5%
						RYURX	EqtyContry	Rydex Ursa	37.70	1,169.2560	44,081	7%
							MM	Money Market	100	509,980.0000	509,980	78%
Total Valuation=											\$651,315	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
					-							-
13-Jul	buy	Midas	5.32	3,759.3985	20,000	MIDSX	Gold	Midas	4.99	3,759.3985	18,759	3%
						TWEIX	Eqty G/I	AmCent Eqty Incm	8.63	3,775.7437	32,585	6%
						SPECX	Eqty LrgCap	Spectra N	10.24	1,234.5679	12,642	2%
						OAKGX	Eqty Wrld	Oakmark Global	27.33	12,172.630	33,268	6%
							MM	Money Market	100	472,189.0000	472,189	83%
Total Valuation=											\$569,443	100%

While the stock market is showing oversold, actual buy points for mutual funds have yet to be triggered. Between issues monitor your email for updates.

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

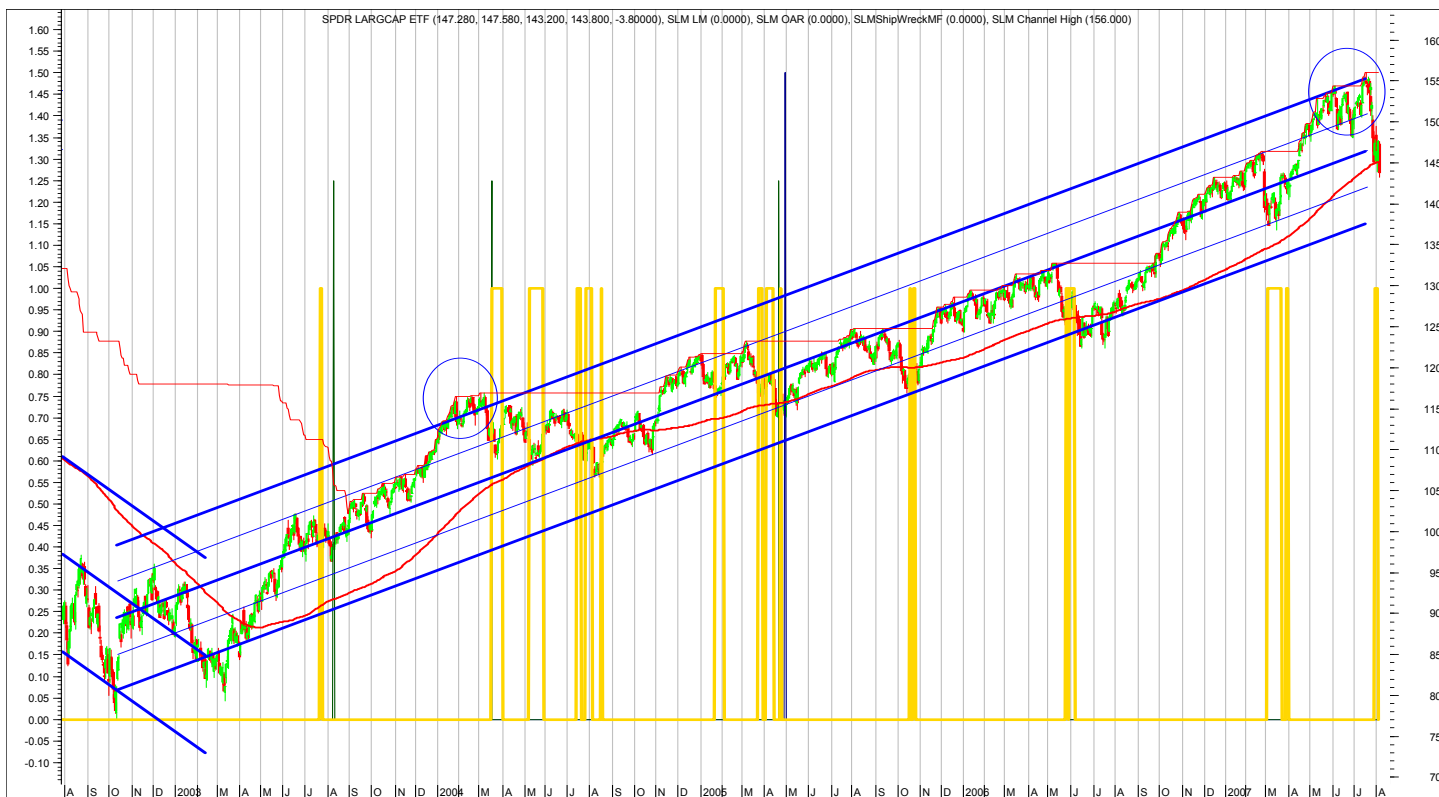
Market Timing and Asset Allocation

S&P 500

As you can see on the chart below, the S&P 500, a proxy for large cap stocks, is oversold now, dropping below a couple of the uptrend lines. You can also see a spike, which indicates that an initial buy signal has been triggered.

On a timing basis, I will move from bearish to neutral.

Looking ahead, there may be a slight rebound, followed by a test of the recent lows.



TIMING POSITIONS

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

STOCK MARKET COMMENTS

- US Gov. fiscal policy, neutral.
- Corporate activity (buy backs, mergers), bullish, supportive.
- Economy, neutral, no surprises.
- Inflation, bearish.
- Oil prices, bearish.
- Housing, bearish.
- Investor sentiment, bearish, too many bulls.
- Federal Reserve policy, neutral, tightening not expected now.
- Market valuation, bearish, high PE, low yield.
- Terrorism risk, neutral
- Hedge fund risk, bearish.

The market has pulled back and is now showing an oversold buy condition as you can see on the chart above.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 7/31/07					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2006	2005	2004	2003	2002	2001
DJ Wilshire 5000	14.80	6.17	1.04	-1.80	-3.47	2.1	14682.70	-	13.72	8.24	10.85	29.44	-22.08	-12.06
Dow Jones Industrials	18.12	9.36	4.68	1.14	-1.47	2.1	13212.00	-	16.29	-0.61	3.15	25.32	-16.76	-7.10
Standard & Pooers 500	13.99	5.61	1.18	-1.83	-3.20	2.1	1455.27	-	13.62	3.00	8.99	26.38	-23.37	-13.04
Russell 2000	10.79	1.21	-3.03	-4.72	-6.91	2.6	776.12	-	17.00	3.32	17.00	45.37	-2158	103
Dow Jones World Index	20.34	12.35	6.01	0.42	-1.75	1.9	297.44	-	18.52	9.41	14.43	33.42	-20.73	-16.58
Gold/Sliver Index (XAU)	4.84	8.30	6.30	8.50	9.39	4.4	148.71	-	11.11	28.87	4.65	19.89	25.57	128
Dow Jones Ttl Bond	5.92	2.03	0.98	-1.40	0.22	1.0	197.78	-	3.70	1.40	3.99	2.20	11.96	6.77
Small Cap	16.74	8.40	3.34	-0.83	-4.31	2.6	Columns 2 through 6		7.20	2.63	11.74	39.43	-2196	-6.21
Mid Cap	20.52	12.27	5.91	1.14	-2.46	2.5	are the average returns		6.79	8.38	12.96	33.65	-2189	-1103
Large Cap	16.28	8.58	3.43	0.21	-2.03	2.2	and Column 7 is the		6.11	5.75	13.34	27.54	-2175	-13.19
Value	15.47	7.18	1.48	-2.20	-4.10	2.3	average V (Volatility)		10.08	3.66	11.26	27.18	-15.61	2.30
Contrary	-1.80	2.61	2.49	2.16	1.7	2.1	for all funds in each		-1.99	5.78	3.11	0.47	9.99	2.83
World Growth	-2.15	2.55	2.49	2.27	1.28	2.2	fund style. Usually,		x	13.07	17.11	34.67	-15.76	-19.89
Growth/Income	15.62	8.25	3.10	-0.64	-2.97	2.2	the larger the V,		9.82	4.23	10.24	23.46	-18.22	-7.76
Bond Long	5.43	0.02	0.55	-1.85	0.97	1.6	the greater		2.75	10.32	8.43	8.64	6.73	2.45
Bond High Yield	x	x	-1.21	-4.08	-3.19	2.4	the risk.		8.84	5.76	6.63	16.24	-7.55	-4.73
Bond World	4.85	2.35	1.64	-1.45	0.24	1.1			5.65	7.40	9.07	11.56	10.56	1.48
MAAP Aggrsv Grth	3.49	2.17	1.43	0.61	0.01	0.4	For more information		9.95	7.20	0.57	15.03	-4.93	1.42
MAAP Growth	3.44	2.06	1.27	0.47	-0.06	0.3	about these model		5.66	3.50	1.53	11.56	-1.22	0.75
MAAP Balanced	5.91	3.85	1.29	0.27	-0.35	0.5	portfolios, please		7.59	2.01	5.88	12.57	0.09	-0.56
MAAP Income	3.46	3.34	1.92	0.94	0.25	0.3	see pages five and six.		2.80	-1.86	1.90	7.05	1.75	4.59

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.

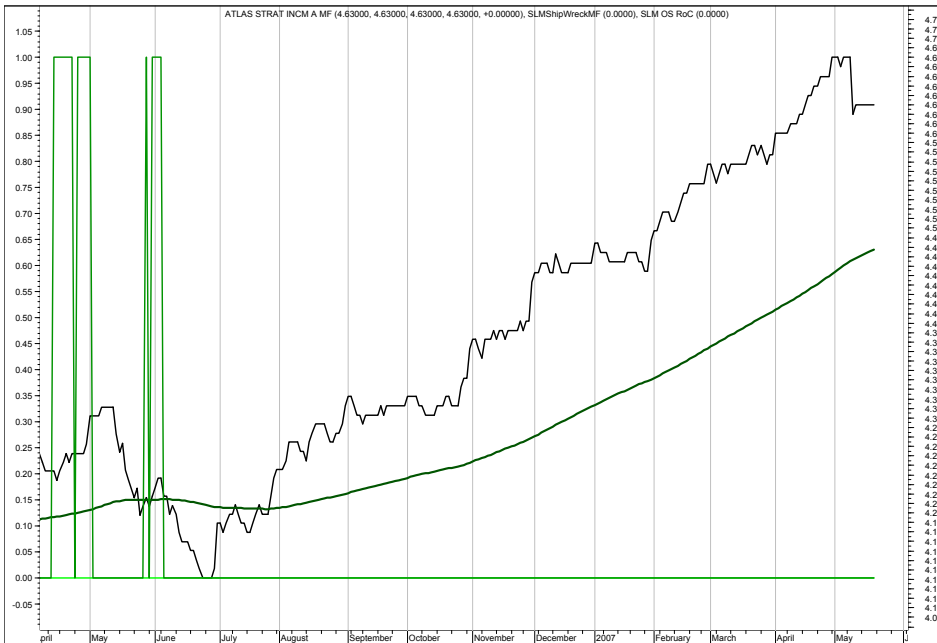
The fund dropped out of the top 20% at the end of January 2005. Even though the timing model remained bullish, the fund was sold. It would not have been rebought in July 2005 with the timing model buy because the fund was not in the top 5% at the time of the buy signal. It could have been bought in May.

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.





All of these funds are currently in the top 5%. The 150-day moving average is the solid trending dark line. The green spikes are buy signals (assuming the fund is within the top 5% at the time of the signal).

The top chart is ATSAX Atlas Strategic Income.

The middle chart is FCVSX, Fidelity Convertible Fund.

The bottom chart is the inversely related to the S&P 500 RYURX Rydex Ursa Fund. This chart is a long term picture of the bull market and the numerous false endings to it when prices tried to stay above the down trend line. As you can see, the current rally (inverse to the sell off) has only taken it once again to its major down trend line.

