



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 (comet)

C measures the risk (V) adjusted relative performance between fund and market (CS). Funds are listed alphabetically and grouped by equity (E*), hybrid (H*), bond (B*).

Fund	Symbol	Style	C
Alpine Realty Inc/Grth	AIGYX	ERE	15.6
AmCent Real Estate	REACX	ERE	15.6
Aston Real Estate	ARFCX	ERE	17.3
CGM Realty Fund	CGMRX	ERE	13.3
Cohen & Steers Realty Shares	CSRSX	ERE	14.2
Columbia REIT	CREEX	ERE	15.7
iShares REIT	IYR	ERE	14.7
SPDR Wish REIT	RWR	ERE	14.8
Fidelity Real Estate	FRESX	ERE	16.3
Fidelity Utilities	FIUIX	EGI	11.9
First Eagle Fund of Amr	FEAFX	ELC	11.3
Gamco Gbl Convertible	GAGCX	EW	12.2
Hennessey Crrn Grth	HENLX	EMC	11.7
James Small Cap	JASCX	ESC	13.6
Merger Fund	MERFX	EC	14.1
Meridian Growth	MERDX	EMC	11.8
Nicholas Equity Income	NSEIX	EGI	11.8
SSGA Tuckerman REIT	SSREX	ERE	15.0
Stratton REIT	STMDX	ERE	15.0
Price REIT	TRREX	ERE	15.3
Tocqueville Gold	TGLDX	EG	12.7
Value Line Fund	VLIFX	EGI	11.8
Vanguard REIT	VGSIX	ERE	15.2
Wasatch Ultra Grth	WAMCX	ESC	12.0
Weitz Partners Val	WPVLX	EV	12.9
Weitz Value Fund	WWALX	EV	11.6
Wells Fargo Discovery	STDIX	EA	11.8
Fidelity Asset Manager Income	FASIX	HA	13.3
Vanguard Wellesley Incm	VWINX	HB	11.0
Weitz Balanced	WBALX	HB	11.9
Bernstein Intrmd Duration	SNIDX	BI	8.4
BlackRock Hi Yld	BHYSX	BH	8.0
Dreyfus US Gov	DIGFX	BU	8.2
iShares 10-20yr Trsry	TLH	BI	9.1
PS Emrg Mkt Bnd	PCY	BW	9.3
Payden Emrg MktBd	PYEMX	BW	12.4
Price Emrg Mkt Bond	PREMX	BW	9.0

Recovery Slows but Still Goes

The stock market tends to overshoot rational reality both up and down, being full of adrenaline from fear and greed. From April through July, it sold off some 16%, discounting the bad news of weakening sovereign debt, slowing economies, and expiring fiscal stimulus programs. The economic news since early July has still been weak, but now the market is rallying. So evidently, not only was the bad news discounted, but so was the possibility of a double-dip recession. It overshot to the downside.

The market's immediate awareness is that while the economy is slowing, it is not in another recession, it now has to correct its correction; it is now back in gear to the upside.

As examples, the ISM manufacturing index number fell again for the third month, but it is still at 55, which is above the 50 level that is the fulcrum point between expansion and contraction. Likewise, the GDP report slowed from 3.7% in the first quarter to 2.4% in the second quarter. Slowing expansion, but the key word is expansion. Personal income and spending were both flat last month. Saving was at its highest level in a year. Hiring is still positive, albeit at very muted levels when compared to previous recoveries. The leading economic indica-

tors have moved lower in their latest reporting period on July 22 for June. But one month does not make a trend. It is still up over the last three months and longer periods.

Clearly, the quarter ended in softness, but not recession. As well, take a look at the Top 5% by C funds list to the left. It is dominated by real estate funds. They are obviously not expecting economic implosion. For my part, I expect the market to continue its climb to recovery highs. It is on this recovery, however, in which some negative divergences may form. I've mentioned before that going into the April-July correction the market was in gear to the upside. It would be very rare for the bull-market peak to have been seen under that condition. Instead, the better reading is that the market simply got ahead of itself.

So, the economy is expanding, yet slowing. Interest rates remain at record low levels. If the economy reflects any sort of positives to the upside, as those REIT investors see, then things should remain in gear to the upside. Close monitoring will be very necessary in the months ahead.

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AROUND THE CAMPFIRE

The heat light sears us.
Sweltering summer sunshine.
Water for the tongue.

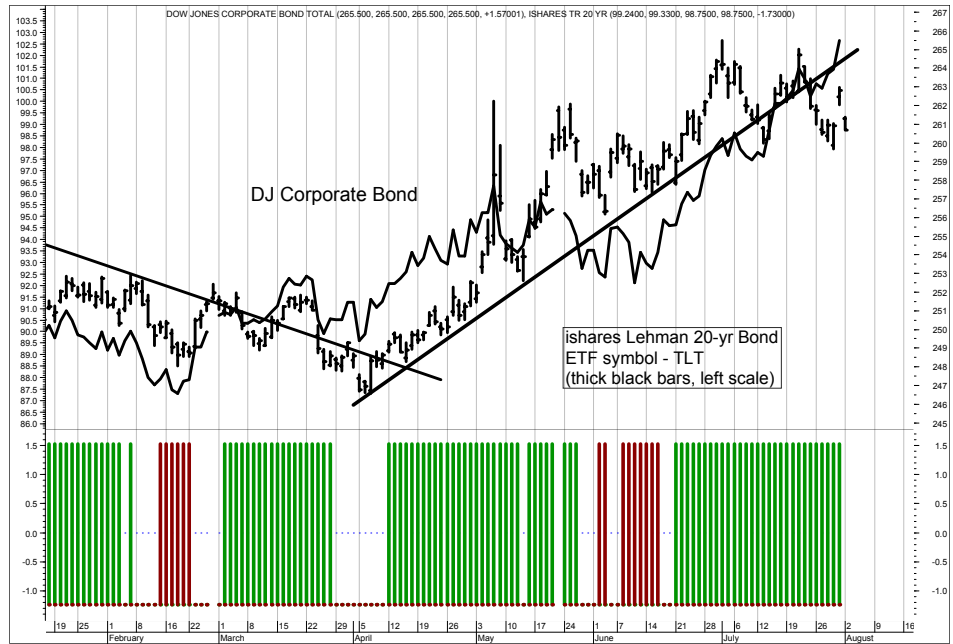
It reached 110 degrees in Dallas. Record high temperatures have been recorded in 14 nations so far this year.

Interest Rates and Bond Prices

Record low yields remain headline news. As mentioned on page 1, the economy has slowed noticeably in a number of areas, and the bond market continues to reflect this. Bond prices are up and yields are down. My Bond Timing Model remains bullish.

The question that is beginning to be seriously pondered is whether we are leaving inflation and entering deflation. The two scenarios are different of course. Debt is king in one and in the other cash is king.

The other area of the bond market that is jumping is the international funds. They're benefiting from the same scenarios as the US. Slow, steady, muted growth.



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

I evolved out of some laggard bond funds into leading bond funds last month. The changes are shown on the left box and the month-end result in the right box below.

MONTHLY ACTIVITY

MONTH ENDING: 7/31/2010

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
27-Jul	sell	LKFIX	11.12	1,954.8377	21,738	PLW	Bond Flex	PS Laddered 1-30	28.87	772.4719	22,301	10%
27-Jul	sell	FGMNX	11.88	1,966.6656	23,364	TLH	Bond Intrmd	iShares 10-20 yr T	117.57	380.1296	44,692	20%
27-Jul	sell	PYGNX	10.53	1,986.2089	20,915	FBNDX	Bond Intrmd	Fidelity Corp Bond	7.39	2,993.1973	22,120	10%
						HASDX	Bond Short	Harbor Short Durtn	8.03	2,739.7260	22,000	10%
27-Jul	buy	PLW	28.48	772.4719	22,000							
27-Jul	buy	TLH	115.75	380.1296	44,000	FAGIX	Bond HiYld	Fidelity Cap/Incm	8.82	3,639.4871	32,100	14%
27-Jul	buy	FBNDX	7.35	2,993.1973	22,000							
27-Jul	buy	HASDX	8.03	2,739.7260	22,000							
						MM	Money Market		100	82,188.0000	82,188	36%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=											225,401	100%

MAAP: Aggressive Growth, Growth, and Balanced

PREVIOUS ACTIVITY			TO MONTH ENDING: 7/31/2010			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
15-Apr	sell	EEM	43.74	927.5058	40,569							
15-Apr	buy	TBGVX	22.51	1,802.2657	40,569	BERIX	Hybrid	Berwyn Income	13.11	3,763.7101	49,342	11%
15-Apr	sell	JAOSX	47.38	1,552.3568	73,551	FASIX	Hybrid	Fidelity AstMgr Incm	12.33	3,509.2568	43,269	10%
15-Apr	buy	CHTTX	29.72	2,474.7981	73,551	WTIFX	Eqty Wrld	Westcore Intrntl	12.80	3,429.8629	43,902	10%
20-May	sell	YACKX	15.14	2,609.9431	39,515	TBGVX	Eqty Wrld	Twdy Brn Gbl Value	21.69	1,802.2657	39,091	9%
20-May	buy	ASQIX	6.41	4,212.1685	27,000	CHTTX	Eqty M C	Aston Mid Cap	26.71	2,475.7981	66,129	15%
20-May	buy	MRSCX	14.57	1,853.1229	27,000	ASQIX	Eqty SC	Amrcn Cntry Quant	6.55	4,212.1685	27,590	6%
11-Jun	buy	HRVIX	25.13	1,591.7230	40,000	MRSCX	Eqty SC	Marshall SmCap	14.64	1,853.1229	27,130	6%
						HRVIX	Eqty V	Heartland Value	25.13	1,591.7230	40,080	9%
						MM	Money Market		100	104,012.0000	104,012	24%
Total Valuation=											440,544	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
15-Apr	sell	EEM	43.74	1,127.5058	49,317							
15-Apr	buy	TBGVX	22.51	2,190.8975	49,317	BERIX	Hybrid	Berwyn Income	13.11	7,521.3903	98,605	13%
15-Apr	sell	JAOSX	47.38	2,257.9735	106,983	FASIX	Hybrid	Fidelity AstMgr Incm	12.33	6,350.0843	78,297	10%
15-Apr	buy	CHTTX	29.72	3,599.6899	106,983	WTIFX	Eqty Wrld	Westcore Intrntl	12.80	6,860.3857	87,813	11%
20-May	sell	YACKX	15.14	5,219.8862	79,029	TBGVX	Eqty Wrld	Twdy Brn Gbl Value	21.69	2,190.8975	47,521	6%
20-May	buy	ASQIX	6.41	8,580.3432	55,000	CHTTX	Eqty M C	Aston Mid Cap	26.71	3,599.6899	96,148	13%
20-May	buy	MRSCX	14.57	3,774.8799	55,000	ASQIX	Eqty SC	Amrcn Cntry Quant	6.55	8,580.3432	56,201	7%
11-Jun	buy	HRVIX	25.13	1,591.7230	40,000	MRSCX	Eqty SC	Marshall SmCap	14.64	3,774.8799	55,264	7%
						HRVIX	Eqty V	Heartland Value	25.13	1,591.7230	40,080	5%
						MM	Money Market		100	205,857.0000	205,857	27%
Total Valuation=											\$765,785	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
15-Apr	sell	EEM	43.74	727.5058	31,821							
15-Apr	buy	TBGVX	22.51	1,413.6430	31,821	BERIX	Hybrid	Berwyn Income	13.11	3,760.7101	49,303	8%
15-Apr	sell	JAOSX	47.38	2,257.9735	106,983	FASIX	Hybrid	Fidelity AstMgr Incm	12.33	5,013.2255	61,813	10%
15-Apr	buy	CHTTX	29.72	3,599.6899	106,983	WTIFX	Eqty Wrld	Westcore Intrntl	12.80	6,859.7257	87,804	14%
20-May	sell	YACKX	15.14	5,219.8862	79,029	TBGVX	Eqty Wrld	Twdy Brn Gbl Value	21.69	1,413.6430	30,662	5%
20-May	buy	ASQIX	6.41	6,240.2496	40,000	CHTTX	Eqty M C	Aston Mid Cap	26.71	3,599.6899	96,148	15%
20-May	buy	MRSCX	14.57	2,745.3672	40,000	ASQIX	Eqty SC	Amrcn Cntry Quant	6.55	6,240.2496	40,874	6%
11-Jun	buy	HRVIX	25.13	1,193.7923	30,000	MRSCX	Eqty SC	Marshall SmCap	14.64	2,745.3672	40,192	6%
						HRVIX	Eqty V	Heartland Value	25.13	1,193.7923	30,060	5%
						FAGIX	Bond HIYld	Fidelity Cap/Incm	8.82	7,274.8443	64,164	10%
						LKFIX	Bond Flxble	LKCM Fincm	11.18	4,888.5942	54,654	9%
						MM	Money Market		100	85,348.0000	85,348	13%
Total Valuation=											\$641,022	100%

There were no changes last month to the equity-oriented portfolios last month.

All MAAP portfolio performances include an annual 2% management fee expense, as if we managed it for you. All dividends are reinvested.

Market Timing and Asset Allocation

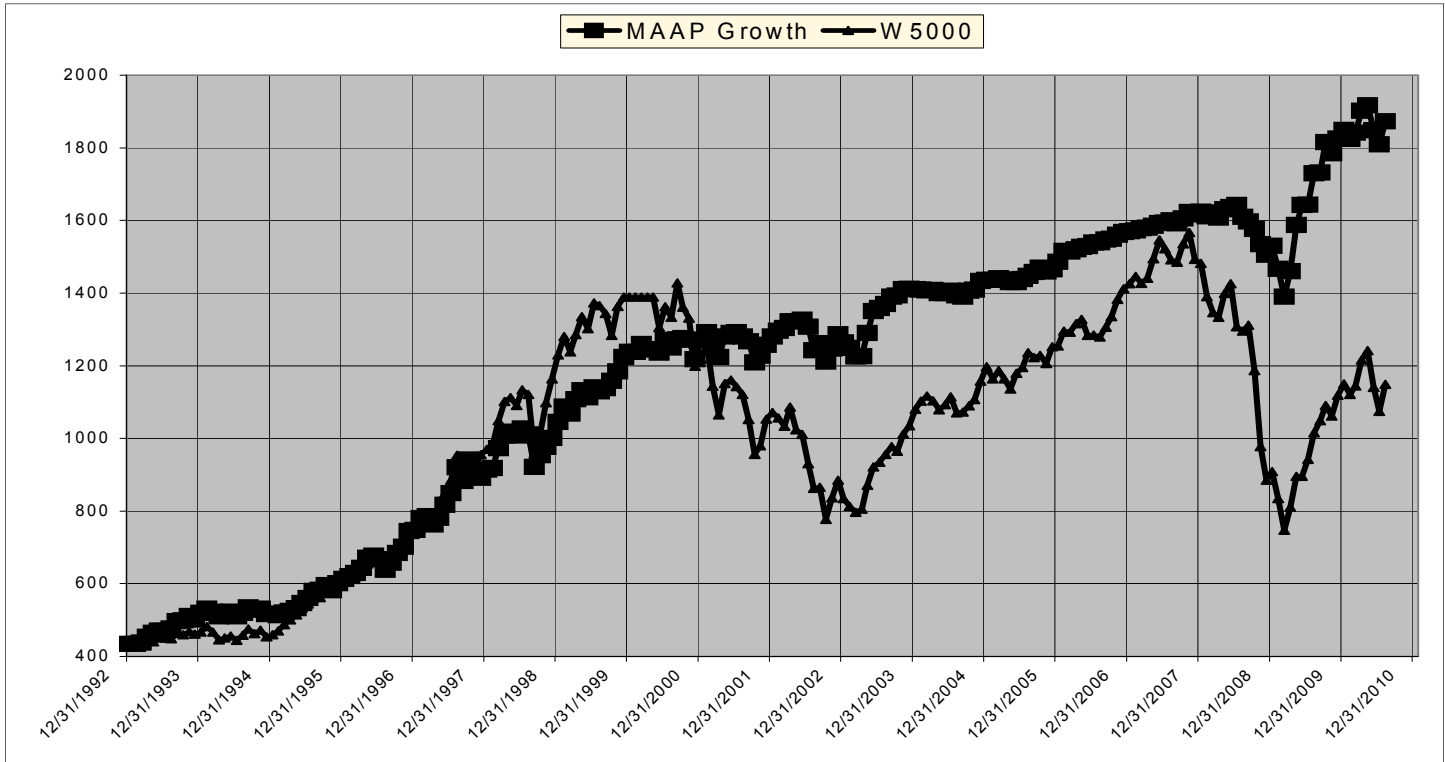
MAAP Growth Portfolio and Wilshire 5000

The chart below shows the MAAP Growth Portfolio (thicker line) and Wilshire 5000 (W5000) from 1/1/93 through 7/31/10, a period of nearly 18 years.

The past doesn't guarantee the future results. Who would have thought as the market soared in its dotcom heyday that 10 years later, we would have witnessed two

major bear markets and the averages be below those highs? While the Wilshire 5000 is still down about 20% from those peaks after 10 years, the MAAP Growth Portfolio is up about 50% from those frothy peaks.

The Hulbert Financial Digest says our fund selecting and market timing both add value.



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

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

STOCK MARKET COMMENTS (SUM: 5 bull, 6 neutral, 1 bear)

US Gov. fiscal policy, **neutral** (more stimulus programs called for).
 Corporate activity **bullish** (insiders accumulating, earnings recovery).
 Economy, **bullish** (still expanding, but very mild).
 Inflation, **neutral**. (overhang; deflation?).
 World input, **bearish** (sovereign debt downgrades, China tightens).
 Housing, **neutral** (signs of stability, yet overhang).
 Investor sentiment, **neutral** (mixed bag).
 Federal Reserve policy, **bullish** (easing still the watchword).
 Market valuation (PE, yield, book), **bullish** (undervalued).
 (22,900 projected on DJ Industrials to fair value, earnings discounted).
 Exogenous events, **neutral** (monitor Israel and Iran).
 Hedge fund/leverage risk, **bullish** (consolidations).
 Technical, **neutral**, (mixed picture)

I expanded and renamed the Terrorism/War category to Exogenous events, one of which would be terrorism, but there are others, like the flash crash in May. Watch for a Special Report on those Black Swan events.

Investor sentiment was fairly quick to shift with the market's rally last month. I have downgraded this contrarian input to neutral from bullish.

The main stimulus to both the economy and stocks, low interest rates, remains bullish. The Fed in fact came out last month and reassured us that they are ever vigilant to take the necessary steps to maintain liquidity. In turn, this makes the market appear even cheaper, given the strong rebound in corporate earnings. Fair value is now projected to nearly 23,000 on the Dow Industrials or roughly 100% more than from where it is trading currently.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	% RETURNS FROM THE PAST X MONTHS THRU 7/31/10					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2009	2008	2007	2006	2005	2004
DJ Wilshire 5000	13.26	8.23	2.54	-7.38	6.91	4.3	11492.90	-	26.52	-36.68	3.94	13.72	8.24	10.85
Dow Jones Industrials	14.11	7.75	3.96	-4.93	7.08	3.8	10465.90	-	18.82	-33.84	6.43	16.29	-0.61	3.15
Standard & Pooors 500	11.56	6.31	2.58	-7.17	6.88	4.2	110160	-	23.45	-38.49	3.53	13.62	3.00	8.99
Russell 2000	16.92	15.66	8.11	-9.17	6.79	5.6	650.89	-	25.22	-34.80	-2.75	17.00	3.32	17.00
Dow Jones World Index	10.05	3.42	0.92	-5.71	7.90	4.5	22115	-	31.97	-42.85	8.43	18.52	9.41	14.43
Gold/Sliver Index (XAU)	14.20	8.35	14.73	-5.19	-4.45	9.3	169.72	-	35.85	-28.54	21.84	11.11	28.87	4.65
Dow Jones Ttl Bond	11.98	7.88	6.26	3.76	2.19	1.7	265.50	-	17.89	1.80	5.24	3.70	1.40	3.99
Small Cap	18.07	14.33	7.56	-7.96	6.18	5.3	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.	31.86	-39.13	-3.52	7.20	2.63	11.74	
Mid Cap	17.51	12.14	5.99	-7.06	6.54	5.0		35.93	-41.93	6.00	6.79	8.38	12.96	
Large Cap	12.92	7.49	3.31	-7.35	6.72	4.6		33.01	-39.89	5.81	6.11	5.75	13.34	
Value	13.91	7.72	3.20	-7.22	6.49	4.5		30.13	-37.96	-6.44	10.08	3.66	11.26	
Contrary	-9.88	-9.17	-5.93	0.32	-1.07	4.6		-5.99	5.36	-1.11	-1.99	5.78	3.11	
World Growth	10.56	3.71	3.00	-3.59	8.90	5.1		37.01	-47.03	x	x	13.07	17.11	
Growth/Income	11.34	6.47	2.51	-6.80	6.01	4.1	For more information about these model portfolios, please see pages five and six.	25.16	-36.20	0.47	9.82	4.23	10.24	
Bond Long	5.08	3.74	7.51	7.13	-0.05	2.4		-8.70	11.91	6.19	2.75	10.32	8.43	
Bond High Yield	9.83	4.79	2.15	-1.14	2.81	2.0		30.64	-23.05	x	8.84	5.76	6.63	
Bond World	5.63	0.67	2.62	1.81	3.82	2.0		10.54	-7.34	4.74	5.65	7.40	9.07	
MAAP Aggrsv Grth	7.82	4.76	2.52	-2.61	3.70	2.4	For more information about these model portfolios, please see pages five and six.	21.35	-10.73	4.30	9.95	7.20	0.57	
MAAP Growth	8.25	4.91	2.65	-2.33	3.49	2.3		20.83	-5.75	3.39	5.66	3.50	1.53	
MAAP Balanced	11.70	6.41	3.62	-2.06	4.11	2.6		24.69	-13.09	3.17	7.59	2.01	5.88	
MAAP Income	6.10	3.79	2.92	1.14	1.21	0.6		5.60	-4.78	4.32	2.80	-1.86	1.90	

Funds and MAAP portfolio data include dividend reinvestment. Market data does not include dividends, except for T-Bond Index. (MAAP performance includes a simulated 2% fee deduction as if the portfolio was managed. Subscribers may generally add 2% to the numbers.)

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. And 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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