



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	34.9
Boston Prtn Lng/Shrt Eqty	BPLEX	EC	27.6
Berwyn Income	BERIX	HGI	20.6
Yacktman Focused	YAFFX	EV	19.5
Yacktman	YACKX	EV	19.3
FBR SmCap Fincl	FBRSX	EA	18.2
Kinetics Paradigm	WWWFX	EA	17.7
Aegis Value	AVALX	EV	17.3
Price New Asia	PRASX	EWR	17.0
Legg Mason Spcl Invest	LMASX	ELC	16.9
Vanguard Cap Value	VCVLX	EGI	16.8
TCW Gal SmallCap Grth	TGSNX	ESC	16.7
Legg Mason Opp	LMOPX	EMC	16.7
Westcore Intrntl	WTIFX	EW	16.7
Alpine Intl Real Estate	EGLRX	ERE	16.4
Oakmark International	OAKIX	EW	16.2
Flex Quantex	FLCGX	ELC	16.2
Pin Oak Aggrsv Stk	POGSX	EA	15.9
Merger Fund	MERFX	EC	15.6
Fidelity Small Cap Stock	FSLCX	ESC	15.2
Oakmark Intrntl Small Cap	OAKEX	EW	15.2
Matthews Pacific Tiger	MAPTX	EWR	15.0
Matthews China	MCHFX	EWR	14.7
Fidelity Asset Manager Income	FASIX	HA	14.5
Buffalo Science Tech	BUFTX	EA	14.5
Buffalo Small Cap	BUFSX	ESC	14.4
Artisan Intl SmCap	ARTJX	EW	14.3
Skyline Special Equity II	SKSEX	ESC	14.2
Metzler/Payden Emrg Mkt	MPYMX	EW	14.2
Price Science & Technology	PRSCX	EA	14.1
Preferred Intrntl Value	PFIFX	EW	14.1
Fidelity Pacific Basin	FPBFX	EWR	14.1
Price Mid Value	TRMCX	EV	14.0
TCW Gal Core FI	TGFNX	BI	13.8
Fidelity New Markets Income	FNMIX	BW	13.1
Managers Gbl Bond	MGBGX	BW	13.0
Fidelity Cap/Incm	FAGIX	BH	12.8
Harbor Bond	HABDX	BF	12.1
USAA Intrm Bond	USIBX	BI	11.9
Marshall Intm Bond	MAIBX	BI	11.9
Buffalo High Yld	BUFHX	BH	11.7

History Lessons

The current economic and stock market plunges have been compared to the Great Depression in numerous ways by many different folk. In this article, I want to touch on an angle that I haven't heard mentioned. It is the relationship of our money to government reacting-to-crisis. Who owns what? Has it been reported? What is the value?

Back then, there was this:

"All safe deposit boxes in banks or financial institutions have been sealed... and may only be opened in the presence of an agent of the I.R.S." - President F.D. Roosevelt, 1933

Today our safety deposit boxes probably don't hold what they used to, but if you have a secret Swiss bank account, you too may be meeting an agent of the I.R.S.

At the same time safety deposit boxes were sealed, FDR banned the export of gold, halted the convertibility of dollars to gold, established a daily pricing, and ordered citizens to turn in all of their gold, making ownership illegal.

It wasn't until December, 1974 with the new President Gerald Ford, who had taken the reins from the resigning Richard Nixon on 8/8/74, that owning gold was legal once again for Americans.

With that apparent pent-up demand, it was only a short five years later that gold hit an all-time new high of \$870. That price would remain the high water mark for 18 years until 3/17/08 when it hit \$1,011 in the current financial debacle.

As to the stock market, two years after that first high mark for gold in 1980, it began its historic bull market ascent from 1982 through the Crash of '87 to the 2000 bubble top, burst, recovery, and 2009 plunge.

What had preceded that ascent was after the stock market soared from its lows in December, 1974, the market entered into a broad sideways malaise from roughly 1976 through 1982, until stocks became incredibly cheap by all measures (yield, PE, price to book, cash flow).

Bringing this to today's action, we might apply a couple of thoughts.

One gold may indeed go sideways for the next 10-20 years.

Two stocks may also go sideways for the next six to seven years.

So, keep a trading mentality (buy low and sell high) until things are very cheap again.

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AROUND THE CAMPFIRE

Birds do it. Beavers do it. Probably other animals do it too, but those two are the only ones I've heard do it.

As they remove themselves from some perceived danger, they also at the same time they take flight warn the other animals with a clear, crisp sounding.

Interest Rates and Bond Prices

With all of the talk of economic improvement, one thing we are not seeing is confirmation of that by the bond market. Bond yields continue to fall and prices to rise (the normal inverse relationship).

The point is well made. The economy is not necessarily expanding or growing, but simply not deteriorating into the feared depression like it was. The fiscal and monetary stimulus has helped.

There is still slack in the economy and so, bond yields continue to come down.

At the same time, the stimulus has not raised the reality of inflation. Again, if inflation was a problem, yields would not be falling.

The Bond Model is bullish.



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 Model is still bullish, but don't want to aggressively chase the yields here. Wait for a pullback.

MONTHLY ACTIVITY

MONTH ENDING: 8/31/2009

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 GNM A	11.43	1,777.7778	20,320	10%
						PYGNX	Bond Gov	Payden GNM A	10.22	1,962.7085	20,059	9%
						LKFIX	Bond Fxble	LKCM Fincm	10.89	1,906.5777	20,763	10%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	7.64	3,314.9171	25,326	12%
						MM	Money Market		100	126,879.0000	126,879	59%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=											213,346	100%

MAAP: Aggressive Growth, Growth, and Balanced

PREVIOUS ACTIVITY						TO MONTH ENDING: 8/31/2009			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	
10-Aug	sell	Royce Spcl Eqty	16.06	3,798.0995	60,997								
10-Aug	buy	Yacktman	13.59	2,575.4231	35,000	BERIX	Hybrid	Berwyn Income	12.26	3,530.4501	43,283	10%	
10-Aug	buy	Westcore Intrntl	10.32	3,391.4729	35,000								
17-Aug	sell	EEM	34.47	927.5058	31,971	EEM	Eqty Wrld	Emrg Mrkt ETF	35.31	927.5058	32,750	8%	
17-Aug	sell	FMIMX	19.60	618.819	12,129	JAOSX	Eqty Wrld	Janus Overseas	38.03	1,552.3568	59,036	14%	
						WTIFX	Eqty Wrld	Westcore Intrntl	10.88	3,391.4729	36,899	9%	
						BUFSX	Eqty SmlCap	Buffalo Small Cap	21.60	1,226.2416	26,487	6%	
						FMIMX	Eqty SmlCap	FMI Com Stk	20.22	618.819	12,512	3%	
						YACKX	Eqty Value	Yacktman	13.77	2,575.4231	35,464	9%	
						MM	Money Market		100	167,079.0000	167,079	40%	
											Total Valuation=	\$413,511	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	
10-Aug	sell	Royce Spcl Eqty	16.06	8,835.0730	141,891								
10-Aug	buy	Yacktman	13.59	5,150.8462	70,000	BERIX	Hybrid	Berwyn Income	12.26	7,060.9003	86,567	12%	
10-Aug	buy	Westcore Intrntl	10.32	6,782.9457	70,000								
17-Aug	sell	EEM	34.47	1,127.5058	38,865	EEM	Eqty Wrld	Emrg Mrkt ETF	35.31	1,127.5058	39,812	6%	
17-Aug	sell	FMIMX	19.60	1,237.6238	24,257	JAOSX	Eqty Wrld	Janus Overseas	38.03	2,257.9735	85,871	12%	
						WTIFX	Eqty Wrld	Westcore Intrntl	10.88	6,782.9457	73,798	10%	
						BUFSX	Eqty SmlCap	Buffalo Small Cap	21.60	2,452.4831	52,974	7%	
						FMIMX	Eqty SmlCap	FMI Com Stk	20.22	1,237.6237	25,025	3%	
						YACKX	Eqty Value	Yacktman	13.77	5,150.8462	70,927	10%	
						MM	Money Market		100	283,047.0000	283,047	39%	
											Total Valuation=	\$713,021	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	
10-Aug	sell	Royce Spcl Eqty	16.06	8,835.0730	141,891								
10-Aug	buy	Yacktman	13.59	5,150.8462	70,000	BERIX	Hybrid	Berwyn Income	12.26	3,530.4501	43,283	7%	
10-Aug	buy	Westcore Intrntl	10.32	6,782.9457	70,000								
17-Aug	sell	EEM	34.47	727.5058	25,077	EEM	Eqty Wrld	Emrg Mrkt ETF	35.31	727.5058	25,688	4%	
17-Aug	sell	FMIMX	19.60	618.819	12,129	JAOSX	Eqty Wrld	Janus Overseas	38.03	2,257.9735	85,871	15%	
						WTIFX	Eqty Wrld	Westcore Intrntl	10.88	6,782.9457	73,798	13%	
						BUFSX	Eqty SmlCap	Buffalo Small Cap	21.60	1,226.2416	26,487	5%	
						FMIMX	Eqty SmlCap	FMI Com Stk	20.22	618.819	12,512	2%	
						YACKX	Eqty Value	Yacktman	13.77	5,150.8462	70,927	12%	
						FAGIX	Bond HIYld	Fidelity Cap/Incm	7.64	6,629.8343	50,652	9%	
						LKFIX	Bond Fixble	LKCM Fincm	10.89	4,766.4442	51,907	9%	
						MM	Money Market		100	143,839.0000	143,839	25%	
											Total Valuation=	\$584,965	100%

The EEM etf has begun lagging its peers. So I will look to exit this position this month. Please monitor your email for Hotline 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

Weekly GLD (gold) ETF from 04/07 through 08/09

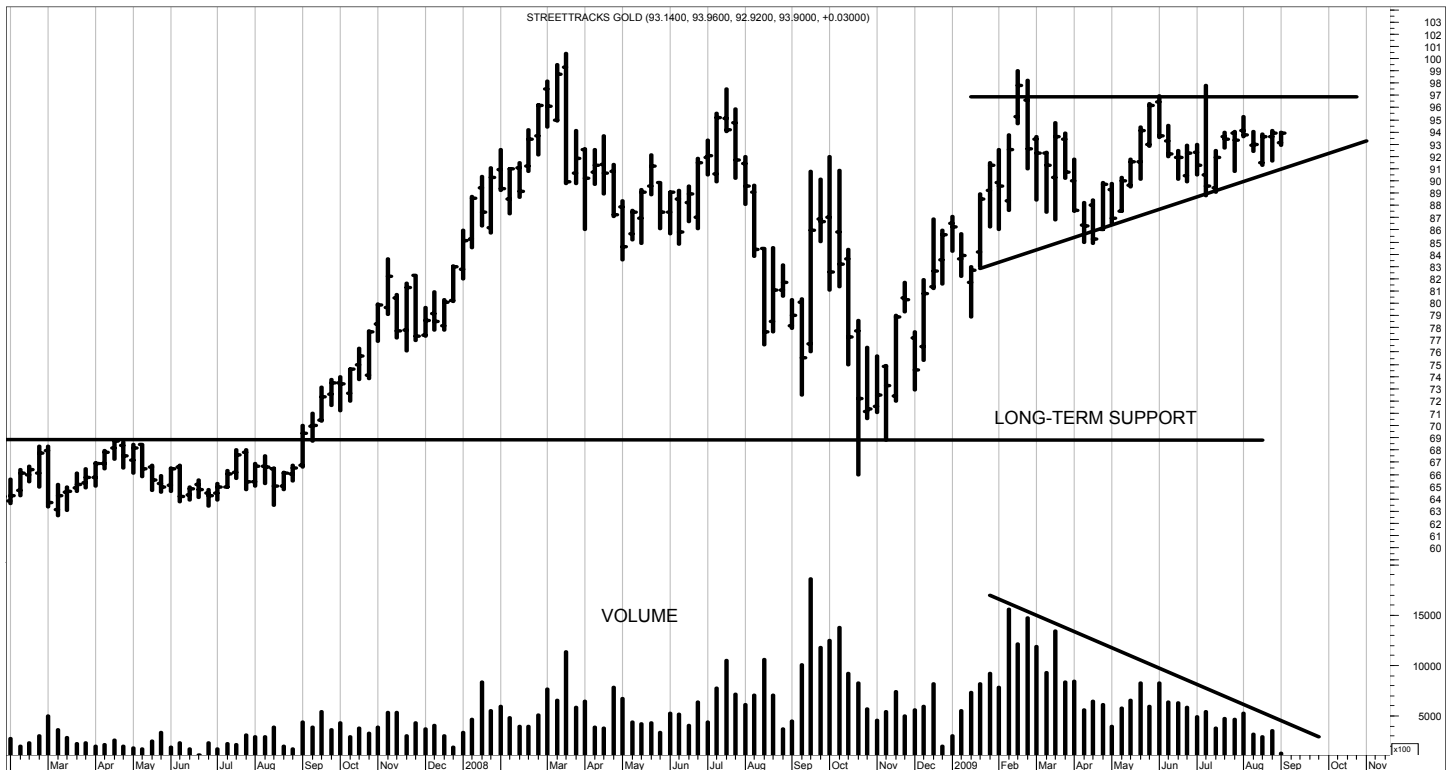
Since I talk about gold in the page one article, here is the chart showing the weekly price of the ETF GLD that seeks to track the price of gold bullion. You can see the all-time peak set in March 2008 as financial institutions began to implode.

What is interesting, given perfect hindsight, is the price run up that preceded that peak. Obviously? someone

thought there was trouble brewing underneath the calm.

GLD is managed by State Street. They report that YTD GLD has had the largest inflow of the 77 ETFs they manage. July, however, had the largest net outflow of any of their funds.

The price is tracing out a triangle pattern that normally is followed by either a huge jump or plunge.



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, 8 neutral, 0 bear)

US Gov. fiscal policy, **bullish** (bailouts to banks, homeowners, co's).
Corporate activity **neutral** (buy backs, dividends, mergers).
Economy, **neutral** (worst appears over).
Inflation, **neutral**. (commodities' overhang)
Oil prices, **neutral** (supply and demand equalizing).
Housing, **neutral** (affordability index at highs).
Investor sentiment, **neutral** (too many have jumped on bandwagon).
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** (monitor Israel and Iran).
Hedge fund/leverage risk, **neutral** (lower leverage selling subsided).
Technical, **bullish**, (breaks to new recovery highs).

The stock market continues to recover. As a consequence, investors are beginning to jump again on the band wagon. Sentiment measures this as a contrary indicator. When folks are too bearish, it means it is bullish and prices should recover. When folks are too bullish, it means it is bearish and prices should fall.

This indicator has moved all over the place, from recording very bearish readings at the lows, which is bullish, to recording bullish readings on the recovery, which is bearish. Currently it has moved from bullish to neutral.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 8/31/09					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2008	2007	2006	2005	2004	2003
DJ Wilshire 5000	-20.11	18.43	40.30	11.45	3.34	6.9	10485.50	-	-36.68	3.94	13.72	8.24	10.85	29.44
Dow Jones Industrials	-17.73	7.56	34.45	11.72	3.54	6.0	9496.28	-	-33.84	6.43	16.29	-0.61	3.15	25.32
Standard & Pooors 500	-20.44	13.88	38.84	11.04	3.36	6.6	1020.62	-	-38.49	3.53	13.62	3.00	8.99	26.38
Russell 2000	-22.64	20.91	47.05	14.05	2.76	8.4	572.07	-	-34.80	-2.75	17.00	3.32	17.00	45.37
Dow Jones World Index	-17.99	25.98	47.60	12.11	3.79	7.8	208.58	-	-42.85	8.43	18.52	9.41	14.43	33.42
Gold/Sliver Index (XAU)	-1.46	44.74	23.44	-8.19	-1.06	14.2	147.04	-	-28.54	21.84	11.11	28.87	4.65	19.89
Dow Jones Ttl Bond	16.47	24.37	16.37	9.07	1.44	3.0	240.52	-	180	5.24	3.70	1.40	3.99	2.20
Small Cap	-20.43	24.27	42.65	12.03	2.54	7.7	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.		-39.13	-3.52	7.20	2.63	11.74	39.43
Mid Cap	-19.10	27.26	42.97	11.35	3.21	7.4			-41.93	6.00	6.79	8.38	12.96	33.65
Large Cap	-17.53	23.09	39.63	10.42	2.76	6.7			-39.89	5.81	6.11	5.75	13.34	27.54
Value	-15.73	22.93	44.60	11.82	4.00	7.2			-37.96	-6.44	10.08	3.66	11.26	27.18
Contrary	-11.29	-7.38	-7.36	-6.17	-1.47	6.3			5.36	-1.11	-1.99	5.78	3.11	0.47
World Growth	-12.05	-8.22	-7.92	-6.55	-1.58	6.5	For more information about these model portfolios, please see pages five and six.		-47.03	x	x	13.07	17.11	34.67
Growth/Income	-18.07	16.17	35.09	9.70	2.68	6.3			-36.20	0.47	9.82	4.23	10.24	23.46
Bond Long	4.47	4.60	3.80	3.93	1.25	3.6			1191	6.19	2.75	10.32	8.43	8.64
Bond High Yield	-3.64	28.04	19.09	6.65	0.21	4.1			-23.05	x	8.84	5.76	6.63	16.24
Bond World	3.33	16.89	12.62	4.33	1.03	3.1			-7.34	4.74	5.65	7.40	9.07	11.56
MAAP Aggrsv Grth	6.56	17.30	26.16	6.48	1.21	3.0			-10.73	4.30	9.95	7.20	0.57	15.03
MAAP Growth	9.91	16.66	26.34	6.94	1.50	2.9			-5.75	3.39	5.66	3.50	1.53	11.56
MAAP Balanced	4.50	18.64	28.19	8.19	1.93	3.5			-13.09	3.17	7.59	2.01	5.88	12.57
MAAP Income	-2.26	3.18	3.48	1.74	0.43	0.7			-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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