



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	53.6
US Gbl Invstrs China Rgn	USCOX	EWR	50.3
Matthews China	MCHFX	EWR	50.0
Fidelity Southeast Asia	FSEAX	EWR	47.1
CGM Focus	CGMFX	EA	46.3
Price New Asia	PRASX	EWR	44.9
SIT Dvlping Mkts Grth	SDMGX	EWR	41.1
SSgA Emrg Mkt	SSEMXX	EWR	40.4
Janus Twenty	JAVLX	EMC	39.8
Legg Mason Emrg Mkt	LMEMX	EW	39.6
CGM Mutual Fund	LOMMX	HGI	39.5
Janus Orion	JORNX	EMC	38.3
AmCent Vista Investors	TWCVX	ESC	37.9
AmCent Hertz Investors	TWHIX	EMC	37.8
Fidelity Global Balanced	FGBLX	HGI	37.3
Harbor International Growth	HAIGX	EW	37.3
Fidelity Emrg Mkt	FEMKX	EW	37.1
AmCent Emrg Mkt	TWMIX	EW	37.0
Price Emrg Mkt Stk	PRMSX	EW	37.0
Wells Fargo Emrg Mkt	MNEFX	EW	36.8
Chase Grth	CHASX	ELC	36.4
Driehaus Intl Dis	DRIDX	EW	36.3
Price New Era	PRNEX	EC	36.0
Spectra N	SPECX	ELC	36.0
AmCent Veedot	AMVIX	ESC	35.9
ABN AMRO Mntg Balncd	MOBAX	HB	35.8
SIT Mid Cap	NBNGX	EMC	35.8
ABN AMRO Mntg Grth	MCGFX	ELC	35.6
Kinetics Internet	WWNPX	EA	35.5
Fidelity Independence	FDFFX	ELC	35.2
Fidelity Overseas	FOSFX	EW	35.0
SIT Small Cap Grth	SSMGX	ESC	34.8
Bonnet Grth	ACBGX	EMC	34.8
x	x	x	x
Legg Mason High Yield	LMHYX	BH	22.4
Prudent Gbl Incm	PSAFX	BW	18.6
Price International Bond	RPIBX	BW	12.2
Loomis Sayles Bond	LSBRX	BF	10.8
AmCent Intl Bond	BEGBX	BW	9.7
Vanguard ST Trsry	VFISX	BS	7.3
Amrcn Bcn Intm Bond	AAPAX	BI	7.2

Fall Ahead

The bull market caught another wind last month and extended its five-year gains with the Dow Industrial rising to new highs. It is up about 12% for the year to date through 9/30. Other indexes are up as well, including the international index, which is also up about 12% year to date.

All of the mutual fund groups we track are also up nicely, except for the contrary group (EC), which is what you might expect. The contrary group should generally move either inversely to or independent of the market averages. For example, the Merger Fund is in this category; it moves independently of the market since it focuses on announced, but not yet completed mergers and acquisitions. The Rydex URSA fund, which moves inversely to the S&P 500, is also in this group.

The international funds, both the regional (EWR) like China and diversified (EW), and the domestic large cap funds (ELC) continue to dominate the top 5% by C list to the left.

Because of their relatively low risk and decent performance, there are also a few hybrids (Hx) or balanced funds on the list.

These funds combine cash, stocks and bonds in varying percentages.

As might be expected, within those top overall groups, there are certain noteworthy funds that have fantastic performance numbers, most notably those that have been invested in China. The Matthews China Fund (MCHFX) for example is up over 100% for the last 12 months.

The trick of course with such huge gains is not to overstay number one and number two don't fall into the turkey trap. The turkey trap is when you set a gain percentage, watch as it closes in, falls away, closes in, falls away, and away, and away, and never take your profits since they weren't as good as they once were.

As long-term subscribers know, this is the time we ask for any funds you might own that we are not yet tracking. Please email them (fund name and ticker) to me at SMcKee@InvestmentST.com.

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AROUND THE CAMPFIRE

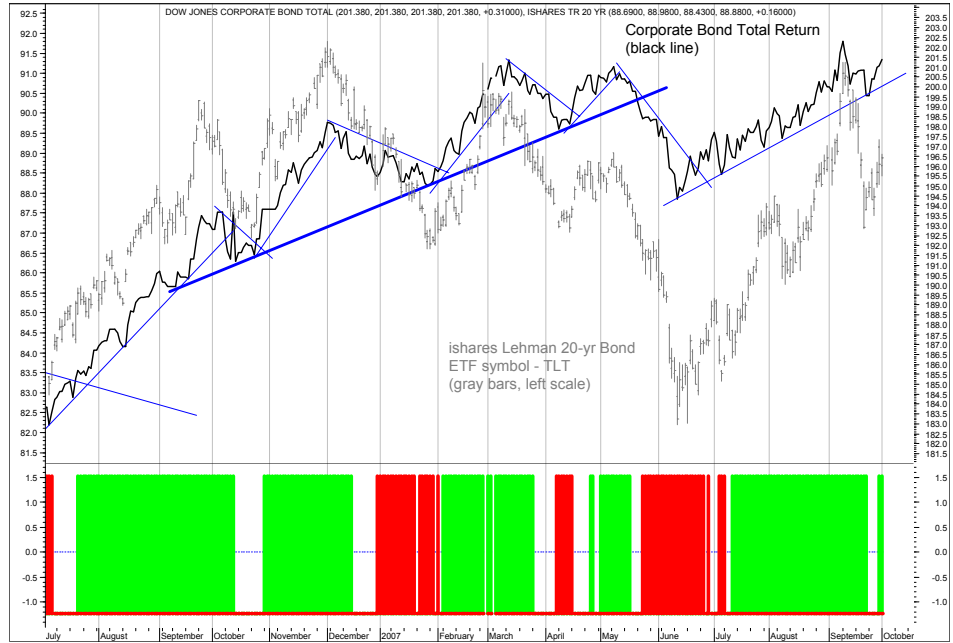
Flipping through the channels while waiting for the Cowboy and Bills game, I happened upon Dancing With The Stars, and there was Mark Cuban who had just finished his routine and the judges were, well, judging. So here's this dot-com billionaire and they're giving him some pointers and telling him his timing is off. What irony.

Interest Rates and Bond Prices

The SLM Bond Timing Model remains bullish for now, suggesting lower interest rates and higher bond prices ahead. To confirm this trend, you can see the primary price trend line heading up on the chart to the right.

The recent bond weakness is an opportunity to buy more income oriented no-load funds as indicated in the Portfolio below.

The greatest risk now is for the economy to roll over into a severe recession induced by more problems in the housing sector as it relates to consumers. However, the data so far does not indicate that consumers broadly will be impacted by the slowdown. The economy, although it may not grow by more than 2%, also should not contract.



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 10/15, buy \$30,000 (roughly 15% of the total portfolio) of Amrcn Century Intrntl Bond (BEGBX).

MONTHLY ACTIVITY

MONTH ENDING:

9/30/2007

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
10-Oct	buy	Fidelity Cap/Incm	0.00	30,000		PSAFX	Bond Wrld	Prudent Gbl Incm	13.30	3,878.9760	51,590	24%
						FAGIX	Bond HiYld	Fidelity Cap/Incm				
							MM	Money Market	100	163,655.0000	163,655	76%
							MM	Margin Loan	-100	-	-	0%
Total Valuation=											215,245	100%

MAAP Growth and Balanced Portfolios

MONTHLY ACTIVITY
MONTH ENDING: 9/30/2007
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
10-Oct	sell	AmCent Eqty Incm		3,775.7437	-							0%
10-Oct	buy	Janus Orion			30,000	MIDSX	Gold	Midas	5.42	6,246.9607	33,859	9%
						TWEIX	Eqty G/I	AmCent Eqty Incm	8.99	3,775.7437	33,944	9%
						SPECX	Eqty LrgCap	Spectra N	1126	1646.0905	18,535	5%
						OAKGX	Eqty Wrld	Oakmark Global	28.08	1217.2630	34,181	9%
						JORNX	Eqty MidCap	Janus Orion				
						RYURX	Contrary	Rydex Ursa	36.10	17012739	61416	15%
							MM	Money Market	100	24,463.0000	24,463	54%
Total Valuation=											\$396,397	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-Oct	sell	AmCent Eqty Incm		3,775.7437	-	MIDSX	Gold	Midas	5.42	3,759.3985	20,376	3%
10-Oct	buy	Janus Orion			30,000	TWEIX	Eqty G/I	AmCent Eqty Incm	8.99	3,775.7437	33,944	5%
						SPECX	Eqty LrgCap	Spectra N	1126	1234.5679	13,901	2%
						OAKGX	Eqty Wrld	Oakmark Global	28.08	1217.2630	34,181	5%
						JORNX	Eqty MidCap	Janus Orion				
						RYURX	EqtyContry	Rydex Ursa	36.10	1169.2560	42,210	6%
							MM	Money Market	100	512,058.0000	512,058	78%
Total Valuation=											\$656,670	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-Oct	buy	Fidelity Cap/Incm	0.00		60,000	MIDSX	Gold	Midas	5.42	3,759.3985	20,376	4%
10-Oct	sell	AmCent Eqty Incm		3,775.7437		TWEIX	Eqty G/I	AmCent Eqty Incm	8.99	3,775.7437	33,944	6%
10-Oct	buy	Janus Orion			30,000	SPECX	Eqty LrgCap	Spectra N	1126	1234.5679	13,901	2%
						OAKGX	Eqty Wrld	Oakmark Global	28.08	1217.2630	34,181	6%
						JORNX	Eqty MidCap	Janus Orion				
						FAGIX	Bond HiYld	Fidelity Cap/Incm				
							MM	Money Market	100	474,222.0000	474,222	82%
Total Valuation=											\$576,624	100%

Take action as noted above upon receipt.

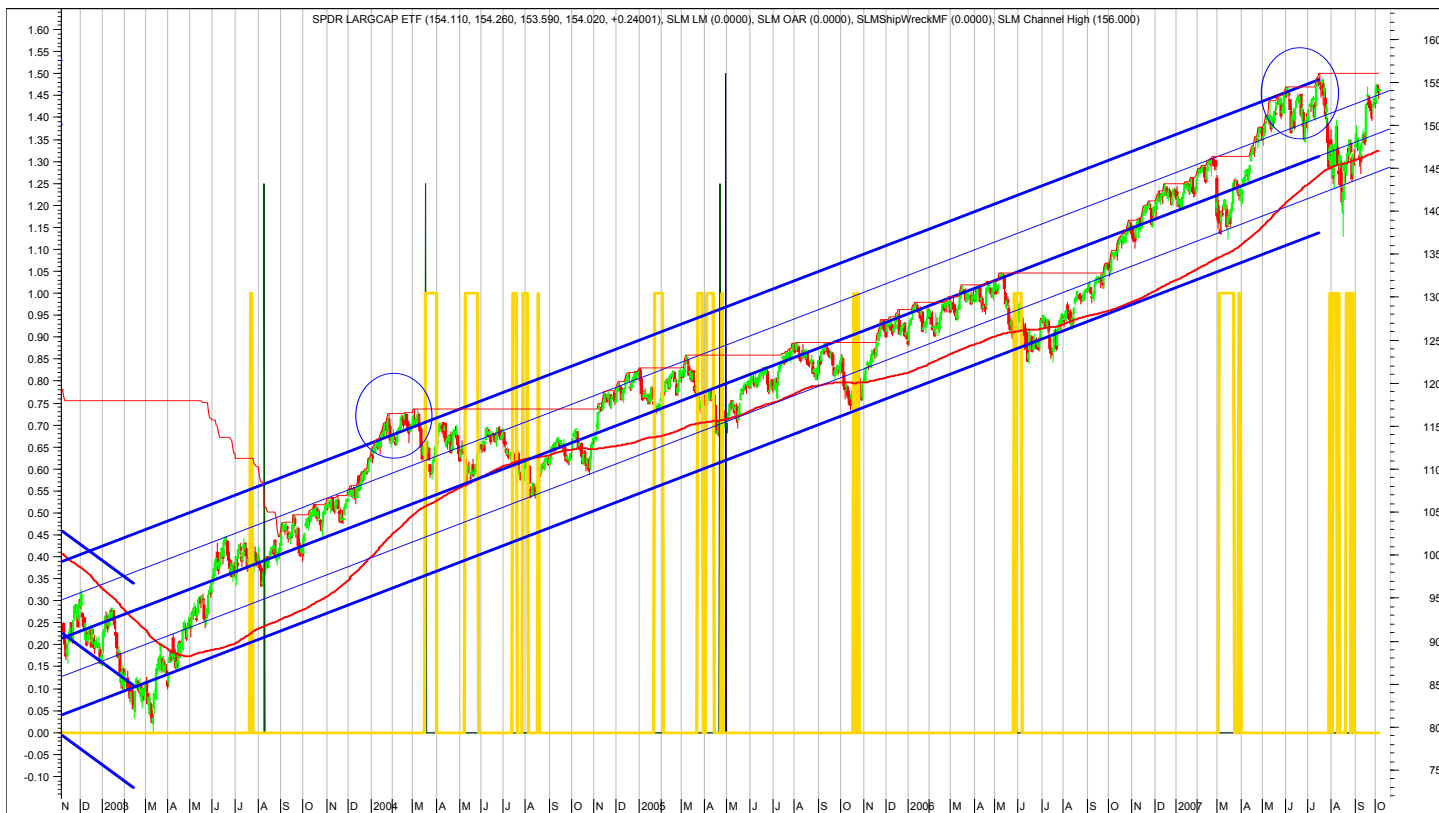
All MAAP portfolio performances include a separate annual 2% management fee expense (the fee we would charge to manage it). All dividends are reinvested.

Market Timing and Asset Allocation

S&P 500 Bull Market

The chart below is of the S&P 500. It shows the current five-year long bull market that has followed the brutal bear market after the popping of the dot-com bubble from the peak in 2000 to the lows in late 2002.

As I have mentioned before, in comparing this bull market with others from the last 50 years, it is longer than average in duration, though lower in magnitude. Perhaps the exuberance is still tempered from what happened six years ago.



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.
- Inflation, neutral (below Fed range).
- Oil prices, neutral (should decline into winter).
- Housing, bearish.
- Investor sentiment, neutral.
- Federal Reserve policy, neutral.
- Market valuation (PE, yield, book), neutral.
- Terrorism risk, neutral.
- Hedge fund risk, bearish (leverage problem).

The market has rallied off its oversold condition back into overbought territory.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 8/31/07					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2006	2005	2004	2003	2002	2001
DJ Wilshire 5000	15.11	7.75	6.61	1.00	3.46	2.2	15362.00	-	13.72	8.24	10.85	29.44	-22.08	-12.06
Dow Jones Industrials	18.98	11.49	12.47	3.63	4.03	2.3	13895.60	-	16.29	-0.61	3.15	25.32	-16.76	-7.10
Standard & Pooors 500	14.29	7.65	7.45	1.56	3.58	2.2	1526.75	-	13.62	3.00	8.99	26.38	-23.37	-13.04
Russell 2000	11.01	2.26	0.59	-3.39	1.59	2.5	805.45	-	17.00	3.32	17.00	45.37	-2158	103
Dow Jones World Index	21.00	11.38	8.65	2.09	4.74	2.0	309.08	-	18.52	9.41	14.43	33.42	-20.73	-16.58
Gold/Sliver Index (XAU)	31.40	18.63	23.17	24.13	19.88	5.4	168.75	-	11.11	28.87	4.65	19.89	25.57	128
Dow Jones Ttl Bond	4.13	2.86	0.83	1.89	0.53	1.0	20107	-	3.70	1.40	3.99	2.20	11.96	6.77
Small Cap	16.96	8.76	5.41	-1.23	2.28	2.5	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.	7.20	2.63	11.74	39.43	-2196	-6.21	
Mid Cap	22.38	14.65	10.53	2.69	4.43	2.5		6.79	8.38	12.96	33.65	-2189	-1103	
Large Cap	18.24	11.72	9.99	3.43	4.45	2.3		6.11	5.75	13.34	27.54	-2175	-13.19	
Value	13.88	6.31	4.61	-1.46	2.24	2.4		10.08	3.66	11.26	27.18	-15.61	2.30	
Contrary	-0.06	0.36	-1.12	-1.09	-1.12	2.1		-1.99	5.78	3.11	0.47	9.99	2.83	
World Growth	-0.43	0.07	-1.35	-1.23	-1.21	2.2	x	13.07	17.11	34.67	-15.76	-19.89		
Growth/Income	15.83	8.58	7.08	0.82	2.98	2.2	9.82	4.23	10.24	23.46	-18.22	-7.76		
Bond Long	3.11	2.14	1.15	2.97	-0.02	1.8	2.75	10.32	8.43	8.64	6.73	2.45		
Bond High Yield	x	x	0.96	0.44	1.63	2.5	8.84	5.76	6.63	16.24	-7.55	-4.73		
Bond World	6.55	3.95	2.61	3.13	1.96	1.2	5.65	7.40	9.07	11.56	10.56	1.48		
MAAP Aggrsv Grth	4.26	2.62	1.91	1.13	1.91	1.1	For more information	9.95	7.20	0.57	15.03	-4.93	1.42	
MAAP Growth	3.59	2.25	1.64	0.76	0.92	0.3	about these model	5.66	3.50	1.53	11.56	-1.22	0.75	
MAAP Balanced	6.17	2.80	2.21	0.91	1.29	0.5	portfolios, please	7.59	2.01	5.88	12.57	0.09	-0.56	
MAAP Income	3.63	2.21	1.23	0.13	0.00	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.

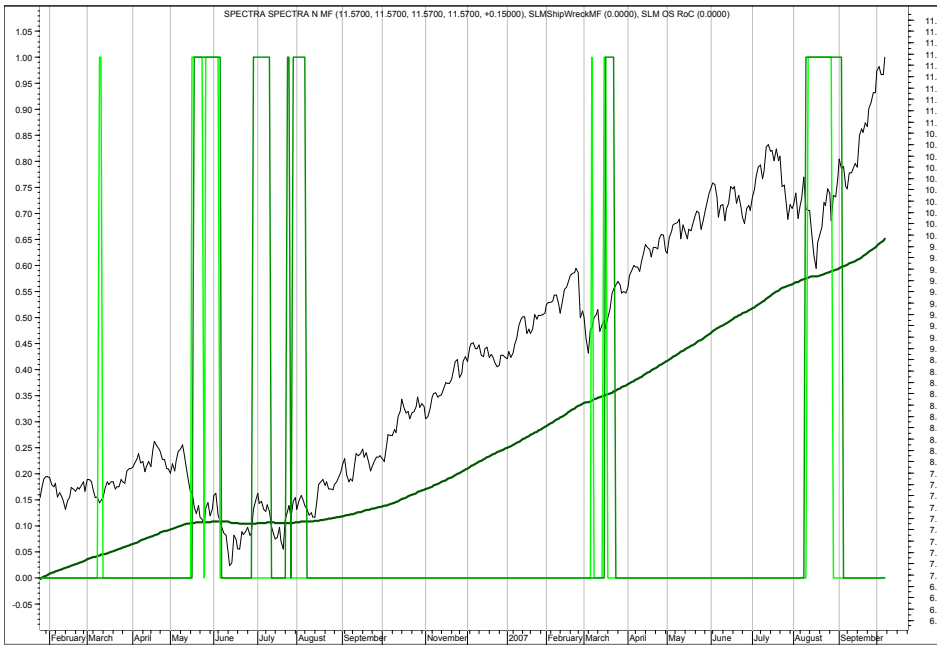
The fund dropped out of the top 20% at the end of January 2005. Even though the timing model remained bullish, the fund was sold. It would not have been rebought in July 2005 with the timing model buy because the fund was not in the top 5% at the time of the buy signal. It could have been bought in May.

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.





These funds are currently in the top 5%. The 200-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 SPECX, Spectra Growth Fund.

The middle chart is FCVSX, Fidelity Convertible Fund.

The bottom chart is JAVLX, Janus 20 Fund.

