



# 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
Price Japan	PRJPX	EWR	34.7
Boston Prtn Lng/Shrt Eqty	BPLEX	EC	30.2
Fidelity Japan	FJPNX	EWR	27.7
x	x	x	x
Price Latin America	PRLAX	EWR	25.8
Analytic Defensive	ANDEX	EGI	23.5
Fidelity Latin America	FLATX	EWR	23.5
Commonwealth Japan	CNJFX	EWR	23.3
Crtd Suisse Japan	WPJGX	EWR	23.1
Transamerica Focus	TPAGX	EA	21.3
Fidelity Pacific Basin	FPBFX	EWR	20.9
Transamerica Eqty	TEQUX	ELC	20.8
Price Gbl Stk	PRGSX	EW	20.6
Third Ave Value	TAVFX	EV	20.5
Transamerica Grth Opp	TPSCX	EMC	20.5
Vanguard Pacific Index	VPACX	EWR	20.5
Driehaus Intl Dis	DRIDX	EW	20.3
Leuthold Core Invst	LCORX	HB	20.2
Longleaf Intl	LLINX	EW	19.9
Laudus Rosen US L/S	RMNIX	EC	19.2
Matthews Korea	MAKOX	EWR	18.9
Janus Overseas	JAOSX	EW	18.6
Excelsior Energy NatRes	UMESX	EA	18.3
Laudus Rosen Gbl L/S	RM SIX	EC	18.1
Tocqueville Intl Valu	TIVFX	EW	17.8
Vanguard Energy	VGENX	EA	17.8
Tweedy Browne Global Value	TBGVX	EW	17.6
Fidelity Contra	FCNTX	ELC	17.6
Permanent Port Aggrsv Grwth	PAGRX	EA	17.6
Janus Olympus	JAOLX	EA	17.6
Loomis Sayles Intrntl Equity	LSIEX	EW	17.5
Lazard Emrg Mkt Open	LZOEX	EWR	17.4
Harbor Capital Appreciation	HACAX	ELC	17.3
Harbor Short Duration Fund	HASDX	BS	38.7
Permanent Portfolio T-Bill	PRTBX	BS	38.2
Permanent Port Versatile Bond	PRVBX	BF	32.4
Wells Fargo UltrShrt FI	STADX	BS	31.4
Columbia US Govt Guardian Sec	CUGGX	BS	26.3
Price Emrg Mkt Bond	PREMX	BW	18.1
Ariel Premier Bond	APBRX	BI	18.1
Wells Fargo Shrt HiYld	STHBX	BH	17.2

## Market Gyration

The worst months of the year for investing are behind us. September and October have traditionally been the worst. Although no one has yet to come up with a good answer as to why, my feeling is because of institutional tax loss selling. From there, we move into the Holiday Season and a new year.

Right now, the market is responding as such. In the last few weeks, it's moved up 4%. However, if you go back to where we were at publication time last month, we're simply back to where we were, to breakeven.

This is the way it's been all year, sideways. Your starting point determines your gain or loss this year, not the way it typically is in a bull or bear market fighting for its life when it moves smartly one way or the other. In fact, we're not in a bull or bear market, we're more like a drunken sailor walking the broad deck of a ship in a mild storm (sorry, couldn't think of an example animal, except maybe an ant searching for sustenance).

In any event, as we publish this issue, the market is once again putting in a strong showing; the question is will it last?

Unfortunately, I don't think so. In fact, if anything, the market is setting up further additional negative divergences in a number of longer-term bearish ways.

The Transports are at recovery highs, but the Industrials need to clear 11,000 to confirm. In the meantime, this is very bearish.

The former leaders, for example, the utilities, are badly lagging.

Interest rates are clearly heading upward. Greenspan's conundrum has been solved.

Inflation is back, which is bearish.

So, enjoy the ride while it lasts. If you're fully invested, it may be time to take some chips off the table.

In the portfolios, I am purchasing some new funds, but they are more defensive in nature, which regardless of the market's direction in the months ahead, should prove profitable.

We're still in an ant market.

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## AROUND THE CAMPFIRE

While some may think Grizzly Adams was a fictional historical character, he really did exist and helped form the colorful history of Wall Street. It was he who once helped to capture the grizzly bears used in the fighting rings against the bulls, which of course, are the bull and bear symbols of the market's main movements up and down.







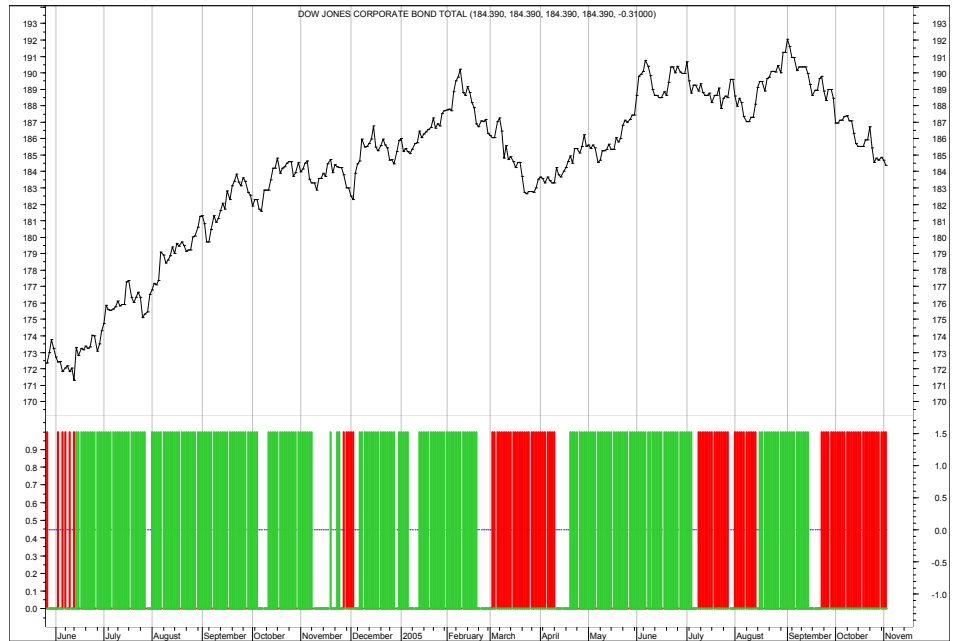
## Interest Rates and Bond Prices

From a cautious, neutral stance, I've now turned bearish on bonds.

It's a two-edged sword, but a strong economy brings inflation and higher interest rates. The Fed will most likely not stop raising short-term rates until at least 5%.

At that time, which should be within the next five months, long-term rates will rise in tandem to at least 6%.

In the income oriented portfolios, I've moved back to cash. In the balanced, the income portion has been moved back to cash as well.



The SLM Bond Market Timing Model is a 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.

## MAAP Aggressive Income Portfolio

As indicated in the individual portfolios, we've made some fund changes. We're selling all the bond oriented funds back to cash as interest rates continue to ratchet higher. For equity funds, we're buying some that should move less dependently on the market's direction.

### MONTHLY ACTIVITY

MONTH ENDING: 10/31/2005

### MONTH END VALUATIONS

#### AGGRESSIVE INCOME

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
4-Nov	sell	VFSTX		all		VFSTX	Corp Incm	Vngrd Short Corp	10.49	2557.49	26828	13%
							MM	Money Market	100	17556140	175561	87%
							MM	Margin Loan	-100	0.00	0	0%
Income emphasis, 0-100% per style.										Total Valuation=	\$201,898	100%

# MAAP Growth and Balanced Portfolios

**MONTHLY ACTIVITY**

**MONTH ENDING: 10/31/2005**

**MONTH END VALUATIONS**

## AGGRESSIVE GROWTH

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Name	Ending NAV	Number of Shares	Current Value	Percent of Total	
4-Oct	portfolio to be discontinued 12/31/05											0%	
						PRMSX	World Grth	Price Emrg Mkts	23.81	1657.9820	39,477	12%	
						UNWPX	Prcc Mtls	US Gbl Prc Mtl	17.30	1373.3103	23,758	7%	
						NBISX	World Grth	Nbrgr Brmn Intrntl	20.72	1011.0719	20,949	6%	
						RSPFX	Small Cap	RS Partners	37.58	540.4463	20,310	6%	
						RYURX	Contrary	Rydex Ursa	8.62	5594.2900	48,223	14%	
							MM	MoneyMarket	100	186208.63	186,209	55%	
						Growth, may use margin.					Total Valuation=	\$ 338,926	100%

## GROWTH

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total	
4-Nov	buy	BPLEX		30000								0%	
4-Nov	buy	PRGSX		30000								0%	
4-Nov	buy	TBGVX		30000								0%	
						PRMSX	World Grth	Price Emrg Mkts	23.81	1184.2729	28,198	5%	
						NBISX	World Grth	Nbrgr Brmn Intrntl	20.72	2022.1339	41899	7%	
						RSPFX	Small Cap	RS Partners	37.58	1080.8927	40620	7%	
												0%	
												0%	
												0%	
						RYURX	Contrary	Rydex Ursa	8.62	5594.2900	48223	8%	
							MM	MoneyMarket	100	437590.63	437591	73%	
						Growth emphasis, 0-50% per style.					Total Valuation=	\$ 596,530	100%

## BALANCED

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total	
4-Nov	sell	VFSTX		all								0%	
4-Nov	buy	BPLEX		25000								0%	
4-Nov	buy	PRGSX		25000								0%	
4-Nov	buy	TBGVX		25000								0%	
						NBISX	World Grth	Nbrgr Brmn Intrntl	20.72	2022.1339	41899	8%	
						RSPFX	Small Cap	RS Partners	37.58	1080.8927	40620	8%	
												0%	
												0%	
						VFSTX	Corp Incm	Vngrd Short Corp	10.49	3965.5100	41598	8%	
							MM	MoneyMarket	100	388819.45	388819	76%	
						All styles permitted, 0-50% per style.					Total Valuation=	\$ 512,936	100%

## INCOME (Old)

Activity Date	Activity	Fund	Action Price	Number of Shares	Action Value	Symbol	Style	Fund	Ending NAV	Number of Shares	Current Value	Percent of Total	
4-Oct	portfolio to be discontinued 12/31/05											0%	
4-Nov	sell	VFSTX		all		VFSTX	Corp Incm	Vngrd Short Corp	10.49	6371.14	66833	35%	
												0%	
												0%	
							MM	MoneyMarket	100	121964.75	121965	65%	
						Income emphasis, 0-50% per style.					Total Valuation=	\$ 188,527	100%

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

# Market Timing and Asset Allocation

## XAU (Gold and Silver) Index

I talked last month about the technicals of gold, that it is in a long-term uptrend dating back to late 2000 and that it has jumped back to major resistance after rallying off that major trend. We don't know whether it will break through this resistance or sell back down, but I want to update this and focus in on its daily pattern that might give us a clue. The chart this month shows the intermediate-term valid trend line for the current move up.

The backdrop of gold remains bullish, keep in

mind. The major trend is up, supported by rising inflation around the world, but because gold is volatile and we don't want to ride it back down to potentially its long-term trend line.

The intermediate-term valid trend line is drawn from the turn up off the major trend line last May shown last month. Basically we are watching for violations to the downside that would suggest the move is over for now. If it's pierced to the downside, we would want to sell any gold fund positions.



### MARKET and FUND COMMENTS

CHANGE: Bearish on gold, from bullish.

CHANGE: Bearish on bonds, from neutral

Neutral on stocks.

Fiscal policy, stimulative (bullish) due to Hurricanes Katrina and Rita rebuild.

Corporate actions (buy backs, mergers), bullish.

Economy flat, neutral.

Inflation up, bearish.

Oil prices, neutral.

Investor sentiment, neutral.

Fed tightening, bearish.

Market valuation, bearish when measured against historic norms, but bullish compared to current bonds (low rates), however, if rates rise, this will change very quickly.

Terrorism risk, bearish.

Expect a continued sideways market movement.

### 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 10/31/05					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2004	2003	2002	2001	2000	1999
Wisshire 5000	8.98	3.61	6.16	-3.05	-1.84	2.3	12063.20	-	10.85	29.44	-22.08	-12.06	-11.41	21.44
Dow Jones Industrials	4.11	-0.47	2.43	-1.89	-1.22	2.1	10440.10	-	3.15	25.32	-16.76	-7.10	-6.18	25.22
Standard & Poors 500	6.80	2.18	4.34	-2.20	-1.77	1.9	1207.01	-	8.99	26.38	-23.37	-13.04	-10.14	19.53
Russell 2000 (small cap)	10.76	3.62	11.60	-4.88	-3.17	3.7	646.61	-	17.00	45.37	-21.58	103	-4.20	19.62
Dow Jones World Index	13.08	5.42	7.36	0.77	-2.68	2.5	220.77	-	14.43	33.42	-20.73	-16.58	-15.89	23.73
Gold/Silver Index (XAU)	4.27	17.99	29.13	18.82	-4.50	6.8	107.84	-	4.65	19.89	25.57	128	-5.94	0.85
Dow Jones Ttl Bond	0.17	-1.52	-0.36	-2.50	-1.91	1.2	184.86	-	3.99	2.20	11.96	6.77	13.40	10.92
Small Cap Growth	12.69	5.45	10.78	-3.19	-3.01	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 page six.		11.74	39.43	-21.96	-6.21	0.96	38.84
Mid Cap Growth	14.69	7.67	10.77	-0.82	-1.91	2.8			12.96	33.65	-21.89	-11.03	-0.38	38.52
Large Cap Growth	11.05	5.61	8.29	-0.71	-1.13	2.4			13.34	27.54	-21.75	-13.19	-3.69	29.36
Value Company	11.04	4.98	5.94	-1.38	-1.33	2.1			11.26	27.18	-15.61	2.30	9.99	12.27
Contrary	6.88	5.44	3.75	3.47	1.41	2.1			3.11	0.47	9.99	2.83	13.54	6.12
World Growth	19.32	9.72	10.64	3.41	-2.38	2.9			17.11	34.67	-15.76	-19.89	-12.70	49.42
Growth & Income	10.36	5.08	6.56	-0.94	-1.32	2.1			10.24	23.46	-18.22	-7.76	0.03	23.36
Long-term Corp Income	11.43	7.69	6.85	2.08	1.09	1.8			8.43	8.64	6.73	2.45	11.68	-7.61
High Yield Income	6.69	3.89	5.52	0.53	0.05	1.4			6.63	16.24	-7.55	-4.73	-12.68	13.3
International Income	9.85	6.16	5.61	2.16	0.62	1.5			9.07	11.56	10.56	1.48	0.18	3.46
MAAP Aggrsv Grth	5.20	3.17	3.46	1.79	-1.65	0.8			0.57	15.03	-4.93	1.42	1.78	26.66
MAAP Growth	3.46	1.52	1.98	0.76	-0.79	0.5			1.53	11.56	-1.22	0.75	2.64	18.42
MAAP Balanced	3.41	0.61	1.82	0.30	-0.83	0.8			5.88	12.57	0.09	-0.56	0.37	17.81
MAAP Income	-0.92	-1.17	-0.10	0.08	-0.14	0.2			0.62	5.16	2.05	1.40	4.38	2.82
MAAP Aggrsv Incm	-1.43	-1.98	-0.32	0.27	0.04	0.4			1.90	7.05	1.75	4.59	2.37	6.04

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.

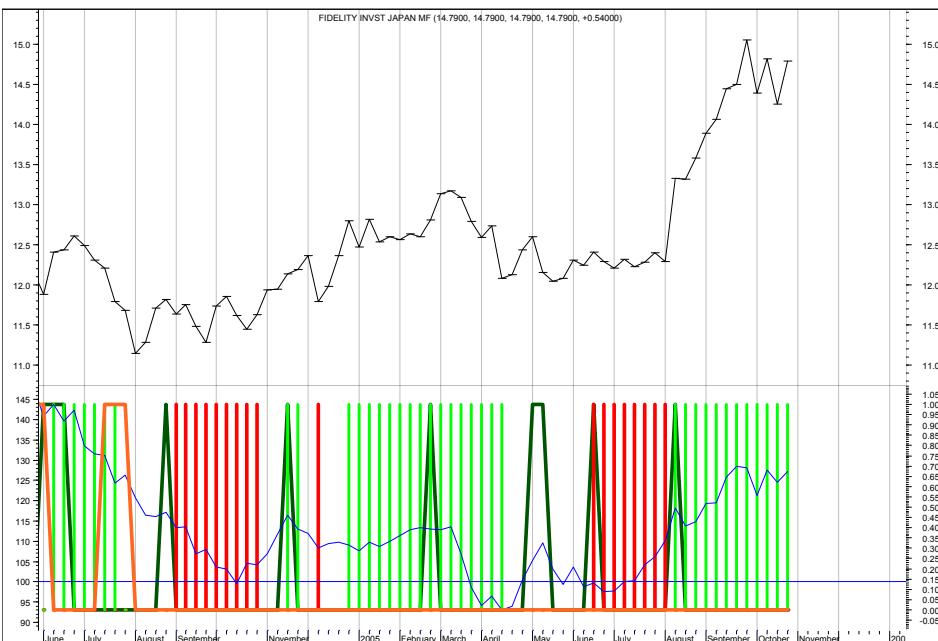
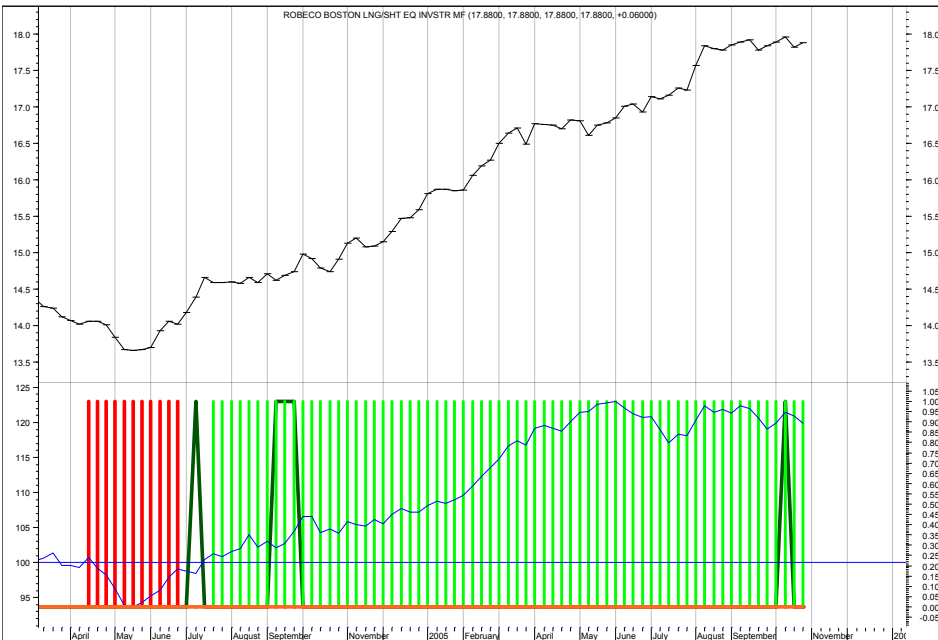
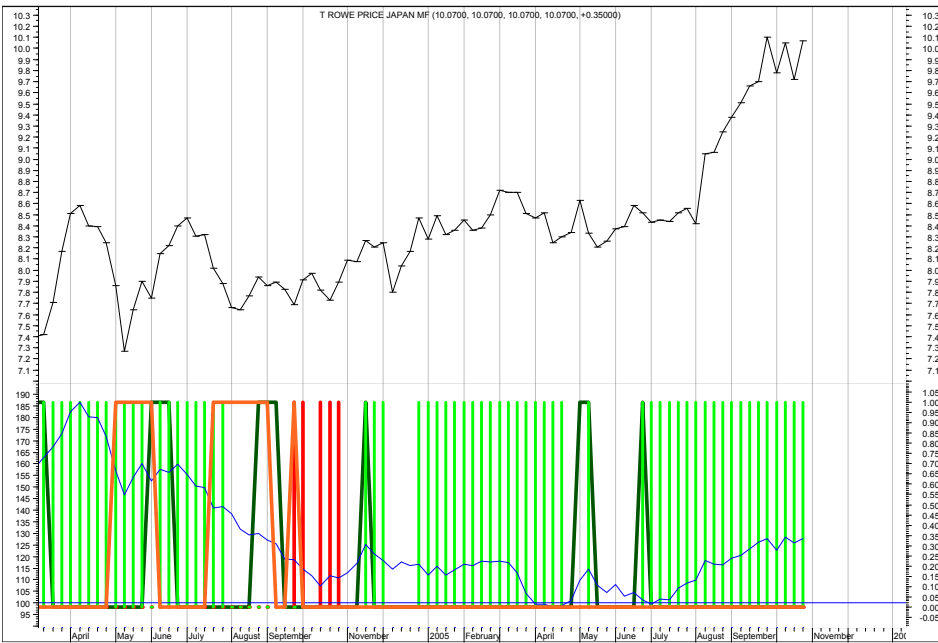
The fund dropped out of the top 20% at the end of January 2005. Even though the timing model remained bullish, the fund was sold. It would not have been rebought in July 2005 with the timing model buy because the fund was not in the top 5% at the time of the buy signal. It could have been bought in May.

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 top part of the charts show the weekly Friday close of various funds in the top 5% of the funds we track.

The bottom part of the chart may show up to four indicators. The dark green spike is a buy signal. The lighter green vertical buys show hold and okay to buy signals. The red spikes are sell and avoid signals. The orange spikes or bridges show times when caution is warranted, usually because the fund has already moved up a considerable amount, raising the question whether it can indeed go to the moon. Blank spots indicate a continuation of the previous signal.

The strategy is to select from the top 5% of the funds we monitor and hold as long as they're 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%.

