



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). Top 5% funds are grouped by class E* equity, H* hybrid, and B* bond and listed alphabetically. (Bolded listings are ETFs.)

Fund	Symbol	Style	C
AmCent Global Gold	BGEIX	EG	17.5
iShares Silver	SLV	EG	27.8
PS Agrcltr	DBA	EC	22.2
PS Gold	DGL	EG	19.5
PS Silver	DBS	EG	27.6
SPDR Gold	GLD	EG	20.3
Wtree India	EPI	EWR	19.0
Fidelity Pacific Basin	FPBFX	EWR	20.8
Fidelity Southeast Asia	FSEAX	EWR	17.2
Gamco Gold	GOLDX	EG	18.1
Managers Global	MMAFX	EW	18.8
Matthews Asian G/I	MACSX	EW	22.2
Matthews China	MCHFX	EWR	17.5
Matthews Pacific Tiger	MAPT X	EWR	20.2
Midas	MDSX	EG	19.8
Rydex Precious Metals	RYPMX	EG	16.7
Price New Asia	PRASX	EWR	19.1
Tocqueville Gold	TGLDX	EG	25.4
US Gbl Invst US Gold	USERX	EG	17.9
US Gbl Invst World PMtl	UNWPX	EG	20.6
US Gbl Invstrs China Rgn	USCOX	EWR	18.4
US Gbl Invstrs Global Rsrscs	PSPFX	EWR	17.0
USAA Pr Mtls	USAGX	EG	18.4
Vanguard Prcs Mtls	VGPMX	EG	19.9
Wasatch Ultra Grth	WAMCX	ESC	19.5
Westcore Intrntl	WTFX	EW	21.0
William Blair Intrntl Grth	WBIGX	EW	17.0
Fidelity Asset Manager Income	FASIX	HA	18.9
Hussman Strtg Ttl Rtrn	HSTRX	HB	23.8
Permanent Portfolio Family	PRPFX	HB	20.6
iShares 7-10yr Trsry	IEF	BI	9.9
iShares Trsry Infltn	TIP	BI	10.3
PS Emrg Mkt Bnd	PCY	BW	12.6
SPDR Intrntl TBond	BWX	BW	9.8
Northern Global Incm	NOIFX	BW	10.1
Payden Emrg MktBd	PYEMX	BW	12.5
Price Emrg Mkt Bond	PREMX	BW	10.9

Stand Up Triple

What a week, eh? It was a bases loaded triple. Quantitative easing (QE II), mid-term elections, and job growth all played their part. The Fed will spend \$600 billion to help the economy. Republicans took back the House; supposedly this will help the economy. Payrolls increased by 151,000; it was the second best gain in some three years. This most recent payroll gain, though, begs the question whether the economy really needs the help of politicians and the Fed. It may seem like barring the door after the horse has left, but we have to consider Japan's experience.

These factors have some fearing that inflation is on its way back with a vengeance. I am not so sure, however, given what we know from the last 20 years of the Japanese experience.

The Japanese economy bubbled to a top in 1990 with rising land, real estate, and stock valuations. This was similar to America's situation back in 2007.

Since 1990, their inflation has not been a problem. Their short-term interest rates are again about 0%. They have battled off and on expansion and contraction over the years. In the last week, the Bank of Japan announced they would now even buy stocks to help things as part of a \$62 billion scheme.

The Japanese stock market has broadly declined for 20 years, falling

from its 38,000 peak to about 10,000 today. They haven't been battling inflation, but deflation. They still write down things to value.

Incidentally, if you look at a chart of their stock market, you find it is not a straight line decline, but a series of up and down moves, which is typical. What is not so typical is that their market has been making a series of lower highs and lower lows. By definition that is a secular bear market. Buy/hold/forget will not work at all as an investment strategy in that environment. If the USA is similar, investors must adjust how they approach things from the tired mantra of 'always in, always 100%' of buy/hold. Is it not perhaps a nod to this new reality that Warren Buffett has appointed a hedge fund manager as his possible successor?

So, we finally have some job growth, another batch of politicians, and QE II. The leading indicators turned up. But will inflation (growth in asset values) come back or will we go the way of Japan? Whichever pitch comes our way, we want to be realistically, in tune, prepared.

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AROUND THE CAMPFIRE

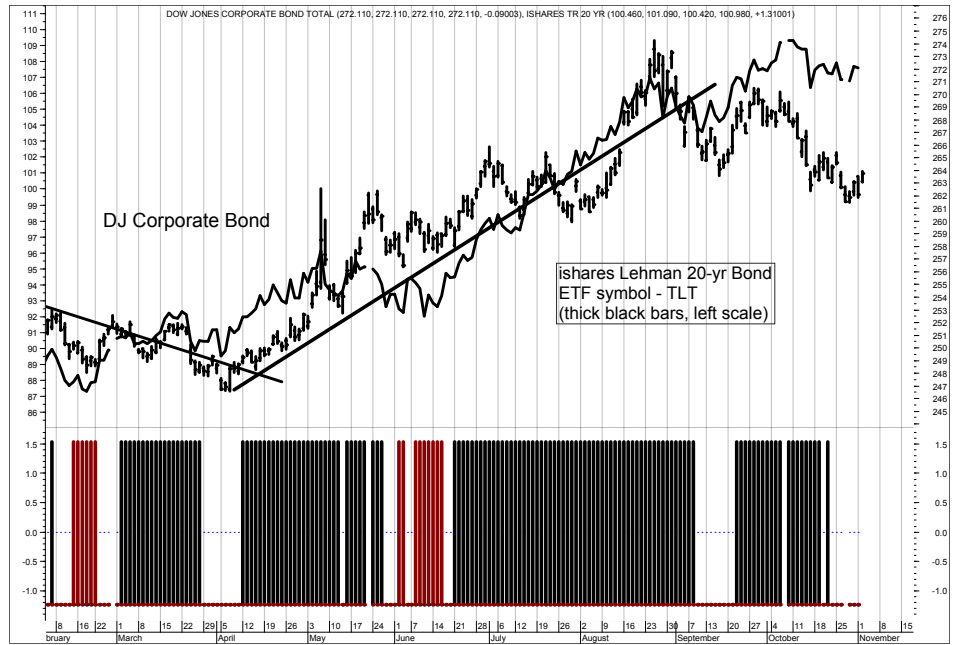
Pesky squirrels. 'Tis the season for pecan pies you know. My pecan tree this year once had bunches of pecans, but it looks like the squirrels have eaten them all. The neighborhood has lots of acorn trees, but do you think they'd devour those? No, they'd rather eat desert first.

Interest Rates and Bond Prices

Corporate bonds and treasuries are again diverging in performance as you can see on the chart to the right. Corporates are still above their September lows, but treasuries are trending below theirs. It is as if to say that corporations are stronger than the US government, as if to wonder about the announced next round of quantitative easing. The Federal Reserve will be buying up to an additional \$600 billion in treasuries over the next five months.

When they buy the bonds, money supply goes up, so it would be an easy call to say that inflation will come roaring back. But if that were the case, we'd see stocks up (and we do), gold up (and we do), and bonds down (not so much). Bond prices should fall in anticipation of inflation. We will see.

In the meantime, my bond timing model remains 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 black (green before) 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 green, the lighter bars indicate red. The model is based on the corporate bond market.

MAAP: Income

Harbor Short Duration bond fund (HASDX) was liquidated by Harbor Funds on 10/29 and the proceeds distributed to shareholders (it was too small to be profitable they said). I've put the proceeds back into the money market fund (cash). I will look to redeploy.

MONTHLY ACTIVITY

MONTH ENDING: 10/31/2010

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	29.27	774.5408	22,671	10%
27-Jul	sell	FGMNX	11.88	1,966.6656	23,364	TLH	Bond Intrmd	iShares 10-20 yr T	19.88	380.1296	45,570	20%
27-Jul	sell	PYGNX	10.53	1,986.2089	20,915	FBNDX	Bond Intrmd	Fidelity Corp Bond	7.52	3,025.0373	22,748	10%
27-Jul	buy	PLW	28.48	772.4719	22,000							
27-Jul	buy	TLH	16.75	380.1296	44,000	FAGIX	Bond HiYld	Fidelity Cap/Incm	9.40	3,674.8471	34,544	15%
27-Jul	buy	FBNDX	7.35	2,993.1973	22,000							
27-Jul	buy	HASDX	8.03	2,739.7260	22,000							
29-Oct	sold	HASDX	8.02	2,739.7260	21,973							
						MM	MoneyMarket		100	103,534.0000	103,534	45%
						MM	Margin Loan		-100	-	-	0%
Total Valuation=											229,067	100%

MAAP: Aggressive Growth, Growth, and Balanced

PREVIOUS ACTIVITY		TO MONTH ENDING: 10/31/2010				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	13.32	3,799.3001	50,607	11%
15-Apr	sell	JAOSX	47.38	1,552.3568	73,551	FASIX	Hybrid	Fidelity AstMgr Incm	12.72	3,525.4668	44,844	10%
15-Apr	buy	CHTTX	29.72	2,474.7981	73,551	WTIFX	Eqty Wrld	Westcore Intrntl	14.78	3,429.8629	50,693	11%
20-May	sell	YACKX	15.14	2,609.9431	39,515	TBGVX	Eqty Wrld	Twdy Brn Gbl Value	23.16	1,802.2657	41,740	9%
20-May	buy	ASQIX	6.41	4,212.1685	27,000	CHTTX	Eqty MC	Aston Mid Cap	29.04	2,475.7981	71,897	15%
20-May	buy	MRSCX	14.57	1,853.1229	27,000	ASQIX	Eqty SC	Amrcn Cntry Quant	7.07	4,212.1685	29,780	6%
11-Jun	buy	HRVIX	25.13	1,591.7230	40,000	MRSCX	Eqty SC	Marshall SmCap	17.10	1,853.1229	31,688	7%
						HRVIX	Eqty V	Heartland Value	26.61	1,591.7230	42,356	9%
						MM	MoneyMarket		100	102,017.0000	102,017	22%
Total Valuation=											465,623	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	13.22	7,592.5103	100,373	12%
15-Apr	sell	JAOSX	47.38	2,257.9735	106,983	FASIX	Hybrid	Fidelity AstMgr Incm	12.72	6,379.4243	81,146	10%
15-Apr	buy	CHTTX	29.72	3,599.6899	106,983	WTIFX	Eqty Wrld	Westcore Intrntl	14.78	6,860.3857	101,397	13%
20-May	sell	YACKX	15.14	5,219.8862	79,029	TBGVX	Eqty Wrld	Twdy Brn Gbl Value	23.16	2,190.8975	50,741	6%
20-May	buy	ASQIX	6.41	8,580.3432	55,000	CHTTX	Eqty MC	Aston Mid Cap	29.04	3,599.6899	104,535	13%
20-May	buy	MRSCX	14.57	3,774.8799	55,000	ASQIX	Eqty SC	Amrcn Cntry Quant	7.07	8,580.3432	60,663	8%
11-Jun	buy	HRVIX	25.13	1,591.7230	40,000	MRSCX	Eqty SC	Marshall SmCap	17.10	3,774.8799	64,550	8%
						HRVIX	Eqty V	Heartland Value	26.61	1,591.7230	42,356	5%
						MM	MoneyMarket		100	202,449.0000	202,449	25%
Total Valuation=											\$808,210	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	13.22	3,796.2701	50,187	7%
15-Apr	sell	JAOSX	47.38	2,257.9735	106,983	FASIX	Hybrid	Fidelity AstMgr Incm	12.72	5,036.3955	64,063	9%
15-Apr	buy	CHTTX	29.72	3,599.6899	106,983	WTIFX	Eqty Wrld	Westcore Intrntl	14.21	6,859.7257	97,477	14%
20-May	sell	YACKX	15.14	5,219.8862	79,029	TBGVX	Eqty Wrld	Twdy Brn Gbl Value	23.16	1,413.6430	32,740	5%
20-May	buy	ASQIX	6.41	6,240.2496	40,000	CHTTX	Eqty MC	Aston Mid Cap	29.04	3,599.6899	104,535	15%
20-May	buy	MRSCX	14.57	2,745.3672	40,000	ASQIX	Eqty SC	Amrcn Cntry Quant	7.07	6,240.2496	44,119	6%
11-Jun	buy	HRVIX	25.13	1,193.7923	30,000	MRSCX	Eqty SC	Marshall SmCap	17.10	2,745.3672	46,946	7%
						HRVIX	Eqty V	Heartland Value	26.61	1,193.7923	31,767	5%
						FAGIX	Bond HiYld	Fidelity Cap/Incm	9.40	7,379.1143	69,364	10%
						LKFIX	Bond Flxble	LKCM Fincm	11.34	4,927.6342	55,879	8%
						MM	MoneyMarket		100	82,264.0000	82,264	12%
Total Valuation=											\$679,340	100%

I haven't yet evolved out of three funds as I wait for two things. One to get the updated database numbers through 10/31/10 to see if any rebounded (they didn't) and two to avoid short-term redemption charges. Real world stuff. The other thing to keep in mind at this time of year with mutual funds is they pay out their realized dividends and capital gains. We don't want to buy a fund right before its ex-date (date it pays out the gains) because if we do, we owe the tax on gains that someone else benefited from.

Market Timing and Asset Allocation

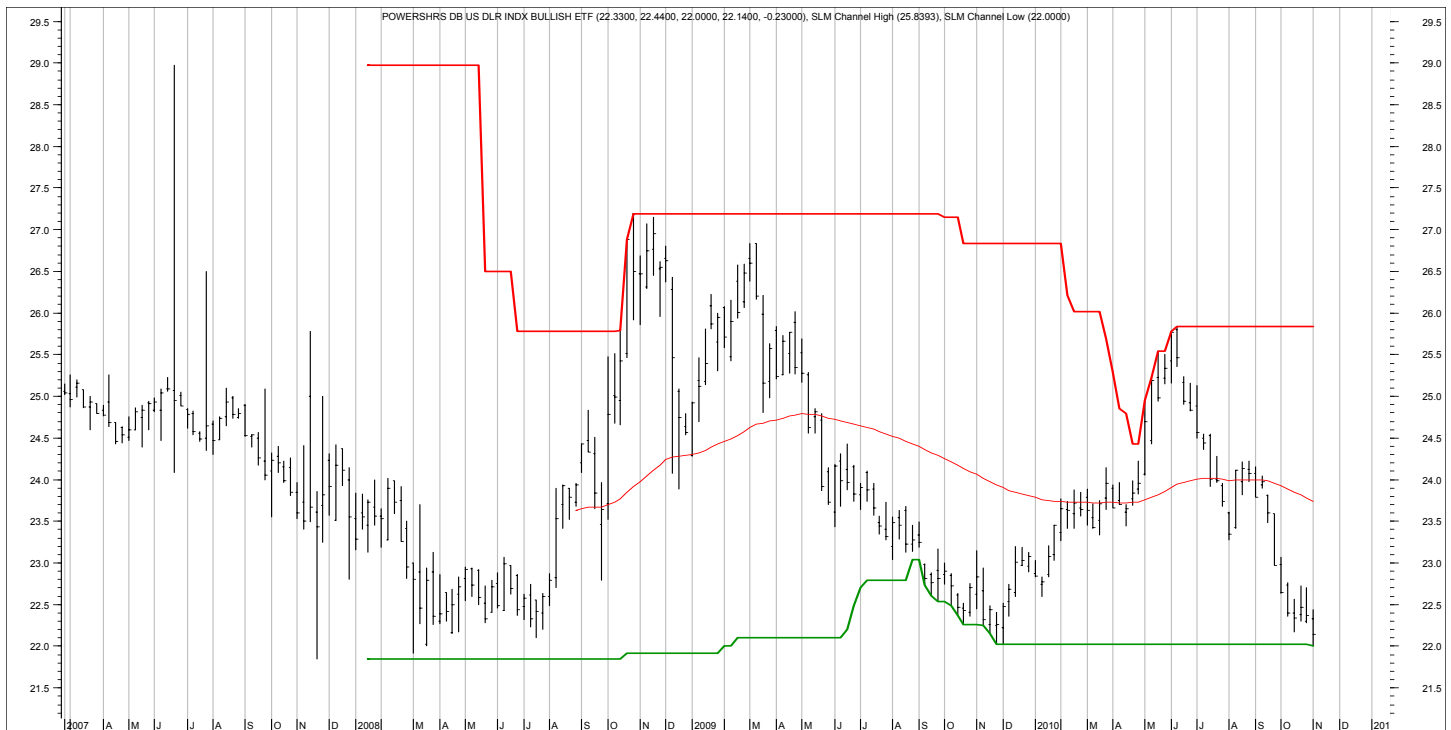
The US Dollar (UUP etf)

I charted commodities (DBC) last month, making the observation that as a measure of inflation, they have gone sideways for about two years, notwithstanding the precious metals rally.

This month we will take a look at the US Dollar as measured by UUP. It is a Powershares ETF. The chart is weekly from 01/07 through 10/10. When the dollar weakens, usually other currencies like the Euro, yen, pound, and others move up.

Though the correlation doesn't hold over longer periods,

the US Dollar has moved inversely with the US stock market since the Fed announced round 2 of quantitative easing. UUP has dropped back to what has been a major support level where buying has materialized previously. It will be interesting to see whether this weakness will also be seen as a buying opportunity or as a hanging on the edge of a cliff before falling off. Evidently call option buyers are piling in, believing that the dollar will rally. Seems too obvious a trade to me.



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: 6 bull, 5 neutral, 1 bear)

US Gov. fiscal policy, **neutral** (see what the new folks can do).
Corporate activity **bullish** (earnings recovery to pre-financial crisis).
Economy, **bullish** (still expanding, may pick up in 2011).
Inflation, **neutral**. (deflation still the question).
World input, **neutral** (stable; China tightened).
Housing, **neutral** (stable at lower prices).
Investor sentiment, **bearish** (mildly bearish, a bit lopsided).
Federal Reserve policy, **bullish** (quantitative easing).
Market valuation (PE, yield, book), **bullish** (very undervalued).
(29,200 projected on DJ Industrials to fair value, earnings discounted).
Exogenous events, **neutral** (debt payback on the far horizon).
Hedge fund/leverage risk, **bullish** (consolidations, M&A picking up).
Technical, **bullish**, (in gear to the upside).

The stock market continues its rally that began in September. The key word remains quantitative easing; the Fed is your friend. Not much else has changed, however.

Economic news from retail sales to housing starts continues to come in positive, but muted. Job growth even came in positive.

But the stock rally has prompted insider selling and investor buying. Measured as sentiment, it has turned from neutral to slightly bearish. AAI for example has bulls running at +50% and bears at 22%. These levels are associated with tops over the last four years. Newsletter editors, however, seem slow to get on board the rally.

Performance Scoreboard

INDEXES, FUND STYLES & MAAP PORTFOLIOS	%RETURNS FROM THE PAST X MONTHS THRU 10/31/10					V Vol- atility	INDEX CLOSE		PERFORMANCE IN:					
	X= 12	9	6	3	1				2009	2008	2007	2006	2005	2004
DJ Wilshire 5000	16.89	10.74	0.03	8.00	3.89	4.7	12412.30	-	26.52	-36.68	3.94	13.72	8.24	10.85
Dow Jones Industrials	14.47	10.44	1.00	6.24	3.06	4.0	11118.50	-	18.82	-33.84	6.43	16.29	-0.61	3.15
Standard & Pooers 500	14.19	10.19	-0.29	7.41	3.69	4.5	1183.26	-	23.45	-38.49	3.53	13.62	3.00	8.99
Russell 2000	24.98	16.83	-1.85	8.06	4.02	6.3	703.35	-	25.22	-34.80	-2.75	17.00	3.32	17.00
Dow Jones World Index	13.03	10.30	3.05	9.29	3.52	4.4	24169	-	31.97	-42.85	8.43	18.52	9.41	14.43
Gold/Sliver Index (XAU)	30.43	38.11	14.12	20.37	3.73	7.0	204.30	-	35.85	-28.54	21.84	11.11	28.87	4.65
Dow Jones Ttl Bond	10.61	8.94	6.38	2.52	0.07	1.1	272.20	-	17.89	1.80	5.24	3.70	1.40	3.99
Small Cap	25.00	17.54	0.56	9.27	4.06	5.8	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.	3186	-39.13	-3.52	7.20	2.63	11.74	
Mid Cap	23.04	16.28	1.83	9.53	3.69	5.3		35.93	-41.93	6.00	6.79	8.38	12.96	
Large Cap	17.50	12.98	1.30	9.34	4.20	4.9		33.01	-39.89	5.81	6.11	5.75	13.34	
Value	16.00	11.11	-0.39	7.32	3.45	4.6		30.13	-37.96	-6.44	10.08	3.66	11.26	
Contrary	-10.48	-7.81	-2.93	-2.26	0.03	4.6		-5.99	5.36	-1.11	-1.99	5.78	3.11	
World Growth	15.00	14.23	6.81	10.69	3.75	4.6	For more information about these model portfolios, please see pages five and six.	37.01	-47.03	x	x	13.07	17.11	
Growth/Income	14.48	10.24	0.17	7.18	3.26	4.3		25.16	-36.20	0.47	9.82	4.23	10.24	
Bond Long	4.37	8.16	7.77	0.62	-3.53	2.8		-8.70	11.91	6.19	2.75	10.32	8.43	
Bond High Yield	8.59	5.86	2.44	3.62	1.87	1.7		30.64	-23.05	x	8.84	5.76	6.63	
Bond World	5.34	7.41	6.58	4.68	1.22	1.8		10.54	-7.34	4.74	5.65	7.40	9.07	
MAAP Aggrsv Grth	10.72	8.36	2.94	5.69	2.06	2.5		2135	-10.73	4.30	9.95	7.20	0.57	
MAAP Growth	10.72	8.34	3.09	5.13	1.89	2.5		20.83	-5.75	3.39	5.66	3.50	1.53	
MAAP Balanced	12.77	9.81	3.79	10.64	1.72	2.4		24.69	-13.09	3.17	7.59	2.01	5.88	
MAAP Income	5.48	4.60	2.79	1.63	0.11	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 deducts a simulated 2% fee as if the portfolio was managed. Subscribers may generally add 2% to the numbers to get actual results.)

Managed Asset Allocation Program (MAAP)

Fund Selection. Our selection process is on nearly 800 funds and ETFs. Firstly, we separate them into their primary Asset class, Equity, Hybrid, Bond. We then subdivide them into Styles like small, large, value, international, etc.. Next, we rank the funds by performance relative to the market and peer group (CS). We measure their risk by volatility (V). We then rank and pick them by risk-adjusted performance.

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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