

No-Load Mutual Fund Selections & Timing Newsletter

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Dear Subscriber,

As noted in the July issue, the market is facing some big questions in the weeks ahead. Sovereign debt, whether it's abroad or here in the US and the sustainability/strength of the economic recovery. The August 2 debt ceiling issue is coming up fast. Normally, it's a good idea to move out of the way when uncertainty is clear.

In addition, the market has made (so far) its first negative divergence since the bull began in March, 2009.

So, time to make a few changes.

PORTFOLIOS

I will make a couple of lateral moves, evolving out of laggard funds into leading funds, and raise a bit of cash.

In the Aggressive Growth, Growth, and Balanced Portfolios, I will sell the full positions in BERIX and MRSCX for long-term capital gains. I will sell all PSPFX for near breakeven. I will buy the following.

Aggressive Growth

Buy \$50,000 HBFBX (Hennessy Balanced) (about 10% of the total portfolio)

Buy \$35,000 ARTSX (Artisan Small Cap) (about 7% of the total)

This will leave it about 50% invested and 50% cash (money market).

Growth

Buy \$100,000 HBFBX (about 11% of the total)

Buy \$70,000 ARTSX (about 9% of the total)

This will leave it about 50% invested and 50% cash (money market).

Balanced

Buy \$50,000 HBFBX (about 7% of the total)

Buy \$50,000 ARTSX (about 7% of the total)

TIMING

Stocks Intermediate-term neutral. Long-term bullish (though questions are getting raised)

Bonds Neutral

Gold Neutral

Thank you,

Steve McKee

Editor