

# ETF Investor

Diversity, Efficiency, and Simplicity Using Exchange Traded Funds

**NEWSLETTER**

## Where is money going now?

Cash flow is the amount of money going into a security minus the amount going out. For ETF's it provides a measure of market interest and of where investors are putting their money. Where the money is going is a measure of the sectors that investors think will gain in the future. The following table shows the class and the change in inflow over the past month and the market cap.

The interesting thing about this table is the recent rise in the fixed income inflows. The market downturn affected fixed income securities like no other

time in memory. Usually fixed income securities weather market downturns without notice because they are not highly correlated with common stock. This past market downturn was different. Large financial institutions, which are large issuers and holders of fixed income, were in trouble and needed to raise cash to offset their sour investments in toxic assets. They chose to sell their fixed income portfolios of bonds and preferreds to raise cash, which caused the fixed income sector to crater. The recovery in fixed income is due to recovering market confidence and by institutions coming back into the market. Also individual investors who earn less than 1% on traditional accounts like money market funds and CD's are feeling more confident. The

year-to-date change in fixed income cash inflow now leads the market.

The popular leveraged funds such as the double up and down Ultras saw a net outflow during the last month. The outflow is probably connected to bad press regarding their suitability for long-term investments. The reasoning behind the bad press is that leveraged funds that drop 50% must gain 100% to return to the starting point. Over time this disparity leads to tracking error and over longer periods of time a 20% net move in the Dow won't be reflected in a double Dow ultra. While Ultras may not be suitable as long-term investments, they are useful as hedges and for short-term market moves.

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All pricing as of 9/15/09

Class	#of ETF's	Month Change In Inflow \$Million	YTD Change In Inflow \$Millions	Market Cap \$Millions
Fixed Income	65	3,189	28,984	88,616
U.S. Market Cap (mid, large, small)	41	2,352	-28,350	142,866
US Sector	138	1,475	5,302	69,240
U.S. Broad Index (Dow, S&P 500)	21	451	-1,163	42,091
U.S. Style (growth, value)	54	402	-2,853	59,387
Global/Specialty Industry	82	385	2,427	11,633
Dividend	50	311	1,720	11,850
Leveraged/ Inverse/Ultras	126	-1,321	13,450	28,827

# NEWS & UPDATES

## Ultras

The major Indexes were all positive for the month with gains ranging from 3.01% to 4.77%. The technology rich Nasdaq did the best, while the Dow gained the least. The Ultras reflected the strength in precious metals noted elsewhere and took two of the top three places. The Proshares Ultra Silver ETF (AGQ) was up a whopping 52.24%, while the Proshares Ultra Gold was up a more modest 28.21%. Between the two was the Ultra Short Crude Oil ProShares, up 46.63%. Note that a rise in an ultra

short means the underlying index declined, in this case crude oil. Direxion triple bulls dominated the list with the Direxion Developed Markets 3X Bull (DZK) up 18.04% leading the way. Looking at the winners, it didn't make much of a difference if the Direxion was small, mid or large cap they were all up in the 15% range. The losers were approximately opposite of the winners, with the exception of the Direxion Daily Real Estate Bear 3X (DRV) -19.57% that was out of order.

### BROAD INDEXES

TICKER	NAME	PRICE \$	1MO CG%	3M CG%	1YR CG%	1YR HIGH \$	1YR LOW \$	SHARES OUT
SPY	SPDR Trust Series 1	104.79	4.03	10.20	-16.97	127.62	67.10	662,660,700
QQQQ	Powershares QQQ	41.52	4.77	13.29	-4.40	43.83	25.05	386,750,000
DIA	DIAMONDS Trust Series I	96.22	3.01	8.96	-16.18	116.14	64.78	81,738,060
IWB	iShares Russell 1000 Index Fun	57.52	4.05	10.36	-16.07	73.00	36.56	84,800,000

### BEST PERFORMERS

TICKER	NAME	PRICE	1MO CG	3M CG	1YR CG	1YR HIGH	1YR LOW	SHARES OUT
AGQ	ProShs Ultra Silver	42.87	52.24	Na	Na	46.43	21.60	600,010
SCO	ProShs UltraShort DJ-AIG Crude	46.63	46.91	Na	Na	49.98	22.54	300,010
UGL	ProShs Ultra Gold	35.22	28.21	Na	Na	36.44	22.86	2,300,010
DZK	Direxion Developed Markets 3X Bull	84.68	18.04	44.60	Na	87.97	17.57	250,000
MWJ	Direxion Daily Mid Cap Bull 3X	92.86	15.54	43.28	Na	94.48	21.24	400,000
TNA	Direxion Daily Small Cap Bull 3X	42.89	15.30	37.47	Na	58.87	10.22	5,650,010
ERX	Direxion Daily Energy Bull 3X	37.89	15.17	-4.15	Na	62.63	16.23	3,850,010
EDC	Direxion Daily Emerging	125.00	15.02	34.95	Na	128.09	23.11	1,150,000
TYH	Direxion Daily Technology Bull	132.98	14.41	43.39	Na	134.80	32.00	750,000
USD	ProShares Ultra Semiconductors	29.06	13.38	42.73	-18.05	39.01	9.47	3,225,000
TYO	Direxion Daily 10-Year Treasur	76.90	13.22	Na	Na	77.16	60.23	100,000
TMV	Direxion Daily 30-Year Treasur	91.03	13.08	Na	Na	94.26	58.60	400,000
UXI	ProShares Ultra Industrials	27.55	12.40	24.38	-50.36	59.03	9.50	1,650,000

### WORST PERFORMERS

TICKER	NAME	PRICE	1MO CG	3M CG	1YR CG	1YR HIGH	1YR LOW	SHARES OUT
ZSL	ProShs UltraShort Silver	11.71	-40.16	Na	Na	28.21	11.23	200,010
UCO	ProShs Ultra DJ-AIG Crude O	7.68	-38.21	Na	Na	27.04	7.64	57,800,010
GLL	ProShs UltraShort Gold	16.26	-24.83	Na	Na	27.22	15.78	1,400,010
DRV	Direxion Daily Real Estate Bear 3X	23.88	-19.57	Na	Na	64.03	23.00	650,000
DPK	Direxion Daily Developed Marke	17.78	-19.55	-40.32	Na	136.18	17.57	200,000
EDZ	Direxionshares Emerging Market	7.73	-18.55	-39.80	Na	95.81	7.56	10,350,000
ERY	Direxion Daily Energy Bear 3X	15.25	-17.16	-11.44	Na	88.76	14.61	5,000,010
MWN	Direxion Daily Mid Cap Bear 3x	33.72	-16.45	-38.98	Na	253.38	33.05	374,970
TZA	Direxion Daily Small Cap Bear	13.03	-16.42	-37.89	Na	156.58	12.63	28,300,020
TMF	Direxion Daily 30-Year Treasur	36.59	-15.90	Na	Na	60.97	35.21	100,000
TYP	Direxion Daily Technology Bear	13.27	-14.55	-36.84	Na	81.82	13.08	3,200,000
TYD	Direxion Daily 10-Year Treasur	45.58	-13.48	Na	Na	59.45	45.36	100,000
EFU	ProShares UltraShort MSCI EAFE	42.45	-13.46	-28.28	-53.54	179.55	41.90	750,000

## SECTOR PERFORMANCE REVIEW

## BEST PERFORMERS

Fund Ticker	Type	Name	Current Price \$	1 Month % Change	3 Month % Change	1 Year % Change	Current Yield %	Expense Ratio %
PKOL	ETF	PwShs Global Coal Portfolio	18.57	29.90	40.92	Na	0.00	0.75
GDX	ETF	Market Vectors Gold Miners	46.09	17.55	16.57	46.78	0.00	0.55
USV	ETN	E-TRACS UBS Bloomberg CMCI Silver	24.34	17.47	14.06	52.41	0.00	0.40
ASA	CEF	ASA Bermuda Ltd	76.81	17.03	17.84	39.88	0.26	0.86
SLV	ETF	iShs Silver Trust	16.50	14.42	12.78	52.92	0.00	0.50
DBS	ETF	PwShs DB Silver Fund	30.05	14.22	12.84	51.51	0.00	0.50
IGR	CEF	ING Clarion Gbl Real Estate Income	6.51	13.22	29.17	-41.62	8.29	0.15

## WORST PERFORMERS

RWW	ETF	RevenueShares Financials Sector	16.42	-15.67	-25.53	Na	2.06	0.45
JJN	ETN	IPATH Dow Jones AIG Nickel Total Ret.	24.93	-15.49	6.31	-15.89	0.00	0.75
UNG	ETF	United States Natural Gas Fund	10.59	-15.21	-27.81	-69.04	0.00	0.60
XRU	ETF	CurrencyShares Russian Ruble	28.70	-9.92	-21.13	Na	12.79	0.40
PSR	ETF	PwShs Active U.S. Real Estate	23.05	-8.71	Na	Na	6.12	0.80
UHN	ETF	United States Heating Oil Fund	24.09	-7.67	-10.76	-48.39	0.00	0.69
GRU	ETN	ELEMENTS MLCX Grains Index	4.95	-7.48	-22.78	-40.36	0.00	0.75

This month's best performers were concentrated in real assets. The best performer was the PowerShares Global Coal Portfolio (PKOL) up 29.90% for the month. The rest of the top performers were all concentrated in precious metals. The best performer here was Market Vectors Gold Miners (GDX) up 17.55%. This fund invests in the stock of companies involved in gold mining. The E-TRACS UBS Bloomberg CMCI Silver (USV) up 17.47% invests in silver futures. The only other top performer that was not precious metals was the ING Clarion Gbl Real Estate Income (IGR) up 13.22%.

The best performers list reflects anticipation of inflation in that they represent real assets. The losers were scattered among a number of different sectors. The biggest loser was the RevenueShares Financials Sector ETF (RWW) down -15.49%. This sector has been volatile of late. The PwShs Active U.S. Real Estate (PSR) was down -8.71%. We think the drop is interesting when compared to the generally positive results from closed-end real estate funds, which may have done well because of their discounts to NAV shrinking while the ETF has no such bounce back possibility.

## FEATURED SECTOR

Although there is no evident inflation at this time the market is acting "as if" it were. Assuming the market anticipates trends by six months it may be that long before it becomes evident. We have been recommending anti-inflation investments for the past few months and they all increased in value. Of course, so has the rest of the market with different sectors remaining highly correlated with the market in general. The differentiation may come later this year or early next year.

## RECOMMENDATION

Fund: ProShares Ultra Gold

Symbol: UGL

CUSIP: 74347W601

Fund Type: ETF

Current Price: \$ 35.22

Net Asset Value: \$ 35.74

Expense Ratio: 0.95%

Optionable: Yes

One Month Change: 28.21%

Three Month Change: NA

One Year Change: NA

Current Yield: 0.0%

Top Holdings

The fund invests assets in financial instruments that aim to provide twice the return of the price of gold bullion. It may employ leveraged investment techniques in seeking its investment objective.

The best gainers this month and in some previous months have been in the precious metal sector and we see this trend continuing. We recommend getting involved in the gold sector, as this is a principal store of value. Investing in gold can be accomplished in a variety of ways, buying the metal, the companies that produce it or a paper representation of gold. The metal has problems of storage and high commissions; while the gold companies are susceptible to economic and political risks, not related to the price of gold. The largest gold ETF SPDR Gold Shares ETF (GLD) buys and stores gold for the investor with a low expense ratio of 0.40. The other alternative is participating in the gold market by way of the futures market. The ProShares Ultra Gold (UGL) ETF does this approach one better by investing in such a way as to double the performance of gold bullion as measured by the U.S. Dollar P.M. fixing price for delivery in London. The fund is currently trading at \$35.22.

# U.S. MARKET

## U.S. MARKET PERFORMANCE REVIEW

### BEST PERFORMERS

Ticker	Fund Type	Name	Current Price \$	1 Month % Change	3 Month % Change	1 Year % Change	Current Yield %	Expense Ratio %
PRFZ	ETF	PwShs FTSE RAFI US 1500	36.04	12.56	25.06	-30.30	0.34	0.71
PSP	ETF	PwShs Listed Private Equity	7.17	12.38	22.56	-65.55	1.27	0.71
UEM	ETF	Claymore/Dorchester- US-1 Capital Markets	41.00	10.57	10.81	-15.22	1.58	0.60
PFF	ETF	iShs S&P US Preferred Stock	28.29	10.51	20.38	-36.88	11.66	0.48
RFV	ETF	Rydex S&P Midcap 400 Pure Value	26.25	9.92	28.11	-12.85	1.91	0.35
RPV	ETF	Rydex S&P 500 Pure Value	22.11	9.35	23.66	-12.33	2.00	0.35
DCS	CEF	Dreman/Claymore Dvd & Income	13.52	9.03	28.88	-61.04	2.96	1.08

### WORST PERFORMERS

PKW	ETF	PwShs Dyn Buyback Achievers	16.73	6.63	11.38	-27.13	0.00	0.73
RWJ	ETF	RevenueShares Small Cap ETF	24.91	6.64	21.04	-1.17	0.22	0.54
JKL	ETF	iShs Morningstar Small Value Index	62.61	6.79	21.38	-13.15	1.06	0.30
RFG	ETF	Rydex S&P Midcap 400 Pure Growth	53.58	6.80	14.46	1.13	0.12	0.35
HYD	ETF	Market Vectors High Yield Muni	29.63	6.81	6.01	Na	6.48	0.35
RZG	ETF	Rydex S&P SmCap 600 Growth	35.90	6.81	14.55	-7.76	0.16	0.35
VBK	ETF	Vangd Sm-Cap Growth	56.42	6.90	14.63	-12.17	0.73	0.11

This month's best performers were scattered in different sectors of the U.S. market. The best performer was the PowerShares FTSE RAFI US 1500 (PRFZ) up 12.56%. This ETF invests in 1,500 small to mid cap stocks based on an algorithm that uses financial fundamentals. The PowerShares Listed Private Equity ETF (PSP) was up 12.38%. This fund invests in public companies that invest in private equity situations. Both of these funds are in the smaller cap end of

the market. The Claymore/Dorchester- US-1 Capital Markets (UEM) was up 10.57% and invests in agency securities such as those of Fannie Mae, Freddie Mac and government bonds. This month was another in which the worst performers showed positive gains for the month. The PowerShares Dyn Buyback Achievers was the worst performer but was up 6.63%. This fund is composed of companies that have repurchased at least 5% of their outstanding shares for the trailing 12 months.

## FEATURED U.S. MARKET

The market has had a terrific run since March of 2009. At this point, it could be vulnerable to a correction. We think one of the defenses against a drop would be a closed-end fund that trades at a substantial discount to its net asset value.

## RECOMMENDATION

Fund: Tri-Continental  
Symbol: TY  
CUSIP: 895436103  
Fund Type: CEF  
Current Price: \$10.86  
Net Asset Value: \$12.81  
Expense Ratio: 0.73%  
Optionable: No  
One Month Change: 2.54%  
Three Month Change: 14.31%  
One Year Change: -34.85%  
Current Yield: 1.62%  
P/E Ratio: NA  
Top Holdings  
Chevron Corp (4.60%)  
Johnson & Johnson (4.60%)  
Pfizer Inc (4.34%)  
Home Depot Inc (3.18%)  
IBM (3.12%)

We re-discovered a closed-end fund that is currently trading at a -15.22% discount to its net asset value and is trading below its 52-week average discount of -11.98%. In June of 2009, we recommended Tri-Continental (TY), which was trading at \$9.01 with a -16.42% discount to its NAV. In addition to protecting against a down market that didn't happen, it participated in the continuing market growth. The fund rose 2.54% in the past month and 14.31% in the last three months. Tri-Continental is one of the oldest mutual funds having been founded in 1929. Since its market cap is near one billion dollars, its expense ratio is among the lowest for closed-end funds at 0.73%. The fund currently trades at \$10.86 and has an indicated yield of 1.62%. The fund is leveraged and intends to pay out dividends as earned.

## INTERNATIONAL PERFORMANCE REVIEW

## BEST PERFORMERS

Ticker	Fund Type	Fund Name	Current Price \$	1 Month % Change	3 Month % Change	1 Year % Change	Current Yield %	Expense Ratio %
PEF	ETF	PwShs FTSE RAFI Europe Portfolio	28.08	17.39	26.37	-42.42	0.00	0.75
PTO	ETF	PwShs Autonomic Growth Global	9.73	17.23	21.63	Na	0.80	0.86
IRL	CEF	New Ireland Fund	7.82	16.54	17.59	-10.81	4.22	1.56
GF	CEF	New Germany Fund	11.76	15.52	31.69	-9.61	0.30	1.25
SNF	CEF	Spain Fund	7.13	15.19	27.09	-7.16	0.00	1.46
IAF	CEF	Aberdeen Australia Equity	11.52	14.17	9.09	-4.56	6.94	1.26
PPF	ETF	PwShs International List	9.60	13.48	25.49	-57.05	0.00	0.75

## WORST PERFORMERS

CUBA	CEF	Herzfeld Caribbean Basin	6.30	-3.76	-5.91	-0.36	2.56	2.74
CH	CEF	Chile Fund	15.40	-2.01	-0.26	11.10	9.09	1.50
ECH	ETF	iShs MSCI Chile Index Fund	45.78	-1.42	0.22	9.29	1.81	0.74
DGF	CEF	Delaware Invsts Gbl Dividend & Income	6.17	-1.28	7.30	-19.35	11.18	1.23
BGT	CEF	BlackRock Global Floating Rate	11.73	-1.01	8.61	-5.85	6.91	1.16
PFN	CEF	PIMCO Floating Rate Strategy	8.59	-0.58	13.62	-30.16	8.59	1.60
JEM	ETN	Barclays GEMS Index ETN	42.88	-0.33	0.12	-9.46	5.10	0.89

Like last month, the big winners this month were European stocks. The best performer was the PwShs FTSE RAFI Europe Portfolio ETF (PEF) up 17.39%. The PowerShares Autonomic Growth Global (PTO) had another good month with a gain of 17.23%. This fund invests exclusively in other ETF's thus insuring double the profit for the fund family, one expense ratio for the ETF they buy and another for this one. Most of their holdings are concentrated in other Powershares ETF's. Ireland,

Germany and Spain were the next best performers, validating which European countries were responsible for the overall European gains this month. Photographs of Fidel Castro looking particularly fit hurt the Herzfeld Caribbean Basin Fund (CUBA), which was down -3.76%. Chile was the worst performing individual country, with two Chile funds, The Chile Fund CEF (CH) and the iShares MSCI Chile Index Fund (ECH) down -2.01% and -1.42% respectively.

## FEATURED INTERNATIONAL RECOMMENDATION

China seems to be the only economy that is still growing despite the global recession. Part of this is due to having a command economy and part because of sheer momentum. Both of these factors can be derailed by government edict, such as a desire to retaliate against the US trade sanctions and an ensuing trade war. For now, the growth in the Chinese economy has energized the entire region, especially Australia.

Fund: iShares MSCI Australia Index Fund

Symbol: EWA

CUSIP: 464286103

Fund Type: ETF

Current Price: \$21.43

Net Asset Value: \$21.45

Expense Ratio: 0.54%

Optionable: Yes

One Month Change: 9.28%

Three Month Change: 21.42%

One Year Change: -3.73

Current Yield: 0.45%

Top 10 Holding Account for 52% of Fund

P/E Ratio: 40.31

Top Holdings

Bhp Billiton Ltd (15.59%)

Westpac Banking Corp (7.74%)

Commonwealth Bank Of Austral (7.73%)

National Australia Bank Ltd (5.72%)

Aust And Nz Banking Group (5.00%)

The Chinese need for raw materials is not only causing a boom in the region, Australia is benefiting from China's insatiable need for iron and other raw materials. Recent price negotiations between iron ore producers and the Chinese government resulted in arrests of Australians. We could safely assume the Aussies got a good price for their metal! The ripple effect in Australia will lift all industry. An Australian closed-end fund is trading at a premium because of the demand. Instead of paying \$1.10 for a \$1.00 worth of stock, we chose the iShares MSCI Australia Index Fund (EWA), which trades at a slight discount. It has a low expense ratio of 0.54%. It invests in a broad index of securities that trade on the Australian stock exchange. The ETF recently traded at \$21.43.

## RANKED BY 3 MONTH PERFORMANCE

Ticker	Name	Current Price \$	1 Month % Change	3 Month % Change	1 Year % Change	52 Wk High \$	52 Wk Low \$	Options
PKOL	PwShs Global Coal Portfolio	18.57	29.90	40.92	Na	29.14	9.00	N
FAA	Claymore/NYSE Arca Airline ETF	26.24	11.56	37.67	Na	26.51	13.45	Y
FBT	First Tr AMEX Biotechnology	28.18	8.30	35.81	14.14	29.14	15.47	N
RZV	Rydex S&P SmCap 600 Value	33.39	7.85	32.92	4.61	33.79	9.98	N
PGJ	PwShs Gold Drag Halter USX China	18.32	7.26	32.66	-37.52	30.91	10.91	N
TUR	iShs MSCI Turkey Index Fund	48.49	3.81	32.34	2.36	50.66	18.52	Y
ITB	iShs DJ Home Construction	12.99	3.26	31.74	-28.15	20.00	6.33	Y
IFEU	iShs FTSE EPRA/NAREIT Europe Index	30.35	8.01	31.44	-22.08	59.00	15.12	Y
SGG	iPath Dow J-AIG Sugar Total Return	64.12	-3.27	29.54	32.15	74.06	36.36	N
KIE	sTRKS KBW Insurance ETF	35.38	7.51	28.80	-16.26	72.41	14.30	Y
FIO	iShs FTSE NAREIT Industrial	21.74	6.93	28.67	-41.56	37.08	10.29	Y
XHB	SPDR S&P Homebuilders	15.56	4.64	28.17	-26.81	24.93	8.00	Y
RFV	Rydex S&P Midcap 400 Pure Value	26.25	9.92	28.11	-12.85	31.46	10.26	N
PNQI	PwShs NASDAQ Internet Portfolio	18.15	7.71	28.00	Na	25.07	10.36	N
PGF	PwShs Financial Preferred	12.48	11.03	27.35	-41.24	21.43	0.23	N
ROB	Claymore/Robb Rpt Global Luxury	16.59	6.28	26.64	-8.80	18.53	7.98	N
DNH	WisdTree Pacific ex-Japan Dividend	52.04	9.42	26.53	-4.04	55.64	23.63	N
PEF	PwShs FTSE RAFI Europe Portfolio	28.08	17.39	26.37	-42.42	49.77	17.45	N
PFP	PwShs International List	9.60	13.48	25.49	-57.05	22.68	5.46	Y
PMNA	PwShs MENA Frontier Country	12.71	12.24	25.06	Na	25.89	8.58	N
PRFZ	PwShs FTSE RAFI US 1500	36.04	12.56	25.06	-30.30	57.58	22.15	N
PIE	PwShs DWA Emerging Market	10.52	7.13	24.94	-54.36	23.69	6.66	N
PEJ	PwShs Dyn Leisure & Entertainment	10.56	9.50	24.21	-32.19	15.62	6.15	Y
RPV	Rydex S&P 500 Pure Value	22.11	9.35	23.66	-12.33	25.60	8.72	Y
EWO	iShs MSCI Austria Index Fund	21.12	10.92	23.22	-21.22	26.98	9.32	N
EWK	iShs MSCI Belgium Index Fund	12.77	11.63	23.03	-23.26	16.94	6.27	Y
EWD	iShs MSCI Sweden Index Fund	23.68	7.34	22.97	3.72	23.99	11.38	Y
RCD	Rydex S&P Eql Wgt Consumer Disc	33.46	6.76	22.92	-8.60	36.52	15.79	N
IFNA	iShs FTSE EPRA/NAREIT N. Amer	29.84	7.17	22.85	-37.72	48.51	14.80	Y
PBE	PwShs Dyn Biotech & Genome	16.77	4.88	22.68	-9.55	19.10	10.03	Y
FXH	First Tr Health Care AlphaDEX	19.32	7.10	22.67	1.85	21.44	11.49	N
EWY	iShs MSCI South Korea Index	44.81	7.95	22.60	2.92	45.05	19.00	N
PSP	PwShs Listed Private Equity	7.17	12.38	22.56	-65.55	21.33	3.40	N
IAK	iShs DJ US Insurance Index	26.48	4.83	22.20	-25.60	44.00	12.44	N
PUW	PwShs WilderHill Progress	17.85	11.63	22.01	-38.85	30.99	10.99	N
PFA	PwShs Dynamic Developed Intl.	12.00	10.09	21.95	-49.24	25.25	7.68	Y
RTL	iShs FTSE NAREIT Retail Index	20.15	9.69	21.90	-43.72	37.47	9.14	N
RWX	SPDR DJ Wilshire International	36.03	8.00	21.85	-17.63	43.59	17.49	N
EWN	iShs MSCI Netherlands Index	19.45	8.90	21.79	-16.92	23.56	10.42	Y
RWO	SPDR DJ Wilshire Global Real Est	31.07	7.43	21.70	-26.02	44.46	15.39	N
DRW	WisdTree International Real Estate	28.66	8.52	21.70	-13.60	33.00	13.45	Y
PDN	PwShs FTSE RAFI Developed Markets	15.35	10.43	21.63	-35.67	25.33	10.63	N
PTO	PwShs Autonomic Growth Global	9.73	17.23	21.63	Na	16.84	6.53	Y
IHF	iShs DJ US Healthcare Providers	44.18	6.77	21.54	-10.93	93.68	24.90	N
FGD	Fst Trust DJ Global Select Dividend	20.96	7.57	21.43	-4.10	23.62	9.16	N
EWA	iShs MSCI Australia Index	21.43	9.28	21.42	-3.73	23.20	10.50	Y
JKL	iShs Morningstar Sm Value Index	62.61	6.79	21.38	-13.15	76.31	30.97	N
PIN	PwShs India Portfolio	14.51	2.91	21.12	-41.28	25.83	9.55	Y

## DIVERGENCE FROM AVERAGE DISCOUNT

Ticker	Name	Current Price \$	NAV \$	Discount/Premium %	52 Wk Avg Disc/Prem %	Divergence	Current Yield %
EGX	Engex	2.16	2.70	-14.56	8.97	-23.53	0.00
GGN	Gabelli Gold Natl Resources	15.52	15.13	2.59	18.19	-15.60	10.82
FHI	First Tr Strategic High Income	2.65	2.81	-5.69	6.52	-12.22	11.32
FUND	Royce Focus Trust	5.80	6.58	-11.85	-2.19	-9.66	0.00
IFN	India Fund	27.49	28.58	-3.81	3.85	-7.67	0.95
KYN	Kayne Anderson MLP Investment	20.70	18.42	10.70	18.16	-7.47	9.28
CUBA	Herzfeld Caribbean Basin	6.30	6.21	1.51	8.57	-7.06	2.56
GCV	Gabelli Conv and Income	5.53	5.83	-5.15	1.54	-6.68	7.23
BPP	BlackRock Pfd Opportunity Trust	9.60	10.36	-7.34	-1.76	-5.58	9.06
RVT	Royce Value Trust	9.95	11.92	-16.53	-11.21	-5.32	0.00
BHL	BlackRock Defined Opportunity	11.28	12.55	-10.12	-5.54	-4.58	6.38
HQH	H&Q Healthcare Investors	10.87	14.03	-22.52	-18.33	-4.19	0.00
RMT	Royce Micro-Cap Trust	6.98	8.33	-16.21	-12.23	-3.98	0.00
RFI	Cohen & Steers Total Return Realty	8.88	9.86	-9.94	-6.65	-3.29	5.63
TY	Tri-Continental Corporation	10.86	12.81	-15.22	-11.98	-3.24	1.62
HPI	J Hancock Pfd Incm Fund	16.10	16.51	-2.48	0.64	-3.12	9.24
TF	Thai Capital Fund	9.35	10.89	-14.42	-11.53	-2.89	0.90
GRF	Eagle Capital Growth Fund	5.35	6.53	-18.23	-15.36	-2.87	0.98
BTO	J Hancock Bank and Thrift Opportunity	13.60	16.70	-18.56	-15.75	-2.82	1.75
CEF	Central Fund of Canada Ltd	13.20	12.06	9.44	11.96	-2.51	0.08
IIF	Morgan Stanley India Investment	20.44	20.67	-1.11	0.97	-2.09	0.00
CET	Central Sec Corp	16.85	21.45	-21.45	-19.54	-1.90	1.03
AVK	Advent Claymore Convertable and Incm	14.10	16.23	-13.15	-11.32	-1.83	7.99
EVF	EtnVnc Senior Income Trust	5.34	6.06	-11.88	-10.07	-1.81	5.84
TFC	Taiwan Greater China Fund	5.66	6.36	-11.01	-9.42	-1.58	0.00
PFD	Flhty & Crumrine Pfd Income	8.66	8.91	-2.81	-1.28	-1.53	8.73
HQL	H&Q Life Sciences Investors	8.81	11.30	-22.04	-20.52	-1.51	0.00
JFP	Nuveen Tax-Adv Floating Rate	2.86	3.16	-9.49	-8.09	-1.41	9.23
FMY	First Tr/FIDAC Mortgage	17.51	19.03	-7.94	-6.59	-1.34	7.54
JPS	Nuveen Quality Pfd Income II	6.62	6.98	-5.16	-3.89	-1.27	9.79
PFO	Flhty & Crumrine Pfd Income Opp	6.76	7.17	-5.72	-4.48	-1.23	8.88
NFJ	NFJ Dvd Interest & Prem Strategy	13.32	16.44	-18.98	-17.78	-1.19	4.50
TWN	Taiwan Fund	13.30	14.76	-9.89	-8.95	-0.95	1.28
HPF	J Hancock Pfd Incm Fund II	16.12	16.37	-1.77	-0.86	-0.91	9.23
CHI	Calamos Conv Opp and Income	11.35	11.36	-0.09	0.74	-0.83	10.04
KF	Korea Fund	32.92	35.75	-7.92	-7.08	-0.83	0.00
TTF	Thai Fund	8.79	10.25	-14.24	-13.50	-0.74	0.15
BCV	Bancroft Convertible Fund	14.01	16.34	-14.26	-13.53	-0.73	3.71
EFT	Eaton Vance Floating-Rate Income	12.04	13.43	-10.35	-9.64	-0.71	6.98
PSY	Preferred Income Strategies	8.64	9.14	-5.47	-4.86	-0.61	10.42
FOF	Cohen & Steers Closed-End Opportunity	11.63	12.34	-5.67	-5.08	-0.60	9.29
FHY	First Tr Strategic High Income II	4.20	4.66	-9.87	-9.30	-0.57	12.86
HPS	J Hancock Pfd Incm Fund III	13.46	13.95	-3.51	-3.04	-0.48	10.00

This table is designed to highlight short to medium term deviations of CEF discounts from their 52-week average premium/discount relationships. The listings are rank ordered by their divergence from their 52-week average premium/discount. A possible trading strategy would be to buy the CEF's that have an unusually large divergence from their 52-week discounts and then sell when the discount comes back into the average range.

# RECOMMENDATIONS AND PORTFOLIOS

Investors should allocate their funds among the six portfolios according to their personal risk tolerance. The Conservative Portfolio is designed for the longer term while the Medium-Risk and Aggressive Portfolios will have significantly more turnover. Investors should consider allocating as much as 20% of their capital for special situations which come about throughout the year. The individual security selections in the left hand column, which are not included in one of the three portfolios, represent more targeted selections. They should be viewed as short term, special situation choices.

## U.S. MARKET

These securities track the broad U.S. Economy and is diversified as to market capitalization, growth and value. These recommendations are not diversified by nationality or currency.

Ticker	Name	Current Price \$	1 Month % Change	1 Year % Change
IWD	iShares Russell 1000 Value Ind	54.89	4.12	-19.94
QQQQ	Nasdaq-100 Index Tracking Stoc	41.52	4.77	-4.40
PWO	PowerShares Dynamic OTC	38.14	4.69	-18.19
IWF	iShares Russell 1000 Growth InEX	45.94	4.22	-12.63

## INTERNATIONAL MARKET

These securities track international markets and is a way for the typical investor to achieve diversity away from securities dependent directly on the U.S. economy and the US dollar. They may be single country funds and are generally more volatile.

Ticker	Name	Current Price \$	1 Month % Change	1 Year % Change
ADRE	BLDRS Emerging Markets 50 ADR	40.17	4.72	-1.28
EWJ	iShares MSCI Japan Index Fund	10.29	1.98	-6.96
EPP	iShares MSCI Pacific ex-Japan	39.00	7.32	1.38
NAI	Nicholas-Applegate Intl Prem & Strat Fnd	15.36	9.40	-3.27
IIF	Morgan Stanley India Inv Fund	20.44	7.75	4.72

## SECTOR

These securities seek the highest capital gains by investing in particular industrial sectors. These are the most volatile and least diversified.

Ticker	Name	Current Price \$	1 Month % Change	1 Year % Change
XLB	XLB Materials Select Sector SPDR FUND	30.79	3.36	-19.14
OIH	Oil Service HOLDERS Trust	112.66	8.65	-30.76
IGW	iShares Goldman Sachs Semiconductor	45.23	7.95	3.76
IYG	iShares Dow Jones US Financial Services	54.30	1.10	-28.39
PPH	Pharmaceutical HOLDERS Trust	58.61	6.99	-16.20
IIH	Internet Infrastructure HOLDERS Trust	2.22	8.29	-18.98

\*=CEF

## MODEL PORTFOLIO

This portfolio is the least volatile and has the broadest exposure to diversified markets both domestic and foreign. This portfolio is meant for long-term investors and should track the major world equity markets.

Ticker	Name	Shares	Current Price \$	Dollar Investment	Allocation
SPY	SPDR Trust Series 1	500	104.79	\$52,395	58.26%
EFA	iShares MSCI EAFE Index Fund	200	54.61	\$10,922	12.14%
ADRA	BLDRS Asia 50 ADR Index Fund	600	25.08	\$15,048	16.73%
UGL	ProShares Ultra Gold	300	38.58	\$11,574	12.87%
Portfolio Inception Value 1/15/06				99,382	
Current Portfolio Value				\$89,939	

## MEDIUM RISK ALTERNATIVE

This portfolio may include sector, international and index funds. The Index funds in this portfolio are not as broad as in the conservative portfolio, for example, we may opt for growth over value stocks or vice-versa.

Ticker	Name	Current Price \$	1 Month % Change	1 Year % Change
ADRE	BLDRS Emerging Markets 50 ADR	40.17	4.72	-1.28
QQQQ	NASDAQ 100 TR SER I	41.52	4.77	-4.40
EPP	iShares MSCI Pacific ex-Japan	39.00	7.32	1.38

## AGGRESSIVE ALTERNATIVE

This is the most volatile of the three and will include single country, sector, and closed end funds that are trading below their usual discounts. It is designed to take advantage of current market momentum in certain industries or countries.

Ticker	Name	Current Price \$	1 Month % Change	1 Year % Change
OIH	Oil Service HOLDERS Trust	112.66	8.65	-30.76
NAI	Nicholas-Applegate Intl Prem & Strategy Fnd	15.36	9.40	-3.27
PPH	Pharmaceutical HOLDERS Trust	58.61	6.99	-16.20

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**Senior Analyst:** George Weinfurter  
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