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# **ALL ABOUT EXCHANGE-TRADED FUNDS**

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## All About Exchange-Traded Funds

You'd be hard pressed to find a hotter broad-based product with more universal appeal and generally positive press in the market than exchange-traded funds (ETF). Combining the utility of mutual funds with the flexibility of stocks, ETFs have been on a roll. Every major financial portal website now has an ETF Center, right alongside (or included with) their mutual fund offerings.

Mutual funds may not be shaking in their boots quite yet, but they will be before too long. ETFs are hot, and 2007 is projected to be even hotter based on the number of ETFs waiting to hit the Street. Just how hot are they?

Consider the following:

- According to the Investment Company Institute (ICI; [www.ici.org](http://www.ici.org)), the combined assets of the nation's ETFs (through November 2006) were just under \$400 billion, a 34-percent increase this year. Morgan Stanley estimates that this number will stand at \$410 billion by yearend. That's a 172-percent increase from just three years ago.
- As of November 2006, ICI counts 333 ETFs (domestic equity index, global/international equity index, and bond index funds), up from 201 at the end of 2005 (66-percent increase). Over the past three years, the number of funds has increased 180 percent. Care to guess how many new funds were opened in 2003? Six.
- Morgan Stanley claims the ETF pipeline is stuffed with new offerings. In fact, plans are underway to launch another 343 funds. That means that there are more new ETFs in registration than there are ETFs currently listed on U.S. exchanges.

So what's all the fuss about? Why are ETFs so hot? Read on to see whether you should consider them for your portfolio.

### What's an ETF?

The U.S. advent of ETFs came about in 1993 with the launch of the S&P 500 Depository Receipts (SPY) by State Street Global Advisors. The "Spyders," as they are called, gave investors a low-cost way to own the S&P 500 without having to buy shares in all 500 companies or buy a mutual fund that mimics the S&P 500 index. Total assets in the Spyders grew to \$64 billion at the end of 2006, and an average of \$9 billion worth (give or take) of SPY changes hands every day.

So what is that has spawned such impressive growth in an industry crammed full of 8,000+ mutual funds? Just what is an ETF, anyway?

ETFs represent an ownership stake in a basket of stocks. These baskets can represent any number of entities, including a specific index (S&P 500 Index, Nasdaq 100), segment of the market (small caps, large growth stocks), sector (semiconductors, retail), or foreign country (Japan, China). Others represent holdings in bonds, gold, silver, or other commodities. The value of the ETF is tied directly to the value of the underlying securities.

So far, ETFs sound like mutual funds. But there are a number of important differences. ETFs are bought and sold throughout the trading day just like stocks. Their price changes instantaneously, whereas mutual funds are priced at the end of the day. Also, because most ETFs mirror an index, they are passively managed and therefore have lower expense fees (no loads, either, like many mutual funds). They do incur a brokerage commission, however. ETFs can be shorted, traded with a margin account, and many trade options. You can trade ETFs using market, limit, and stop-loss orders. Finally, there is no minimum for ETF purchases. In short, ETFs offer the diversification advantages of mutual funds and the flexibility of stocks.

## **Advantages of ETFs**

Let's now examine the advantages ETFs offer in more detail.

### **Diversification**

One of the greatest benefits of trading ETFs is that they are similar to mutual funds in that you are invested in more than one company. If you have a bullish opinion of the oil sector, for example, you would have to choose among dozens of companies within that sector. You could spend hours analyzing those stocks to select the one you feel is the strongest. But regardless of your analytical skills, your chosen stock could be hurt by a poor earnings report, an analyst downgrade, or a management scandal.

For example, let's say you saw big potential in oil services in 2006. You could have invested in the biggest headliner in the industry, Halliburton, or you could have spread your risk around by investing in the Oil Services HOLDRs Trust (OIH). (HOLDRs are not ETFs by definition, but they share many of the same advantages, as discussed below.) If you had placed your bets on Halliburton, you would have made exactly 1.1 percent last year. Hardly anything to write home about. If you had invested in the OIH instead, you would have gained 9.1 percent. That's a 724-percent difference in return, and clearly shows the profit power of diversification.

Let's look at another example. At the beginning of 2006, you decide to invest in big-cap pharmaceuticals. You could have invested in Johnson & Johnson (JNJ), a tried and true blue-chip stock, and earned 12.4 percent. Not bad. But had you invested in the Pharmaceutical HOLDRs Trust (PPH), you could have made 15.8 percent last year. Now JNJ is the largest stock holding in PPH, making up 22 percent of the assets in the trust. But by adding some diversity to your portfolio in the form of the fund instead of the single stock, you could have improved your return by 27 percent, proving once again that it pays to diversify.

This ability to diversify has always been one of the biggest selling points for mutual funds. But mutual funds have their limitations, as we describe throughout this report.

### **Liquidity**

One of the biggest disadvantages of mutual funds is that they are priced just once, after the closing bell. So you can't get into or out of them during the trading day. You're unable to take advantage of big up or down days until after the move happens. This inability to move in and out of mutual funds can cost you several percentage points, and it is not very conducive to short- or intermediate-term trading.

For example, those who were holding oil-related mutual funds during the major downdraft in oil prices in early January 2007 had to watch helplessly as intraday prices fell off the table. They simply had to wait for the end-of-day settlement prices. But OIH holders could have sold any time during the downdraft. On January 3, 2007, OIH dropped 4.3 percent. Would you rather be forced to absorb that entire loss or have the flexibility to cut your loss at your discretion? That's a key advantage that ETFs hold over mutual funds.

### **Low Expenses**

Another major advantage of ETFs versus mutual funds is the fees charged by each. In addition to management fees, mutual funds may charge up-front, back-end, or contingent-deferred sales loads. Of course, many are no-load funds, but some charge distribution fees. Regardless of how the fees are assessed, the end result to the investor is a reduced return.

According to Morningstar, the average mutual fund management fee is 1.67 percent. Expense ratios for ETFs, on the other hand, average around 0.4 percent (some Vanguard funds are as low as 0.07 percent). Now the difference of 1.27 percent may not sound like much, but it can be huge over the long term. Let's say you average eight percent annually for a balanced portfolio of stocks and bonds. Paying 1.27 percent to a third party means that you've given up around 15 percent of return each year.

Why do ETFs charge less? It certainly isn't because they're less interested in a profit compared to their mutual fund cousins. ETFs generally follow an established index, and therefore are passively managed. This cuts down on the costs of hiring market analysts to manage the portfolio. Also, ETFs trade less frequently and thus incur lower trading costs. ETFs also do not hold cash, which represents an opportunity cost for most mutual funds.

To be fair, there is one cost disadvantage to ETFs. Investors have to pay to purchase and sell ETFs, just as with individual stocks. This cost includes the commission cost of a stock trade plus the bid/ask spread. Mutual funds, in contrast, are purchased and sold after the market closes with no fees (if you deal directly with the mutual fund company and avoid funds with loads) and no spread. But with the current commission structure at discount brokerage firms and the narrowing of spreads as ETF volume increases, this overall cost is negligible compared to the sales loads associated with some mutual funds.

### **Tax Advantage**

ETFs offer tax advantages over mutual funds because of the way they are structured. A mutual fund must sell underlying securities to raise the cash for shareholder redemptions. Any capital gains that are triggered by those transactions are passed on to the remaining shareholders. But ETFs don't have to sell underlying securities to meet redemptions, because shareholders sell their shares to others. ETFs may have to periodically pay out distributions as their underlying benchmarks change. But such distributions are generally far less frequent than with traditional mutual funds.

If ETFs or mutual funds are held in a retirement account, this tax advantage is negated since taxes are deferred. In a non-retirement account, however, ETFs can be extremely advantageous, as they allow the investor (not the fund manager) to control when his capital gains are realized.

### **Portfolio Transparency**

ETFs list their holdings and the weighting of the holdings for all to see. This allows investors to know exactly what they are buying (or holding). Mutual funds, on the other hand, typically update their shareholders about holdings just once per quarter ... at best.

If you want to diversify properly, you need to know what you own. A mutual fund manager may drift away from the strict objective of his fund, which can impact your diversification objective. ETFs offer complete transparency. You can look up a fund's holding either on the provider's website or at any of a number of financial website portals.

This transparency also leaves ETFs relatively immune to scandals that have affected mutual funds. Because they're tied to indices, it's hard for any manipulation to occur. The fact that they're traded throughout the day also keeps ETFs on the up and up.

**Options Available**

One final benefit worth mentioning is the fact that most ETFs, unlike mutual funds, have options available. This opens up a whole new dimension of trading that allows hedging and leveraging of an ETF position. All of the option strategies available to stock traders are open to ETFs as well, including more advanced spread trading.

If you feel that an ETF in your portfolio is due for a short-term correction and you don't want to sell for tax reasons, you can buy a short-term put option that will increase in value if the ETF price declines. A put gives you the right to sell 100 shares of the underlying security at a fixed price on or before a specified expiration date. So a put is a bet that the underlying will decline in value. Thus, a put can protect against a stock's (or ETF's) loss.

Alternatively, you can speculate with options either to the upside (with calls) or downside (with puts) for less cash than buying or shorting the ETF outright. These options allow you to lease the price movement of a stock or ETF over the lifetime of the option. As such, you can achieve leveraged gains of five times, 10 times, or more using aggressive option buying.

Most think that option trading is a very risky proposition and is suited only for the speculator. The fact is that there are a number of option strategies that are safer than buying the ETF outright. Knowing and understanding these strategies is the key, of course. The point is that the flexibility of using options – no matter how you choose to trade them – is available for most ETFs. And options are not traded on mutual funds.

We've thrown a lot of advantages at you, so here's a scorecard to help you keep track:

<b>Benefits</b>	<b>Individual Stock</b>	<b>Mutual Fund</b>	<b>ETF</b>
Tax Advantages			<b>X</b>
Managed Portfolio		<b>X</b>	<b>X</b>
Low Expenses	<b>X</b>		<b>X</b>
Intraday Liquidity	<b>X</b>		<b>X</b>
Portfolio Transparency	<b>X</b>		<b>X</b>
Fully Invested	<b>X</b>		<b>X</b>
Sell Short on a Downtick			<b>X</b>
Diversification		<b>X</b>	<b>X</b>
Optionable	<b>X</b>		<b>X</b>

Before leaving the advantages, we should mention some items to be wary of with ETFs. Beside the commission cost mentioned above, there can be liquidity issues (matching buyers and sellers) with some ETFs, especially with newer, less mainstream funds. But there are plenty of choices that are highly liquid, so stick with name providers. Some caution that possible overgrowth in the industry may lead to higher fees. In fact, some fees are approaching one percent (discussed below). Again, however, there are more than enough inexpensive choices that keep ETFs well ahead of mutual funds in terms of overall cost. Finally, investors could suffer from overload. The sheer number of different offerings could lead to a temptation to overtrade, which would dilute the advantage of cost efficiency.

There's no doubt that the vast number of ETFs, which is growing seemingly every day, can appear complex and bewildering. There are so many funds to choose from, many of which are based on the same index or sector. Which should you choose? That's where a service such as *ETF Edge* comes to the rescue by doing the legwork of finding the most promising sectors and indices and the best ETFs to play.

## **Before Investing, Consider...**

Here are a few points to keep in mind when considering ETFs for your portfolio.

### **Weighting vs. non-weighting**

An important consideration when choosing the appropriate ETF is whether the fund is weighted. In other words, is the ETF's portfolio concentrated heavily in two or three stocks rather than being equally spread across all its holdings.

Some ETF families are more prone to heavier weighting than others. For instance, the HOLDRs tend to use a weighting system, whereas iShares tends to be less heavily weighted.

The following table shows the top 10 holdings of two pharmaceutical funds - iShares Dow Jones U.S. Pharmaceuticals Index Fund (IHE) and the Pharmaceutical HOLDRs (PPH). Note that while the funds share the same top three stocks, PPH has 54 percent of its assets tied up in JNJ, PFE, and MRK, while IHE allocates only 23 percent.

## INVESTOR'S DAILY EDGE

<b>iShares Pharma (IHE) (as of 1/12/07)**</b>		
Company	Symbol	% Assets
Pfizer	PFE	8.55
Johnson & Johnson	JNJ	8.12
Merck	MRK	6.67
Abbott Laboratories	ABT	6.02
Wyeth	WYE	5.61
Bristol-Myers Squibb	BMY	5.16
Eli Lilly	LLY	4.90
Schering-Plough	SGP	4.59
Forest Laboratories	FRX	3.50
Allergan	AGN	3.40

<b>Pharma HOLDRs (PPH) (as of 1/16/07)**</b>		
Company	Symbol	% Assets
Johnson & Johnson	JNJ	22.00
Pfizer	PFE	19.75
Merck	MRK	12.58
Abbott Laboratories	ABT	9.01
Wyeth	WYE	7.70
Eli Lilly	LLY	6.72
Bristol-Myers Squibb	BMY	6.08
Schering-Plough	SGP	4.34
Forest Laboratories	FRX	2.70
Medco Health Solutions	MHS	1.97

\*\*data obtained from [ishares.com](http://ishares.com) and [holders.com](http://holders.com)

It is clear from this example that all ETFs are not created (or weighted) equally. Regardless of the investing style you prefer, know what you're buying before you write the check. Don't assume that all index funds are created alike.

### **Asset Allocation**

There isn't much in the stock world that can't be satisfied by ETFs. You can invest in U.S. companies or go international. You can pick a specific country (China, Japan, South Africa) or a region (Europe, Latin America). You can select from just about any sector under the sun (aerospace, water, insurance). And if your sector isn't yet represented, give it a little time. It'll probably show up sooner than you think.

Do you prefer small caps, mid caps, or large caps? Value stocks or growth stocks? Broad market indices? How about socially responsible companies, dividend paying stock, or IPOs? Or funds that do well when the market does poorly or that are leveraged to achieve twice the broader market? There's an ETF for you.

But that's just stocks. ETFs are now making inroads into the world of bonds, REITs, and commodities. You can buy U.S. Treasury bond funds, including a TIPS (Treasury Inflation-Protected Securities) fund whose payments rise with inflation, along with a few corporate bond ETFs. There are a handful of REIT (real estate investment trusts) ETFs for those looking to own a piece (albeit a small piece) of a shopping mall or office building. And you can now own gold, silver, and oil outright through their corresponding ETFs. About the only thing you can't use an ETF for is a money market (or cash).

The possibilities are seemingly unlimited. And with their low transaction costs, it is both easy and affordable to move in and out of different ETFs to change your asset allocation based on how you see the market performing over the coming months. With ETFs you can customize your asset mix in ways that used to be possible only if you built a complicated portfolio from scratch - or paid an adviser to do it for you.

Similarly, ETFs allow you to stress a particular investing style. If you're in or nearing retirement, for example, you might want more exposure to value stocks since they tend to be less volatile than shares of fast-growing companies. In that case you might consider adding an ETF that tracks an index of value shares. Conversely, if you're a younger investor willing to assume more risk for higher returns, you could invest in an ETF that focuses on growth stocks or small caps.

Diversifying beyond the traditional asset classes of stocks and bonds is a way to dampen a portfolio's risk. If you want more protection from inflation, for example, you could add an ETF that invests in natural-resources stocks or in TIPS.

You can also gain an extra measure of protection by buying ETFs that specialize in areas that may be quite volatile on their own - such as gold and emerging markets - but that can actually dampen a portfolio's overall swings since they are less correlated with the U.S. stock market.

If, on the other hand, you want to get more current income from your portfolio, you can buy an ETF that hones in on dividend-paying stocks or REITs (real estate investment trusts).

The bottom line is that everyone can benefit from the versatility, variety, and low cost of ETFs.

## Major ETF Players

While there are many who offer ETFs (Fidelity even offers one), the following firms are the primary players in the ETF industry right now. We say "right now" because the number of ETFs is booming and some of the firms below launched in 2006. So this is an arena where new players don't take long to become established.

**Barclays Global Investors iShares** – With 125 funds (according to [ishares.com](http://ishares.com)) in its arsenal, Barclays is the granddaddy of the ETF world. Barclays ETFs are known as *iShares* and offer the broadest selection among ETF families. The major ETF groups offered by Barclays include S&P domestic index, domestic sector and subsector index, Russell index, international country index, international index, bond, specialty index, NYSE index, Morningstar index, and commodities and precious metals. Management fees vary from 0.09 percent for the iShares S&P 500 fund (IVV) to 0.75 percent for the MSCI Emerging Markets fund (EEM). Domestic funds generally have the cheapest fees, while international funds tend to have higher expenses. More information is available at [ishares.com](http://ishares.com).

**State Street Global Advisors (SSgA) SPDRs, streetTracks, and DIAMONDS** – As the number-two ETF provider, SSgA offers the original ETF, the S&P 500 SPDR (SPY), which boasts around \$65 billion in assets. SSgA offers an excellent blend of domestic funds, including small and large cap, growth and value, and several sectors. streetTRACKS Gold Shares (GLD) is a major player among gold ETFs with nearly \$9 billion in assets. Fees average under 0.3 percent on average. See [streettracks.net](http://streettracks.net) or [spdrindex.com](http://spdrindex.com) for more on SSgA offerings.

**PowerShares** – Going a bit beyond the passive management of most ETFs, PowerShares uses an automated process that, according to their website, “replicates the intelligent Intellidex™ Index, which uses rules-based quantitative analysis to select component securities.” An Intellidex, produced jointly by PowerShares and the American Stock Exchange, is “an index of securities that are selected by the Intelligent Index methodology ... the sophisticated Intellidex™ methodology analyzes large groups of stocks seeking to select specific stocks based upon their investment potential.” In other words, the portfolios are rebalanced quarterly to replicate their underlying Intellidex. Expense fees are capped at 0.6 percent, according to [powershares.com](http://powershares.com).

**Vanguard** – Typically considered the bastion of index investing, Vanguard caught the ETF wave in 2001 and now offers 27 such funds (they used to be called VIPERs). There's nothing fancy about Vanguard's offerings, and expenses, as one would expect, are low. How low? Try 0.07 percent for the Total Stock Market Fund (VTI). The highest? 0.3 percent for Emerging Markets. International exposure is limited. Go to [vanguard.com](http://vanguard.com) for more details.

**ProShares** – Launched in June 2006, ProShares offers 12 funds that passed \$2 billion in assets in December 2006. While these numbers won't strike fear in the Barclays and SSgAs of the world, ProShares offers a twist for the more adventuresome at heart – the opportunity to short and leverage the Dow, S&P, Nasdaq, and mid-caps. Eight of the ETFs are supercharged to return twice the return or twice the inverse of these indices. An expense ratio of 0.95 percent (higher than most, as one would expect) applies to all 12 funds. See [proshares.com](http://proshares.com) for more.

**WisdomTree** – In June 2006, WisdomTree launched the first family of “fundamentally weighted dividend ETFs.” Assets reached \$1 billion among these 20 funds in November. The company launched another 10 pure international sector ETFs in October. Expense ratios top out at 0.58 percent for the firm's international equity and sector funds. Go to [wisdomtree.com](http://wisdomtree.com) for more information.

**Rydex** – Rydex currently offers 17 ETFs that cover a number of sectors and value and growth plays among the large, mid, and small caps. Many of its funds offer equal-weighted allocations (rather than value-weighted). Fees average around 0.3 percent, placing Rydex in a very competitive range. Visit [rydexfunds.com](http://rydexfunds.com) for more on these ETFs.

**Merrill Lynch HOLDRs** – Let's say right up front that HOLDRs are not technically ETFs. According to [holders.com](http://holders.com), "HOLDRs are trust-issued receipts that represent your beneficial ownership of a specified group of stocks." One major difference between HOLDRs and ETFs is that HOLDRs can be bought and sold only in lots of 100 shares. There are currently 17 HOLDRs, 15 covering specific sectors (although they do not track a particular index per se). Go to [holders.com](http://holders.com) for more on these "pseudo ETFs."

## Resources

We all know that information abounds on the Internet. But how do you separate the wheat from the chaff? Well, with ETFs, the sites below offer more than enough information to keep you well satisfied in your quest to become a sophisticated ETF investor. And if by chance you get through these sites and still crave more, a quick search of the Web will pull up more than you'd ever want.

But for now, start with this list:

**etfconnect.com** – Offers a comprehensive Education Center, numerous tools that provide interactive charting and sort funds according to your preferences, and quotes and yields

**etfguide.com** – Provides an up-to-date list of current ETFs, a helpful ticker symbol guide, a comprehensive Learning Center, and ETF and sector news and commentary

**ici.org** – The website of the Investment Company Institute publishes monthly and annual statistics of ETF asset flows, the number of ETFs, and shares issued and redeemed by broad fund type (domestic broad based and sector/industry, global/international equity, and bond). Also provides in-depth statistics on mutual funds.

**etftrends.com** – This is primarily a compendium of ETF discussions, blogs, news, rumors, etc. Discussions are conveniently broken down by categories (commodities, large cap, real estate, etc.)

**amex.com** – The American Stock Exchange bills itself as the place "where ETFs were born, raised, and spend all of their quality time." The website offers quotes, an ETF screener, new listings, a host of tools, ETF news, and educational material.

Finally, most major financial websites (Morningstar, Yahoo! Finance, MarketWatch, etc.) have major sections devoted to ETFs that are accessible via tabs on their home pages. There's no shortage of quality information on ETFs. It won't take too long before you're an expert yourself. So happy reading and good luck with your ETF investing!

## Meet the Team

### **Chris Johnson - Editor**

Before starting Johnson Research Group LLC (JRG), Chris worked in the financial services industry as a broker for 11 years and eight years as Director of Quantitative Analysis and Market Strategist with Schaeffer's Investment Research. Through this work, Chris became an expert at quantifying and studying the behavior of investors and financial markets, market sectors, and indices. Along the way, Chris has developed numerous market analysis tools that harness the powerful combination of behavioral and technical analysis.

Chris is a frequent commentator on financial markets and is regularly seen in national print media, such as Barron's, Wall Street Journal, Financial Times, Bloomberg, USA Today, and the AP Newswire. In addition to being a guest on several radio shows, Chris appears regularly on CNBC, Bloomberg TV, and the Fox News Channel as an expert in the field of sentiment and investor behavior as well as technical analysis.

Chris serves as CEO and Chief Market Strategist for JRG (JohnsonRG.com). He lives outside Cincinnati with his wife and three children, and spends free time coaching hockey and lacrosse.

### **Andrew M. Gordon- Analyst**

After earning his Masters from the London School of Economics, Andrew has enjoyed a 25-year business career that has taken him around the world. He's been involved in infrastructure in Indonesia, port development in Russia, road construction in Malaysia and environmental services in China. He's also authored six books on the global markets, including China's Oil and Gas Industry, and The World Coal Market.

Andrew has spent his entire career evaluating companies and appraising investments and he is a proponent of the idea that a healthy portfolio is not dependent on flourishing markets. He specializes in identifying deep value companies with a solid margin of safety as well as income investments with a strong potential for capital gains. He has also become a leading expert in utilizing Exchange Traded Funds (ETFs) to profit from rising and falling market sectors.

Andrew is currently the Editor-in-Chief of two monthly investment research services – *INCOME* and *The Wealth Advantage*. He resides in Delray Beach, FL and Catonsville, MD, with his wife and two children.

**Dr. Russell McDougal, D.D.S. - Analyst**

Dr. Russell McDougal is a practicing dentist of over 30 years as well as a past professor of dentistry. The most fitting description of Rusty is the word “student,” and his appetite for learning was only whetted with his formal education. He is a voracious reader and has been known to focus on a particular topic daily for a decade or more.

Rusty has been an active investor for 25 years, holding everything from stocks, bonds and mutual funds, to options, futures, currencies, limited partnerships, private placements and rare coins. Before the days of the internet, he typically subscribed to 10 to 12 financial newsletters at a time. He has learned from the brightest and the best.

Since 1993, Dr. McDougal has focused almost exclusively on gold, silver and resource investing. He has a particular affinity for silver and has studied virtually everything available on the topic since 1994. Today, Dr. McDougal’s personal portfolio is a virtual mutual fund of natural resource exploration and development companies.

Over the years, he has developed an excellent understanding of the risk and reward elements involved and has discovered exactly what it takes to become ultra-successful in this speculators’ paradise. If you have ever dreamed of engaging in prudent speculations that can return \$5... \$10... or even \$20 for every \$1 invested, you’ll want to pay close attention when Rusty writes for Investor’s Daily Edge.

Dr. McDougal is a bold and outspoken advocate of honest money, honest markets and honest, constitutional government.

**Rick Pendergraft- Analyst**

Rick Pendergraft is the editor of the ETF Options Trader. Rick earned a Bachelor of Science Degree in Economics from Wright State University. After ten years in the banking industry, Rick decided to pursue a career in the financial publishing industry. His passion for the markets led him to a position with Schaeffer’s Investment Research where he provided his market insights to the public in general via articles and also provided his insights to subscribers of membership-only publications. Rick’s insights on the market have also been published by Reuters, BusinessWeek, Forbes, USA Today, the New York Times, and the Washington Post.

**Charles Delvalle- Analyst**

Charles Delvalle is a self-taught market-timing professional and value analyst who uses a combination of technical indicators and fundamental research to achieve consistent gains on stocks, commodities and options. In recent months, Charles has unlocked gains of 90%... 74%... and 45% – all in a matter of days.

He also recommended a tiny coal company which rocketed 30% within a month and a disregarded Palladium miner whose stock went up double digits in just days. And when everyone else was talking about gold, Charles was singing the praises of silver... which was up 50% just a few months later.

Charles is also a staunch contrarian and takes pride in finding undervalued sectors and discovering great companies on the cheap. He questions government reports and the status quo. In addition to swing trading options, Charles is also Co-Editor of the monthly advisory service - *INCOME*.

### **Jon Herring- Analyst**

Jon graduated from the University of Georgia with a degree in Finance. But rather than pursue a “corporate” career, he chose the path of entrepreneurship. He started his first venture in his early 20s – a business that soon provided him with a comfortable lifestyle and the money to invest.

Jon is an avowed contrarian, a voracious reader and a diligent student of the markets. He began paper trading as a teenager. He participated in the tech boom (and got out with a profit). He backed the truck up on gold below \$300 (and has been buying ever since). And he continues to invest profitably in the trends that shape our world.

### **MaryEllen Tribby – Executive Publisher**

MaryEllen’s first experience in the publishing field came in elementary school when she delivered the daily newspapers in her neighborhood in Parsippany, NJ. She enjoyed meeting her customers who were often waiting on their front porches, anticipating the current day’s news. She did not foresee that 14 years later she would be working at Times Mirror Magazines, one of the largest publishing companies in New York. After quickly moving up the corporate ladder she was recruited to manage a division of Forbes. From there her corporate resume includes Crain’s New York Business – Associate Publisher, Globe Communications – Vice President, and most recently Weiss Research where she served as President.

As a publisher, MaryEllen is determined to provide the best possible research and editorial content to educate and empower the investors who read her publications. She currently resides in Boca Raton, FL with her husband Patrick and three beautiful children, Mikaela, Connor and Delanie.

**Jedd Canty - Business Director**

Jedd Canty was born in Western Maryland, but found the cold winters to be a little too harsh so he decided to venture down to sunny South Florida to finish his education. He attended Florida Atlantic University and graduated with two Bachelor of Science degrees, one in Marketing and one in Business Management.

After college Jedd spent the next 6 years becoming an expert in both online and offline marketing. His experience ranges from managing a 10 million plus record database as the Marketing Manager for the premier diet & fitness online portal to directing a \$30 million dollar advertising budget for one of the largest companies in the country.

Jedd manages the financial division of Fourth Avenue Financial.

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