



THE COMPLEAT ETF INVESTOR

The January-July Portfolio.

Inside this issue:

How Have We Done So Far? 1

How We Assemble our Portfolios 2

Choosing Your Stocks 2

Our Picks — Exchange Traded Fund #1 3

Our Picks — Exchange Traded Fund #2 3

Exchange Traded Funds Explained 4

Final Notes 4

Our Picks

For the first Exchange Traded Fund, (The ETF #1 Table), the total compounded return from July 1996 until July 2006 is 135%.

However once trading expenses are included, that figure drops to 124%.

See Pages 2 and 3

How Have We Done So Far ?

At the end of each January and July, we examine the stocks in this portfolio.

For the 5 years from July 2001 to July 2006, our 2 portfolios both beat the All other Exchange Traded Funds, if they were all purchased and held.

Similarly, for the 10 year performances, a better measure of the long term performance, both model portfolios again outperformed the all other Exchange Traded Funds.

Our Models

At the end of each month our models generate either 0, 1 or 2 stocks for consideration.

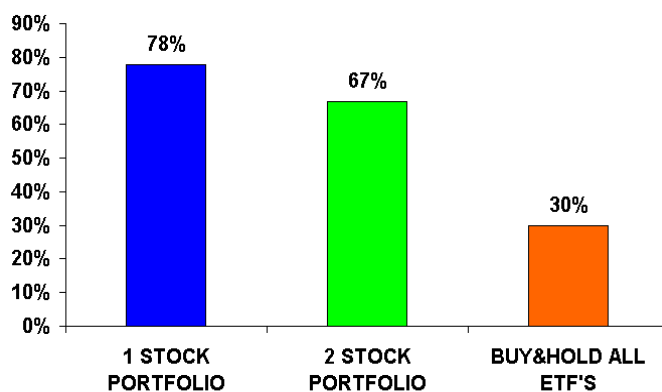
These stocks are then rechecked every 6 months to see if they are to be either held or sold.

If they are sold, new stocks may or may not then be recommended for purchase.

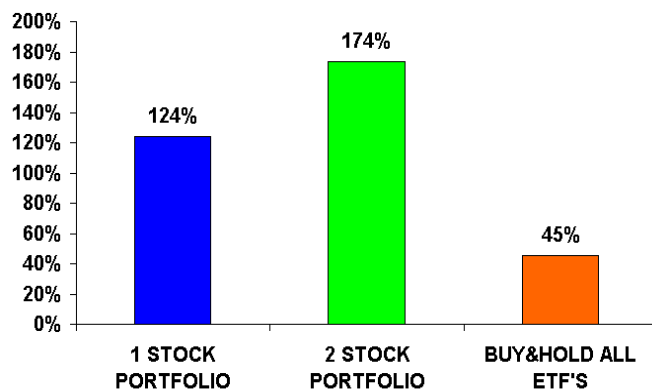
How Is It Done ?

Our models are designed to pick the best performing stocks over a predefined time period. [Pages 2 & 3 show you how to build the portfolios you see here.](#) [Page 4 describes the stocks we use.](#)

TOTAL RETURNS - PAST 5 YEARS

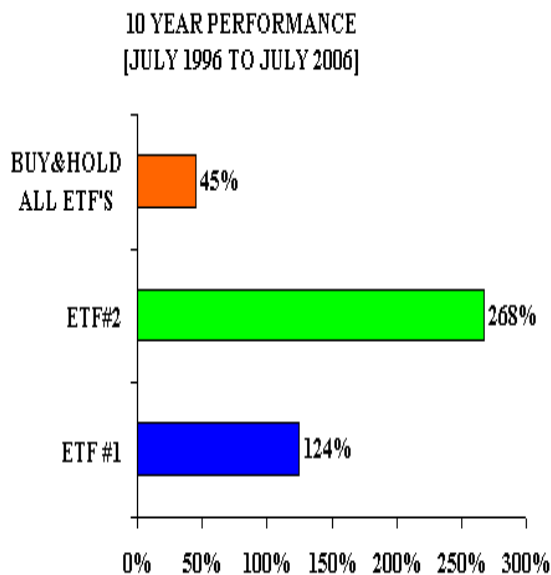


TOTAL RETURNS - PAST 10 YEARS



5 AND 10 YEAR PERFORMANCES OF OUR 1 AND 2 STOCK INVESTMENT PORTFOLIOS

How We Assemble Our Portfolios



The 1 Stock Portfolio

1. Each month our model produces 2 stocks, ETF#1 and ETF#2 .
2. This portfolio uses only ETF #1 to form a single stock portfolio.
3. This stock is held for a 6 month period.
4. At the end of 6 months, that stock is either:
 - Held again for a further 6 months;
 - Sold and a new stock purchased;
 - Sold and nothing purchased.

The 2 Stock Portfolio

Our 2 stock portfolio works as follows:

1. Initially funds are divided equally between Stock #1 and Stock #2.
2. Then, every 6 months, sales from Stock#1 (when they do occur), are used strictly to purchase any new recommendations (if any) for Stock #1 only.
3. Similarly, every 6 months, sales from Stock#2 (when they do occur), are then used strictly to purchase any new recommendations (if any) for Stock #2.

Choosing Your Stocks

The following information is based on the 2 tables on Page 3

Individual Stock Performances

For the first Exchange Traded Fund, (The ETF #1 Table), the total compounded return from July 1996 until July 2006 is 135%. However once trading expenses are included, that figure drops to 124%.

For our second Exchange Traded Fund, (The ETF #2 Table), the total compounded return from July 1996 until July 2006 comes in at 285%.

However, once trading expenses are factored in, that return is reduced to 268%.

The chart above shows that the returns from both stocks outperformed the returns from buying and then holding all other Exchange Traded Funds currently being traded on the major exchanges.

Our Recommendations

The last row of the Exchange Traded Fund #1 table, shows that our models indicate that the position in EWZ (Brazil iShares) be sold and PUI (PowerShares Dynamic Utilities Portfolio) be purchased instead.

In addition, the last row of the Exchange Traded Fund #2 table, shows that our models indicate that the position in iShares MCSI South Africa be sold and those in UTH (Merrill Lynch Utilities HOLDERS) now be purchased instead.

Why These Models Work

Our models focus on finding strong stocks. With this approach, we also make use of :

- **Concentrated Investing, and**
- **Compounding**

Concentrated Investing

Our research with a database of some 1,189 stocks demonstrated that with our model, a portfolio with 2 stocks was able to outperform a portfolio with 5 or 10 stocks.

These small (but risky at times) portfolios tend to produce higher amounts of winning trades and profits per trade.

The Power of Compounding

At the end of each period, our models are evaluated and the dollar amount carried forward into new stocks, if any are recommended.

This method of combining the initial investment amount with any profits obtained, over time, can produce a powerful compounding effect that gives the portfolio a chance to grow.

It must never be assumed that the recommendations made, will in the future be profitable or equal past performance. Investors must be well aware that there are risks in forecasting. There is absolutely no guarantee that any theory, chart, or indices will assure continued stock market success. Making money in the stock market is, like most things, a difficult undertaking. The information used here was obtained from sources we believe to be reliable, but we do not guarantee its accuracy. Officers, employees, affiliates and clients of this company may have positions in securities and may make additional purchases or sales.

EXCHANGE TRADED FUND #1						
	DATE	SYMBOL	NAME	BUY PRICE	SELL PRICE	RETURNS
P R E V I O U S S E L E C T I O N S	29-Jan-96	SPY	SPDRs	62.35	63.22	1%
	29-Jul-96	-	-	-	-	-
	3-Feb-97	EWP	iShares MSCI Spain Index Fund	17.25	20.13	17%
	28-Jul-97	EWV	iShares MSCI-Mexico	15.92	14.52	-9%
	2-Feb-98	EWI	iShares MSCI Italy Index Fund	21.83	28.15	29%
	3-Aug-98	EWK	iShares MSCI Belgium Index Fund	23.88	20.33	-15%
	1-Feb-99	EWM	iShares MSCI Malaysia Index Fund	3.85	5.63	46%
	2-Aug-99	EWJ	iShares MSCI Japan Index Fund	13.42	15.31	14%
	31-Jan-00	QQQQ	Nasdaq-100 Index Tracking Stock	87.81	88.45	1%
	31-Jul-00	EWC	iShares MSCI-Canada	20.42	13.95	-32%
	29-Jan-01	RKH	Merrill Lynch Regional Bank HOLDERS	122.34	118.43	-3%
	30-Jul-01	XLY	Select Sector SPDR-Consumer Discretionary	28.78	28.91	0%
	28-Jan-02	EWY	iShares MSCI-South Korea Index Fund	20.13	20.71	3%
	29-Jul-02	-	-	-	-	-
	3-Feb-03	IIH	Merrill Lynch Internet Infrastructure HOLDERS	2.42	3.45	42%
	28-Jul-03	BBH	Merrill Lynch Biotech HOLDERS	135.09	142.47	5%
	2-Feb-04	BDH	Merrill Lynch Broadband HOLDERS	16.74	14.80	-12%
	2-Aug-04	XLE	Select Sector SPDR-Energy	32.32	37.37	16%
	31-Jan-05	EWY	iShares MSCI-South Korea Index Fund	30.91	36.43	18%
	1-Aug-05	BBH	Merrill Lynch Biotech HOLDERS	193.61	193.99	0%
30-Jan-06	EWZ	iShares MSCI-Brazil Index Fund	40.76	39.45	-3%	
CURRENT SELECTION	31-Jul-06	PUI	PowerShares Dynamic Utilities Portfolio	BUY		
EXCHANGE TRADED FUND #2						
	DATE	SYMBOL	NAME	BUY PRICE	SELL PRICE	RETURNS
P R E V I O U S S E L E C T I O N S	29-Jan-96	-	-	-	-	-
	29-Jul-96	-	-	-	-	-
	3-Feb-97	EWI	iShares MSCI Italy Index Fund	16.04167	17.895833	12%
	28-Jul-97	EWN	iShares MSCI Netherlands Index Fund	24.55208	23.125	-6%
	2-Feb-98	EWP	iShares MSCI Spain Index Fund	22.75	30.208333	33%
	3-Aug-98	EWG	iShares MSCI-Germany	24.02083	22.625	-6%
	1-Feb-99	EWS	iShares MSCI Singapore (Free) Index Fund	5.875	8.125	38%
	2-Aug-99	EWM	iShares MSCI Malaysia Index Fund	5.625	7.0416667	25%
	31-Jan-00	EWM	iShares MSCI Malaysia Index Fund	7.041667	6.0416667	-14%
	31-Jul-00	XLF	Select Sector SPDR-Financial	25.84896	29.638021	15%
	29-Jan-01	IJS	iShares S&P SmallCap 600 Value Index Fund	40.99609	42.067708	3%
	30-Jul-01	DSV	streetTRACKS DJ Wilshire Small Cap Value ETF	42.97483	42.623263	-1%
	28-Jan-02	EWT	iShares MSCI Taiwan Index Fund	11.6276	9.1200002	-22%
	29-Jul-02	-	-	-	-	-
	3-Feb-03	IGN	iShares Goldman Sachs Networking	14.89	20.84	40%
	28-Jul-03	HHH	Merrill Lynch Internet HOLDERS	40.73667	50.803333	25%
	2-Feb-04	IGN	iShares Goldman Sachs Networking	34.82	27.03	-22%
	2-Aug-04	IYE	iShares Dow Jones U.S. Energy Sector Index Fund	57.55333	66.173332	15%
	31-Jan-05	EWO	iShares MSCI-Austria	22.31333	25.416667	14%
	1-Aug-05	OIH	Merrill Lynch Market Oil Service HOLDERS	114.3867	156.40333	37%
30-Jan-06	EZA	iShares MSCI-South Africa	111.8567	99.333366	-11%	
CURRENT SELECTION	31-Jul-06	UTH	Merrill Lynch Utilities HOLDERS	BUY		

Exchange Traded Funds (ETF's) Explained

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| <ul style="list-style-type: none"> • Exchange-Traded Funds, or ETFs, are traded just like ordinary stocks on major stock exchanges. • Like stocks, ETFs, trade instantly each trading day, all day. • ETF's are bought and sold, just as any other stock is, through any brokerage firm. • The difference is that Exchange-Traded Funds are specially designed to represent major stock indexes such as the: <ul style="list-style-type: none"> • The Dow Jones Industrial Average (a group of 30 stocks) • The Standard & Poor's 500 Index (a group of 500 stocks) • The Nasdaq Composite (a group of 3,000 stocks) | <ul style="list-style-type: none"> • Similarly, there are other Exchange-Traded Funds representing groups of: stocks such as <ul style="list-style-type: none"> • Small US Companies • Large US companies; • US Growth Companies • US Value Companies • Australian Stocks • United Kingdom Stocks • Canadian Stocks and many, many more ! • Thus buying a single ETF gives any investor, instant access to an entire group of stocks. | <ul style="list-style-type: none"> • Annual fees for ETFs can be as low as .09% of assets, extremely low especially when compared to average mutual fund fees of 1.4%. • Exchange Traded Funds provide us with several investment strategies: <ul style="list-style-type: none"> • Global Diversification, • Value Investing, • Growth Investing, • Industry Diversification to name just a few. |
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Notes:

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| <ul style="list-style-type: none"> • Our models are built and tested using typical prices. • Typical Prices are an average of the Highest, Lowest and Closing (or final) price for any stock on any given day. • We have found Typical Prices to give a fairer representation of a stock's daily action. • Our portfolios are strictly based on buying and holding or simply just selling. | <ul style="list-style-type: none"> • We do not include short-selling strategies because of the higher level of risks involved. • We are not paid by any entity to recommend investments. • We are an independent investment research firm, employing computer technology to perform detailed analysis of stocks and stock markets in order to build models for investing. • The returns for our portfolios are based | <ul style="list-style-type: none"> • on a broker's commission of \$10.00 . • Commissions to different investors may vary and hence their individual results. • Purchase and Selling Prices may also vary from one investor to another and as a result, individual results may also vary. |
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