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ETF PORT FOCUS

Weekly Newsletter

WHAT'S INSIDE THIS WEEK

SNAPSHOT

Domestic equity markets did well early in the week to surge to new highs on the year. A 1.5% rally in the S&P 500 (SPY) on Monday did the trick, posting a closing high for the year. Advanced retail sales reports showed a 1.4% rise, which beat estimates. Ex auto and gas consumption was up a slim 0.2%, lower than estimates, and September was revised down by 0.7%. Retail stocks fell -1% for the week in response. PPI moderated significantly in October, as ex-food and energy fell 0.7%. Long end bond rates, based on 10 the Ten Year Treasury Index, fell for the second straight week to the lowest level since the first week of October. Comments from the Fed Chairman Bernanke that interest rates would stay low into 2012 pressured rates early week and they didn't recover. President Obama spent a week in Asia discussing the economy and how to keep the recovery on track. The President pledged to continue to fight to create jobs, with a focus on US exports as a key driver. Asian leaders failed to be convinced by efforts to strengthen the US dollar, which all parties agreed was necessary. A weaker than expected Industrial production number of 0.1% on Thursday, combined with a downgrade of the semiconductors, helped stocks retreat early morning and fall 1.3% for the day. The chip sector (SMH) fell 3.5% on Thursday to lead the global equity retreat.

In a week of ups and downs, international stocks could not achieve harmony as the distribution in returns was noticeable. While US large cap stocks (SPY) dropped a mere -0.20%, their international developed market brethren (EFA) fell -1.85% in aggregate. Australia (EWA), one of the global leaders out of the recession, was one of the few markets unable to make new highs on the year, falling 2.8% on the week. Japan (EWJ) has been a laggard for weeks, even as Q3 GDP posted well above expectations last week. A 3.2% set Japanese shares back 10% since its highs of the year in early October. The MSCI Emerging Market Index (EEM) backed off -0.9%. Much of this was driven by a 1.8% drop in Chinese stocks (FXI). Aside form this, Brazil (EWZ) held onto 0.20% gains and Russia (RSX) advanced 1.6%. Banks (KBE, +1.25%) and Materials (XLB, +1.35%) were tope performing sectors...

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ABOUT THE AUTHOR

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As the managing partner of Astor Asset Mangement (www.astorllc.com), Rob Stein doesn't just talk the talk about Exchange Traded Funds, he has developed several successful investment programs that invest exclusively in ETFs for clients of Astor Asset Management. Mr. Stein began his career as a project analyst for the Federal Reserve. He has held senior trading or portfolio management positions with major money center banks. In 1994, he formed Astor Financial, LLC, and later formed Astor Asset Management, LLC. Mr. Stein is often featured in major print and broadcast business news media, and is the author of The Bull Inside the Bear (available on Amazon.com), as well as Inside Greenspan's Briefcase, and Charting a Profitable Investment Course with Active Management.

WEEKLY RECAP

SYMBOL	DESCRIPTION	1 WEEK	MTD	YTD
US-BROAD BASED				
SPY	SPDR TRUST SER 1	-0.17%	5.67%	23.43%
IWM	ISHARES-RUS 2000	-0.24%	4.01%	20.10%
QQQQ	POWERSH-QQQ	-1.30%	6.06%	46.63%
US SECTOR				
IYR	ISHARES-DJ REAL	-0.32%	6.17%	21.00%
XRT	SPDR S&P RETAIL	-1.07%	3.76%	73.11%
XLE	SPDR-ENERGY SEL	-1.17%	2.44%	20.27%
XLF	SPDR-FINL SELECT	-0.41%	3.92%	18.81%
COMMODITIES				
GSG	ISHARES S&P GSCI	1.83%	2.25%	11.19%
OIL	IPATH GS CRD OIL	0.74%	0.12%	11.86%
UNG	US NAT GAS FD LP	-0.77%	-12.46%	-61.20%
DBA	POWERSHARES DB A	1.88%	1.80%	-0.57%
INTERNATIONAL				
EFA	ISHARES-MSCI EAF	-1.85%	3.83%	25.95%
EEM	ISHARES-EMG MKT	-0.95%	8.20%	64.11%
FXI	ISHARES FT/XI CH	-1.72%	6.95%	54.70%
EWJ	ISHARES-JAPAN	-2.82%	-2.51%	-2.30%
BONDS				
IEF	ISHARES 7-10 YR	0.61%	0.68%	-3.57%
LQD	ISHARES-IBOXX IV	-0.06%	0.72%	9.41%
JNK	SPDR BARCLAYS	0.03%	1.19%	32.41%
TIP	ISHARES US TREAS	1.00%	1.92%	10.32%
METALS				
GLD	SPDR GOLD TRUST	2.92%	10.15%	30.54%
SLV	ISHARES SILVER T	6.24%	13.38%	62.68%
JJC	IPATH DJ UBS COP	5.21%	5.81%	120.19%

ETF PORT 100 INDEX™

102.80 ⬇ 0.09

The ETF Port 100 Index is a correlation-weighted index of all ETFs which trade over 100,000 shares on an average daily basis over the last 100 days, and have $100 million or more in total funds under management. The index gives an indication of the overall direction of the investable asset classes represented by this diverse array of ETFs. Click here for more information on the index.

Week Percent Change	0.09%
Expense Ratio	0.44
Dividend	1.81%
Corr (SPY)	0.91
QTD	1.23%
YTD	15.83%

ETF PORT 100 INDEX

TOP MOVERS

TICKER	FUND NAME	CLOSE	WK % CHG	NAV	YTD
AGQ	PRSH-ULT SILVER	69.11	12.61%	66.49	119.40%
SLV	ISHARES SILVER T	18.22	6.24%	17.86	62.68%
UGL	PRSH-ULT GOLD	49.86	5.59%	48.88	57.79%
DGP	PW DB GOLD DBL L	29.57	5.12%	29.15	63.46%
DBB	POWERSHARES DB B	20.68	4.55%	20.61	73.64%

ETF OPTIONS

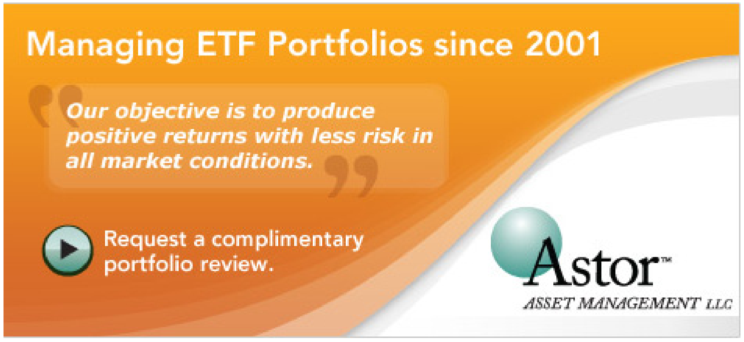
Movement in the CBOE volatility index (VIX) was difficult to pin down this week. During the intial surge in equity prices early week, short term volatility (VIX) did not decline as much as it had it recent weeks on market advances. This was partially due to option expiration on Friday. However, as equities fell over 2% to close the week from there. VIX declined almost 4% over the same period, confounding recent patterns, even give expiration. Volume in ETF options was nothing of note on Friday.

SECURITY VOLATILITY SNAPSHOT

SYMBOL	DESCRIPTION	10 DAY	30 DAY	60 DAY	180 DAY
BROAD					
SPY	SPDR TRUST SER 1	13.41	19.41	17.07	19.84
EFA	ISHARES-MSCI EAF	18.84	24.82	21.33	25.04
EEM	ISHARES-EMG MKT	25.06	34.73	28.45	32.37
QQQQ	POWERSH-QQQ	13.55	18.79	17.44	19.51
SECTOR					
GLD	SPDR GOLD TRUST	14.21	15.50	15.16	15.84
JJC	IPATH DJ UBS COP	29.14	30.05	34.48	37.93
EWZ	ISHARES-BRAZIL	29.50	45.65	34.26	38.30
IEZ	ISHARES-DJ O E S	35.30	39.40	35.67	41.30
DENT	DENT TACTICAL	13.72	21.75	N/A	N/A
FXE	CRYSHS-EURO TR	8.57	8.70	8.71	10.56

ACTIVE ETF OPTIONS

SYMBOL	DESCRIPTION	MONTH	STRIKE	PUT/ CALL	VOLUME
BROAD BASED					
QQQQ	POWERSH-QQQ	Dec	43	Call	126K
SPY	SPDR TRUST SER 1	Nov	109	Put	114K
SPY	SPDR TRUST SER 1	Nov	110	Call	92K
SPY	SPDR TRUST SER 1	Nov	109	Call	78K
SPY	SPDR TRUST SER 1	Nov	110	Put	59K
QQQQ	POWERSH-QQQ	Dec	41	Put	56K
SPY	SPDR TRUST SER 1	Dec	105	Put	55K
SPY	SPDR TRUST SER 1	Dec	100	Put	53K
XLF	SPDR-FINL SELECT	Dec	15	Call	52K
SPY	SPDR TRUST SER 1	Dec	110	Call	49K
OTHER NOTABLES					
FAZ	FINANCIAL BEAR	Nov	20	Call	24K
GLD	SPDR GOLD TRUST	Nov	112	Call	21K
EWY	ISHARES-S KOREA	Jan	46	Put	15K
EWY	ISHARES-S KOREA	Jan	46	Call	15K



SPOTLIGHT

BARCLAYS CAPITAL OFFERS INVESTORS A NEW TYPE OF LEVERAGED ETN

Barclays Capital launched a new breed of exchange-traded note (ETN) this week, with the launch of five ETNs in their new ETN+ suite, offering investors a new vehicle to gain leveraged and inverse exposure to the S&P 500. The new offerings include five ETNs, offering both long and short exposure to the S&P 500. The notes, however, are unlike other ETFs and ETNs currently trading that offer leveraged exposure to various indices. Currently, the leveraged ETF marketplace includes ETFs whose objective is to match a multiple (or inverse multiple) of the daily return of the target index (minus fund fees and expenses). These funds, therefore, rebalance on a daily basis; meaning that the long-term returns of the funds will not match the fund's multiple times the performance of the underlying index. This feature has been a source of debate, as some investors did not fully understand the fund's methodology and objective. In response, regulatory agencies have issued warnings about investment in this type of ETF, many brokers have prohibited the sale of these products, and class action lawsuits have been filed against some firms that offer these funds.

Barclay's ETN+ family includes two long notes, offering 2X and 3X exposure and three inverse ETNs, offering -1X, -2X, and -3X returns. All five notes are based on the performance of the S&P 500 Index. The notes were launched last Tuesday and have maturity dates of November 20, 2014. The Intraday Indicative Note Value (IINV) is calculated based on the appreciation/depreciation of the initial investment (at the inception date) in the index and the financing cost of the amount borrowed to achieve the stated level of leverage. The financing rate is the T-Bill rate plus 0.75% and financing charges accrue and are compounded on a daily basis. Therefore, if an investor purchased the note at inception then whenever the investor sold or redeemed the note his gain/loss would be equal to the stated multiple or inverse multiple of the index's gain/loss over that time period minus the financing costs. The notes also all include a stop-loss provision where if the IINV drops below $10.00, the note will cease trading and investors will automatically receive a cash payment for $10.00. This provision means that, unlike traditional shorting, the loss potential is not unlimited, but rather is capped.

In contrast to the existing offerings, Barclays Capital is offering investors leveraged exposure that is more akin to a leveraged investment on margin than investment in the existing type of leveraged funds. The long-term performance of leveraged ETFs which rebalance daily is based not only on the performance of the underlying index but is also "path dependent," i.e. dependent upon the path and volatility of the underlying index. This path-dependency feature of these ETFs has been the least understood feature of this breed of ETF. Barclay's new ETFs offer investors the opportunity to obtain leveraged exposure through the exchange-traded product structure without returns that are path-dependent. In contrast, the returns of the new ETNs will depend only on the performance of the underlying index and interest rates.

However, the lack of any rebalancing does introduce a new variable into the movement of this security. The "index participation" or the amount of leverage or inverse exposure to the index will vary with movements in the underlying index. The only point in time where these securities are assured to offer the index exposure stated is at their inception. At any subsequent point, the level of index exposure offered to an investor must be calculated based on the movement of the index since the inception of the ETN. When considering the BXUB, which initially offered investors double long (i.e. 2X leveraged) exposure to the S&P 500, if the S&P has gained since the note's inception, then an investor buying the note now would be buying less than 2X exposure to the index. Therefore, the current "index participation" which can be tracked on Barclay's website or through Bloomberg, shows the current leveraged exposure offered by the product at a given point in time. Because of the potential for deviation from the notes' leverage objective between inception and maturity, these products may not offer investors the exposure that they desire at any particular date after inception.

While similar to exchange-traded funds in that they trade on an exchange and can be shorted, ETNs are structured as unsecured debt obligations and therefore carry credit risk associated with the issuer, in this case Barclays Bank PLC. Barclays Bank PLC currently carries a Aa3 credit rating from Moody's and AA- credit rating from S&P. While the notes trade on exchanges, they can also be created and redeemed by the issuer, in sufficient size.

CHART OF THE WEEK

MOO

MarketVectors Agribusiness ETF

ETF NEWS IN BRIEF

FIRST TRUST LAUNCHES SMART GRID ETF

First Trust launched a new ETF Tuesday, becoming the first to offer investors direct exposure to the "smart grid" industry, with their First Trust/Clean Edge Smart Grid ETF (GRID). The fund invests in 29 individual companies, which must have a minimum float-adjusted market capitalization of $100 million and a three-month average daily trading volume of $500K. The fund uses a weighting scheme that assigns higher weightings to companies that are "pure plays," i.e. more wholly focused in smart grid technologies.

SNAPSHOT

Continued from page 1.

... in the US. Homebuilders (XHB) fell 2% as mortgage applications fell again this week, and retail shares slid 1% to fall 5.5% of the highs from late October.

Commodity shares, measured by the S&P GSCI Commodity Index, tagged on 1.9%, led by a 3% rise in gold prices (GLD) and a 5.3% surge in copper prices (JJC). Agriculture commodities (DBA) helped the commodity rise, advancing 1.9%. Agriculture related companies doubled that, rising 3.9% as Potash Brothers (POT) and Monsanto (MON) rose 11.5% and 9%, respectively. The US dollar managed tack on 0.5% despite the drop in long term interest rates for the week and a rise in commodity prices. Corporate bond returns were flat on the week. High yield (JNK) appears to have reached a neat term exhaustion point that has resisted further advances over the last few months. High grade bonds dropped 0.4% on Friday, facing a similar overhead resistance.

Heading into the Thanksgiving Day shortened week, there will be a few key things to watch. Democrats managed to get the healthcare bill proposal to the floor for debate after Thanksgiving. Plan on having a few discussions with relatives about that this week. On an economic front, Q3 GDP revisions post on Tuesday. Prior reports were a 3.5% rise. Estimates have a 2.9% gain. There will be a heavy dose of housing reports with Existing home sales, Case Schiller home price index, Mortgage applications and New Home sales. Tuesday will give us a look at the 11/4 FOMC minutes, which should show the Fed maintaining a view to keep interest rates low for an extended period. Durable good orders and University of Michigan Consumer confidence numbers round out the economic reports to follow, all before Thursday's feast.

UPDATES ON ACTIONABLE IDEAS

PERFORMANCE UPDATE ON ETF PORT ACTIONABLE IDEAS AS OF FRIDAY'S CLOSE

TICKER	FUND NAME	DATE	PRICE	CURRENT PRICE	GAIN/ LOSS
FXA	CRYSHS-AUS DOL T	4/27/2009	72.32	91.72	26.83%
Commodity price inflation coupled with central bank policies should benefit					
UDN	POWERSHARES DB U	3/23/2009	25.60	28.35	10.74%
Save for a significant break in equity markets we expect the dollar to decline					
SHY	ISHARES 1-3 YR	3/16/2009	83.98	84.16	0.21%
A conservative play					
LQD	ISHARES-IBOXX IV	3/9/2009	93.1	105.95	13.80%
The spread between corporate and Treasuries is not sustainable					
DBA	POWERSHARES DB A	3/9/2009	23.4	26.03	11.24%
Agriculture commodities are ready to shine					
GSG	ISHARES S&P GSCI	3/2/2009	24.08	31.81	32.10%
The fundamentals are supporting commodities, which may have found a bottom					
SSO	PROSHARES ULTRA	3/2/2009	17.31	36.62	111.55%
A good play for a short-term bear market rally; update on 3/27: cut position by half					
IBB	ISHARES-NDQ BIOT	2/23/2009	70.02	77.61	10.84%
Biotechs are well positioned for a declining economic environment					
XRT	SPDR S&P RETAIL	2/23/2009	19.89	35.03	76.12%
Retail has been outperforming this year despite consumer spending declines					
JJC	IPATH DJ UBS COP	2/16/2009	21.74	43.18	98.62%
There is support based on China's stimulus and the lows are likely in for cooper					
XLU	SPDR-UTIL SELECT	2/6/2009	29.89	29.25	-2.14%
Utilities sector is actually adding jobs					
MBG	SPDR-BAR MORT BK	2/6/2009	25.91	27.14	4.75%
Stimulus will help the market over the economy					
IPE	SPDR BAR CAP TIP	2/6/2009	48.05	52.12	8.47%
Inflation will ultimately come					
PHO	POWERSH-WATER RE	1/30/2009	12.66	16.22	28.12%
Water is the new oil; an infastructure play					
XLB	SPDR-MATERIALS	1/30/2009	21.06	32.44	54.04%
An infastructure play					
XLF	SPDR-FINL SELECT	1/30/2009	9.24	14.60	58.01%
Not necessarily a buy, but will outperform on a bounce					