

ETF Spotlight

A sampling of research & data on exchange traded funds from AltaVista Research

FREE TRIAL
see back for details

OCTOBER 25, 2010

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Chart of the week: Dividends in danger

Projected decline in dividends per share, 2010-11E

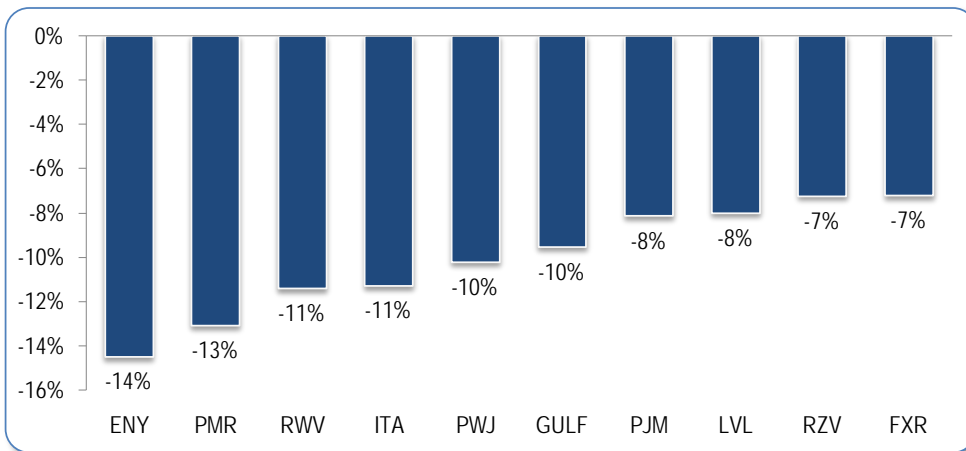


Table: Ticker, fund name & ALTAR Score™ of ETFs in above chart.

Ticker	Name	ALTAR Score™
ENY	Guggenheim Canadian Energy Income	7.0%
PMR	PowerShares Dynamic Retail	5.4%
RWV	RevenueShares Navellier Overall A-100	3.4%
ITA	iShares Dow Jones Aerospace & Defense	7.7%
PWJ	PowerShares Dynamic MidCap Growth	4.5%
GULF	WisdomTree Middle East Dividend	12.8%
PJM	PowerShares Dynamic Small Cap	6.0%
LVL	Claymore/S&P Global Dividend	9.8%
RZV	Rydex S&P Smallcap 600 Pure Value	4.9%
FXR	First Trust Industrials/Producer Durables	5.6%

Note: Please visit www.etfresearchcenter.com for more information on the ALTAR Score™, our rating of an ETF's overall investment merit.

Note: Unless otherwise noted, the source for all charts and tables is AltaVista Research calculations based on historical results and consensus estimates for fund constituents, as compiled by Thomson Reuters, Bloomberg, and other data providers. This report is for information purposes only and AltaVista makes no warranties with respect to its accuracy. Trademarks or Service Marks continued herein are the property of their respective owners.

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Coverage at a glance:

No. of ETFs:

597

Total Market
Cap (bns):

\$662.8

Avg. daily value
traded (bns):

\$50.2

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ETF Research Center online

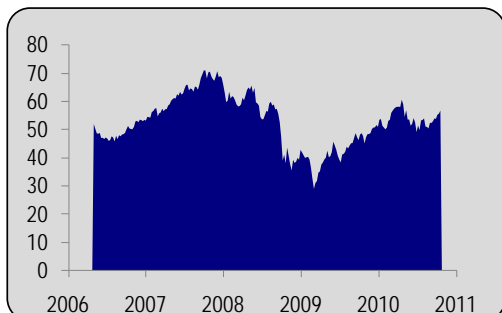
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Fund Focus: iShares Dow Jones Aerospace & Defense (ITA)

\$56.74

Trading History



Source: Bloomberg

Fund basics

Fund assets (\$mns)	159
Avg. volume (000)	36
Expense ratio (bp)	47
Total returns (market) *	
One year	13.6%
Five year	n/m
Ten year	n/m
Since inception	1.7%
Beta vs. S&P 500	1.2
Standard deviation	28%

*as of 09/30/10. See Notes.

ALTAR Score™



Calculation:

Avg. Rtn on Equity (5 yrs)	17.4%
divided by: P/Book Value	÷ 2.1x
less: expense ratio	- 47 bp
equals ALTAR Score™	= 7.7%

Note: Please visit www.etfresearchcenter.com for more information on the ALTAR Score™, our rating of an ETF's overall investment merit.

Valuation metrics

	2010E	2011E
Price-to-Earnings	14.3	12.7
Price-to-Cash Flow	10.7	9.0
Price-to-Sales	0.9	0.8
Price-to-Book Value	2.1	1.9
Yield (%)	1.6	1.4

Analyst's view:

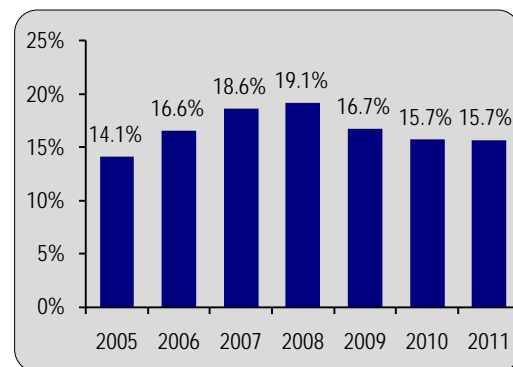
Aerospace & defense firms have historically delivered better sales and earnings growth than the larger Industrials sector (XLI) from which they come, although that could reverse next year as the broader economy recovers while government spending restraints act as a drag on profitability for many firms in ITA (Return on Equity is trending down). Nonetheless these stocks trade at discount valuation multiples and enjoy a higher ALTAR Score than Industrial stocks in general.

Results & estimates*

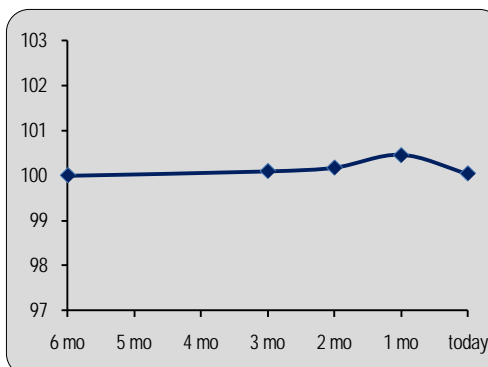
	2005	2006	2007	2008	2009	2010E	2011E
Sales per share	\$45.33	\$50.98	\$58.75	\$63.69	\$62.12	\$65.21	\$69.58
Earnings per share	\$2.35	\$3.01	\$4.00	\$4.21	\$3.67	\$3.97	\$4.48
Change (%)		28.1%	32.8%	5.2%	-12.7%	8.1%	12.9%
Net margin	5.2%	5.9%	6.8%	6.6%	5.9%	6.1%	6.4%
Book value per share	\$17.18	\$19.14	\$23.82	\$20.15	\$23.71	\$26.76	\$30.42
Dividends per share-gross	\$0.46	\$0.54	\$0.62	\$0.71	\$0.87	\$0.93	\$0.82

*pro forma based on current fund constituents. See disclosures.

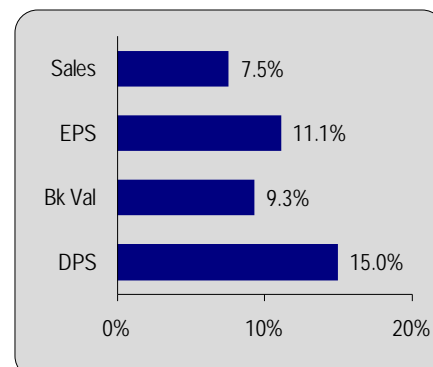
Return on Equity



Trend in estimate revisions



Compound growth rates (2005-10E)



Revisions, asset flows and short interest

Estimate revisions

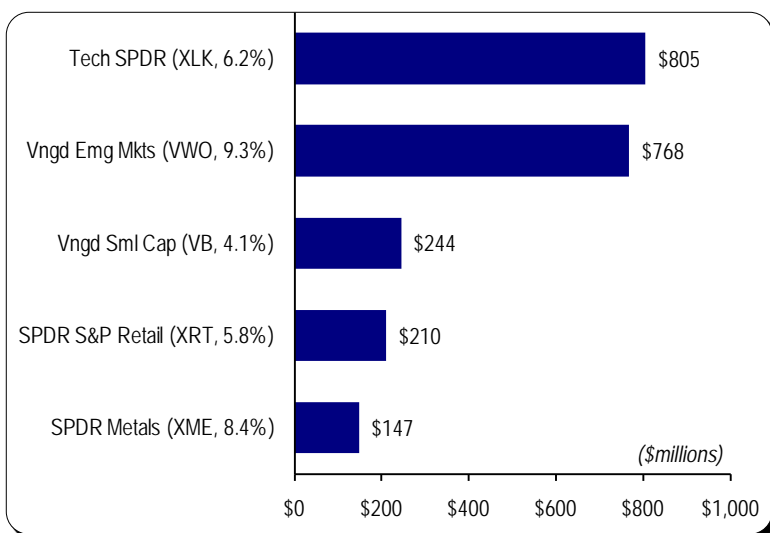
Largest positive & negative revisions to 2010E EPS over the past month

Ticker	Name	2010E EPS	1 month change	2010E P/E	ALTAR Score™
FIW	First Trust ISE Water	\$1.26	+24.7%	16.0 x	5.7%
XLIS	PowerShares S&P Small Cap Industrials	\$1.56	+14.8%	16.7 x	6.7%
KBE	KBW Bank ETF	\$1.05	+7.7%	21.7 x	6.2%
ECH	iShares MSCI Chile Investable	\$4.00	+6.9%	18.4 x	3.6%
IJS	iShares S&P 600 SmallCap Value	\$2.93	+4.9%	22.2 x	5.5%
<hr/>					
RWW	RevenueShares Financial Sector	\$1.65	-30.6%	17.5 x	n/m
PSK	SPDR Wells Fargo Preferred	\$3.09	-18.8%	14.7 x	4.4%
XLPS	PowerShares S&P Small Cap Consumer Staples	\$1.35	-12.6%	20.5 x	4.6%
PFF	iShares S&P Preferred Stock	\$2.85	-11.7%	13.8 x	5.5%
RYF	Rydex S&P Equal Weight Financials	\$1.26	-9.3%	20.2 x	4.0%

*Note: Among ETFs with 2010E EPS of at least \$1.00.

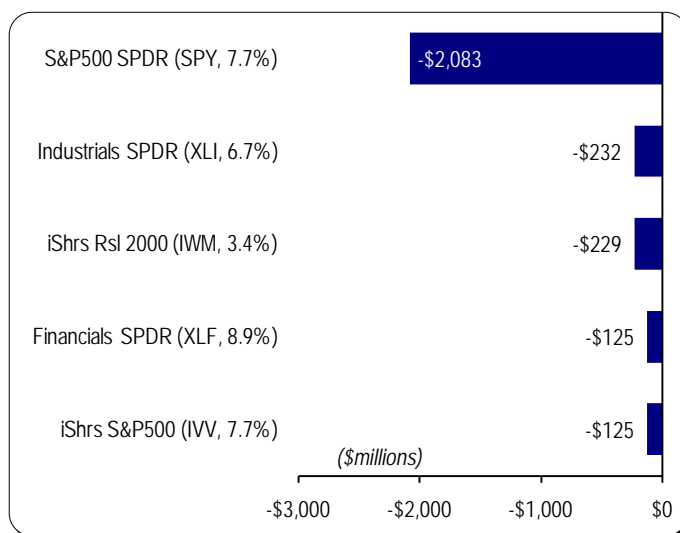
Asset Inflows

Top 5 increases in AUM (ticker, ALTAR Score™)



Asset Outflows

Top 5 decreases in AUM (ticker, ALTAR Score™)






























Short Interest

Short interest as a percentage of shares outstanding

Ticker	Name	Short Interest	ALTAR Score™
XRT	SPDR S&P Retail ETF	387%	5.8%
XOP	SPDR S&P Oil & Gas Exploration	356%	9.0%
KRE	SPDR KBW Regional Banking	228%	6.6%
IWM	iShares Russell 2000	100%	3.4%
IYR	iShares Dow Jones Real Estate	93%	3.5%
RYH	Rydex S&P Eq Wgt Healthcare	56%	8.2%
IYT	iShares Dow Jones Transportation Index	56%	4.8%
XLY	Consumer Discretionary Select Sector SPDR	52%	4.7%
EWP	iShares MSCI Spain	48%	11.8%
KIE	SPDR KBWInsurance ETF	48%	6.3%

Major ETFs: select estimates & valuation metrics

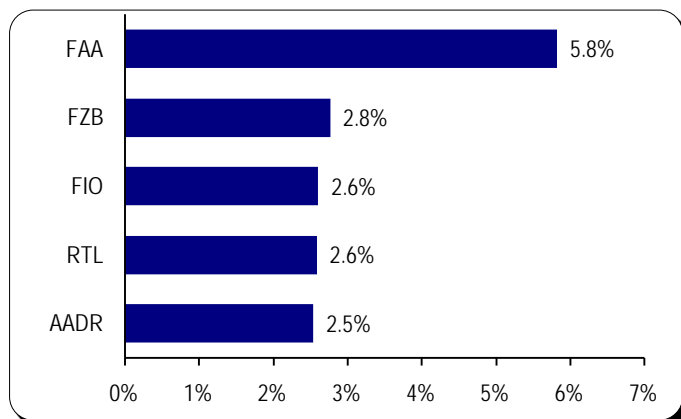
2011E dividends per share (gross), YoY growth, and yield

	Ticker	Name	Weekly change (%)	DPS 2011E (\$)	YoY Growth (%)	Yield 2011E (%)	ALTAR Score™	
Benchmarks	SPY	S&P 500 SPDR	0.5%	2.48	8.6%	2.0%	7.7%	
	DIA	Dow Industrials DIAMONDS	0.6%	3.06	6.7%	2.7%	8.3%	
	QQQQ	NASDAQ-100	0.3%	0.39	16.5%	0.7%	5.3%	
	MDY	S&P MidCap 400 SPDR	0.6%	2.15	3.6%	1.4%	5.9%	
	IWM	iShares Russell 2000	0.0%	1.04	4.5%	1.4%	3.4%	
Growth & Value	IVW	iShrs S&P 500 Growth	0.4%	1.01	6.8%	1.6%	6.9%	
	IVE	iShrs S&P 500 Value	0.8%	1.43	9.8%	2.5%	8.5%	
	IWF	iShrs Russell 1000 Grwth	0.4%	0.84	6.5%	1.5%	6.4%	
	IWD	iShrs Russell 1000 Value	0.6%	1.50	9.3%	2.4%	8.5%	
	IJT	iShrs S&P 600 Sml Growth	-0.1%	0.64	3.1%	0.9%	5.4%	
	IJS	iShrs S&P 600 Sml Value	-0.1%	1.00	2.4%	1.5%	5.5%	
	IWN	iShrs Russell 2000 Value	0.2%	1.30	5.0%	2.0%	4.7%	
	IWO	iShrs Russell 2000 Growth	-0.2%	0.75	3.4%	0.9%	2.1%	
International	EFA	iShrs MSCI EAFE Index	-0.4%	2.17	12.6%	3.7%	8.6%	
	EEM	iShrs MSCI Emg. Mkts.	-1.5%	1.62	16.1%	3.5%	9.2%	
	FXI	iShrs FTSE/Xinhua China 25	-1.1%	1.37	14.7%	3.0%	7.2%	
	EWJ	iShrs MSCI Japan Index	0.0%	0.25	8.8%	2.4%	5.8%	
	EWZ	iShrs MSCI Brazil Index	-5.3%	2.93	30.6%	3.8%	13.6%	
Sector SPDRs	XLY	Discretionary Sector SPDR	0.7%	0.54	9.2%	1.5%	4.7%	
	XLP	Staples Sector SPDR	0.7%	0.91	7.1%	3.1%	6.6%	
	XLE	Energy Sector SPDR	0.2%	1.15	4.6%	1.9%	10.1%	
	XLF	Financials Sector SPDR	1.8%	0.22	29.9%	1.5%	8.9%	
	XLV	Health Care Sector SPDR	0.3%	0.71	6.6%	2.2%	10.4%	
	XLI	Industrials Sector SPDR	0.8%	0.72	8.7%	2.2%	6.7%	
	XLB	Materials Sector SPDR	-0.9%	0.68	8.8%	1.9%	7.4%	
	XLK	Technology Sector SPDR	0.1%	0.38	3.5%	1.5%	6.2%	
	XLU	Utilities Sector SPDR	-0.1%	1.42	3.6%	4.4%	8.6%	

Market monitor: Movers & Categories

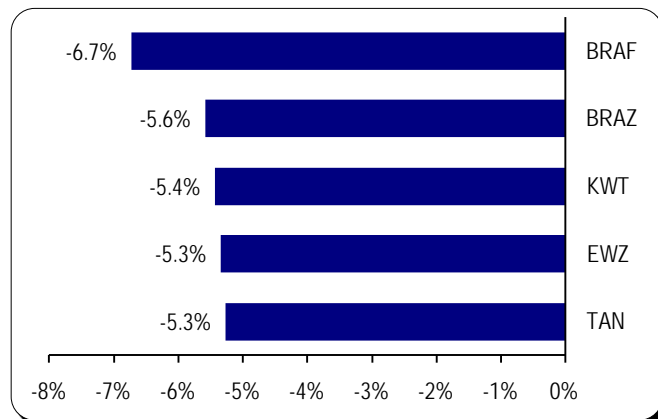
Best performers last week

Ticker, weekly change (%)



Worst performers last week

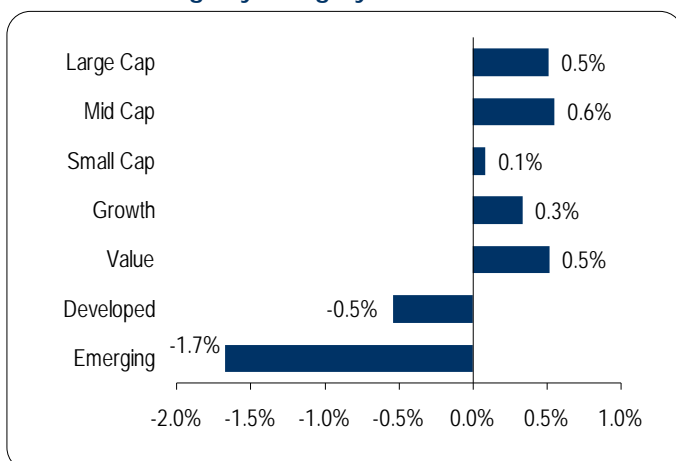
Ticker, weekly change (%)



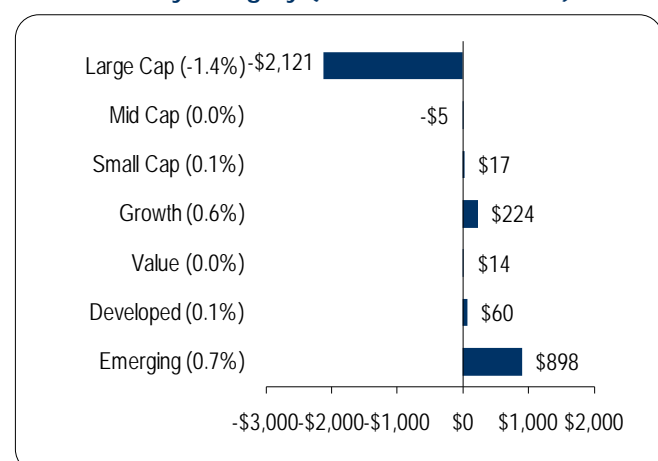
Ticker	Name	ALTAR Score™
FAA	Claymore NYSE/ARCA Airlines	0.9%
FZB	Faithshares Baptist Values	6.0%
FIO	iShares FTSE NAREIT Industrial/Office	3.8%
RTL	iShares FTSE NAREIT Retail	2.9%
AADR	WCM/BNY Mellon Focused Growth	6.0%

Ticker	Name	ALTAR Score™
BRAF	Global X Brazil Financials	11.0%
BRAZ	Global X Brazil Mid Cap ETF	6.4%
KWT	Market Vectors Solar Energy	9.0%
EWZ	iShares MSCI Brazil	13.6%
TAN	Claymore/MAC Global Solar Energy	4.9%

ETF Price Change by Category



ETF Flows by Category (\$mns and % of AUM)



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