

VAN METER ASSOCIATES

ETF STRATEGY

Objective

To provide 1) long-term capital appreciation with a broadly diversified portfolio of Exchange Traded Funds (ETFs) and 2) with lower volatility by the inclusion of a short ETF subject to a 20% maximum

Inception: October 1, 2009
Benchmark: Russell 3000

Strategy

The ETF Strategy invests in ETFs based on our outlook of the global markets. Our ETF Strategy is flexible and can invest in ETFs of any type, asset class and in any global market. The ETF Strategy also has the flexibility to own short ETF's. This is subject to certain limitations and provides flexibility that is necessary in today's markets while reducing the portfolio's volatility. The portfolio will be managed with a combination of top down and fundamental research.

Portfolio Manager

Clarke J. Van Meter
Portfolio Manager
University of Iowa, BA '92

Investment Discipline

Van Meter Associates' ETF Strategy constructs our portfolio based on our outlook for the U.S. and global stock markets with a 12-18 month time horizon. The Strategy will be broadly diversified and has flexibility to invest in ETFs of any type, asset class and in any global market. The Strategy also can own short ETF's, subject to a 20% maximum, when we are bearish on the market. Our asset allocation is based on one of three following outlooks that we expect over the next 12-18 months

Bullish Outlook

80% long ETF'
10% fixed income ETF
5% short ETF
5% cash

Neutral Outlook

60 % long ETF
20% fixed income ETF
10% short ETF
10% cash

Bearish Outlook

30% long ETF
30% fixed income ETF
20% short ETF
20% cash

The ETF Strategy will own 12-15 ETFs. The maximum exposure to any one country is 15%, except for the U.S. which this limitation does not apply. We are also limited to any sector-focused ETF to a 5% position. Our long ETFs will be focused in areas that we believe have the best secular growth opportunities and which sell at the most compelling valuations. Our short ETF's will emphasize markets and/or sectors which have limited growth opportunities and/or sell

Top Ten Holdings as of October 1, 2009

Long

10% S&P 500 (SPY)
10% I shares MSCI Japan (EWJ)
10% I shares Morningstar Mid Cap Value
10% Russell 2000 Value Index (IWN)
5% I Shares MSCI Brazil Index (EWZ)
5% I shares MSCI FTSE China 25 (FXI)
5% SPDR Gold Shares (GLD)
5% Dow Jones U.S. Healthcare Sector Index Fund (IYH)
60% Long Exposure

Short

5% Short QQQ (PSQ)
5% Ultra Short Real Estate (SRS)
10% Short Exposure

Fixed Income

10% Barclays Aggregate Bond Fund (AGG)
10% I Boxx \$ High Yield Corporate Bond Fund (HYG)
20% Fixed Income Exposure

Cash

10% cash