



First  
Class  
Stamp

Address Label

If you would know the value of money,  
try to borrow some.

“The most expensive four words on Wall Street are, ‘This time it’s different’.”

“THERE ARE THREE WAYS TO LOSE MONEY: A WOMAN IS THE MOST PLEASURABLE; GAMBLING IS THE FASTEST; AND FARMING IS THE SUREST.”

“The only value of stock forecasters is they make fortunetellers look good.”

“WHO CARES WHETHER KNOWLEDGE IS POWER OR MONEY IS POWER AS LONG AS YOU END UP WITH BOTH.”

“Money isn’t everything, but it sure keeps you in touch with your children.”

—Excerpts from “Money Doesn’t Grow on Trees”- Breck Speed and Mark Dutton

### ETF Extra – Greenhaven Continuous Commodity Index (GCC–27.72)

The GreenHaven Continuous Commodity Index Fund (GCC) is an Exchange-Traded Fund (ETF) that provides an innovative and efficient way to deliver broad-based, diversified commodity exposure. It aims to achieve this by using futures contracts to track the Continuous Commodity Index-Total Return (CCI-TR). The CCI-TR is an equal weighted index of 17 commodities plus an additional Treasury Bill yield. The 17 commodities each fall in one of four categories: Energy (Natural Gas, Crude Oil, Heating Oil), Metal (Platinum, Gold, Silver, Copper), Agriculture (Corn, Wheat, Soybeans, Live Cattle, Lean Hogs), and Softs (Coffee, Cocoa, Sugar, Cotton, Orange Juice). Because of the equal weighting, GCC offers more significant exposure to grains, livestock, and soft commodities and a lower energy weighting than many of its peers. This also has created historically lower volatility than typical commodity investments. In addition, GCC is rebalanced every day in order to maintain each commodity’s weight as close to 1/17th of the total as possible.

GCC’s Notable Statistics			
One Year Return (as of 10/4/10):		18.18 %	
Year-to-date Return (as of 10/4/10):		5.16 %	
Dividend Yield:		None	
Total Assets in the Fund:		\$ 307 mil.	
Estimated Annual Expense Ratio:		1.09 %	
<u>Holdings:</u>			
Softs:	29.40 %	Energy:	17.64 %
Metals:	23.52 %	Livestock:	11.76 %
Grains:	17.64 %		



January 1st, 2011

# Money Matter\$



A Quarterly Newsletter from Sommers Financial Management

Ph. (503) 397-1545 www.sommersfinancial.com

Volume 9, Issue 1

## TD Ameritrade Saves Face—And Our Loyalty

By Adam Sommers

Ever since the merger between Ameritrade and TD Waterhouse in early 2007, I have considered making a change with regard to your custodian. I wrote of my displeasure back in the July 2007 newsletter, and requested feedback. While most clients were annoyed by the over-exuberant mailings and poor technology interface, you don’t seem to require a change. My yearn for a change has most likely been because my biggest complaint against the new TD Ameritrade is related to their customer service and technology offering —both of which Joyce and I here in the office firewall for you.

After going through an exhausting custodian search this summer, and narrowing the list to Folio Institutional or Trust Company of America, TD Ameritrade came through for us in a BIG way. They now offer commission-free trading on over 100 ETFs—meaning WE basically get a custodian for your investments free of charge. No longer does it cost \$9.99 (or \$16.99 if you have less than \$500k and want statements in the mail) to trade some of the ETFs we most commonly place in your accounts. So **we plan to stick with TD Ameritrade as our preferred custodian for the foreseeable future.**

TD Ameritrade was not the first to offer free ETF trading: Schwab offers their proprietary Schwab ETFs commission-free. Fidelity offers iShares ETFs commission-free. And Vanguard offers their namesake ETFs at no commission. But, **TD Ameritrade out-did them all, offering over 100 commission-free ETFs from nine different sponsors**, including iShares, Vanguard, and State Street Global Advisors, sponsor of the popular SPDRs (“Spiders”). **The only \*catch\* is you must hold them at least 30 days** to avoid incurring a \$19.99 “short-term trading fee”.

We can now build a diversified portfolio, allocated to seven different asset classes, using no-transaction-fee ETFs. This is a thing of beauty to this frugal mind. Here are the ETFs I commonly use in client accounts that are now \*commission-free\*:

### Short-term/Liquid:

- Vanguard Short-Term Bond Fund (BSV)
- iShares 1-3 Year Treasury Bonds (SHY)

### Fixed Income:

- Vanguard Total Bond Fund (BND)
- SPDR High-Yield Bond (JNK)
- SPDR International Treasury Bonds (BWX)
- PowerShares Emerging Market Debt (PCY)
- iShares Nat’l Municipal Bond Fund (MUB)

### Alternative Assets:

- We use two No-Transaction Fee mutual funds: one invests in Managed Futures, and one in Oil & Gas MLPs

### Inflation Hedges:

- Barclays TIPS Bond Fund (TIP)
- SPDR International Gov’t Inflation Protected Bond (WIP)
- PowerShares Commodity Tracking Index (DBC)
- SPDR Global Real Estate Fund (RWO)

### Large US Stocks:

- Vanguard Dividend Appreciation (VIG)
- iShares S&P 500 (IVV)

### Small US Stocks:

- Vanguard Small Cap ETF (VB)

### International Stocks:

- Vanguard Total World ex-US (VEU)
- Vanguard Emerging Markets ETF (VWO)

Call our office if you’d like more details!

### Five-Year Average Annual Returns

- Dow Jones Industrial 30 Average: 1.6 %
- S&P 500 Large Company Index: 0.1 %
- NASDAQ Composite Index: 4.1 %
- Russell 2000 Small Company Index: 3.3 %
- SFM’s ‘MODEL 25’ PORTFOLIO: 8.8 %

(see inside the newsletter for updates to the Model Portfolio)

**SFM's Model AGGRESSIVE  
STOCK Only Portfolio**

Company Name	Risk Grade	P/E Ratio	Growth Rate	Payback Yield
Amgen	C	9.1	10%	7.6%
Apollo Education	D	7.2	11%	8.1%
Aeropostale	D	7.5	13%	11.3%
AstraZeneca	B+	6.6	0%	6.3%
CNinsure	D	8.3	26%	32.4%
ITT Education Svcs.	D	4.7	9%	15.3%
Enesco International	C	4.6	14%	8.9%
Gilead Sciences	B	8.6	13%	9.0%
Gap Stores	C	9.3	10%	7.7%
Garmin	D	10.3	5%	9.6%
IBM	A+	11.2	13%	5.8%
Interdigital Comm	D	11.3	15%	10.2%
Intel	A-	10.2	12%	9.5%
Lincare Holdings	C	10.4	17%	6.2%
Medtronic	B	8.7	9%	6.9%
Microsoft	A+	9.8	10%	7.7%
Oshkosh	D	6.6	13%	13.4%
Rent A Center	D	6.8	8%	5.9%
Ross Stores	B	12.2	14%	6.6%
Seagate Technology	D	6.6	10%	15.4%
TJX Companies	A-	10.9	14%	7.0%
US Mobility	D	8.5	0%	9.6%
Western Digital	D	9.9	11%	16.3%
World Acceptance	D	7.2	11%	7.8%
Xilinx	B	11.4	14%	8.0%
<b>Averages:</b>	<b>C</b>	<b>8.7</b>	<b>11%</b>	<b>10.1%</b>

**SFM's Model CONSERVATIVE  
INCOME STOCK Only Portfolio**

Company Name	Risk Grade	P/E Ratio	Div. Yield	Payback Yield
Abbot Laboratories	B	10.5	3.8%	4.4%
AstraZeneca	B+	6.6	2.9%	6.3%
Bristol Myers Squibb	A-	10.2	4.9%	4.9%
Colgate-Palmolive	A+	13.9	2.7%	4.3%
Clorox	A-	11.3	3.5%	4.5%
Campbell's Soup	A+	10.9	3.2%	4.3%
General Mills	B+	12.0	3.2%	3.9%
IBM	A+	11.2	1.8%	5.8%
Intel	A-	10.2	2.9%	9.5%
Johnson & Johnson	A+	11.3	3.5%	6.0%
Kellogg	A-	12.0	3.3%	4.3%
Kimberly Clark	A-	11.2	4.3%	4.2%
Coca Cola	A-	17.7	2.8%	4.4%
Lockheed Martin	B	8.6	4.4%	4.5%
McDonald's	B	15.3	3.1%	4.8%
Medtronic	B	8.7	2.7%	6.9%
Altria Group	A	10.6	6.3%	4.0%
Microsoft	A+	9.8	2.4%	7.7%
Pfizer	A-	7.1	4.3%	3.1%
Procter & Gamble	A-	13.0	3.1%	4.1%
AT&T	B+	9.4	5.9%	5.7%
TJX Companies	A-	10.9	1.3%	7.0%
UPS	B+	14.4	2.6%	3.2%
Walmart	A	13.2	2.2%	4.6%
Exxon Mobil	A-	13.0	2.5%	5.3%
<b>Averages:</b>	<b>A-</b>	<b>11.3</b>	<b>3.3%</b>	<b>5.1%</b>

**SFM's ORIGINAL "Model 25"  
STOCK Only Portfolio**

Company Name	Value Grade	Cash Flow	Risk Grade	Market Cap
Abbot Laboratories	C	B	B	Large
AstraZeneca	C	A-	B+	Large
Bank of New York	B	A+	B	Large
Bristol Myers Squibb	C	A-	A-	Large
CNinsure	A+	B	D	Small
Colgate-Palmolive	C	B+	A+	Large
Clorox	C	B+	A-	Mid
ITT Educational Svcs.	A-	A+	D	Small
Gilead Sciences	D	A+	B	Large
Gap Stores	B+	B	C	Mid
IBM	B	B+	A+	Mega
Johnson & Johnson	C	B-	A+	Mega
JP Morgan Chase	C	A+	B	Mega
Medtronic	B	B	B	Large
Microsoft	C	A-	A+	Mega
NetEase, Inc.	A	A+	D	Mid
Oshkosh	A	A	D	Mid
Rent A Center	B+	A-	D	Small
AT&T	B+	C	B+	Mega
TJX Companies	B	B	A-	Large
Taiwan Semiconductor	A+	B	B	Mega
United Parcel Service	C	B	B+	Large
US Mobility	C	A	D	Micro
Western Union	B+	A-	D	Mid
Xilinx	C	A-	B	Mid

**Commentary & Ramblings  
by Adam Sommers**

Last winter, we emailed all of our clients about some year-end housekeeping that we wanted you to attempt. This year, I'd like for you to make it your New Year Resolution to get us more involved with your money. The most common—and easiest—part of what we do is manage your investment accounts.

The more difficult part is making sure you're taking advantage of all financial opportunities available to you. We here at SFM are happy to take care of things for you; but if you'd like us to perform more than investment management, we need to become aware of your total monetary situation.

Here are some items we'd like for you to check off as you begin 2011. The first five items are things we like to review annually. The remaining items have to do with a comprehensive review of your financial situation. We'd like to become your money management partner—looking at all financial aspects of your life: your income, expenses, assets, liabilities, risk exposures, and dreams.

- Update/Review/Add named beneficiaries on your accounts—families change fast—I know firsthand!
- Link your bank accounts to your investment accounts
- Make sure you know your Login and Password to the TD Ameritrade website: [www.advisorclient.com](http://www.advisorclient.com)
- Review SFM's RIA registration form ADV—available upon request in electronic or paper format
- Review SFM's Privacy Policy—inserted with this newsletter
- Write down a list off assets and their values as of today
- Write down a list of your debts, their interest rates, monthly payment, the balance and term remaining
- Write down your monthly budget—income and expenses—then send them to us for review
- Gather your insurance policies (home, auto, life, disability, etc.) and let's look together to ensure you have enough coverage
- Imagine and write down the monthly after-tax dollar amount you'd accept to retire from work tomorrow.

We have some templates and forms available to assist you in completing these important items. You can simply call our office and let us know which items you'd like to tackle, and we'll guide you through the process. Please, for your own financial benefit, let's do this together this year.

**SFM AGGRESSIVE Stock Portfolio vs.**

**Relevant Benchmarks**

	SFM Aggressive	Russell 2000 Index	Nasdaq Index
3 Month Return:	<b>8.4 %</b>	16.0 %	12.0 %
12 Month Return:	<b>9.2 %</b>	23.7 %	16.9 %
3 Year Average Annual:	<b>- 1.1 %</b>	0.8 %	0.0 %
5 Year Average Annual:	<b>N/A</b>	3.3 %	4.1 %
ROR Since 4/1/2007:	<b>- 2.1 %</b>	- 0.5 %	N/A

**SFM Conservative INCOME Stock Portfolio vs.**

**A Relevant Benchmark**

	SFM Income	Dow Jones Industrial Avg.
3 Month Return:	<b>2.7 %</b>	7.3 %
12 Month Return:	<b>7.2 %</b>	11.0 %
3 Year Average Annual:	<b>- 2.3 %</b>	- 4.2 %
5 Year Average Annual:	<b>N/A</b>	1.6 %
ROR Since 4/1/2007:	<b>- 1.0 %</b>	- 1.7 %

**SFM ORIGINAL Model "25" Portfolio vs.**

**A Relevant Benchmark**

	SFM Model 25	S&P 500 Index
3 Month Return:	<b>7.3 %</b>	10.2 %
12 Month Return:	<b>7.9 %</b>	12.8 %
3 Year Average Annual:	<b>- 0.1 %</b>	- 4.8 %
5 Year Average Annual:	<b>8.8 %</b>	0.1 %
ROR Since 6/1/2003:	<b>15.8 %</b>	4.0 %