



Understanding ETF's/Charting Stocks

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Presentation Outline

- I. Heavy Metal Investor Introduction
- II. Understanding ETF's
 - I. Simple Definition
 - II. Types and Kinds
 - III. Leveraged ETF's, Calculations
 - IV. Are ETF's good for protection?
- III. Quarterly Newsletter Details
- IV. Charting Audience Member Stocks

About Heavy Metal Investor

HEAVY METAL
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1. Education – Bachelors & Masters in Mechanical Engineering.
2. “Day Job” is R&D Engineer for multi-national electronics firm.
Hold four US patents with 4 patents currently pending.
3. Started writing market Newsletter in 2003 with about 12 readers.
4. Readership over 1500 and increasing 10% quarterly.
5. Quarterly Newsletter is FREE done in the spirit of sharing info.
6. Regular guest on the Korelin Economics Report.
7. Website is www.heavymetalinvestor.com.

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II. Understanding ETF's

What's an ETF?

- An ETF holds assets such as stocks, bonds or commodities. They typically trade in proximity of their net asset value of its underlying assets.
- Several ETF's track various indexes such as the Dow and S&P 500.
- The resource sector has had an increase in ETF's representing underlying commodities such as gold, platinum and silver.

Types & Kinds of ETF's

- ETF's have exploded in popularity by offering trading products generally not accessible by ordinary investors.
- There are many types allowing to make bullish or bearish bets on the underlying assets they represent.
- The resource sector has been gaining ground in ETF representation. The next slide are some examples....

Types & Kinds of ETF's

Fund Name	Ticker Symbol	Leverage	Notes
SPDR Gold Shares	GLD	1X	Each share 1/10 th ounce of gold. Largest Au ETF
iShares Silver Trust	SLV	1X	Each share = 1 ounce of silver. Largest Ag ETF
Comex Gold Trust	IAU	1X	Each share 1/10 th ounce of gold.
Central Fund of Canada	CEF	1X	Long history, 54% Gold, 43% Silver, Audits Metal
Central Gold Trust	GTU	1X	Gold bullion & cert's, CEF Managed, Audited
Silver Bullion Trust	SBT.U	1X	Silver bullion, CEF Managed, Audited
Sprott Physical Gold Trust	PHYS	1X	Regularly audits of physical metal.
S&P Commodity Index Trust	GSG	1X	Tracks S&P GSCI® Commodity Index
Ultra DJ-UBS Commodity	UCD/CMD*	2X	Tracks Dow Jones® UBS Commodity Index
Ultra DJ-UBS Crude Oil	UCO/SCO*	2X	Tracks Dow Jones® UBS Crude Oil Sub-Index
Ultra Gold	UGL/GLL*	2X	Tracks 2X daily return in gold.
Ultra Silver	AGQ/ZSL*	2X	Tracks 2X daily return in silver.

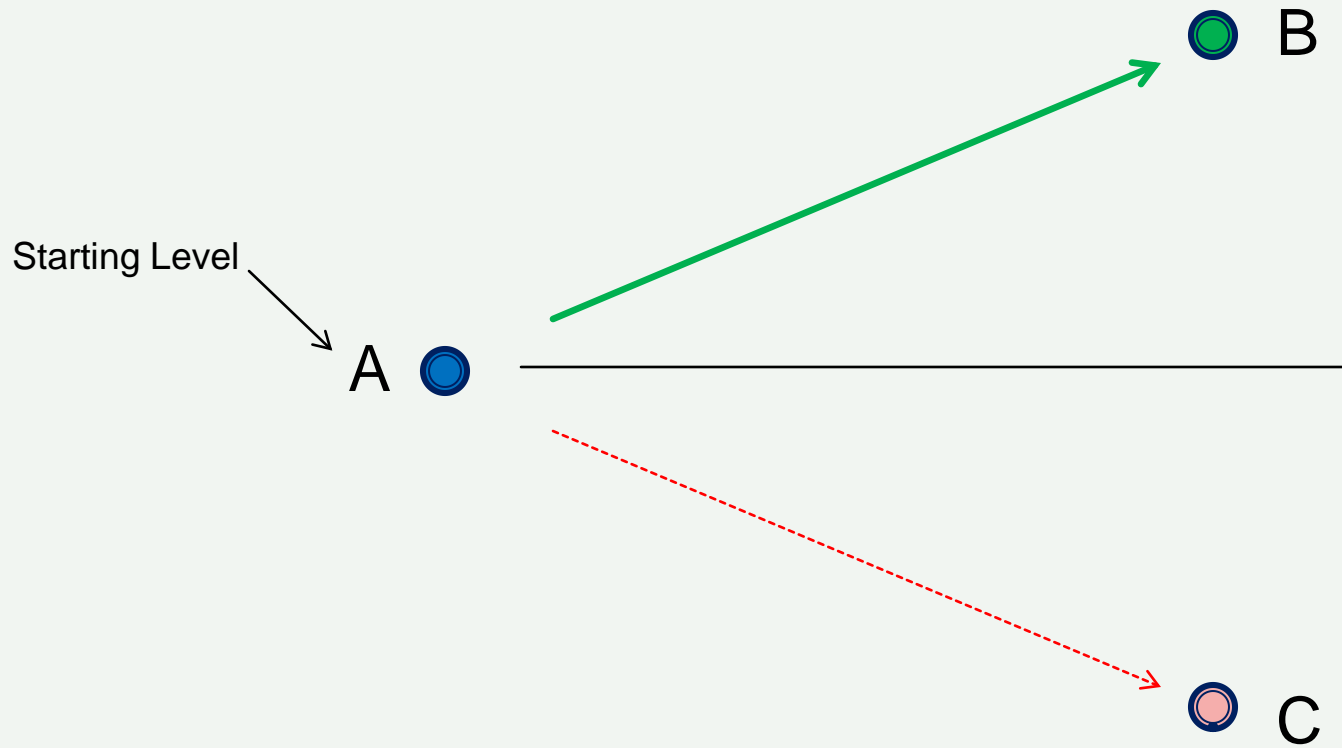
* First symbol is long, second is short.

Leveraged ETF's

- ProShares[®] and DirexionShares offer 2 and 3 times leverage on both bull and bear market movements.
- Most of the leveraged products offered track indexes.
- ProShares[®] offers leveraged products for both bull and bear moves in commodities such as gold, oil and silver.
- Investors should use these products with **extreme** caution. They are much like a lottery ticket: win big or nearly lose it all.

Leverage Example: Bull Move

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Leveraged ETF Equations

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When price level goes **UP** from A to B:

$$n = \frac{\log \left(\frac{B}{A} \right)}{\log (1 + X)}$$

Where,

n = # of days to B

X = % Daily Change

$$R = (1 + QX)^n$$

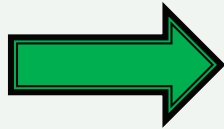
Where,

R = Rate of Return

Q = Leverage (2 or 3)

Leveraged Trade – Bull Move

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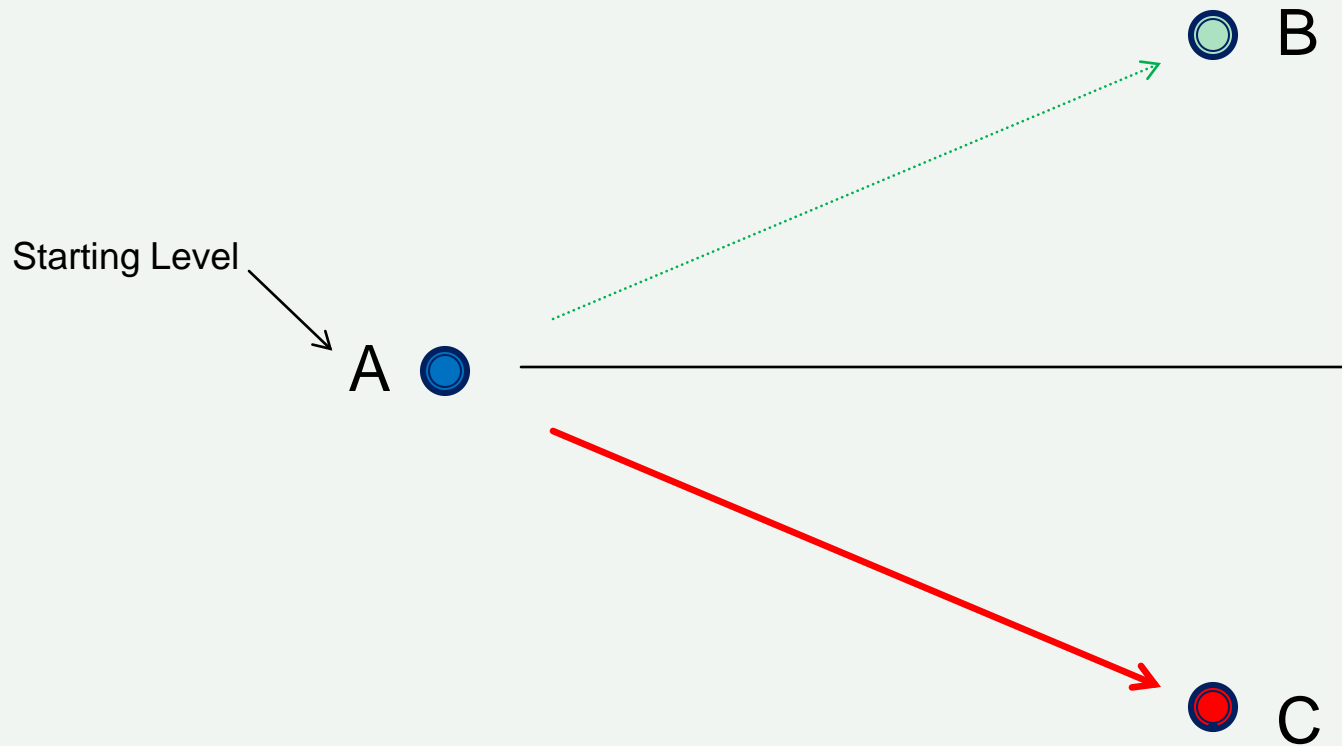


The market goes in your favor.

B / A	Avg. Increase X, (%)	# of Periods n	2X Leverage Return	3X Leverage Return
1.5	1.0	40.7	120 %	230 %
2.0	1.0	69.7	290 %	670 %

Example: Falling Prices

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Leveraged ETF Equations

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When price level goes **DOWN** from A to C:

$$n = \frac{\log \left(\frac{C}{A} \right)}{\log (1 - X)}$$

Where,

n = # of days to C

X = % Daily Change

$$R = (1 - QX)^n$$

Where,

R = Rate of Return

Q = Leverage (2 or 3)

Leveraged Trade – Bear Move

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The market goes against you.

C / A	Avg. Decline X, (%)	# of Periods n	2X Leverage Return	3X Leverage Return
0.8	1.0	22.2	- 36 %	- 49 %
0.5	1.0	69.0	- 75 %	- 88 %

Are ETF's Good for Protection?

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- Precious metals ETF's are being billed as having the safety of physical without having to pay premiums and storage fees.
- The general public believes that ETF's are "as good as gold".
- A big debate has raged about gold and silver ETF's specifically GLD and SLV.
- Investors want to know if physical gold and silver actually exist in the storage depositories.

Are ETF's Good for Protection?

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- Both of the biggest ETF's are being run by Wall Street firms known to have large short positions in gold and silver.
- Their prospectus' are loaded with legal wiggle room putting in doubt that holdings are fully audited.
- Unlike possessing the physical metal, ETF's are subject to counter-party risk.
- If an ETF were to default, who do you think will get their money first, YOU or a well connected Wall Street firm?

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III. Quarterly Newsletter Details

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Suggested Stock Example

- 2) **Crocodile Gold (CRK.TO, CROCF):** Crocodile's primary assets are two producing gold mines in Northern Australia close to the coastal city of Darwin. Their properties in the area contain 5 million ounces of gold resources with plenty of room to grow. Recent exploration results reported high grade 5 g/ton gold over 22 meters. Crocodile has two other mines in development and will be soon producing. Estimated 2010 gold production is 120,000 oz. growing to a rate of 200,000 by the end of next year. Cash costs are anticipated to be a high \$650/ounce for 2010 and falling under \$500 in 2011. They estimate using \$1000 gold that cash flow will be \$39 million this year growing to \$78 million in 2011.

Crocodile has the right recipe for success as an investment. Just on the horizon is four producing gold mines. They are located in a very pro-mining friendly country with a large gold resource base that can grow substantially with exploration. With only 189 million shares outstanding, the stock has plenty of room to grow as the investment community becomes more aware of them. Crocodile and Oceana are now my two top junior producers. Website: www.crocgold.com



Reader Recommended Stock

- 3) **Columbus Silver (CSC.V, CSLVF)**: My stock pick for this issue is Columbus Silver. This company has all of the essential ingredients for a 10 bagger. First and foremost, experienced and well placed management, An acceptable share structure; Shares Outstanding 32,126,730 , Warrants 30,649,903, Options 2,066,500, Fully Diluted 64,843,133 A legendary exploration team in CORDEX, founder John Livermore, , discovered the Carlin Mine, and Andy Wallace. A silver property portfolio spun off from Columbus Gold with NI 43-101 resources. And then there is MOGOLLON.

Today the story for Columbus Silver is Mogollon, situated near Glenwood, New Mexico, USA. It is a major silver-gold bearing epithermal vein field (45 miles of veins mapped), cross-hatched E-W and N_S. The Last Chance Mine and the Little Fanny Mine, during 1905-1942 produced 15,700,000 oz. silver and 327,000 oz. gold from 1.5 million tons or ore from 3 miles of veins with 80% of the ore coming from shoots within a 1000 ft. vertical productive zone. I'm in!
This stock recommended by Jim of San Francisco.



About Free Quarterly Newsletter

- Published months of March, June, Sept and December.
- Email addresses are not sold to third parties.
- To obtain latest quarterly report email:
tobinator00@yahoo.com (tobinator zero zero @ yahoo.com)

IV. Charting Audience Stocks

- The analysis offered is one man's opinion and does not constitute any endorsement of the stock being charted.
- All audience members are encouraged to seek the advice of a qualified investment advisor before entering a position.
- Only one stock or index per person, please.