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Finding Yield with ETFs

Today's Presenters

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Income Product Strategist
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Speaker
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S&P Indices



Outline

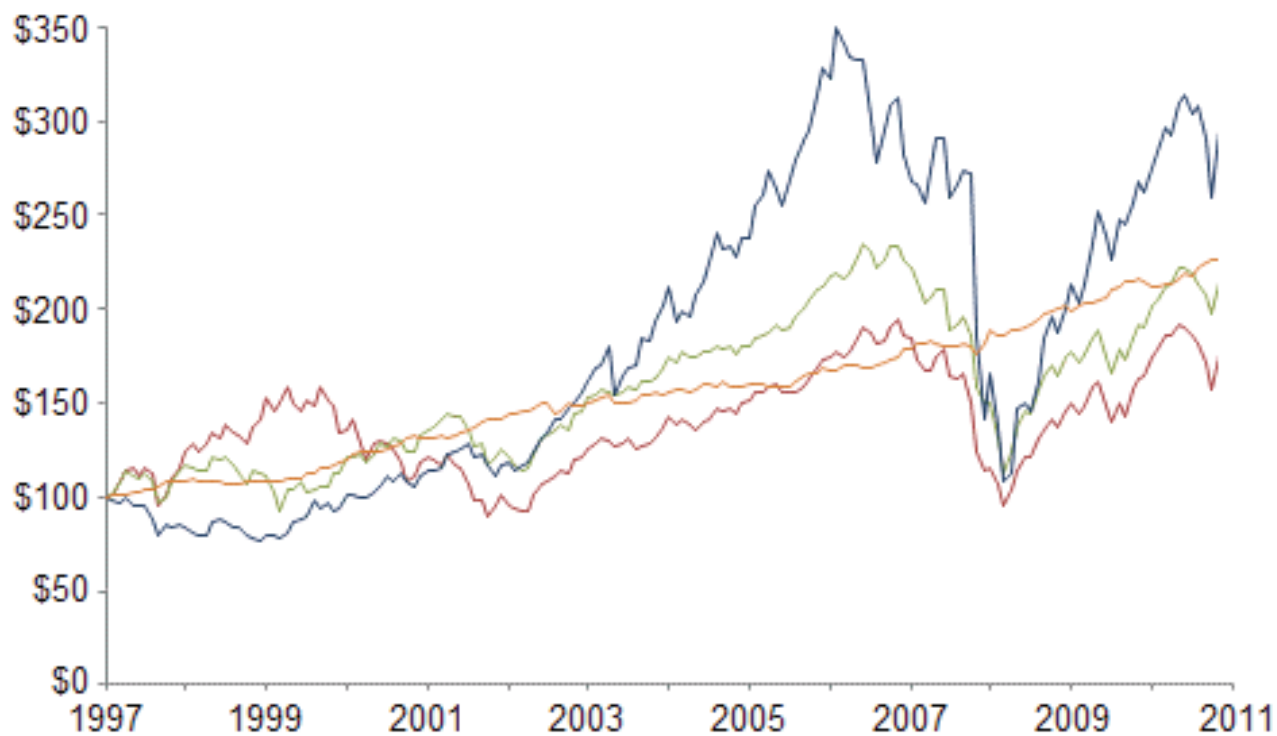
- ▶ Will interest rates stay the same or rise?
- ▶ Economic affects on interest rates
- ▶ How to position clients no matter the interest rate environment
- ▶ Ways to access yield through ETFs

Interest Rate Environment

- ▶ Federal Reserve
- ▶ Outlook for 2012
- ▶ Positioning client portfolios



Return vs. Yield

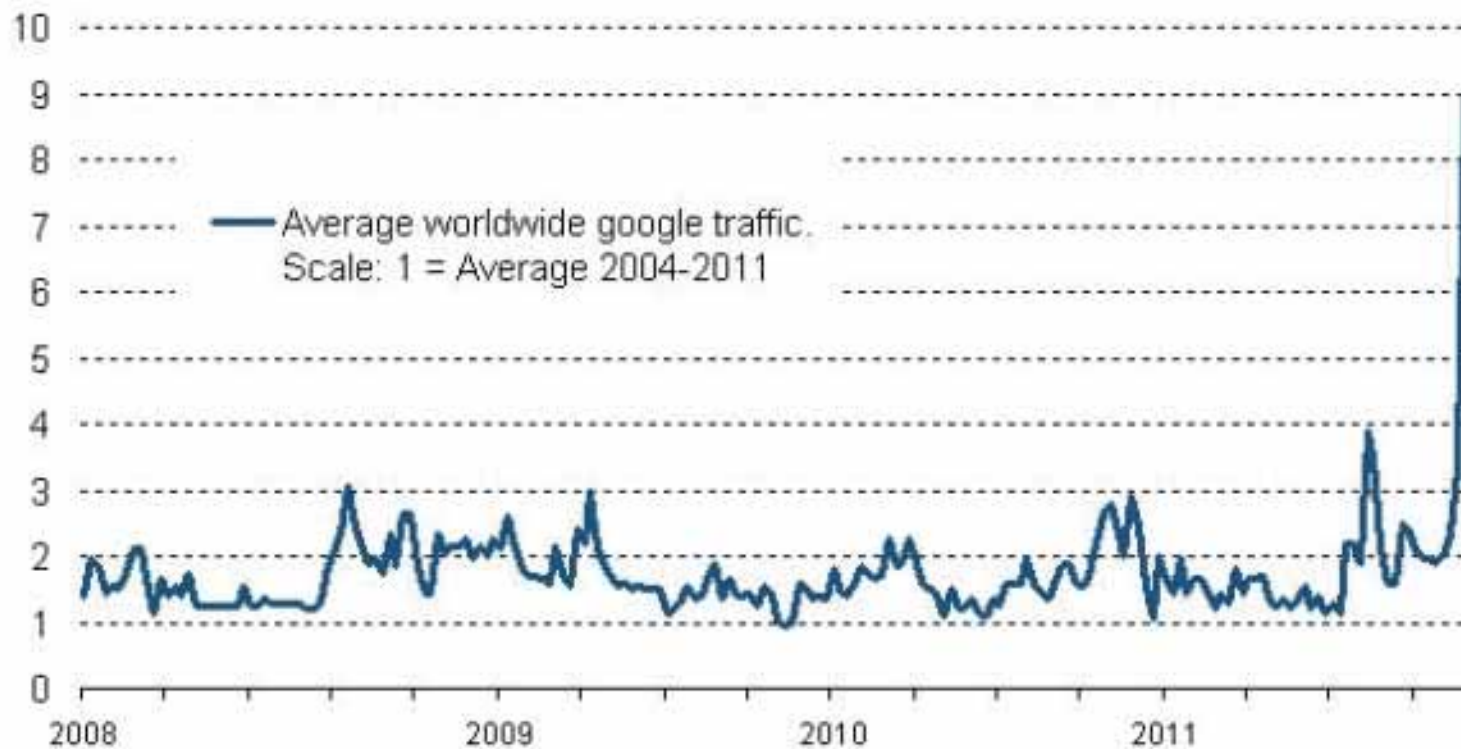


	Annualized Return	Standard Deviation	Dividend yield/ Yield to maturity
— U.S. stocks	4.2%	17.3%	2.2%
— Dividend stocks	5.7%	15.3%	3.7%
— REITs	8.2%	23.4%	4.1%
— Bonds	6.1%	3.6%	2.3%

Source: Vanguard

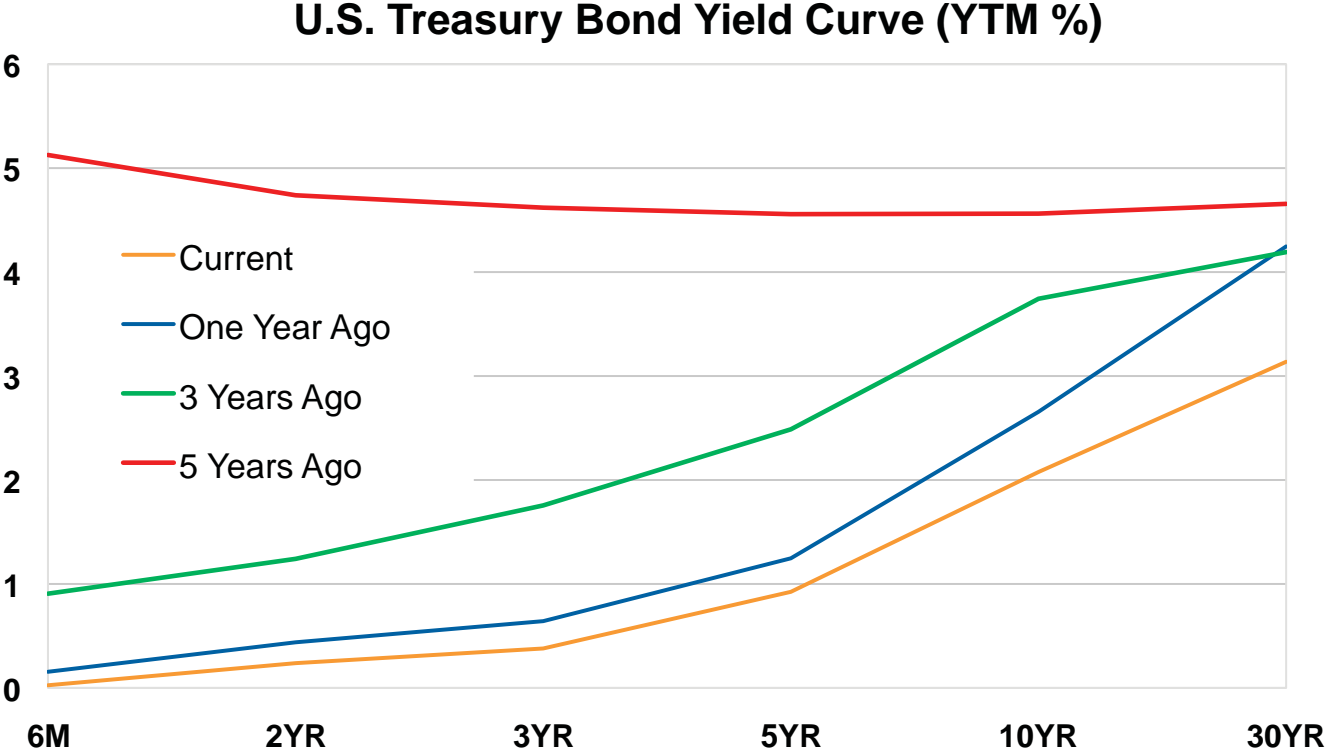
Bond Yields Go Mainstream

Search volume index, "bond yields"

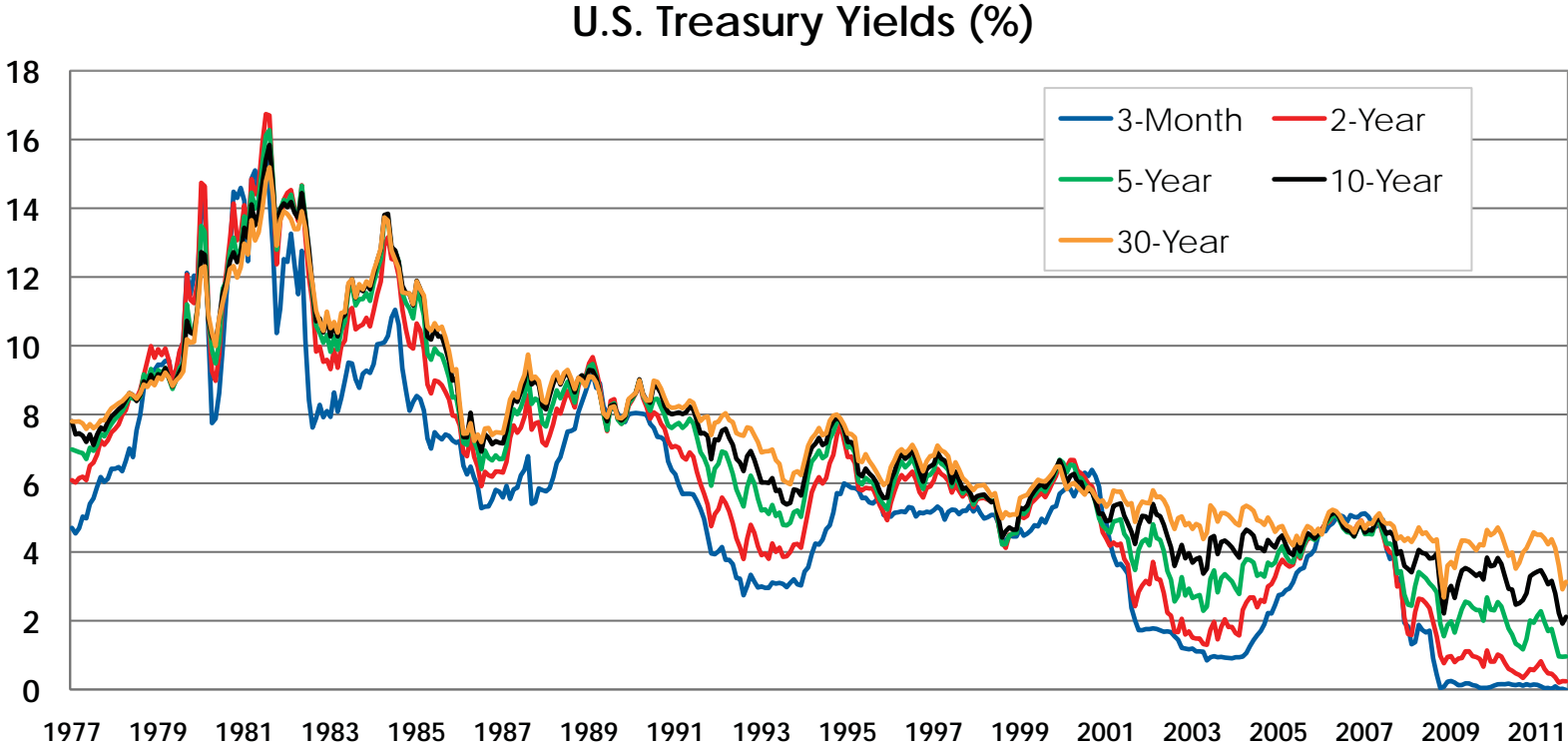


Source: Google trends

U.S. Treasury Yield Curve



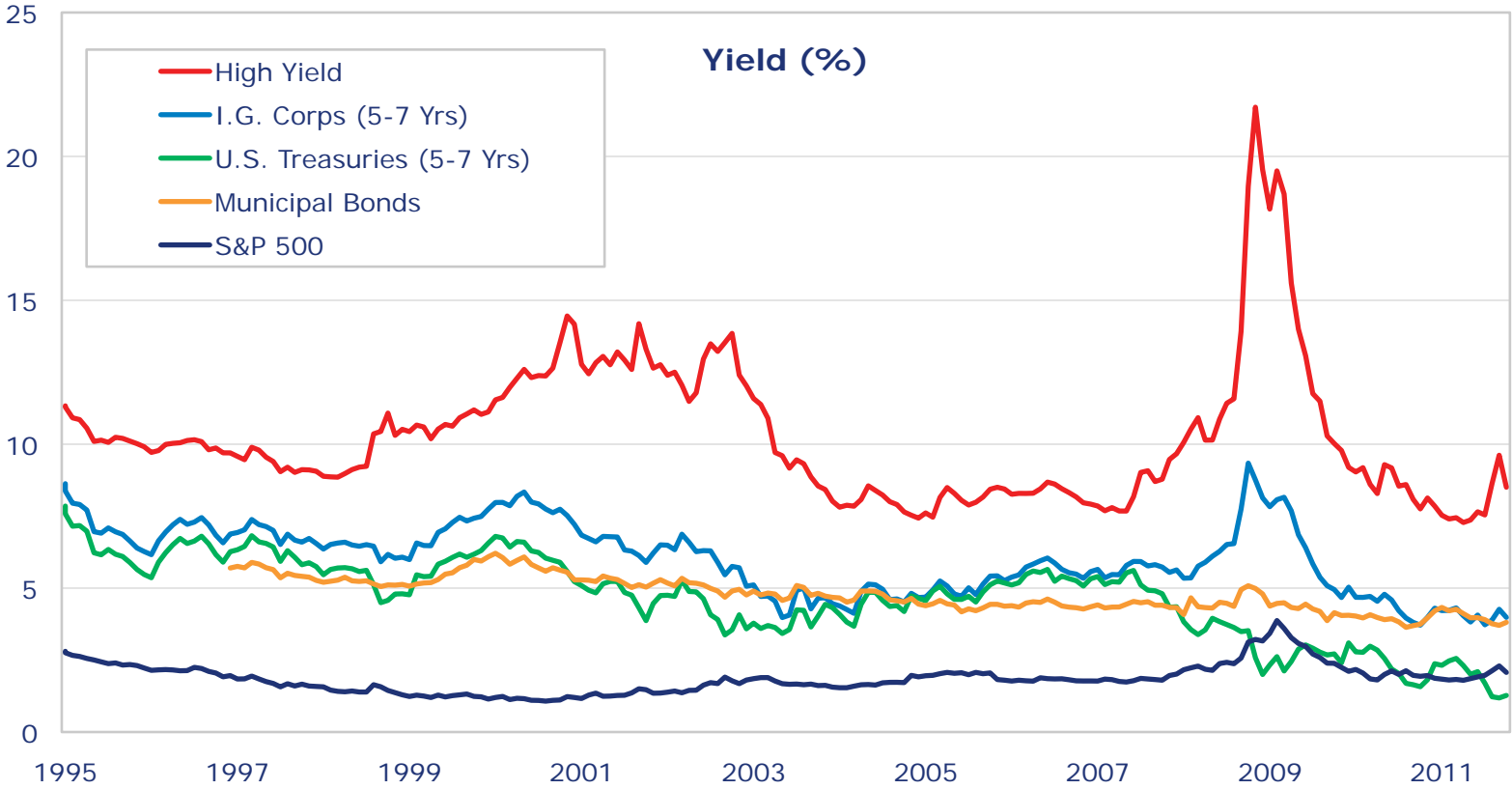
Historical U.S. Treasury Yields



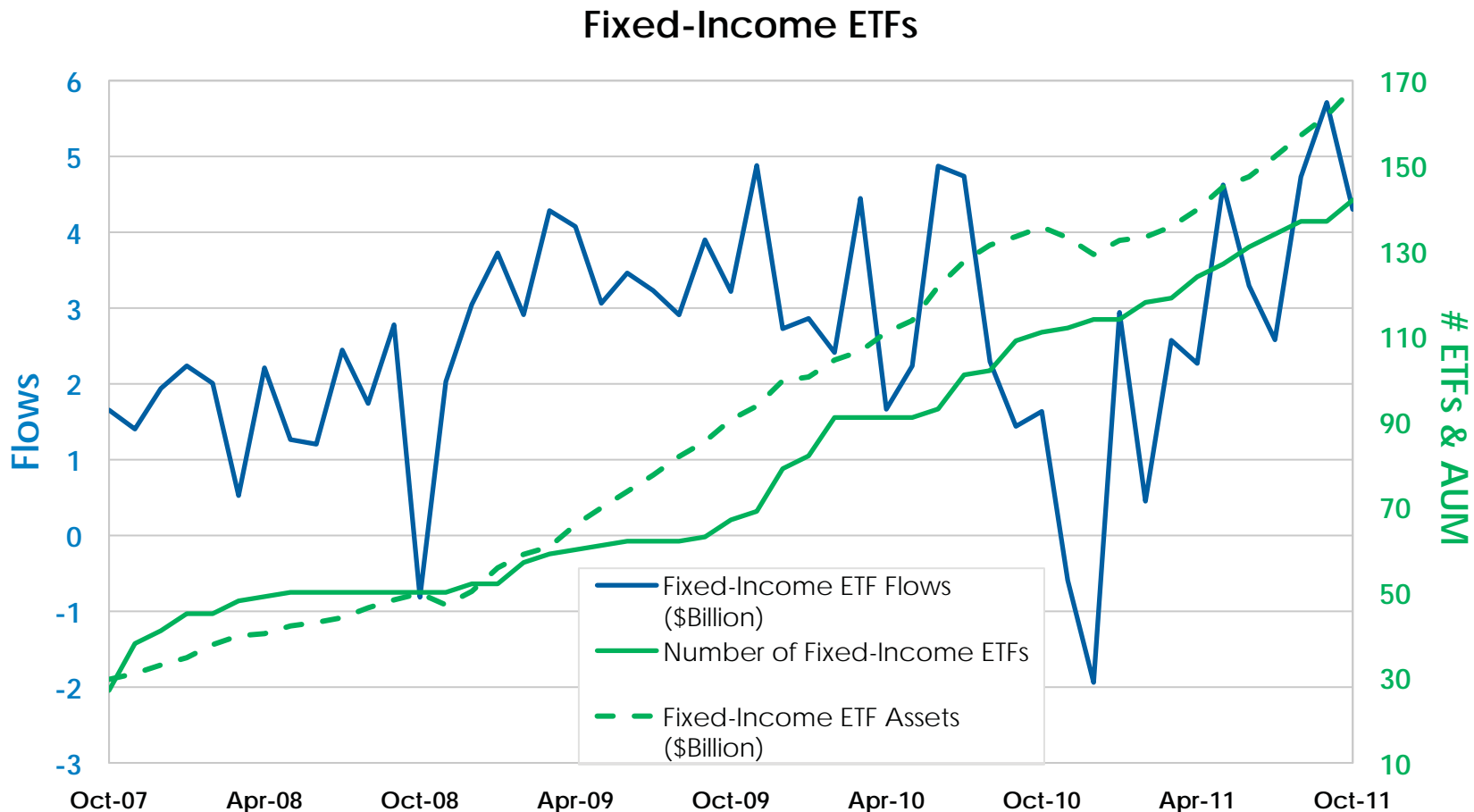
Fixed-Income Risk and the Economy

	Weaker Economy	Stronger Economy
Credit Risk	Higher	Lower
Duration Risk	Lower	Higher

Historical Yields

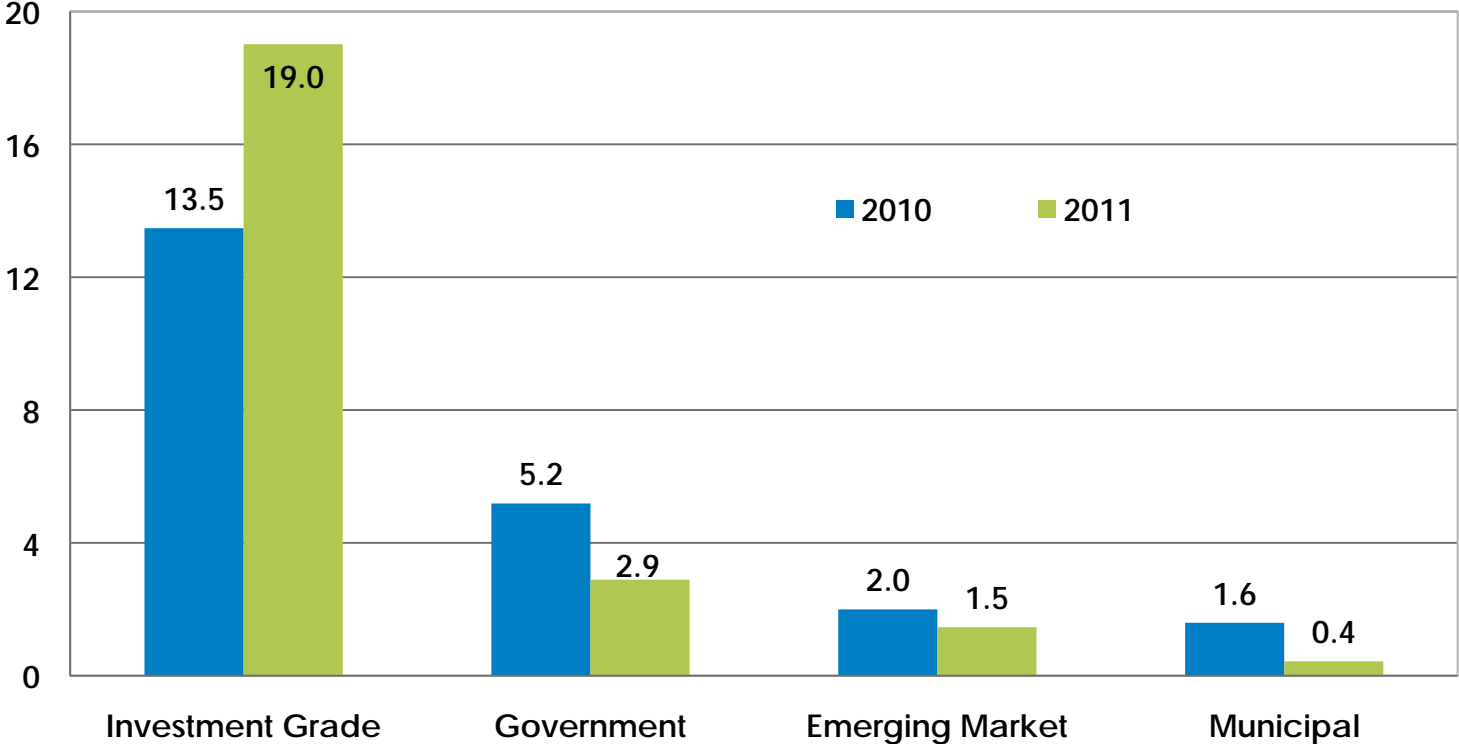


ETF Flows – Fixed Income



ETF Flows – Fixed Income

ETF Flows by Fixed-Income Category (\$B)



Corporate Bonds

- ▶ High Quality
- ▶ Junk
- ▶ Senior Loans



International/Foreign Debt

- ▶ Worth the risk?



Economic Environment

- ▶ What if corporations start spending?
- ▶ Will we see the economy pick up?
- ▶ Positioning client portfolios



S&P 500 Sector Dividends

Sector	Contribution			Yield			Paying Issues			Yield of Payers
	2007	2010	11/8/2011	2007	2010	11/8/2011	2007	2010	11/8/2011	11/8/2011
Consumer Discretionary	6.67%	7.88%	7.81%	1.57%	1.39%	1.57%	68	59	58	2.04%
Consumer Staples	11.62%	16.88%	15.89%	2.25%	2.98%	3.08%	37	39	40	3.10%
Energy	8.40%	11.60%	11.08%	1.27%	1.81%	1.89%	31	31	33	1.98%
Financials	29.12%	9.06%	11.93%	3.32%	1.06%	1.84%	89	69	73	2.07%
Health Care	10.81%	12.95%	12.45%	1.78%	2.22%	2.33%	25	22	27	3.02%
Industrials	11.97%	12.42%	11.92%	2.05%	2.13%	2.42%	52	55	57	2.46%
Information Technology	5.95%	9.31%	10.59%	0.71%	0.94%	1.15%	26	32	38	1.91%
Materials	3.40%	3.55%	3.68%	2.02%	1.78%	2.17%	26	28	30	2.19%
Telecommunication Services	6.62%	8.56%	7.61%	3.63%	5.17%	5.40%	8	6	5	5.98%
Utilities	5.44%	7.78%	7.04%	2.98%	4.42%	4.08%	28	32	31	4.21%
S&P 500	100.00%	100.00%	100.00%	1.98%	1.87%	2.14%	390	373	392	2.53%

Other Yield Options

- ▶ Preferreds
- ▶ REITs
- ▶ MLPs
- ▶ Inverse/Leverage



Questions?

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