

Excerpt from 'Seeking Alpha', July 17, 006
<http://etf.seekingalpha.com/article/13641>

ETFs

Two Approaches to the Current Market

Posted on Jul 17th

Richard Kang submits: The market is basically where we were at the previous short-term bottom of June 14th: The S&P 500 and the Dow are slightly above the lows of one month ago exactly. Nasdaq slightly below.

Feel more bullish or bearish than last time? Frankly, I don't think it's healthy to have one's feelings on the markets change in just a one month span, but that leads to a discussion better suited to a behavioral finance specialist, which I'm not.

.... I notice that VIX is showing intermittent high volatility (volatility of volatility?) -- it's gone from its historical low range of 12, up to 20, down to 14, spiking back up to 24, down to 13 and recently back up to 18, all in about 2 months. These are big percentage changes and is very different from past 'volatile VIX periods' like April 2005 and October 2006.

There are really two ways I look at this opportunity. **One, pile up some cash when possible.** My feeling is that now is not the time to shop. We have not traded for our clients at all in May, June or July. My feeling during this volatile period has been that generally it's too late to sell, too early to buy.

However, for the tactically inclined, **these are the markets they've been waiting for.** ...

... My point is to keep as much cash as possible handy for potential buying opportunities. PowerShares WilderHill Clean Energy (**PBW**) on the energy side and Macquarie Infrastructure Company Trust (**MIC**) as an infrastructure play are two positions that have dropped a lot and look good for buying.

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