

# How to Create Your Stock Own Portfolio Using Free Resources on the Internet

Presented

By

Black**Star** Research

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# Before We Get Started Lets Review a Few Terms

Index

Sectors

Exchange Traded Funds (ETF's)

# Definition of Index

A statistical measure of change in an economy or a securities market. In the case of financial markets, an index is an imaginary portfolio of securities representing a particular market or a portion of it. Each index has its own calculation methodology and is usually expressed in terms of a change from a base value. Thus, the percentage change is more important than the actual numeric value.

Stock and bond market indexes are used to construct index mutual funds and exchange-traded funds (ETFs) whose portfolios mirror the components of the index.

The Standard & Poor's 500 is one of the world's best known indexes, and is the most commonly used benchmark for the stock market. Other prominent indexes include the DJ Wilshire 5000 (total stock market), the MSCI EAFE (foreign stocks in Europe, Australasia, Far East) and the Lehman Brothers Aggregate Bond Index (total bond market).

Because, technically, you can't actually invest in an index, index mutual funds and exchange-traded funds (based on indexes) allow investors to invest in securities representing broad market segments and/or the total market.

The **Global Industry Classification Standard (GICS)** is an industry taxonomy developed by MSCI and Standard & Poor's (S&P) for use by the global financial community. The GICS structure consists of 10 sectors, 24 industry groups, 68 industries and 154 sub-industries into which S&P has categorized all major public companies. The system is similar to ICB (Industry Classification Benchmark), a classification structure maintained by Dow Jones Indexes and FTSE Group. GICS is used as a basis for S&P and MSCI financial market indexes in which each company is assigned to a sub-industry, and to a corresponding industry, industry group and sector, according to the definition of its principal business activity.

## Sectors

# Global Industry Classification Standard

1. Basic Materials
2. Technology
3. Financials
4. Health Care
5. Consumer Discretionary
6. Consumer Staples
7. Energy
8. Industrial Goods
9. Utilities
10. Conglomerates

An **exchange-traded fund (ETF)** is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds, and trades close to its net asset value over the course of the trading day. Most ETFs track an index, such as a stock index or bond index. ETFs may be attractive as investments because of their low costs, tax efficiency, and stock-like features. ETFs are the most popular type of exchange-traded product.

An ETF combines the valuation feature of a mutual fund, which can be bought or sold at the end of each trading day for its net asset value, with the tradability feature of a closed-end fund, which trades throughout the trading day at prices that may be more or less than its net asset value. ETFs have been available in the US since 1993 and in Europe since 1999. ETFs traditionally have been index funds, but in 2008 the U.S. Securities and Exchange Commission began to authorize the creation of actively managed ETFs.

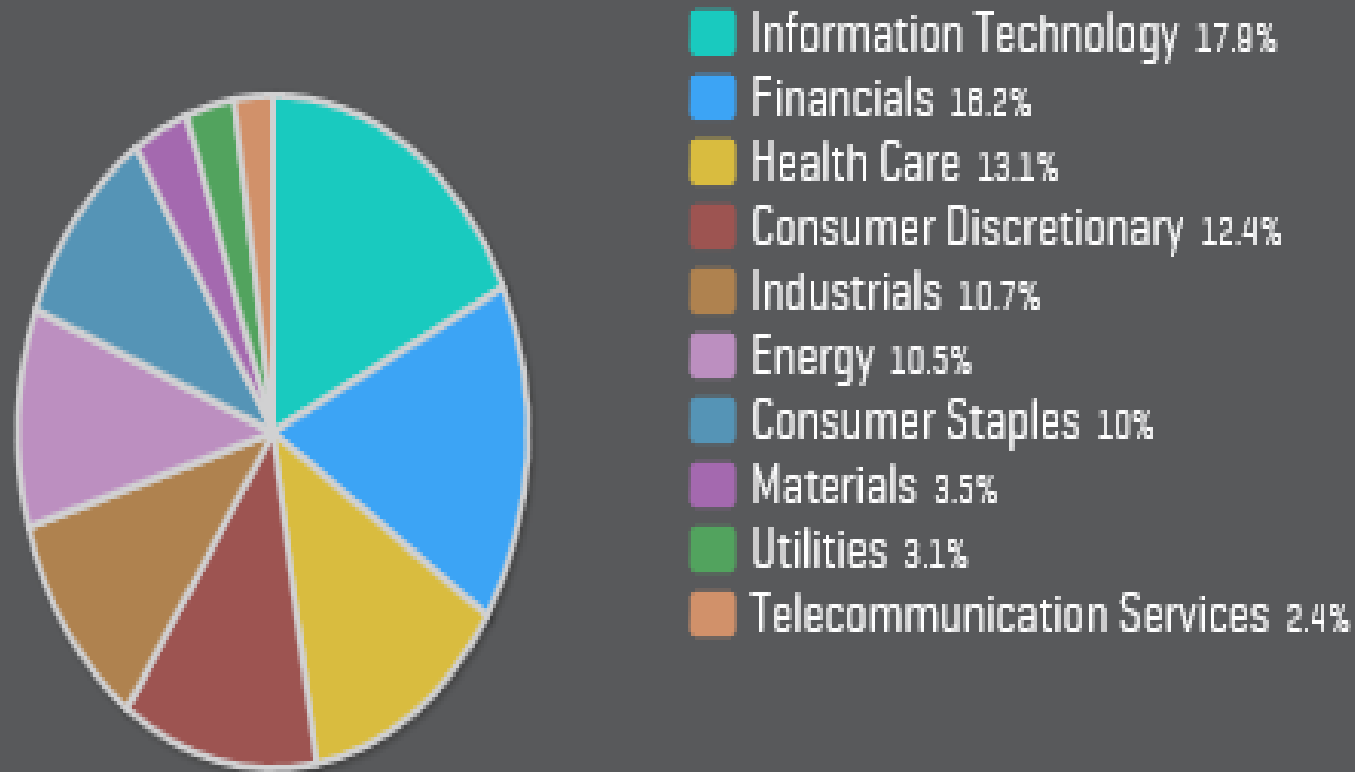
# Lets Begin

We have \$1000 to invest.

We are going to use the S&P 500 as  
our benchmark



## S&P 500 Sector Weights



|                        |                    |            |
|------------------------|--------------------|------------|
| Information Technology | 17.9% of \$1000.00 | = \$179.00 |
| Financials             | 18.2% of \$1000.00 | = \$182.00 |
| Healthcare             | 13.1% of \$1000.00 | = \$131.00 |
| Consumer Discretionary | 12.4% of \$1000.00 | = \$124.00 |
| Industrials            | 10.7% of \$1000.00 | = \$107.00 |
| Energy                 | 10.5% of \$1000.00 | = \$105.00 |
| Consumer Staples       | 10% of \$1000.00   | = \$100.00 |
| Basic Materials        | 3.5% of \$1000.00  | = \$ 35.00 |
| Utilities              | 3.1% of \$1000.00  | = \$ 31.00 |
| Telecommunications     | 2.4% of \$1000.00  | = \$ 24.00 |

# Information Technology

A category of stocks relating to the research, development and/or distribution of technologically based goods and services. This sector contains businesses revolving around the manufacturing of electronics, creation of software, computers or products and services relating to information technology.

| <a href="#">Symbol</a> | <a href="#">Name</a>  | Price   | Change | <a href="#">Assets * ▼</a> | <a href="#">Avg Vol</a> | <a href="#">YTD</a> |
|------------------------|---|---------|--------|----------------------------|-------------------------|---------------------|
| <a href="#">XLK</a>    | <a href="#">SPDR Technology Select Sector Fund</a>              | \$31.96 | +0.98% | \$11,503,406               | 6,062,474               | +10.88%             |
| <a href="#">PTF</a>    | <a href="#">PowerShares Dynamic Technology Sector Portfolio</a> | \$32.13 | +0.78% | \$33,380                   | 2,991                   | +22.77%             |
| <a href="#">MTK</a>    | <a href="#">SPDR Morgan Stanley Technology ETF</a>              | \$80.35 | +0.12% | \$192,600                  | 3,422                   | +17.52%             |

\*ETF INFORMATION PROVIDED BY ETFDB.COM

|                        |        |          |
|------------------------|--------|----------|
| Information Technology | (6)PTF | \$193.00 |
| Financials             |        |          |
| Healthcare             |        |          |
| Consumer Discretionary |        |          |
| Industrials            |        |          |
| Energy                 |        |          |
| Consumer Staples       |        |          |
| Basic Materials        |        |          |
| Utilities              |        |          |
| Telecommunications     |        |          |

# Financials

A category of stocks containing firms that provide financial services to commercial and retail customers. This sector includes banks, investment funds, insurance companies and real estate.

| <a href="#">Symbol</a> | <a href="#">Name</a>                                | Price   | Change | <a href="#">Assets * ▼</a> | <a href="#">Avg Vol</a> | <a href="#">YTD</a> |
|------------------------|---|---------|--------|----------------------------|-------------------------|---------------------|
| <a href="#">XLF</a>    | <a href="#">SPDR Financial Select Sector Fund</a>   | \$20.03 | +1.99% | \$13,883,598               | 37,752,844              | +22.27%             |
| <a href="#">VFH</a>    | <a href="#">Vanguard Financials Index Fund</a>      | \$41.02 | +1.86% | \$1,483,934                | 207,619                 | +20.38%             |
| <a href="#">FXO</a>    | <a href="#">First Trust Financial AlphaDEX Fund</a> | \$19.79 | +1.75% | \$447,120                  | 295,402                 | +26.42%             |

|                        |        |          |
|------------------------|--------|----------|
| Information Technology | (6)PTF | \$193.00 |
| Financials             | (9)FXO | \$178.00 |
| Healthcare             |        |          |
| Consumer Discretionary |        |          |
| Industrials            |        |          |
| Energy                 |        |          |
| Consumer Staples       |        |          |
| Basic Materials        |        |          |
| Utilities              |        |          |
| Telecommunications     |        |          |

# Healthcare

A category of stocks relating to medical and healthcare goods or services. The healthcare sector includes hospital management firms, health maintenance organizations (HMOs), biotechnology and a variety of medical products.

| <a href="#">Symbol</a> | <a href="#">Name</a>  | Price    | Change | <a href="#">Assets * ▼</a> | <a href="#">Avg Vol</a> | <a href="#">YTD</a> |
|------------------------|---|----------|--------|----------------------------|-------------------------|---------------------|
| <a href="#">XLV</a>    | <a href="#">SPDR Health Care Select Sector Fund</a>                 | \$50.62  | +1.59% | \$7,387,444                | 5,557,992               | +26.86%             |
| <a href="#">VHT</a>    | <a href="#">Vanguard Health Care Index Fund</a>                     | \$92.90  | +1.61% | \$1,984,081                | 148,130                 | +29.54%             |
| <a href="#">RYH</a>    | <a href="#">Guggenheim S&amp;P 500 Equal Weight Health Care ETF</a> | \$101.24 | +1.20% | \$150,210                  | 22,709                  | +29.15%             |

|                        |        |          |
|------------------------|--------|----------|
| Information Technology | (6)PTF | \$193.00 |
| Financials             | (9)XFO | \$178.00 |
| Healthcare             | (3)XLV | \$152.00 |
| Consumer Discretionary |        |          |
| Industrials            |        |          |
| Energy                 |        |          |
| Consumer Staples       |        |          |
| Basic Materials        |        |          |
| Utilities              |        |          |
| Telecommunications     |        |          |



# Consumer Discretionary

A sector of the economy that consists of businesses that sell nonessential goods and services. Companies in this sector include retailers, media companies, consumer services companies, consumer durables and apparel companies, and automobiles and components companies.

| <a href="#">Symbol</a> | <a href="#">Name</a>  | <a href="#">Price</a> | <a href="#">Change</a> | <a href="#">Assets * ▼</a> | <a href="#">Avg Vol</a> | <a href="#">YTD</a> |
|------------------------|---|-----------------------|------------------------|----------------------------|-------------------------|---------------------|
| <a href="#">XLY</a>    | <a href="#">Consumer Discretionary Select Sector SPDR Fund</a>                | \$59.94               | +1.77%                 | \$6,524,434                | 5,088,721               | +26.35%             |
| <a href="#">FXD</a>    | <a href="#">First Trust Consumer Discretionary AlphaDEX Fund</a>              | \$29.28               | +1.81%                 | \$831,453                  | 232,732                 | +29.65%             |
| <a href="#">PSCD</a>   | <a href="#">PowerShares S&amp;P SmallCap Consumer Discretionary Portfolio</a> | \$43.69               | +2.03%                 | \$91,848                   | 10,275                  | +32.47%             |

|                        |        |          |
|------------------------|--------|----------|
| Information Technology | (6)PTF | \$193.00 |
| Financials             | (9)XFO | \$178.00 |
| Healthcare             | (3)XLV | \$152.00 |
| Consumer Discretionary | (4)FXD | \$117.00 |
| Industrials            |        |          |
| Energy                 |        |          |
| Consumer Staples       |        |          |
| Basic Materials        |        |          |
| Utilities              |        |          |
| Telecommunications     |        |          |

# Industrials

A category of stocks that relate to producing goods used in construction and manufacturing. This sector includes companies involved with aerospace and defense, industrial machinery, tools, lumber production, construction, cement and metal fabrication.

| <a href="#">Symbol</a> | <a href="#">Name</a>   | Price   | Change | <a href="#">Assets * ▼</a> | <a href="#">Avg Vol</a> | <a href="#">YTD</a> |
|------------------------|--|---------|--------|----------------------------|-------------------------|---------------------|
| <a href="#">XLI</a>    | <a href="#">SPDR Industrial Select Sector Fund</a>               | \$46.18 | +1.70% | \$6,711,192                | 8,945,177               | +21.93%             |
| <a href="#">FXR</a>    | <a href="#">First Trust Industrials AlphaDEX Fund</a>            | \$25.00 | +1.71% | \$312,166                  | 209,658                 | +28.67%             |
| <a href="#">PRN</a>    | <a href="#">PowerShares Dynamic Industrials Sector Portfolio</a> | \$42.46 | +2.31% | \$74,826                   | 17,812                  | +33.44%             |

|                        |        |          |
|------------------------|--------|----------|
| Information Technology | (6)PTF | \$193.00 |
| Financials             | (9)XFO | \$178.00 |
| Healthcare             | (3)XLV | \$152.00 |
| Consumer Discretionary | (4)FXD | \$117.00 |
| Industrials            | (4)FXR | \$100.00 |
| Energy                 |        |          |
| Consumer Staples       |        |          |
| Basic Materials        |        |          |
| Utilities              |        |          |
| Telecommunications     |        |          |

# Energy

A category of stocks that relate to producing or supplying energy. This sector includes companies involved in the exploration and development of oil or gas reserves, oil and gas drilling, or integrated power firms.

| <a href="#">Symbol</a> | <a href="#">Name</a>   | <a href="#">Price</a> | <a href="#">Change</a> | <a href="#">Assets * ▼</a> | <a href="#">Avg Vol</a> | <a href="#">YTD</a> |
|------------------------|--|-----------------------|------------------------|----------------------------|-------------------------|---------------------|
| <a href="#">XLE</a>    | <a href="#">Energy Select Sector SPDR Fund</a>                 | \$82.49               | +0.76%                 | \$7,781,910                | 8,770,412               | +15.58%             |
| <a href="#">FXN</a>    | <a href="#">First Trust Energy AlphaDEX Fund</a>               | \$23.15               | +1.62%                 | \$252,120                  | 136,781                 | +16.62%             |
| <a href="#">RYE</a>    | <a href="#">Guggenheim S&amp;P 500 Equal Weight Energy ETF</a> | \$76.26               | +0.89%                 | \$37,725                   | 3,550                   | +19.44%             |

|                        |        |          |
|------------------------|--------|----------|
| Information Technology | (6)PTF | \$193.00 |
| Financials             | (9)XFO | \$178.00 |
| Healthcare             | (3)XLV | \$152.00 |
| Consumer Discretionary | (4)FXD | \$117.00 |
| Industrials            | (4)FXR | \$100.00 |
| Energy                 | (5)FXN | \$116.00 |
| Consumer Staples       |        |          |
| Basic Materials        |        |          |
| Utilities              |        |          |
| Telecommunications     |        |          |

# Consumer Staples

Essential products such as food, beverages, tobacco and household items. Consumer staples are goods that people are unable or unwilling to cut out of their budgets regardless of their financial situation. Consumer staples stocks are considered non-cyclical, meaning that they are always in demand, no matter how well the economy is performing. Also, people tend to demand consumer staples at a relatively constant level, regardless of their price.

| <a href="#">Symbol</a> | <a href="#">Name</a>  | Price   | Change | <a href="#">Assets * ▼</a> | <a href="#">Avg Vol</a> | <a href="#">YTD</a> |
|------------------------|---|---------|--------|----------------------------|-------------------------|---------------------|
| <a href="#">XLP</a>    | <a href="#">Consumer Staples Select Sector SPDR Fund</a>                | \$40.19 | +1.21% | \$5,103,820                | 7,198,006               | +15.10%             |
| <a href="#">FXG</a>    | <a href="#">First Trust Consumer Staples AlphaDEX Fund</a>              | \$32.99 | +1.29% | \$618,450                  | 238,355                 | +30.12%             |
| <a href="#">PSCC</a>   | <a href="#">PowerShares S&amp;P SmallCap Consumer Staples Portfolio</a> | \$46.49 | +1.55% | \$38,769                   | 11,956                  | +34.99%             |

|                        |        |          |
|------------------------|--------|----------|
| Information Technology | (6)PTF | \$193.00 |
| Financials             | (9)XFO | \$178.00 |
| Healthcare             | (3)XLV | \$152.00 |
| Consumer Discretionary | (4)FXD | \$117.00 |
| Industrials            | (4)FXR | \$100.00 |
| Energy                 | (5)FXN | \$116.00 |
| Consumer Staples       | (3)FXG | \$ 99.00 |
| Basic Materials        | (1)FXZ | \$       |
| Utilities              |        |          |
| Telecommunications     |        |          |



# Basic Materials

A category of stocks that accounts for companies involved with the discovery, development and processing of raw materials. The basic materials sector includes the mining and refining of metals, chemical producers and forestry products.

| <a href="#">Symbol</a> | <a href="#">Name</a>                                | Price   | Change | <a href="#">Assets * ▼</a> | <a href="#">Avg Vol</a> | <a href="#">YTD</a> |
|------------------------|---|---------|--------|----------------------------|-------------------------|---------------------|
| <a href="#">XLB</a>    | <a href="#">SPDR Materials Select Sector Fund</a>   | \$42.09 | +1.62% | \$3,391,680                | 5,314,414               | +11.96%             |
| <a href="#">FXZ</a>    | <a href="#">First Trust Materials AlphaDEX Fund</a> | \$29.12 | +1.61% | \$321,750                  | 125,219                 | +12.75%             |
| <a href="#">UYM</a>    | <a href="#">ProShares Ultra Basic Materials</a>     | \$41.94 | +3.10% | \$100,436                  | 68,477                  | +14.04%             |

|                        |        |          |
|------------------------|--------|----------|
| Information Technology | (6)PTF | \$193.00 |
| Financials             | (9)XFO | \$178.00 |
| Healthcare             | (3)XLV | \$152.00 |
| Consumer Discretionary | (4)FXD | \$117.00 |
| Industrials            | (4)FXR | \$100.00 |
| Energy                 | (5)FXN | \$116.00 |
| Consumer Staples       | (3)FXG | \$ 99.00 |
| Basic Materials        | (1)FXZ | \$ 30.00 |
| Utilities              |        |          |
| Telecommunications     |        |          |

# Utilities

A category of stocks for utilities such as gas and power. The utilities sector contains companies such as electric, gas and water firms and integrated providers.

| <a href="#">Symbol</a> | <a href="#">Name</a>                                    | Price   | Change | <a href="#">Assets * ▼</a> | <a href="#">Avg Vol</a> | <a href="#">YTD</a> |
|------------------------|---|---------|--------|----------------------------|-------------------------|---------------------|
| <a href="#">XLU</a>    | <a href="#">SPDR Utilities Select Sector Fund</a>       | \$37.28 | -0.27% | \$5,079,566                | 10,440,152              | +6.70%              |
| <a href="#">FXU</a>    | <a href="#">First Trust Utilities AlphaDEX Fund</a>     | \$19.90 | +0.30% | \$228,113                  | 492,285                 | +10.68%             |
| <a href="#">PUI</a>    | <a href="#">PowerShares Dynamic Utilities Portfolio</a> | \$19.36 | +0.83% | \$38,240                   | 7,344                   | +11.84%             |

|                        |        |          |
|------------------------|--------|----------|
| Information Technology | (6)PTF | \$193.00 |
| Financials             | (9)XFO | \$178.00 |
| Healthcare             | (3)XLV | \$152.00 |
| Consumer Discretionary | (4)FXD | \$117.00 |
| Industrials            | (4)FXR | \$100.00 |
| Energy                 | (5)FXN | \$116.00 |
| Consumer Staples       | (3)FXG | \$ 99.00 |
| Basic Materials        | (1)FXZ | \$ 30.00 |
| Utilities              | (2)PUI | \$ 39.00 |
| Telecommunications     |        |          |

# Telecommunications

A category of companies that provide telephone and internet products, services and technologies. There are many types of telecommunication companies, each of which focuses on a different aspect of the telecommunications industry.

| <a href="#">Symbol</a> | <a href="#">Name</a>  | Price   | Change | <a href="#">Assets * ▼</a> | <a href="#">Avg Vol</a> | <a href="#">YTD</a> |
|------------------------|---|---------|--------|----------------------------|-------------------------|---------------------|
| <a href="#">VOX</a>    | <a href="#">Vanguard Telecommunication Services ETF</a>                               | \$80.97 | +1.24% | \$518,223                  | 39,407                  | +15.63%             |
| <a href="#">IST</a>    | <a href="#">SPDR S&amp;P International Telecommunications Sector ETF</a>              | \$27.60 | +1.43% | \$34,275                   | 7,468                   | +25.41%             |
| <a href="#">AXTE</a>   | <a href="#">iShares MSCI ACWI ex US Telecommunications Services Sector Index Fund</a> | \$61.30 | +1.83% | \$3,041                    | 3,124                   | +19.33%             |

|                        |        |                 |
|------------------------|--------|-----------------|
| Information Technology | (6)PTF | \$ 193.00       |
| Financials             | (9)XFO | \$ 178.00       |
| Healthcare             | (3)XLV | \$ 152.00       |
| Consumer Discretionary | (4)FXD | \$ 117.00       |
| Industrials            | (4)FXR | \$ 100.00       |
| Energy                 | (5)FXN | \$ 116.00       |
| Consumer Staples       | (3)FXG | \$ 99.00        |
| Basic Materials        | (1)FXZ | \$ 30.00        |
| Utilities              | (2)PUI | \$ 39.00        |
| Telecommunications     | (1)IST | <u>\$ 28.00</u> |
|                        | Total  | \$1052.00       |



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Guy Charity

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ETF PORTFOLIO

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Overview | Fundamentals | Performance | Transactions

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| <input type="checkbox"/>  | Name                      | Symbol | Last price | Change         | Shares | Cost basis | Mkt value  | Gain            | Gain % | Day's gain  | Over |
|---------------------------|---------------------------|--------|------------|----------------|--------|------------|------------|-----------------|--------|-------------|------|
| <input type="checkbox"/>  | PowerShares Dynamic...    | PTF    | 32.45      | +0.57 (1.80%)  | 6.00   | 193.38     | 194.70     | +1.32           | +0.68% | +3.44       | 0.   |
| <input type="checkbox"/>  | Health Care SPDR (ETF)    | XLV    | 51.02      | +1.15 (2.31%)  | 3.00   | 152.49     | 153.06     | +0.57           | +0.37% | +3.45       | 0.   |
| <input type="checkbox"/>  | First Trust Cnsmer...     | FXD    | 29.33      | +0.57 (1.98%)  | 4.00   | 117.16     | 117.32     | +0.16           | +0.14% | +2.28       | 0.   |
| <input type="checkbox"/>  | First Trust Ind/Prod...   | FXR    | 25.17      | +0.59 (2.40%)  | 4.00   | 99.20      | 100.68     | +1.48           | +1.49% | +2.36       | 1.   |
| <input type="checkbox"/>  | First Trust Energy...     | FXN    | 23.44      | +0.66 (2.90%)  | 5.00   | 114.55     | 117.20     | +2.65           | +2.31% | +3.30       | 2.   |
| <input type="checkbox"/>  | First Trust Cnsumer...    | FXG    | 33.20      | +0.63 (1.93%)  | 3.00   | 98.19      | 99.60      | +1.41           | +1.44% | +1.89       | 1.   |
| <input type="checkbox"/>  | First Trust Materials...  | FXZ    | 29.24      | +0.58 (2.02%)  | 1.00   | 28.87      | 29.24      | +0.37           | +1.28% | +0.58       | 1.   |
| <input type="checkbox"/>  | PowerShares Dynamic...    | PUI    | 19.34      | +0.15 (0.76%)  | 2.00   | 38.50      | 38.68      | +0.18           | +0.47% | +0.29       | 0.   |
| <input type="checkbox"/>  | SPDR S&P Intl. Teleco...  | IST    | 27.67      | +0.46 (1.68%)  | 1.00   | 25.70      | 27.67      | +1.97           | +7.67% | +0.46       | 7.   |
| <input type="checkbox"/>  | First Trust Financials... | FXO    | 19.91      | +0.46 (2.37%)  | 9.00   | 177.39     | 179.19     | +1.80           | +1.01% | +4.14       | 1.   |
| Cash - Deposit / Withdraw |                           |        | \$2.53     |                |        |            | \$2.53     |                 |        |             |      |
| Portfolio value:          |                           |        |            | +22.19 (2.14%) |        | \$1,045.43 | \$1,059.87 | +\$11.91 +1.14% |        | +\$22.19 1. |      |

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Performance

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