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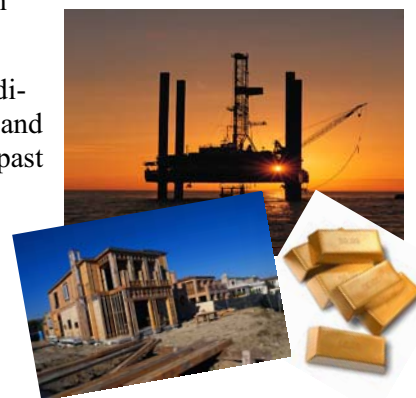
SO MANY NEW INVESTMENT PRODUCTS

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While Wall Street is always coming up with new products, few of them are really worth a second look. However, in the past few months there have been several products of a certain type that really pique our interest.

As many are aware, the growth of Exchange Traded Funds has been spectacular. Just as a reminder, an Exchange Traded Fund is a static mutual fund traded throughout the day while stock markets are open. By static I mean that the holdings, in general, do not change, and the fund is not actively managed. The management fees are usually very low, and the funds are dedicated to a specific industry or market sector. An example would be Retail Holders (RTH), which owns the leading retail companies and allows investors to invest in an entire sector without having to choose specific stocks. Other sectors with dedicated Exchange Traded Funds include banks, oil companies and foreign markets.

What is new is the arrival of Exchange Traded Funds that hold commodities. The first one was a gold fund that physically holds gold in a bank, and trades with prices in line with the one-tenth ounce price of gold. In the past few weeks, we have seen a new commodity fund called DB Commodity Index Tracking Fund (DBC) that represents holdings in oil, gold, wheat, corn and aluminum. The novelty, and the appeal, of these funds is that, for the first time, small investors can easily invest in commodities. In the past, commodity investing involved using futures and opening an account at a commodity-trading firm. Now a simple brokerage account will do.



Next week, a new Exchange Traded Fund will debut that will represent a barrel of oil. Here again, this will be the first time small investors will be able to own oil directly without owning an oil well or investing in commodities. Also expected in the near future is an Exchange Traded Fund tied to the price of silver.

Another new Exchange Traded Fund that we are interested in is the StreetTracks Homebuilders Fund (XHB). This fund is of particular interest, because we view the homebuilders sector as oversold and note that the public homebuilders held by the fund are high-quality companies with clear competitive advantages. While we hold DR Horton, the nation's largest homebuilder, in most of our accounts, this new fund will allow us to increase our exposure to the sector without having to choose another specific name.

These new products will be especially helpful to investors trying to diversify away from equities, or to small investors who don't want to research specific stocks but do want to gain exposure to a country, sector or industry. The addition of the commodity Exchange Traded Funds adds many possibilities to investors wanting to access the commodities part of the investment world. At Baltimore Capital Management we have been using some of these funds, and expect them to be another arrow in our quiver of investment choices.