



INTERNATIONAL LIQUIDITY REVIEW

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Corporate Liquidity: *Only in China are underwriters brave enough to float new shares. Eight Chinese IPOs are scheduled this week. Company executives apparently believe valuations are generous even though Chinese equities have been among the world's worst performers this year. In Europe, equity issuance will pick up with the completion of Prudential's \$21 billion offering. The insurer is offering new shares at a discount of 80% to Friday's close, as investors are more discriminating about these huge issues than they were a year ago.*

As for corporate buying, cash takeovers and stock repurchases have rebounded only in the U.K. Corporate insiders have stopped selling shares in all the markets we track. They are large buyers in the U.K. and Hong Kong, which suggests the market corrections in these countries might be overdone.

Demand and Flows: *In China, retail investors seem to be throwing in the towel after 10 months of losses. Very few investors are opening stock trading and mutual fund accounts, and those who do are buying little. We doubt the market will rebound without the participation of retail investors, as they dominate the equity market. Meanwhile, the People's Bank of China dramatically reduced issuance of three-month notes in the past five weeks, which should boost market liquidity.*

U.S. investors are extraordinarily bearish on European assets. U.S.-listed Europe Stock mutual funds have shed 6.0% of assets this year, easily the largest outflow of any mutual fund category. Additionally, speculative traders have net short positions of 8 to 1 on the British pound and 4 to 1 on euro futures. Bearishness is so strong that we wonder if corrections can run much further.

Macroeconomic Data: *Some European economies show signs of macroeconomic improvement. In the U.K., value-added tax collections jumped 34.0% y-o-y in April and 15.9% y-o-y in the first four months of 2010, and net public-sector borrowing was lower than expected. In Germany, federal tax collections increased 4.4% y-o-y in April, the first increase since January 2009. While many European governments are effectively insolvent, we believe liquidity will trump solvency over the near term. As long as inflation remains moderate, bailouts and debt monetization mean the Eurozone is unlikely to collapse.*

We are neutral (0% long) on all the markets we track.

\$ U.S. Million	European Liquidity								
	U.K.: Neutral EWU			France: Neutral EWQ			Germany: Neutral EWG		
	L1	Buying	Selling	L1	Buying	Selling	L1	Buying	Selling
Apr 30	1,850	874	2,724	508	0	508	0	0	0
May 7	-205	253	48	28	117	146	82	1	83
May 14	528	91	619	278	418	697	3	0	3
May 21	-103	330	228	71	0	71	1	2	3

\$ U.S. Million	Asian Liquidity								
	Japan: Neutral EWJ			Hong Kong: Neutral EWH			China: Neutral CSI-300		
	L1	Buying	Selling	L1	Buying	Selling	L1	Buying	Selling
Apr 30	-375	380	5	1,728	31	1,758	1,611	0	1,611
May 7	-3	3	0	-708	53	-655	1,730	0	1,730



May 14	-186	186	0	1,435	15	1,450	1,011	0	1,011
May 21	-232	232	0	119	26	146	1,540	0	1,540

Note: L1 = Corporate Selling – Corporate Buying || Corporate Buying = Cash Takeovers + Stock Buybacks || Corporate Selling = New Offerings + Net Insider Selling

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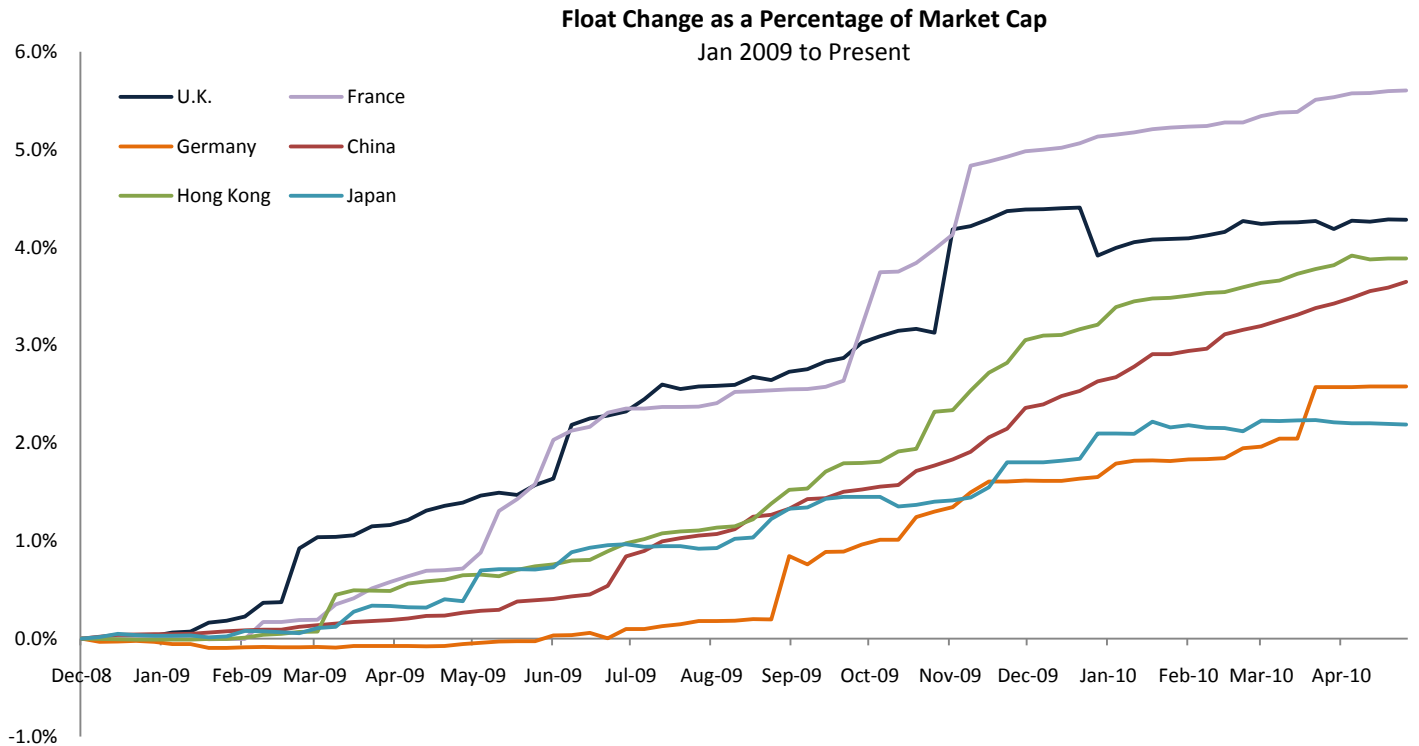
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European Liquidity Outlook
U.K.: MC \$3.1 Trillion / France: MC \$2.0 Trillion / Germany: MC \$1.4 Trillion

United Kingdom: Weekly L1: -\$103 Million / Market Call: Neutral EWU							
\$ U.S. Million	L1¹	EWU Return	New Cash Takeovers	Actual Buybacks	New Offerings	Net Insider Trading²	Market Call
Apr 9	20	1.0%	0	119	199	-61	Neutral
Apr 16	348	0.1%	88	63	486	13	50% Short
Apr 23	-1,810	-0.2%	2,514	87	816	-26	50% Short
Apr 30	1,850	-4.7%	747	127	2,762	-38	Neutral
May 7	-302	-10.2%	114	234	52	-7	Neutral
May 14	411	0.7%	138	126	673	2	50% Short
May 21	-103	-3.2%	159	171	214	14	Neutral

Euronext Paris: Weekly L1: +\$71 Million / Market Call: Neutral EWQ							
\$ U.S. Million	L1	EWQ Return	New Cash Takeovers	Actual Buybacks	New Offerings	Net Insider Trading	Market Call
Apr 9	78	-0.3%	0	0	71	7	Neutral
Apr 16	1,597	-1.2%	0	136	1,707	26	50% Short
Apr 23	357	-1.3%	0	0	314	43	50% Short
Apr 30	508	-5.2%	0	0	517	-9	50% Short
May 7	28	-12.4%	0	117	171	-25	50% Short
May 14	278	2.5%	0	418	696	0	50% Short
May 21	71	-1.6%	0	0	71	0	Neutral

Germany: Weekly L1: +\$1 Million / Market Call: Neutral							
\$ U.S. Million	L1	EWG Return	Announced Takeovers	Announced Buybacks	New Offerings	Net Insider Trading	Market Call
Apr 9	1	-0.3%	0	0	0	1	Neutral
Apr 16	5,979	-0.3%	0	1	5,980	0	50% Short
Apr 23	-9	0.2%	8	78	78	-2	50% Short
Apr 30	-1	-3.4%	0	0	0	-1	50% Short
May 07	-1,197	-10.3%	0	1,280	86	-2	50% Short
May 14	18	3.3%	0	0	4	13	50% Short
May 21	1	-2.9%	0	2	8	-5	Neutral

¹ Weekly L1 data may be updated later as more stock buybacks and insider transactions are reported.

² Positive values mean insiders were net sellers; negative values mean insiders were net buyers. Company-level data is available upon request.

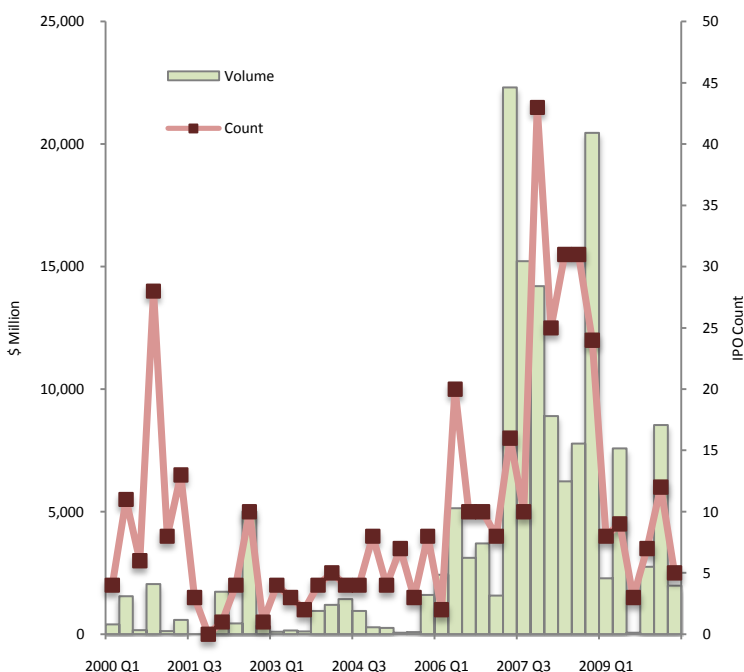


Equity Issuance in Europe Slows for Fourth Straight Week. Prudential Launches \$21 Billion Issue at 80% Discount. National Grid Announces \$4.8 Billion Offering.

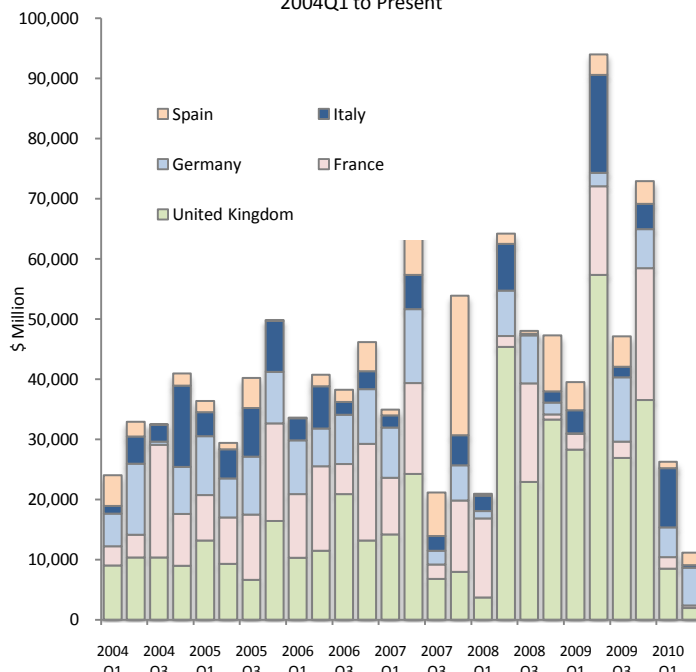
Equity issuance in Europe totaled just \$645 million in the past week. Issuance slowed for the fourth straight week, and it totals only \$64 billion this year. Prudential’s huge \$21 billion offering (which closes on June 23) will bring the total to \$85 billion, which pales against \$178 billion in the first half of 2009. Companies await better times to push paper.

Cancellations and postponements have been prevalent. Eighteen IPOs valued at \$12.1 billion have been withdrawn from European exchanges this year. The latest casualty is Dutch packaging firm IFCO Systems, which shelved a \$453 million Deutsche Borse IPO on Thursday.

Cancelled IPOs on European Exchanges



European New Offerings by Country 2004Q1 to Present



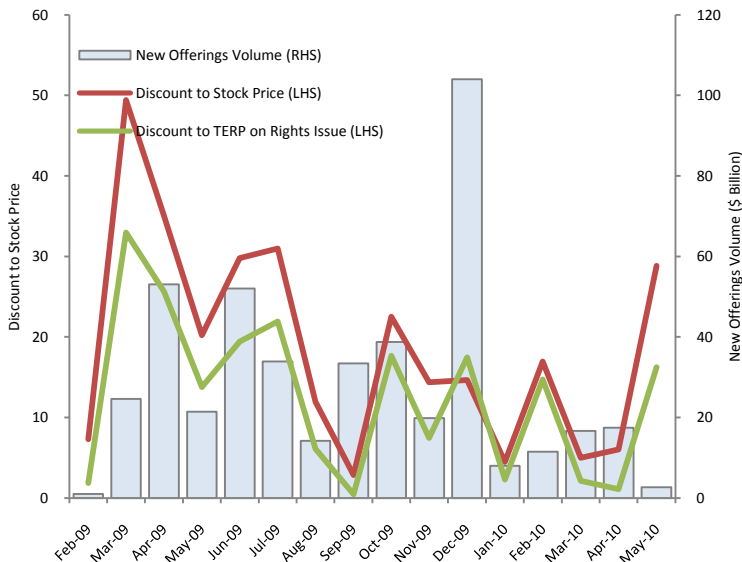
Equity issuance could rebound, especially if Prudential's offering draws strong demand—and the insurer is certainly serving a relatively sweet deal. New shares are priced at a discount of 80% to the May 14 close, exceptionally kinder than the average discount of 10% for European rights offerings this year.

There are plenty of willing sellers ready to push paper when market conditions improve:

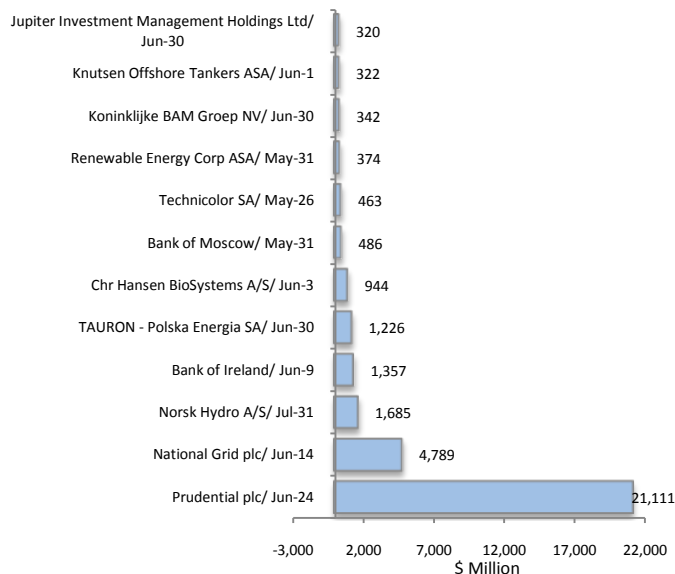
- National Grid, which operates Britain’s power and gas networks, aims to raise \$4.8 billion. The 2-for-5 rights offering will price at 335 pence per share—a discount of 44%—on June 14.
- Bank of Ireland will raise \$1.4 billion to repay the government on June 4.
- Ferrous Resources, a Brazilian iron-ore miner, aims to raise \$350-\$400 million via a London listing in June.
- Jupiter Investment Management aims to raise \$320 million via an IPO on June 30.



Discount on European New Offerings



Pipeline of Pending New Offerings on European Exchanges

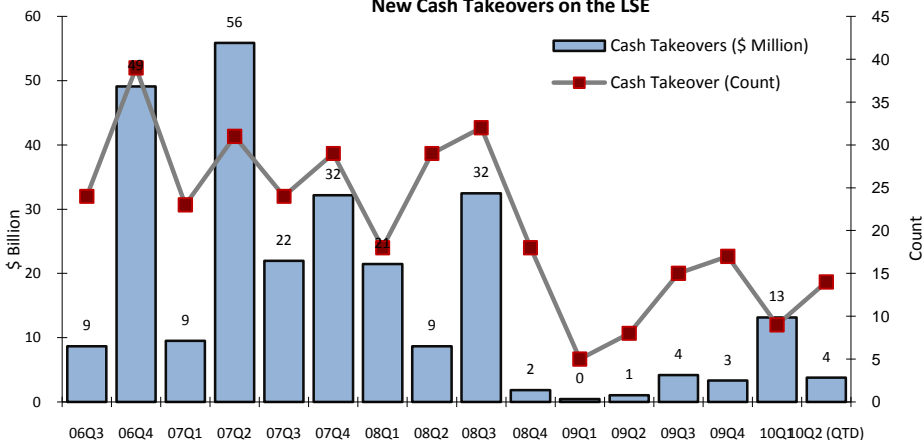


Merger Activity Busiest in Britain. Stock Buybacks Show Signs of Life in France and U.K. Insiders Not Selling during Correction.

Merger activity remained busy in Britain in the past week. Hedge-fund firm Man Group agreed to buy rival GLG Partners for \$1.6 billion, and three smaller deals were announced:

- *Financial Times* publisher Pearson will use \$148 million in cash to buy vocational training firm Melorio.
- Battery Ventures took Vero Software private for \$14 million.
- Manchester & London Investment Trust and Stakeholders' Momentum Investment Trust finalized their merger.

New Cash Takeovers on the LSE



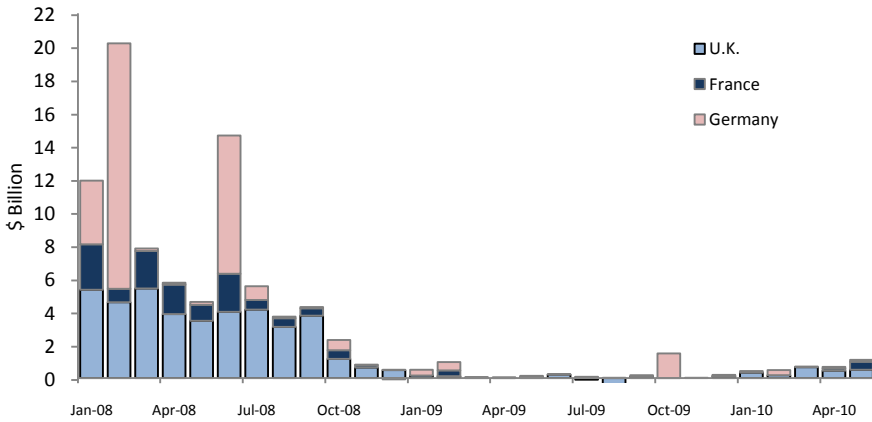
British merger activity will probably remain strong because there are many potential deals in the pipeline: Emerson/Chloride (\$1.1 billion), Northstream/Forth Ports (\$960 million), Horizon/Crest Nicholson (\$460-\$540 million), and BlueGem Capital Partners/Liberty (\$60 million).

Stock buybacks have picked up somewhat during the sell-off. British companies bought \$1.1 billion since the beginning of April, while French companies bought \$672 million. Repurchases were widespread in Britain,

with large buybacks for B.A.E Systems (\$287 million), AstraZeneca (\$273 million), and Vedanta Resources (\$143 million). Only two firms repurchased in France—Publicis Groupe (\$277 million) and GDF Suez (\$257 million).

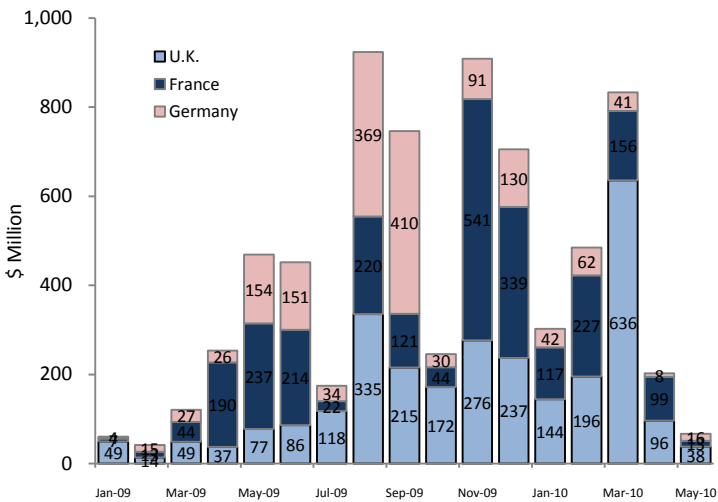


Stock Buybacks in France, Germany, and the U.K.

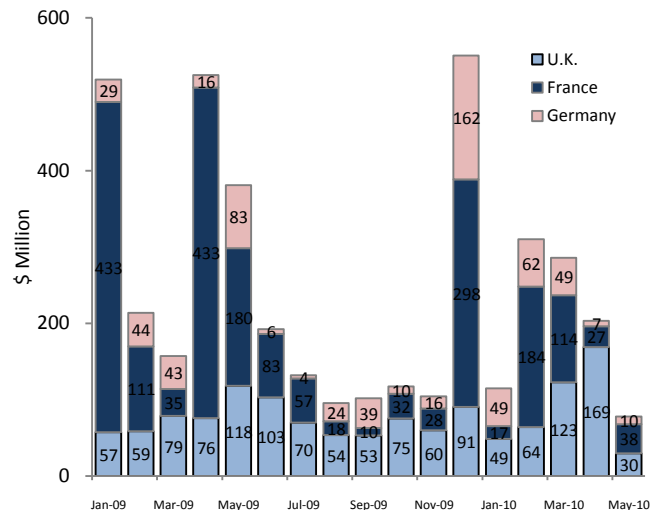


European insiders are also sending positive signals. Executives in France, the U.K., and Germany bought \$281 million since April, while they sold \$270 million. This is the first net buying on the three exchanges since March 2009. We suspect European insiders have turned more upbeat because a weaker euro translates into higher revenues for exporters.

Insider Selling in Europe



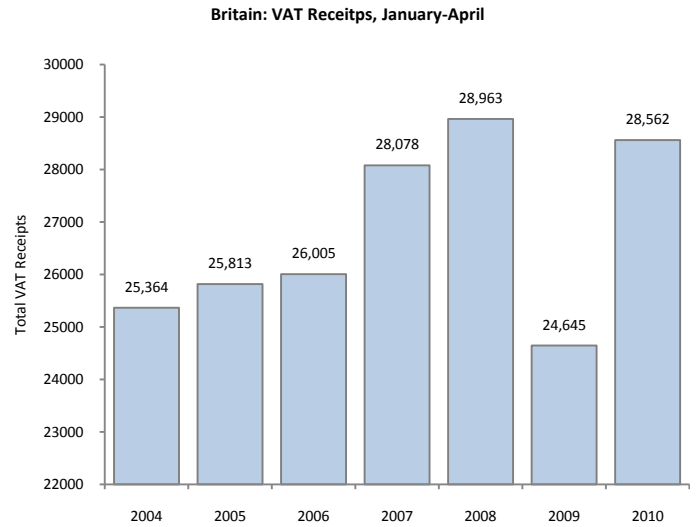
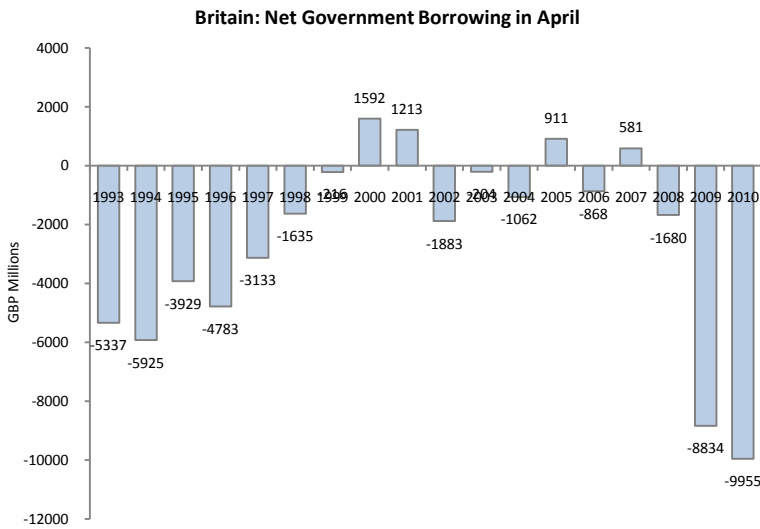
Insider Buying in Europe



Strong VAT Collections in U.K. Help Limit Public Borrowing in April. Federal Tax Collections in Germany Post 4.4% Year-Ago Increase in April. Spec Traders Still Selling Pound and Euro.

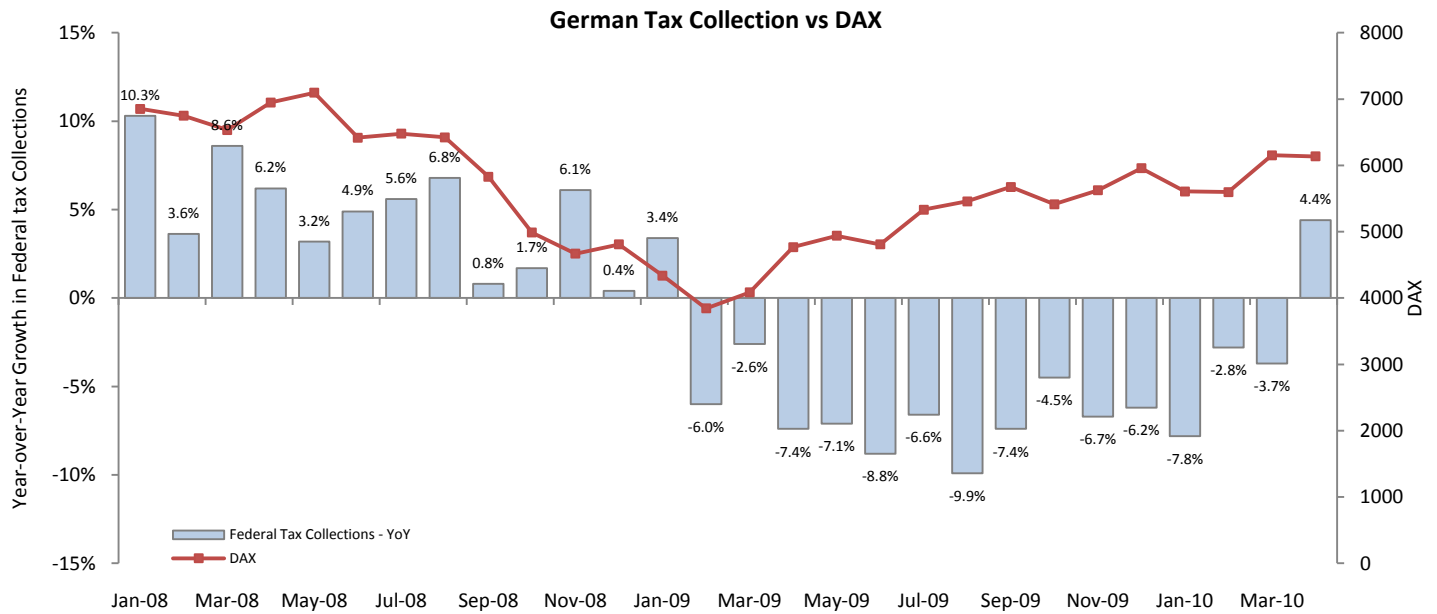
Tax collections in some European countries show signs of improvement. In the U.K., value-added tax collections jumped 34% year-over-year in April. The increase is not an aberration. VAT collections totaled £28.5 billion in the first four months of the year, a 15.9% increase from £24.6 billion in the same period a year ago. Net public-sector borrowing totaled £9.9 billion in April, lower than the expected £10.9 billion.

The budget crisis nonetheless remains serious. Public borrowing in April was the largest April total since the inception of Office of National Statistics records in 1993. The British government had to borrow £37.9 billion in the first four months of 2010, 18% more than £32.1 billion in the first four months of 2009.



Source: Office for National Statistics, HM Revenue & Customs

Tax data also shows improvement, albeit smaller, in Germany. Federal tax collections posted a 4.4% year-ago increase in April (€37.2 billion against €35.6 billion), while collections posted a 2.6% year-ago decrease in the first four months of the year.



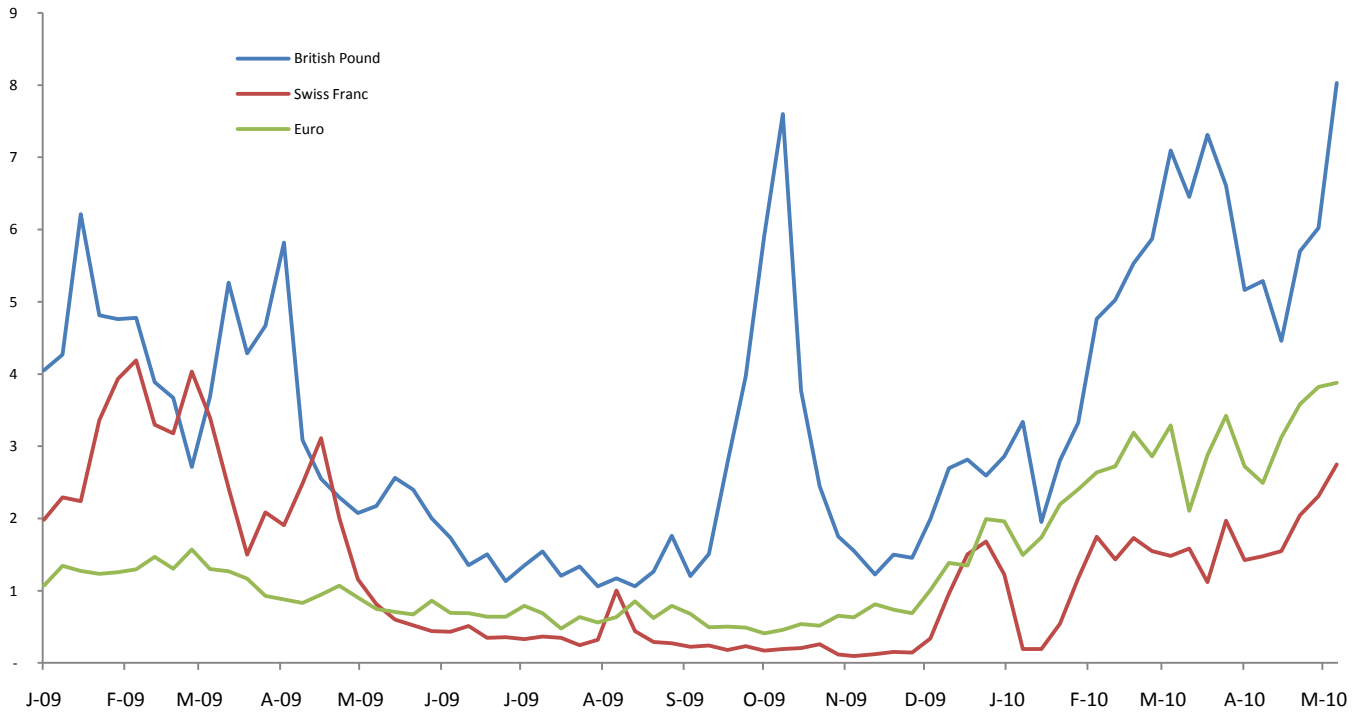
On balance, our liquidity and macro indicators have improved in the past two months. Market volatility dampened equity issuance, and insiders have stopped selling. Stock buybacks and cash takeovers are showing signs of life, and tax collections have rebounded in the U.K. and Germany.

Additionally, investors are extremely bearish on European equities and currencies. U.S.-listed Europe Stock mutual funds have shed 6.0% of assets this year, by far the largest outflow of any mutual fund category. Speculative traders have net



short positions of 8 to 1 on pound sterling and 4 to 1 on euro futures. Even the Swiss franc is being shorted—and Switzerland is one of the only Western countries with a fiscally sound government. Given this extreme bearishness, we wonder how much further corrections can run. We also suspect non-European traders greatly underestimate the pride and symbolic importance of the euro to European governments and institutions. The euro may not make much economic sense, but we strongly believe the European Central Bank and the European Commission will do everything they can to preserve monetary union.

Speculative Traders: Short/Long Ratio on Selected Currency Futures



We turn neutral (0% long) from cautiously bearish (50% short) on EWQ (iShares MSCI France), EWG (iShares MSCI Germany), and EWU (iShares MSCI U.K.).

Asian Liquidity Outlook

Japan: MC \$3.6 Trillion / Hong Kong: MC \$2.3 Trillion / China: MC \$3.1 Trillion

Japan: Weekly L1 ³ : -\$232 Million / Market Call: Neutral EWJ							
\$ U.S. Million	L1	EWJ Return	New Cash Takeovers	Stock Buybacks	Secondary Offerings	IPOs	Market Call
Apr 09	116	0.4%	16	393	526	0	Neutral
Apr 16	365	-1.3%	216	132	710	3	Neutral
Apr 23	-15	-0.4%	20	21	25	0	Neutral
Apr 30	-375	-0.7%	0	380	5	0	Neutral
May 07	-3	-4.3%	0	3	0	0	Neutral
May 14	-361	-0.1%	69	292	0	0	Neutral
May 21	-232	-1.8%	7	225	0	0	Neutral

Hong Kong: Weekly L1: +\$119 Million / Market Call: Neutral EWH							
\$ U.S. Million	L1	EWH Return	New Cash Takeovers	Actual Buybacks	New Offerings	Net Insider Trading ⁴	Market Call
Apr 09	1,239	1.3%	0	42.9	1,320	-38	Neutral
Apr 16	854	-2.6%	0	2.2	690	166	Neutral
Apr 23	710	-0.7%	95	1.6	724	83	Neutral
Apr 30	1,728	-3.4%	0	30.9	1,816	-57	Neutral
May 07	-708	-5.3%	0	53.4	233	-887	Neutral
May 14	1,435	0.7%	0	14.8	1,476	-26	Neutral
May 21	119	-2.3%	0	26.2	157	-11	Neutral

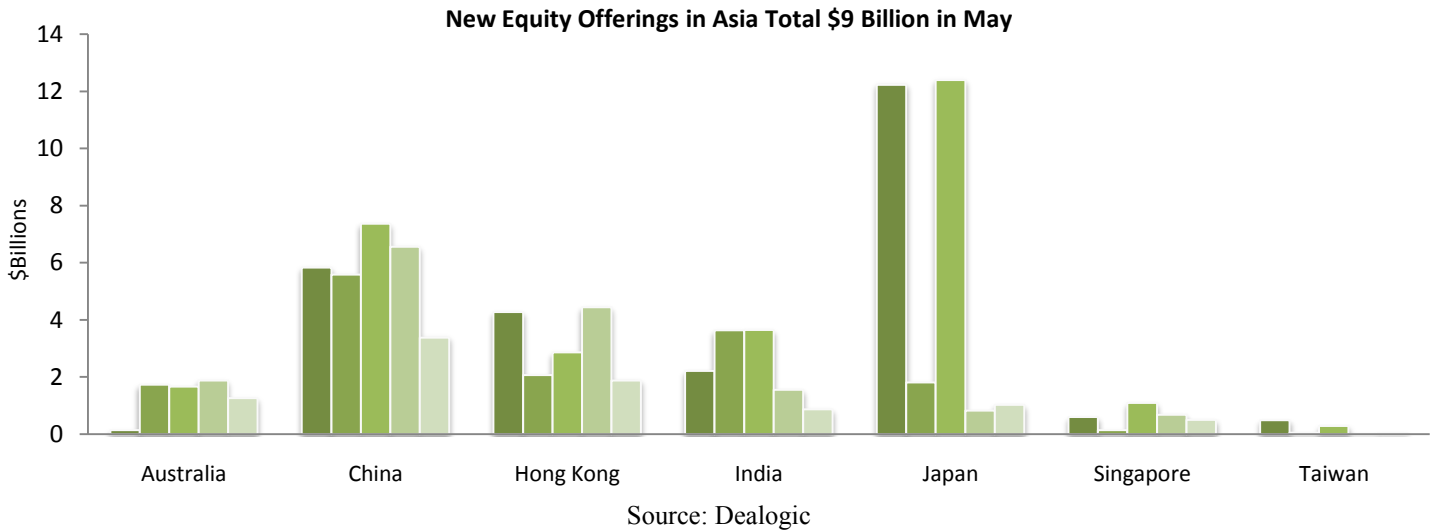
Mainland China: Weekly L1 ⁵ : +\$1,540 Million / Market Call: Neutral CSI-300								
\$ U.S. Million	L1	CSI-300 Return	New Cash T/O	Stock Buybacks	New Offerings	Net Insider Selling	Unlocking Of Shares	Market Call
Apr 09	1,403	-0.8%	0	0	1,321	81	1,811	Neutral
Apr 16	1,806	-0.7%	0	0	1,648	158	5,421	Neutral
Apr 23	1,228	-5.0%	0	0	1,122	106	5,744	Neutral
Apr 30	1,611	-3.8%	0	0	1,523	88	23,564	Neutral
May 07	1,730	-7.5%	0	0	1,689	41	1,566	Neutral
May 14	1,011	1.1%	0	0	978	32	2,317	Neutral
May 21	1,540	-3.5%	0	0	1,540	1	11,219	Neutral

³ In Japan, we measure corporate actions based on the announcement date and the completion date. In the L1 table, we use 2/3 of the announced amount and 1/3 of the completed amount

⁴ Positive amounts mean insiders were net sellers; negative amounts mean insiders were net buyers.

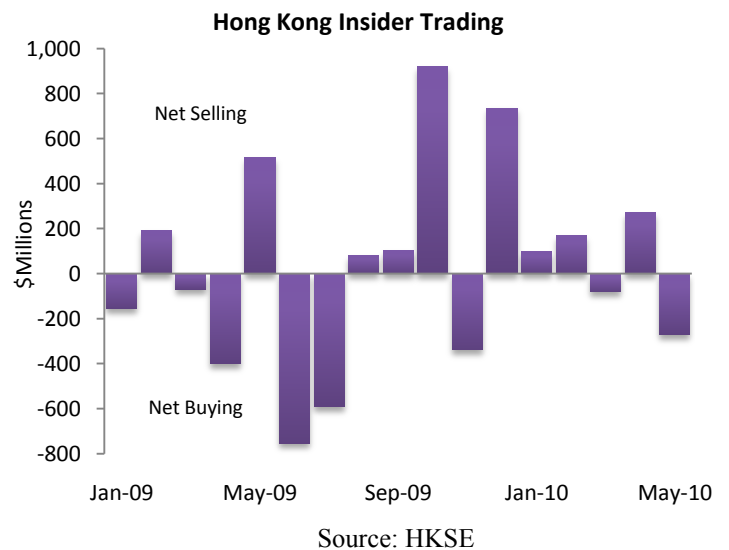
⁵ L1 = completed new offerings + net insider selling – stock buybacks – new cash T/O. We also base our calls on announced new offerings and unlocking of shares since they have a large impact on future liquidity.

New Equity Issuance in Asia Totals \$9 Billion in May. IPO Wave in China Keeps Rolling. Insider Trading Subdued in China and Hong Kong.



Companies in Asia have raised \$9 billion in May. New share sales have fallen across Asia, except in Japan, where new offerings have increased to \$1 billion in May from \$828 million in April. Equity offerings are generally 30% to 40% lower than in April on most of the Asian exchanges we track. They have plunged the most in Hong Kong, with a total of \$1.9 billion, the lowest this year. Three companies have already withdrawn or postponed IPOs valued at a combined \$3.6 billion. In contrast, the wave of IPOs in China persists. Valuations have been slashed more than 20% in recent months, but there are eight IPOs scheduled for the last week of May. For as long as companies remain eager to get listed at current valuations, we consider the Chinese market fairly valued even after the recent plunge.

Looking ahead, new offerings will dwindle to \$500 million in Hong Kong in the next month and less than \$1 billion in Australia. We do not expect the IPO schedule in China to slow or change in the near term.

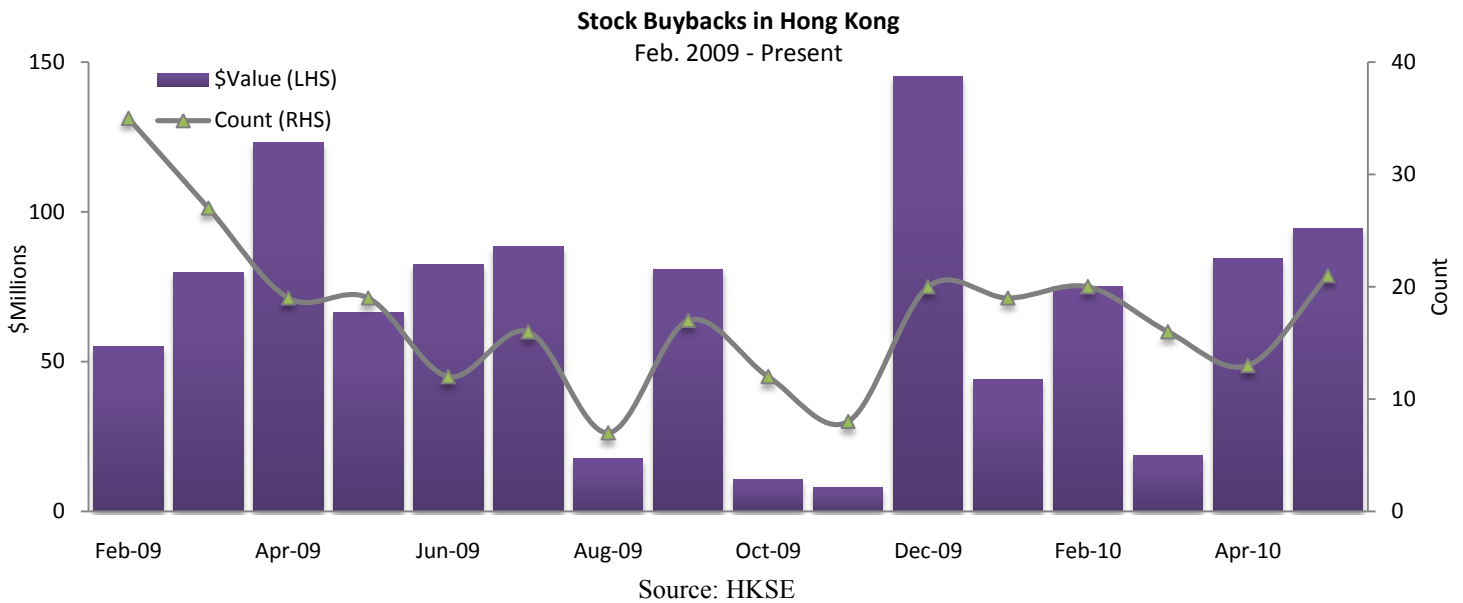




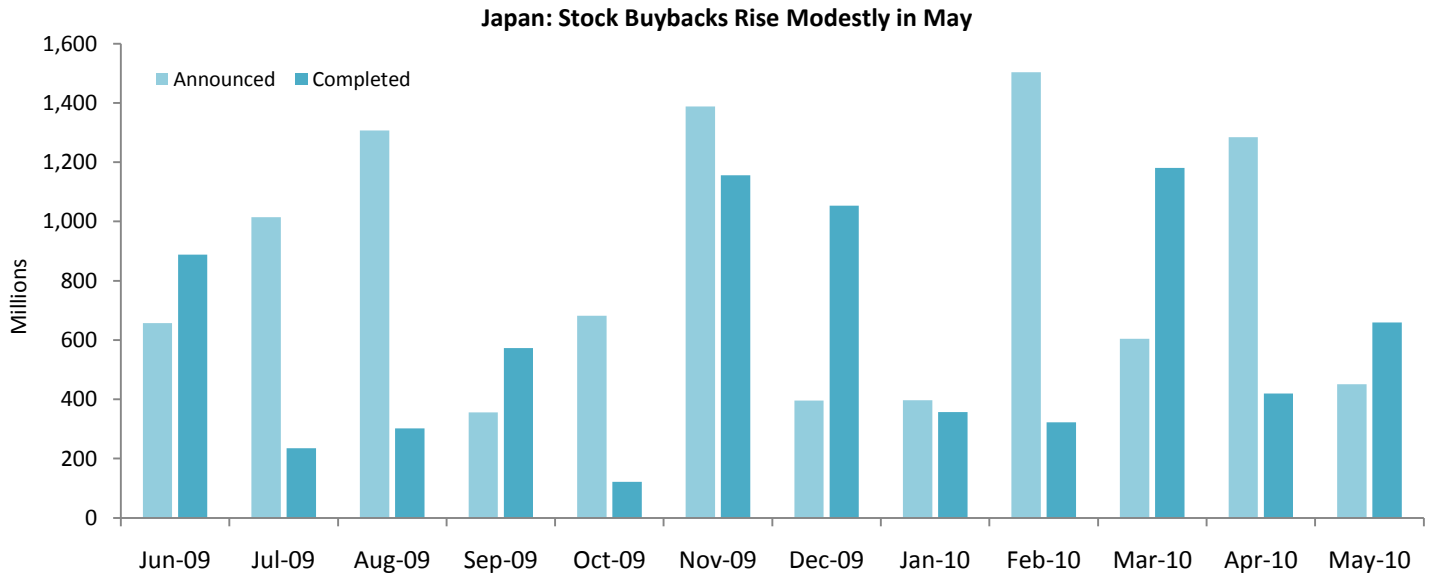
Insider trading is quiet. In China, the number of companies selling shares totals a paltry 14 in May, down from an average of 48 in the first four months of the year. Value and count both sit at the lowest level in two years. In Hong Kong, insiders have bought a net \$271 million in stock in May, the most in the past six months, and total insider trading volume fell to the second lowest level in 14 months. The largest insider selling volume occurred in April.

Stock Buybacks Rise Modestly in Hong Kong and Japan, but Companies Not Necessarily Bullish.

Stock buybacks in Hong Kong total \$94 million in May versus \$84 million in April. Agile Property, the largest buyer this year, remained active. In addition, 21 companies have bought back shares in May, the most in 14 months. But we do not consider insider sentiment bullish because repurchase volume remains within the range we saw in the past year.



Stock buybacks in Japan picked up in the past week, as expected. Completed buybacks total \$660 million in May, as companies have honored about half of the value they announced in April. We do not anticipate more buybacks in the near term as the market hovers near its one-year average. The benchmark Topix is down 10.9% for the month, and announced buybacks total only \$451 million. This suggests Japanese equities have not fallen far enough to make companies comfortable about repurchasing shares.

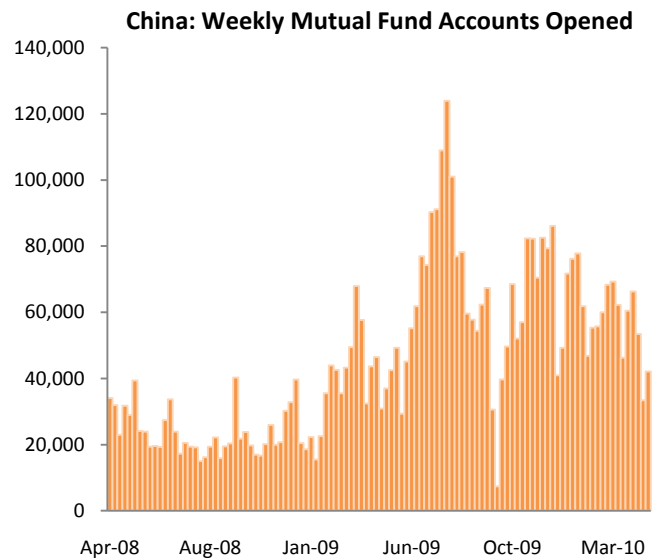
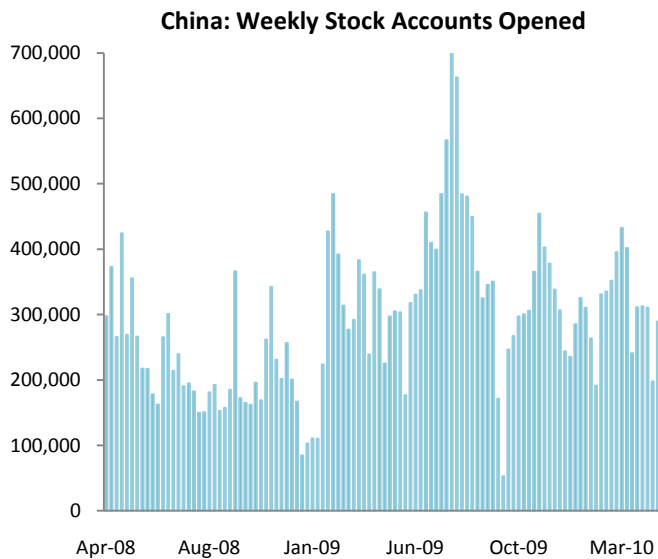


Source: TSE

Chinese Investors Remain Extremely Bearish. Lukewarm Demand in Japan Weighs on Market.

Market sentiment remains extremely depressed in China. Investors opened 289,234 stock accounts and 42,158 mutual fund accounts in the past week, and the four-week average of investment accounts opened sits at a six-month low.

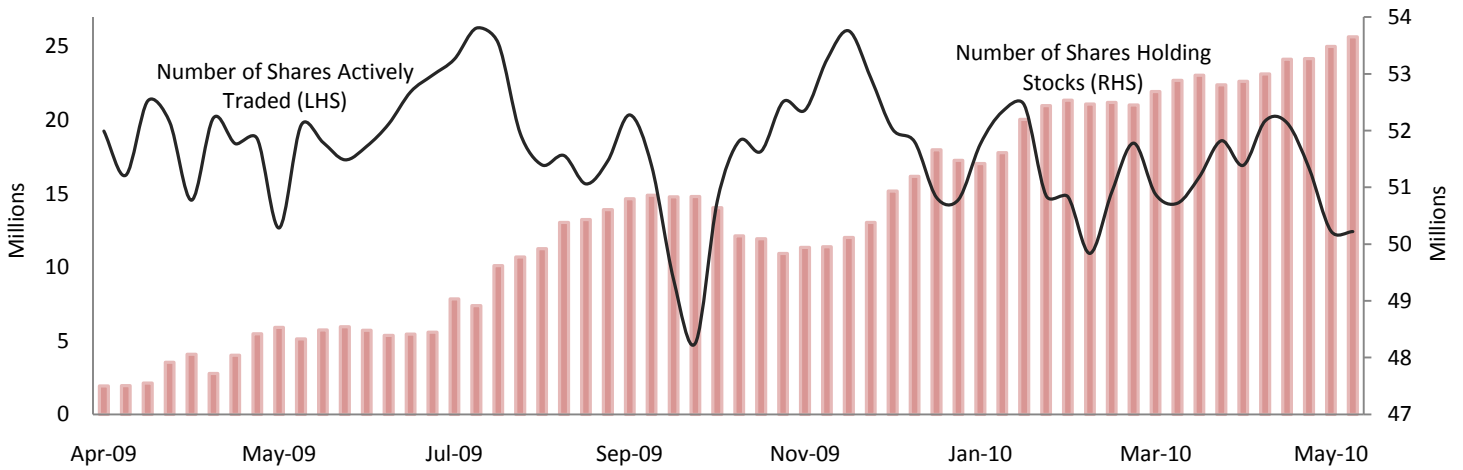
The number of accounts actively traded fell for the fourth straight week to 12 million, while the number of accounts holding stocks rose for the fifth straight week to a record 53.7 million. Unlike developed markets, the Chinese market is dominated by retail investors with highly speculative motives. All the market gains since May 2005 were wiped out in the past month, so it will be very difficult to rebuild momentum—especially as the government is tightening liquidity to curb inflation.





Source: ChinaClear

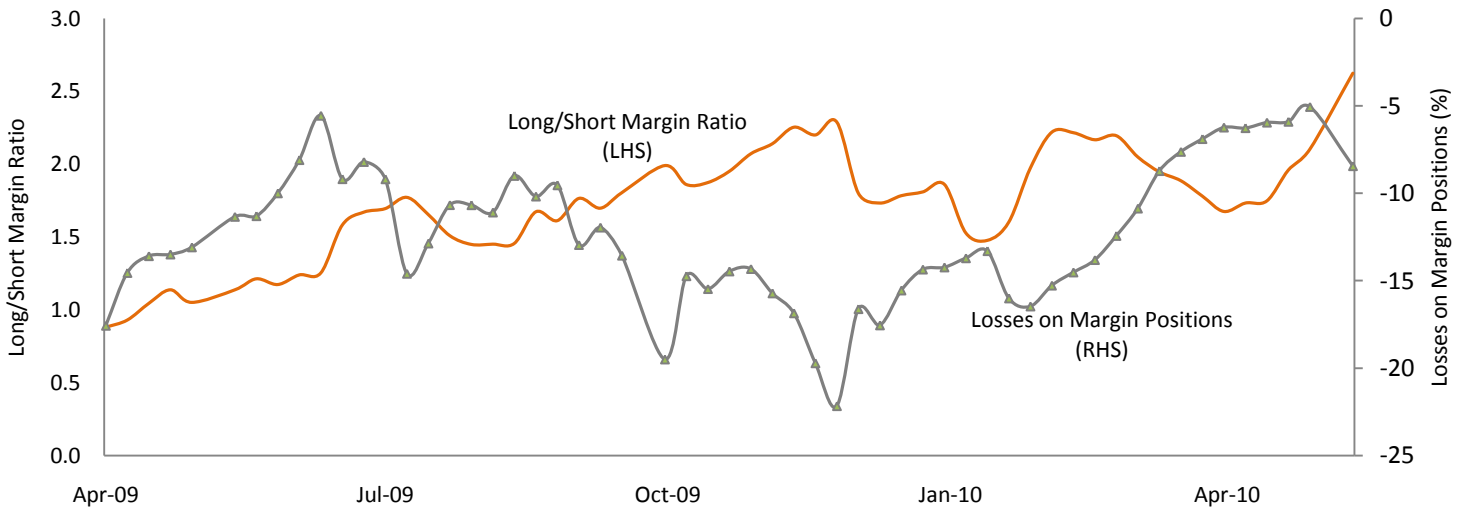
China: Fewer Investors Trade and More Hold Stocks



Source: ChinaClear

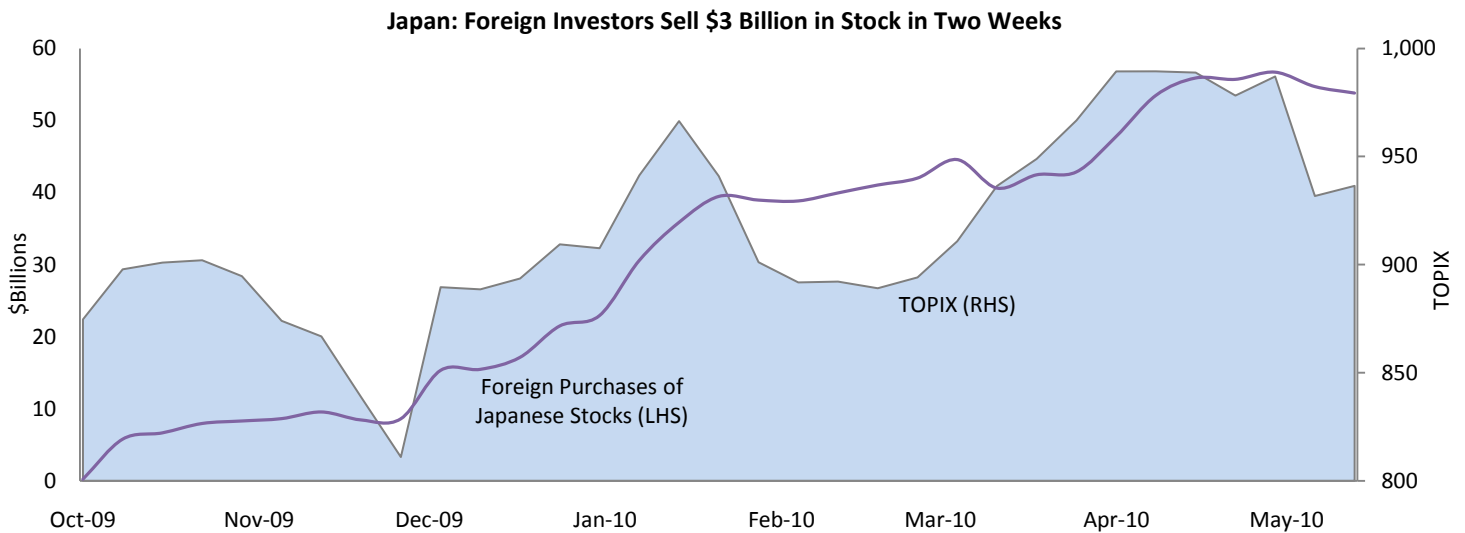
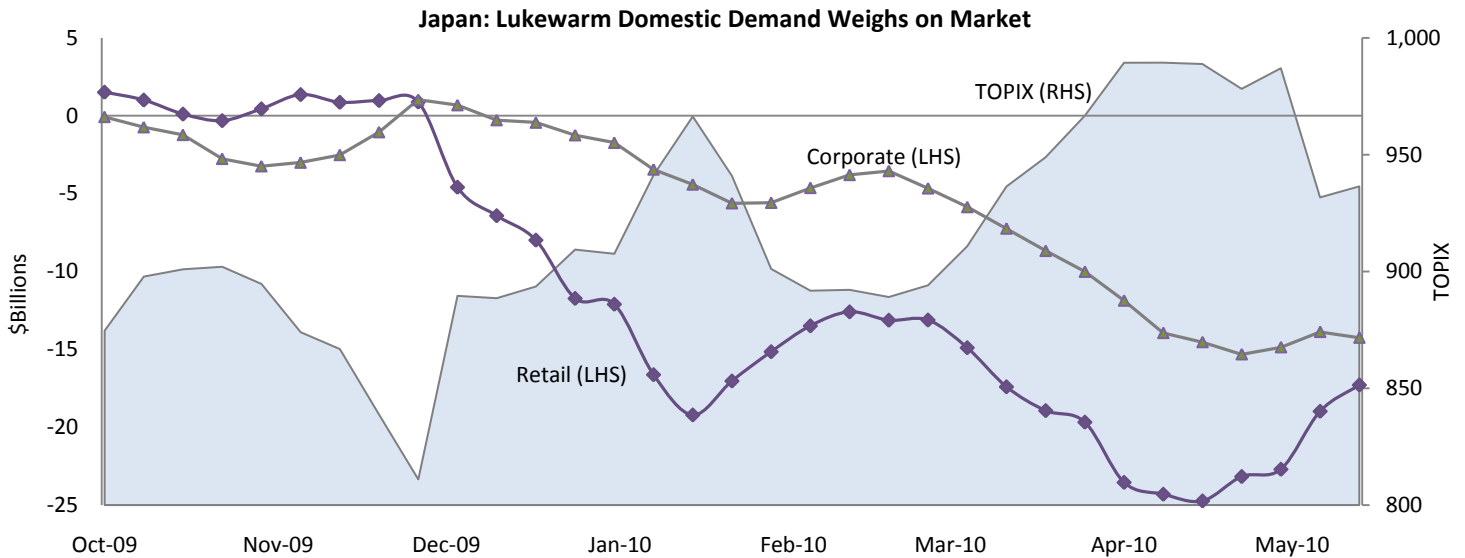
In Japan, the value of open long margin positions jumped 11.1% in the past week, pushing the long/short margin ratio to the highest level since 2008. Losses on margin positions rose to 8.4%, a nine-week high, and long margin positions have surged 33% since the beginning of April. Margin traders who established long positions in April will probably be forced to close open positions amid this quick plunge, adding downward pressure on equity prices.

Japan: Long Margin Positions Jump on Market Dip



Source: TSE

On the demand side, retail investors have remained net buyers for four straight weeks, while Japanese companies show hesitation. Locals sold a combined \$21.6 billion in stock in Q1 2010, while they have bought \$3.9 billion in Q2. In contrast, foreigners have dumped \$3.0 billion in May. Market momentum in Japan is unlikely to shift in the absence of foreign inflows.

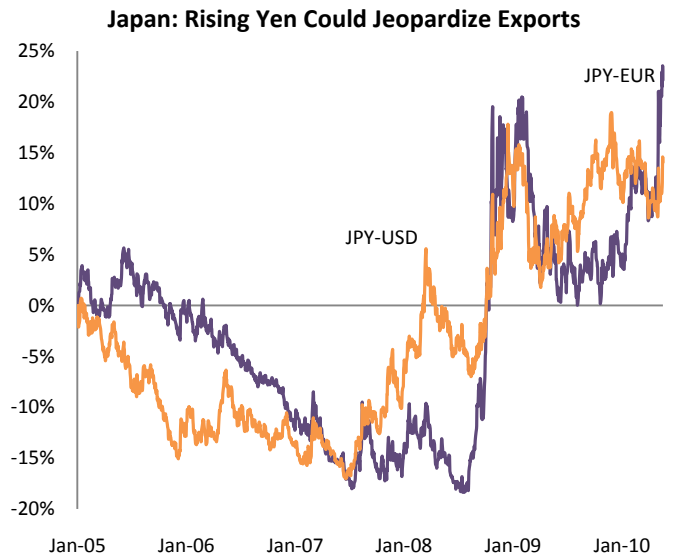
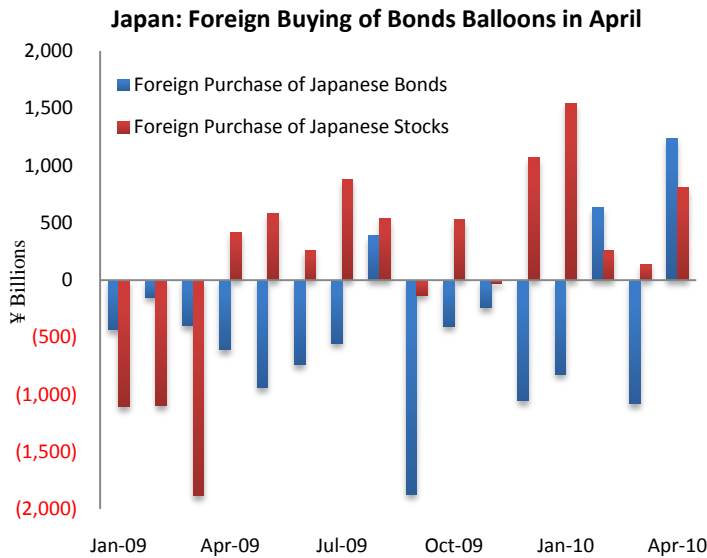


Source: TSE

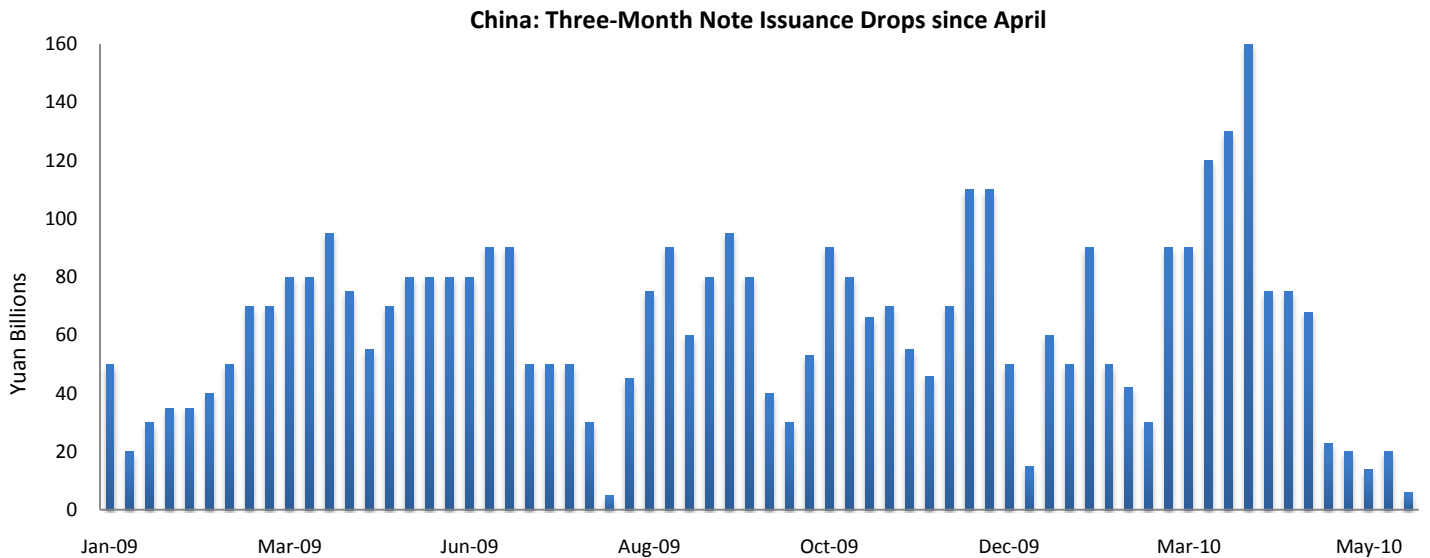
Bank of Japan Offers One-Year Loans to Spur Demand. People’s Bank of China Issues Fewer Three-Month Notes.

Last week the Bank of Japan (BOJ) kept the benchmark interest rate unchanged and announced an offer of one-year loans to commercial banks to juice lending. But this expansionary measure might fall flat, as Japan’s problem is not supply, but rather waning demand. Domestic demand remains weak, and foreign investors seem to have a smaller appetite for risk—they preferred bonds to equities in two of the first four months of the year. Japanese bonds are perceived as safe for now, as interest rates will remain near zero and foreign debt accounts for only a small fraction of the total.

In addition, Japan’s economy can hardly afford a stronger yen. Growth in Q1 2010 owed mostly to external demand, and now the BOJ is signaling intentions to intervene should the yen keep rising. The yen has appreciated sharply against the euro (17.6%) and the greenback (3.2%) this year.



The People's Bank of China issues three-month notes every week to help manage liquidity. Against a backdrop of market losses in response to measures to curb property prices, the volume of these open market operations shrank steadily to 6 billion yuan in the past week from 160 billion yuan at the end of March. Nevertheless, weak retail investor confidence and Asia's largest new equity offerings are likely to continue to weigh on the Chinese market.



Market losses across Asia in the past month were a result of excessive optimism between February and April, triggered by the fallout from the Greek debt crisis and exacerbated by profit-taking. We believe valuations now sit near fair levels. While risk aversion may keep markets depressed in the near term, downside risk is probably limited. We remain neutral on iShares MSCI Japan (EWJ), iShares MSCI Hong Kong (EWH), and Chinese equities.



Annex 3: TrimTabs Model Portfolios Performance Summary

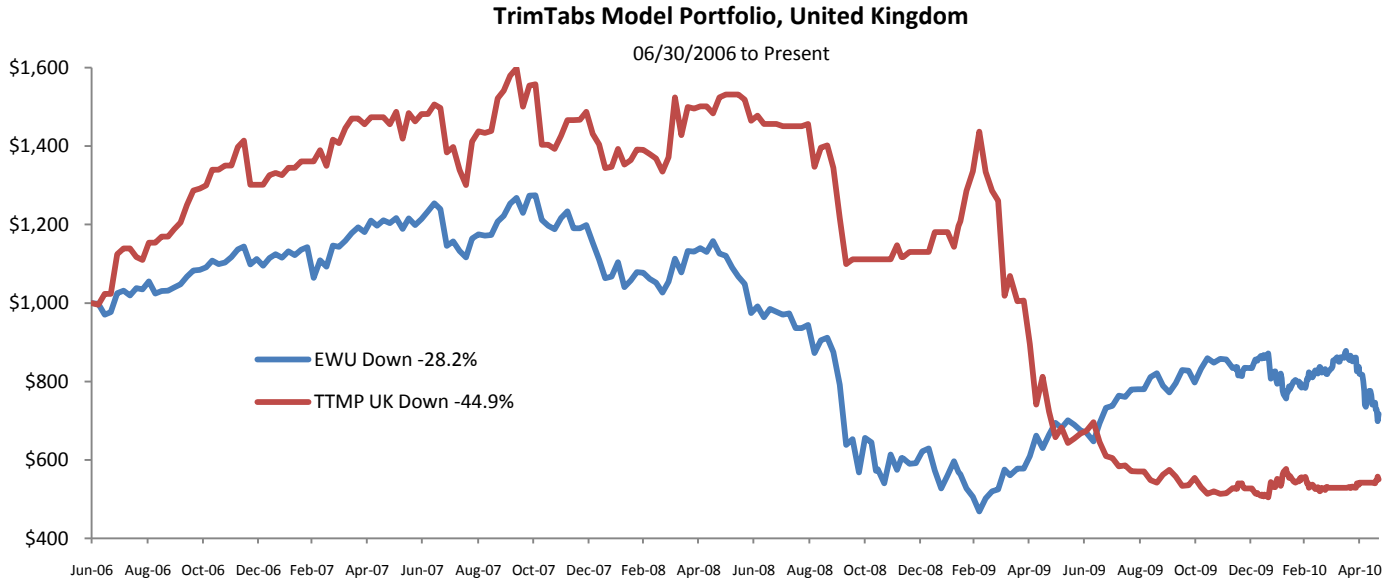
TrimTabs Model Portfolios Performance
 Friday, May 14, 2010

US Portfolios					
% Change	Inception Date	TTMP		S&P 500 (SPY)	
		29-Sep-00			
2000		-10.7	-8.4		
2001		32.0	-12.1		
2002		63.4	-21.6		
2003		0.1	28.2		
2004		19.9	10.7		
2005		13.9	4.8		
2006		16.2	15.2	30.0	9.5
2007		9.9	5.1	5.0	5.1
2008		-30.4	-36.8	-27.0	-36.8
2009		-37.1	25.1	16.3	25.1
Jun-2009		-6.5	-0.1	-2.3	-0.1
Jul-2009		-15.7	7.5	4.8	7.5
Aug-2009		-3.2	3.7	1.1	3.7
Sep-2009		-8.7	3.1	0.4	3.1
Oct-2009		-4.5	-1.9	-0.1	-1.9
Nov-2009		-1.2	6.2	6.2	6.2
Dec-2009		0.4	1.4	5.1	1.4
Jan-2010		-4.4	-3.6	-6.7	-3.6
Feb-2010		0.9	3.1	3.5	3.1
Mar-2010		0.3	5.7	3.3	5.7
Apr-2010		-0.4	1.5	-1.1	1.5
May-2010		-1.6	-4.1	-2.1	-4.1
Last Week		0.0	2.4	1.4	2.4
2010 YTD		-5.2	2.2	-3.5	2.2
Since Inception		39.8	-8.1	12.0	-7.0

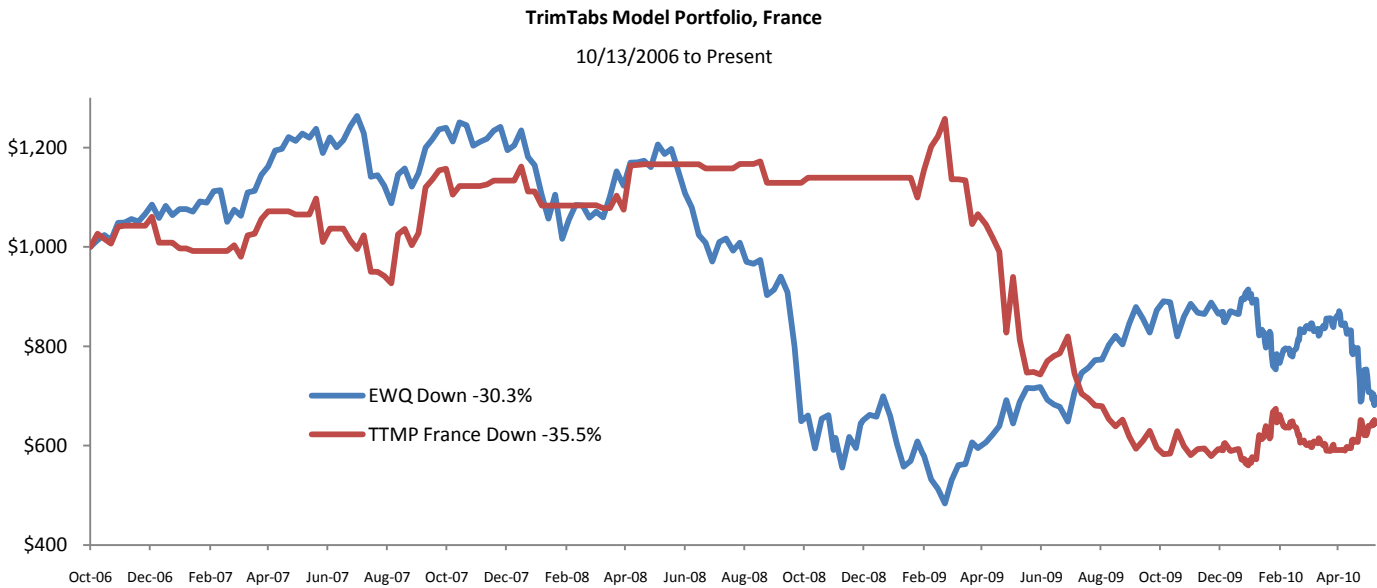
International Portfolios												
% Change	UK		France		Germany		Japan		Hong Kong		China	
	EWU		EWQ		EWG		EWJ		EWH		CSI 300	
Inception Date	30-Jun-06		13-Oct-06		22-Feb-08		22-Feb-08		19-Jan-07		22-Feb-08	
2006	30.2	11.2	0.8	8.3								
2007	14.3	7.8	15.2	14.0					24.6	30.0		
2008	-24.0	-50.6	-1.9	-46.7	-72.4	-41.4	-37.6	-25.6	-37.3	-50.7	6.1	-60.8
2009	-53.3	40.9	-47.9	31.5	-35.7	28.1	-12.8	6.8	-16.5	54.9	13.5	92.0
Jun-2009	1.5	-2.8	4.5	-4.7					-2.7	0.1		
Jul-2009	-9.4	9.3	-11.0	10.9					0.0	9.5		
Aug-2009	-5.7	5.8	-8.1	8.5					0.0	-3.0		
Sep-2009	-1.4	1.1	-4.5	4.2	-3.6	3.2	-0.3	-2.1	0.0	2.3	0.0	0.4
Oct-2009	-1.5	1.0	3.2	-4.1	2.3	-3.5	0.0	-4.7	0.0	2.0	0.0	9.8
Nov-2009	-7.3	7.6	-5.6	5.5	-6.6	6.8	0.9	-1.9	0.0	1.0	0.0	0.7
Dec-2009	2.7	-2.8	-0.2	0.0	-0.3	0.1	-2.1	3.9	0.0	-0.2	0.0	5.7
Jan-2010	4.5	-4.8	7.9	-7.8	9.8	-9.4	-0.6	1.0	0.0	-6.6	0.0	-10.4
Feb-2010	0.3	-0.8	0.1	-0.9	0.9	-1.4	-0.6	1.0	0.0	5.5	0.0	2.4
Mar-2010	-4.4	6.3	-6.0	6.1	-8.5	9.1	-1.0	5.0	0.0	5.6	0.0	1.9
Apr-2010	2.5	-2.2	1.4	-6.0	0.1	-2.2	0.0	-0.5	0.0	-3.9	0.0	-8.3
May-2010	0.0	-9.6	4.8	-10.2	3.6	-7.4	0.0	-4.4	0.0	-4.6	0.0	-6.5
Last Week	0.0	0.7	-1.6	2.5	-1.8	3.3	0.0	-0.1	0.0	0.7	0.0	1.1
2010 YTD	2.7	-11.2	7.9	-18.2	5.2	-11.7	-2.2	2.0	0.0	-4.6	0.0	-19.8
Since Inception	-45.8	-25.9	-36.0	-29.2	-81.3	-33.8	-46.8	-19.0	-34.8	-5.3	20.4	-39.7



Annex 4: Model Portfolio Performance, United Kingdom



Annex 5: Model Portfolio Performance, France





Annex 6: Data Sources and Methodology

Data Sources

The principal sources are regulatory announcements disclosed by the London Stock Exchange, the Euronext Exchange, the Financial Services Authority (U.K.), the Takeover Panel (U.K.), the Autorite des Marches Financiers (France), the Commission Bancaire, Financiere et des Assurance, the Autoriteit Financiële Markten (Netherlands), the Bundesanstalt für Finanzdienstleistungsaufsicht (Germany), Deutsche Boerse (Germany), the Tokyo Stock Exchange (Japan), the Japanese Ministry of Finance (Japan), the Hong Kong Stock Exchange (Hong Kong), the Securities and Futures Commission (Hong Kong), and the Shanghai and Shenzhen Stock Exchanges (mainland China). TrimTabs occasionally uses other financial Web sites.

Data Availability

Our liquidity data on the London Stock Exchange and the Euronext begins on June 1, 2006, our liquidity data on the Toronto Stock Exchange and on the Hong Kong Stock Exchange begins on January 1, 2007, and our liquidity data on the Deutsche Boerse, the Tokyo Stock Exchange, and the Shanghai and Shenzhen Stock Exchanges begins on January 1, 2008. Our database is available upon request. Unless otherwise noted, we report actual data and do not use estimates.

Methodology

New Cash Takeovers:

- TrimTabs only counts deals in which the target company is listed on the national exchange.
- Bids are counted only if the target company's board has recommended the offer to shareholders.
- Deals are recorded on the date on which the target company announced its consent to the offer.
- Hostile takeovers are recorded when completed.
- Stock-for-stock deals are not counted because we consider them neutral for the float. Stock-and-cash offers are counted net of the stock portion.

Buybacks: TrimTabs reports all transactions by companies in their own shares, whether the stocks are retained as treasury shares or cancelled.

IPOs: TrimTabs reports new listings in all market segments. We count only the amounts raised by new shares, not existing shares. "Greenshoes" and over-allotment shares are included in the amounts of IPOs.

Secondary Offerings: TrimTabs reports the amounts of secondaries by multiplying the number of new shares issued by the average issue price. We count rights, warrants, and convertible bonds once they are converted into ordinary shares.

Insider Trading: On the LSE, TrimTabs considers insiders to be all persons the 1985 Companies Act (U.K.) defines as disclosing managerial responsibilities. On the Euronext and on the Deutsche Boerse, national regulations on insider trading are based on Directive 2003/6/EC on insider trading and market manipulation. An English version of this directive is available at <http://observatoire.codeplafi.lu/pdf/sou/Dir%202003%2006%20insider%20en.pdf>.

Note on Country Coverage on the Euronext

Due to varying national regulations and language difficulties, TrimTabs does not track all L1 variables in each of the four countries comprising the Euronext (Belgium, France, the Netherlands, and Portugal):



- We report new cash takeovers only for Belgium, France, and the Netherlands.
- We report actual stock buybacks only for France.
- We report IPOs and secondary offerings in all four countries.
- We report insider selling based solely on transactions reported to the French (Autorite des Marches Financiers), Belgian (Commission Bancaire, Financiere et des Assurance) and Dutch (AutoriteitFinanciëleMarkten) stock exchange authorities.

Note on Exchange Rate Conversion

TrimTabs converts all data into U.S. dollars using the exchange rate prevailing on the day of the transaction. Pound sterling, Euro, Japanese Yen and Chinese Yuan databases are available upon request.

Note on TrimTabs Model Portfolio

The TrimTabs model portfolio is based on our weekly market calls. We generally determine our weekly market calls as follows. We may deviate from these guidelines based on research developments and qualitative assessments of the market.

- If the float expanded during the previous week by more than \$500 million, we are 100% short EWU (iShares MSCI United Kingdom).
- If the float expanded or shrank by no more than \$500 million during the previous week, we are out of EWU (iShares MSCI United Kingdom).
- If the float shrank between \$500 million and \$1 billion during the previous week, we are 100% long EWU (iShares MSCI United Kingdom).
- If the float shrank by more than \$1 billion during the previous week, we are 200% long EWU (iShares MSCI United Kingdom).

Note on Market Capitalization

The figures used for the total market capitalization of the LSE and the Euronext are the domestic market capitalizations. TrimTabs calculates them by multiplying the total number of issued shares of domestic companies, including their several classes, by their respective share prices. The market capitalization figures include the common and preferred shares of domestic companies. They exclude investment funds, rights, warrants, exchange-traded funds, convertible instruments, futures, options, listed foreign shares, and listed companies whose only business purpose is to hold the shares of other listed companies.

Note on Industry Liquidity, London Stock Exchange

The TrimTabs industry breakdown is based on the FTSE Group's Industry Classification Benchmark. LSE-listed companies are divided into the following 10 industries:

Number	Industry	Market Cap
1	Oil & Gas	\$582,361
1000	Basic Materials	\$402,470
2000	Industrials	\$355,373
3000	Consumer Goods	\$401,401
4000	Healthcare	\$278,834



5000	Consumer Services	\$573,219
6000	Financials	\$1,230,647
7000	Telecommunications	\$217,413
8000	Utilities	\$154,271
9000	Technology	\$58,000

The market cap of each industry includes only U.K.-registered companies. It is converted into U.S. dollars at the prevailing exchange rate.

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