

2009 Annual Performance Review for Baby Boomer Portfolio

This Special Report will provide a performance analysis of our returns for the Baby Boomer Portfolio for 2009.

We originally introduced the Baby Boomer Portfolio in May of 2008. Then, we wrote about the purpose and goals of the Baby Boomer Portfolio; click below to review the report:

<http://www.superstockinvestor.com/page/ssi/issues/2008-05.pdf>

We did an update on the Baby Boomer Portfolio in July of last year, again reviewing our goals and purposes for the portfolio; click below to review the report:

<http://www.superstockinvestor.com/page/ssi/specialreport/2009-07-13-022.pdf>

Fortunately we have achieved the objectives of our portfolio: generating cash flow and a total return that could double our investment dollars in three to five years.

Here are the holdings in the portfolio:

Stock Symbol	Price Bought	COST BASIS W/OPTN WRTNG	Date Bought	12/31/2008 PX / BUY PX	12/31/08 OR BUY VALUE	SOLD OPT	09 COST BASIS	DVDND	12/31/2009 PX	\$ AMOUNT	DOLLAR PROFIT + DIV.
ADP	42.00	34.43	JULY 08	39.94	3994	487	3507	133	39	\$3,900.00	526.00
GE	26.96	22.45	JUNE 08	16.2	4860	702	4158	123	15.13	\$4,539.00	504.00
CVX	84.35	64.64	AUG 08	73.97	7397	1706	5691	130	76.99	\$7,699.00	2138.00
HON	40.90	35.48	SEP 08	32.83	6566	890	5676	242	31.4	\$6,280.00	846.00
JNJ	56.15	52.68	OCT 08	59.83	11966	520	11446	386	64.41	\$12,882.00	1822.00
PGH	8.02	7.17	JUNE 09	8.02	946.36	85	861.36	565	9.63	\$963.00	666.64
PWE	12.97	10.62	JUNE 09	12.97	1297	235	1062	846	17.6	\$1,760.00	1544.00
SYF	24.85	24.65	AUG 09	24.85	2485	20	2465	25	27.94	\$2,794.00	354.00
T	26.82	25.04	SEP 09	26.82	2682	178	2504		28.03	\$2,803.00	299.00
UNH	33.00	33.00	DEC 09	33.00	3300		3300		30.48	\$3,048.00	-221.52
TOTALS					\$45,493	\$4,823.00	\$40,670	\$2,450.00		\$46,668.00	5836.00

Let's review the above table/spreadsheet:

- The total value of the portfolio, or buy value if purchased this year was \$45,493.
- We were able to sell \$4,823 worth of options against the portfolio to bring down our cost basis to \$40,670.

Compare column three (COST BASIS W/OPTN WRTNG) with column two, notice that we were able to bring down the cost basis of most of our positions. We will continue to use this strategy to lower our cost basis, enhancing total returns, increasing cash flow, lowering the cost basis of our portfolio, and lower the volatility of the portfolio. Subscribers have the choice of either taking the cash flow to spend, or keep the cash flow in your investment account and lower the cost basis of your positions.

- The portfolio yielded \$2,450 in dividends.

- 50% of the portfolio was added after mid-year, so annualized returns are understated. We were not able to write additional options or collect more dividends, or see much appreciation from these recommendations.

Again, returns are understated.

2009 Short-Term Profits

Below is a list of the short-term profits we took:

CLOSED BABY BOOMER POSITIONS										
Stock Symbol	Co. Dscrptn	Shares Qty.	Open Price	Opened Date Alert #	Cost Basis w/ Hedges	Hedge Alert #s	Close Price	Date Closed Alert #	Total Return	Profit/ Loss Dollar Amount (Includes Dvnd., Optns)
EFAQB	SL SHRT EFA DEC \$54 PUT	1	\$0.28	75			EXP	12/18/09 A#77	USE EQUITY IN ACCOUNT	\$28.00
EEMWL	SL SHRT EEM NOV. \$38 PUT	1	\$0.63	OCT 09	\$0.63		EXP	11/20/09 A#72	USE EQUITY IN ACCOUNT	\$63.00
KMBWL	KMB NOV. \$60 PUT	1	\$1.75	OCT 09	\$1.75		EXP	11/20/09 A#72	USE EQUITY IN ACCOUNT	\$175.00
KMBWK	SL SHRT KMB Nov \$55 PUT	1	\$0.70	OCT 09	\$0.70		EXP	11/20/09 A#72	USE EQUITY IN ACCOUNT	\$70.00
ADPSG	SL SHRT ADP JUL \$35 PUT	1	\$0.70	A 51	\$0.70		EXP		USE EQUITY IN ACCOUNT	\$70.00
PACR	PACER INTL INC.	1000	1.78	JUL 09	\$1.53	58	\$2.50 EXERCISED	8/14/09	63.39	\$970.00
CPOTE	SL SHRT CPO AUG \$25 PUT	1	\$1.20	A 51	\$1.20	61	EXP	8/14/09	USE EQUITY IN ACCOUNT	\$120.00
EEM	SHARES MSCI E.M.I.F	100	\$21.90	JAN 09	\$19.84	FEB, 35	\$25.00	4/17/09 Exercised	25.37%	\$506.00
MDR	MCDER MOTT INTNL, INC. (PANAMA)	100	\$7.80	NOV	\$6.05	NOV, 35, 40	\$18.28	5/13/09	202.15%	\$1,223.00
CPORE	CPO JUN \$25 PUT	1	1.1	MAY 09	\$1.10		EXP		USE EQUITY IN ACCOUNT	\$110.00
EFA	MSCI DVLPD CNTRY'S ETF	100		DEC 08	\$42.07	32, 36, 43, 48, 49	\$43.00	4/17/9 #55	2.20%	\$93.00
KMB	KIMBERLY-CLARK CORP.	200	\$62.7 (100@63 100@Assign \$62.40)	MAY 08	\$51.90	U 81, 18, SR 20, 26, 35, 40, 43, APR, 48, 49	\$50.00	4/17/9 #55	-3.60%	-\$360.00
TOTAL										\$3,068.00

We generated \$3,068 in short-term profits.

Since these are volatile markets, we will try to take advantage of the volatile, trading opportunities that these markets provide.

Details of Calculation of GEA Portfolio Performance and Cash Flow

Below is a breakdown of the GEA portfolio's performance.

PORTFOLIO VALUE 12/31/8 & VALUE OF 2009 PURCHASES							\$45,493.36	
OPTION WRITING PREMIUMS (LONG & SHORT-TERM POSITIONS)							\$4,823.00	
APPRECIATION/DEPRECIATION							\$1,174.64	
SHORT TERM PROFITS							\$3,068.00	
LONG-TERM PROFITS							\$0.00	
DIVIDENDS SHORT & LONG-TERM POSITIONS							\$2,450.00	
TOTAL SHORT-TERM PROFITS, OPTION WRITING PREMIUMS, APPRECIATION (DEPRECIATION)							\$11,515.64	
TOTAL RETURN 2009 (\$11,515.64 divided by GEA PORTFOLIO PURCHASE VALUE \$45,493)							25.31%	
CASH FLOW								
OPTION PREMIUMS							\$4,823.00	10.60%
DIVIDENDS							\$2,450.00	5.39%
SUBTOTAL							\$7,273.00	15.99%
SHORT TERM PROFITS							3,068.00	
TOTAL CASH FLOW							\$10,341.00	22.73%

The total return was 25.31% based on appreciation of open positions, plus dividends, option premiums, short -term profits totaling \$11,515.64 divided by the value of the portfolio of \$45,493.36.

Total cash flow was \$10,341 yielding 22.73% from invested capital.

Since option writing, selling short puts, and short-term profits are the main source of our cash flow, we will continue to focus on these strategies.

Again, one of the main objectives of the portfolio is to generate enough cash from a portfolio to fund a retired couple's retirement.

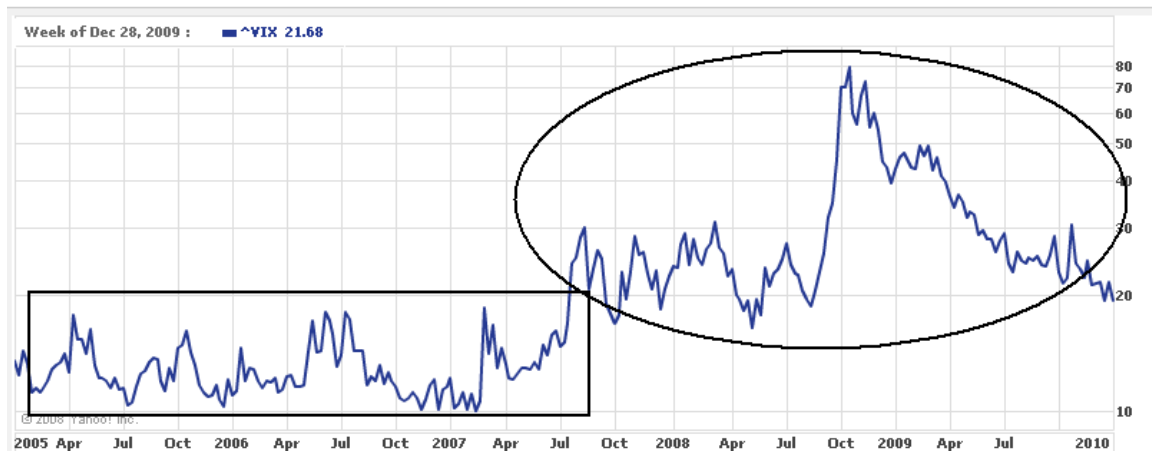
Let's assume an investor had \$500,000 in these stocks (we realize ten positions is not a portfolio, and we intend to get the portfolio up to \$100,000 at some point). That would be about ten times, or \$103,410 (\$10,341 times 10).

This is exactly the aim of the Baby Boomer portfolio, safe growing cash flow.

Option Premiums

Cash flow from options (sell short puts and writing options) may not be as generous in future years, as option premiums may not be as rich going forward.

The most important variable in the pricing of options is volatility. Volatility has been very high the last two years. Below is a long-term chart of the volatility index:



For much of the early 2000s, volatility was low, the rectangle area. The circled area is the volatility of the last two years, was much higher. If volatility continues to trend lower, a possibility, option premiums will be lower.

Return Comparisons

Let's compare our returns to the major markets for 2009:

MAJOR INDEXES	TOTAL RETURN
DJIA	22.68%
SPX	26.46%
NASDAQ	43.89%

Total return includes appreciation and dividends. Dividends are about 2% of the total return, the rest of the return is appreciation.

Our returns are competitive, but our cash flow yields 22.73% from the portfolio, versus about 2% for the DJIA, SPX. The Baby Boomer portfolio in comparison generates much more cash flow.

Here are the yields of the most popular income vehicles:

YIELDS 12/31/09	
30 MONTH CD	1.44%
1 YR CD	1.16%
MONEY MARKET FUNDS	0.30%
10 YEAR TRSRY	3.84%
DOW JONES CORP BOND INDEX	4.43%

The Baby Boomer Portfolio cash flow, yield is much greater than the yields above.

There is over \$3 trillion parked in money markets. If a retired person had their entire \$500,000 (from example above) the money market account would have generated, \$1,500 versus over \$100,000 in cash flow for the Baby Boomer Portfolio. Again, volatility was high, so future cash flow will probably be lower.

Past performance is not a guarantee of future results. Your returns could be different due to commissions, and slippage (actual purchase price versus recommended price).