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Exchange Traded Funds

Friday, June 24, 2005

New Indices Track Everything From Petit Cos. To Entertainment

Source: InstitutionalInvestor.com

Kate McGregor



Niche exchange-traded funds have become increasingly popular following the success of the first commodity-based ETFs launched at the start of the year. "People should be able to trade anything. The only limit to

indexes is your imagination," says **Robert Wilder**, ceo of the Wilderhill Clear Energy Index.

PowerShares and **Barclays Global Investors** seem to share Wilder's sentiment. PowerShares launched eight new ETFs today, giving investors the chance to trade on indices that track everything from the company that owns the hotels they stay in to the concern responsible for frothing their morning latte.

The eight funds are PowerShares Dynamic Pharmaceutical (PJP), PowerShares Dynamic Biotech & Genome (PBE), PowerShares Dynamic Food & Beverage (PBJ), PowerShares Dynamic Leisure & Entertainment (PEJ), PowerShares Dynamic Media (PBS), PowerShares Dynamic Networking (PXO), PowerShares Dynamic Semiconductor (PSI) and PowerShares Dynamic Software (PSJ). The funds trade on the **American Stock Exchange**.

The new ETFs are represent eight of nine industry groups the company plans to build up that will take a more detailed approach to various sectors, says **Bruce Bond**, president of PowerShares.

"Instead of just creating a healthcare ETF, we have all the underlying interests in healthcare." The hardware index is still in registration with the **Security and Exchange Commission**. Bond estimates it will be launched in the next three to four months.

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The funds are based on "intelligent investing" and go beyond merely exposing investors to the market, Bond adds. "These are designed as the basis for investments to evaluate very thoroughly the investment merit of the company prior to the inclusion of the index," he says. Rather than selecting the most popular stocks, which could be over-exposed, the Intellidexes rank stocks based on cash flow, volatility and timeliness among other barometrics.

PowerShares has also registered with the SEC three dividend achievers. "We are trying to deliver a better variety of dividend investments," Bond says.

Barclays Global Investors has registered with the SEC the Russell Microcap ETF, which will be based on the Russell Microcap Index, and is due to launch Friday. The new fund will trade like the iShares Russell 2000 Index Fund and will track the performance of the smallest companies in the U.S. equity market. The fund has already gained much attention from individual and institutional investors, says **Lori Richards**, senior product manager for Russell Indexes. **Russell Investments** has had an exclusive relationship with Barclays since 2000 when it launched the Russell 1000 Index Fund (IWB).

"Barclays wants to have an ETF based on everything," Richards says.

In addition to the new Russell ETF and another based on ounces of silver bullion in registration with the SEC, BGI is looking in to investments that track other commodities, and fixed income, says spokesman **Lance Berg**. The company does not comment further on products in registration with the SEC.

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Posted on June 22, 2005

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