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ETF INVESTING

New wave of funds is in overdrive

ETFs shift into commodities; U.S. assets top \$300 billion

By John Spence, MarketWatch

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BOSTON (MarketWatch) -- Investors showed no sign in the first quarter of ending their love affair with exchange-traded funds, as the fastgrowing variety of funds further expanded into commodities and broke through the \$300 billion mark in total U.S. assets.

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With additional ETFs in registration designed to track narrow industries such as aerospace and defense, and slices of the health-care sector, investors should expect the trend toward focused niche funds to continue, for better or worse, analysts say.

One fund that typifies the new generation focused on a niche category was the top-performing ETF in the first quarter: PowerShares WilderHill Clean Energy Portfolio ([PBW](#)) . The \$400 million fund, which tracks shares of 41 companies that specialize in innovative energy sources, was up 31% through March 30, according to Morningstar Inc.

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Top-performing ETFs in first quarter

ETF (ticker) return

PowerShares WilderHill Clean Energy [PBW](#) 31.4%

iShares FTSE/Xinhua China 25 Index [FXI](#) 21%

PowerShares Dynamic Semiconductors [PSI](#) 19.7%

iShares MSCI Brazil Index [EWZ](#) 19.4%

PowerShares Golden Dragon Halter USX China [PGJ](#) 19%