

ENTER SYMBOL(S)

[Find symbol](#)[Live quotes](#)[Keyword search](#)[Get the inside scoop
before investing](#)

THE Vanguard GROUP

BECOME A MEMBER

[Special Offers!](#)[My Portfolios](#)[My Alerts](#)[e-Newsletters](#)[Discussions](#)[View all member benefits](#)

FREE!

ETF FOCUS

ETFs going socially responsible

New funds based on screened index, clean energy

By [John Spence](#), MarketWatch

Last Update: 9:45 AM ET Feb. 1, 2005

[E-mail it](#) | [Print](#) | [Discuss](#) | [Alert](#) | [Reprint](#) | [RSS](#)

BOSTON (MarketWatch) -- Now that they've muscled their way into almost every segment of domestic and international markets, the exchange-traded fund business has its sights set on moving into socially responsible investing.

On Monday the iShares KLD Select Social Index Fund ([KLD: news](#), [chart](#), [profile](#)) began trading on the New York Stock Exchange.

The ETF's tracking index, maintained by Boston-based research firm Kinder, Lydenberg, Domini & Co., contains 250-350 large-cap non-tobacco companies taken from the S&P 500 and Russell 1000 indexes.

The stocks are then overweighted or underweighted based on how they score on social and environmental factors.

KLD rates companies on their performance related to the environment, labor and community relations, workforce diversity, product safety, human rights record and governance. The iShares KLD Select Social Index Fund has also adopted proxy-voting guidelines supporting more transparency and increased reporting.

"The iShares KLD Fund provides socially responsible investors with what we believe is a more thoughtful



Harness the power
of technical analysis

→ Free sample issue

MarketWatch
The Technical Indicator

MarketWatch, Inc. is not a registered investment advisor and does not provide any individualized advice. Future accuracy and profitable results cannot be guaranteed.

Harness the power of technical analysis

→ Free sample issue

The Technical Indicator MarketWatch

MarketWatch, Inc. is not a registered investment advisor and does not provide any individualized advice.

SPONSORED LINKS

Hedge Fund

Consistency Index Newsletter

Ranks and profiles of over 2400 hedge funds by consistent reward to risk. 35 sectors over multiple time horizons. Managers rated by consistent profitability.

Mutual Fund Trend Timing: A New Investment Model

Join thousands of Trend Timers who have taken control of their financial future. With 3 to 5 trades a year, TimingCube can help you achieve your goals and dreams. Try it risk-free for 30 days.

WSJ.COM HIGHLIGHTS

approach to optimizing positive social and environmental criteria while seeking to reduce sector risk," said Lee Kranefuss, CEO of intermediary business at Barclays Global Investors, the ETF's manager.

The new ETF, which has an expense ratio of 0.50 percent, is designed for those who find socially responsible investing appealing but still want to be diversified across economic sectors, said Peter Kinder, head of KLD Research & Analytics.

Socially responsible investing has been gaining steam in recent years with over \$29 billion in such funds, according to investment research firm Lipper.

Clean energy ETF on deck

An ETF based on an index of publicly-traded energy companies that focus on environmentally-friendly sources of energy and technologies is set to begin trading on the American Stock Exchange later this month.

The ETF, which will be managed by PowerShares Capital Management, will track the WilderHill Clean Energy Index, a benchmark calculated by the Amex that was launched in August. The Amex collaborated with index provider WilderShares, LLC in developing the index.

The index contains 37 companies that use greener and renewable energy alternatives such as wind, solar, and hydrogen fuel cells.

As of Jan. 27, the top companies in the index were Distributed Energy ([DESC](#): [news](#), [chart](#), [profile](#)) , Evergreen Solar ([ESLR](#): [news](#), [chart](#), [profile](#)) and Zoltek Companies ([ZOLT](#): [news](#), [chart](#), [profile](#)) , according to the Amex.

Privately-held PowerShares has over 20 ETFs currently in

MARKETWATCH PERSONAL FINANCE

- **IN INVESTING**
[Retirement target-date funds are popular, but be wary](#)
- **IN MUTUAL FUNDS**
[First socially responsible ETFs hit market](#)
- **IN LIFE & MONEY**
[Plasma TV prices falling in time for Super Bowl!](#)
- **IN RETIREMENT**
[New study quantifies what people spend in retirement](#)
- **IN REAL ESTATE**
[Realty Q&A: Spotting home defects, agent malfeasance](#)
- **IN TAXES**
[Tax-filing to-do list fills up in February](#)

Free! Sign up here to receive our Mutual Funds Weekly e-Newsletter!

TRADING CENTER

\$7 for Online Market and Limit Orders

Scottrade: No Inactivity Fees! Apply Now!

30 COMMISSION-FREE TRADES

GO **AMERITRADE**

30 free trades at Ameritrade. Join now.

Get Free Trades for a month.

TD Waterhouse TradeCentral

TradeCentral - Make it your place

Power E*TRADE

E*TRADE SECURITIES LLC

Get up to \$500 in commission-free trades

Fidelity

Fidelity Brokerage Services, Member NYSE, SIPC, 004030

LEARN MORE

Pay Less For Online Trades at Fidelity

charles SCHWAB

Schwab Active Trader



Available free to MarketWatch readers: On the agenda

Traders anticipate a pivotal, news-filled week for the dollar.

Promises, promises

A look at some of Bush's past State of the Union pledges, and how they panned out

For WSJ.com subscribers: The basics

What's wrong with Social Security and what would it take to fix it?

By any other name

Exploring the future -- and value -- of the venerable AT&T brand name

TOP FEATURES

- [Getting Started](#)
- [Fund Library](#)
- [Mut. Understanding](#)
- [Bet on the Jockey](#)
- [Top Funds](#)
- [Fund Finder](#)
- [Compare Funds](#)
- [Fund Lists](#)
- [Dr. Paul's Archive](#)
- [My Portfolios](#)

registration and is trying to establish itself as a major player in the developing business, competing with heavyweights like State Street Global Advisors, Barclays Global Investors and Vanguard Group.

In December the Wheaton, Ill.-based firm rolled out a duo of ETFs tied to two of the market's hottest sectors: the PowerShares Golden Dragon Halter USX China Portfolio ([PGJ](#): [news](#), [chart](#), [profile](#)) and the PowerShares High Yield Equity Dividend Achievers Portfolio ([PEY](#): [news](#), [chart](#), [profile](#)) .

In 2003 PowerShares introduced its first pair of ETFs that attempt to beat market indexes by incorporating elements of active management such as earnings and trading momentum.

The funds, which have higher turnover and fees than similar indexed ETFs, are PowerShares Dynamic Market Portfolio ([PWC](#): [news](#), [chart](#), [profile](#)) and PowerShares Dynamic OTC Portfolio ([PWO](#): [news](#), [chart](#), [profile](#)) . PowerShares partnered with ETF pioneer the Amex to develop the proprietary indexes.

John Spence is a reporter for MarketWatch in Boston.

More ETF FOCUS

- [Second gold ETF to begin trading Friday](#) 10:23am ET 01/28/05
- [Investors like growth ETFs - TrimTabs](#) 11:40am ET 01/25/05
- [ETF short interest at lowest since April 2003](#) 12:21pm ET 01/21/05
- [Gold ETF continues to shine as assets near \\$2B](#) 2:52pm ET 01/14/05
- [BOX leads in Spider options trading](#) 11:42am ET 01/11/05

Latest Industry News [Get Alerted on News in this Industry](#)

- [AXP rallies on Financial Advisors spinoff plan](#) 11:17am ET 02/01/05
- [Short Treasury yields hold near 3-yr. high ahead of Fed](#) 11:08am ET 02/01/05
- [Social Security outlook sees slight improvement](#) 11:00am ET 02/01/05
- [Waiting for the Fed, G7 and jobs](#) 10:35am ET 02/01/05
- [Europe shares gain, resisting tug of crude, Ciba](#) 10:13am ET 02/01/05

TRACK THESE TOPICS

	My Portfolio	Alerts
Company: Ishares Tr	Add	Create
Column: ETF Focus		Create
Company: Distributed Energy Sys Corp	Add	Create
Company: Evergreen Solar Inc	Add	Create

[Get breaking news sent directly to your in-box](#)

[Create a Portfolio](#) | [Create an Alert](#)

SPONSORED LINKS

[Get listed here](#)

[More Features](#) ►

PREMIUM PRODUCTS

[MarketWatch](#)

[Options Trader](#) **NEW**

The ultimate guide in options trading

[Hulbert Financial Digest](#)

The definitive guide to investment newsletters

[The Technical Indicator](#)

Technical analysis for sophisticated traders

[Retirement Weekly](#)

Get the retirement you want

[ETF Trader](#)

A methodology to invest in exchange-traded funds

[Herb Greenberg's RealityCheck](#)

A must-read for investors looking for new ideas

[Hulbert Interactive](#)

Customize your search of the HFD database

[MarketWatch University](#)

Courses to help teach you to trade & invest like a pro

[MarketWatch LIVE](#)

Get real time streaming quotes & charts.

[Order now!](#) ►

[Hedge Fund Consistency Index Newsletter](#)

Ranks and profiles of over 2400 hedge funds by consistent reward to risk. 35 sectors over multiple time horizons. Managers rated by consistent profitability.

<http://www.hedgefund-index.com>

[Mutual Fund Trend Timing: A New Investment Model](#)

Join thousands of Trend Timers who have taken control of their financial future. With 3 to 5 trades a year, TimingCube can help you achieve your goals and dreams. Try it risk-free for 30 days.

<http://www.timingcube.com>

[Variety of Mutual Funds at TD Waterhouse](#)

Open an account and trade free for a month. Take advantage of our unique combination of online tools and free, easy-to-use independent research.

<http://www.tdwaterhouse.com>

[Free Mutual Fund Guide, American Express](#)

Sign up to get your free American Express mutual funds investing guide. Compare different types of funds, learn how mutual funds work and get strategies for choosing the right funds for you.

<http://www.americanexpress.com/myeconomy/>

[No-Load Mutual Fund Tracker](#)

Get free solid investment advice based on fact, not emotion. Weekly fund tracker follows market trends and makes detailed recommendations. Subscribe now to take advantage of our investing approach.

<http://www.successful-investment.com>

Search our Investment Newsletter Directory

Is the investment climate getting you down? Do you wonder what to buy and when? Investment newsletters offer third party research and advice independent of any bias of Wall Street analysts. [Check out our Investment Newsletter Directory](#), which offer the ability to filter over 150 investment newsletters on price and focus.

[Front Page](#) | [Discussions](#) | [Mobile](#) | [Alerts](#) | [XML](#) | [Premium Products](#) | [Free Membership](#)
[Feedback](#) | [Letters to the Editor](#) | [Site Index](#) | [Company Info](#) | [Jobs](#) | [Advertising Media Kit](#)

▪ **[Make MarketWatch.com your Home Page](#)**

- License MarketWatch news, plus custom financial tools and data, from [MarketWatch Information Services](#).

- Partner Sites: [WSJ.com](#) | [Barron's Online](#) | [BigCharts.com](#) | [World Business News Alliance](#)

[CareerJournal](#) | [RealEstateJournal](#) | [StartupJournal](#) | [CollegeJournal](#) | [OpinionJournal](#)



Copyright © 2005 MarketWatch, Inc. All rights reserved.

By using this site, you agree to the [Terms of Service](#) and [Privacy Policy](#) (updated 4/3/03).

Intraday data provided by [Comstock](#), a division of Interactive Data Corp. and subject to [terms of use](#).

Historical and current end-of-day data provided by [FT Interactive Data](#).

Intraday data delayed 15 minutes for Nasdaq, and 20 minutes for other exchanges.

Dow Jones IndexesSM from Dow Jones & Company, Inc.

SEHK intraday data is provided by Comstock and is at least 60-minutes delayed.

All quotes are in local exchange time.