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EXCHANGE-TRADED FUNDS

ETFs for Infrastructure

Obama's plan for new U.S. spending could benefit funds that hold construction, engineering and alternative-energy stocks

The promise of the incoming Obama administration has thrown a new light on certain sectors of the stock market, and on the exchange-traded funds that track them.

Building and materials stocks were crushed in 2008 by the global economic slowdown. But some investment professionals see new long-term opportunities in construction-related industries as the U.S. prepares to invest heavily in infrastructure improvement.

Investor interest has grown since President-elect Barack Obama in a Dec. 6 radio address outlined a plan to create millions of jobs in the U.S. by "making the single largest new investment in our national infrastructure since the creation of the federal highway system in the 1950s." Mr. Obama, who takes office on Jan. 20, pledged to invest in roads and bridges, make public buildings more energy-efficient, modernize schools and improve Internet-based communication and its availability.

And that's just part of an expected global surge in infrastructure spending. "Governments around the world are making plans to jump-start their economies by throwing hundreds of billions of dollars at infrastructure projects," notes Robert Markman, portfolio manager of the Markman Global Build-Out Fund, a conventional mutual fund that opened for business in September.

That spending could boost infrastructure-related ETFs launched in recent years in anticipation of a long-term global infrastructure boom

driven by emerging-markets countries. Those ETFs -- which invest in industries including construction, engineering, utilities, building materials, industrial equipment and metals -- have been battered by worries about a near-term slump in private-sector construction spending.

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Energy Alternatives

Meanwhile, other companies may eventually benefit from another pledge made by Mr. Obama -- to encourage the development of renewable sources of energy. And alternative energy is another area that's been embraced by the ETF business.

A couple of caveats, though: Investors' enthusiasm for the sector has been tempered by the plunge in oil prices in the past few months, because growth in the use of alternative energy sources depends largely on their ability to compete with oil-based products on price. And the new administration doesn't appear poised to act as quickly on this front.

"Alternative energy is another theme," in addition to infrastructure, to consider as Mr. Obama takes office, says Mr. Hougan, but "spending on roads and bridges would be more immediate."

Should the alternative-energy sector turn around, there are plenty of ETFs available that invest in particular types of energy or a variety of alternative-energy stocks, or that track various energy indexes. They include the ... [PowerShares WilderHill Clean Energy Portfolio](#)

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