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Where Best to Compare ETFs

By MIKE HOGAN

Two Websites ace the data you need to compare exchange-traded funds: XTF and ETFdb have the sharpest tools in the drawer—including illustrated tools that let you search by geographic reach.

As easy as they are to trade, and as cheap as they are to own, it's often hard to see an exchange-traded fund for its metrics.

Think about how hard it is to penetrate any single security's forest of data, times 25 to 700 fund holdings. Then multiple that by three or more funds that qualify as comparable investments.

Whenever I have to build an ETF short list, the two sites I invariably turn to are XTF (www.xtf.com) and ETF Database, or ETFdb (<http://etfdb.com>).

They slice and dice the 1,400-ETF universe in numerous different ways—but, between them, I can always find the right tool for the job. And both are revamping their fund sifters right now.

XTF has just finished revamping its ETF Comparison and ETF Explorer tools.

The first helps subscribers assemble up to six similar funds to compare by a keyword, security's name or a fund's ticker symbol, while the second lets the user whittle down funds by investment objective. The popularity of these two most-often-used tools has led XTF to integrate some of their features into other parts of the site as well, reports president and CEO Mel Herman.

A search on any ETF ticker also fetches links to up to six similar funds. Clicking on the new Compare ETFs button atop the fund-profile pages instantly launches a spreadsheet-like display of all metrics for those funds. The user can easily add or remove funds to the list.

For example, a search on the very popular [iShares MSCI Emerging Markets Index](#) (ticker: EEM) brings up five like tickers. But some, such as the [Rydex MSCI Emerging Markets Equal Weight ETF](#) (EWEM), garner a low overall investibility score—based on XTF 'S many-factored ranking algorithm—compared to XTF 's 8.3 rating for EEM, on a scale of 10.

Others might be thinly capitalized, or have other undesirable characteristics, such as wide bid/ask spreads, or benchmark tracking error.

Funds can be sorted and culled down to one or two best choices.

It's quick and easy, but starts with an all-inclusive matrix with dozens of rows of metrics, not all of which may be important to every fund class or individual investing strategy. Alternatively, the investor can generate a list of similar funds in ETF Explorer which starts with major fund characteristics like geography or asset class. This month, XTF is turning both tools into full-fledged Boolean screeners that let users choose which metrics to display in advance.

A USER MIGHT START the ETF-selection process by screening funds by positive characteristics such as net asset value, Sharpe ratio and dividend yield. (The Sharpe ratio is a risk-adjusted measure of return.)

After tossing out the losers, you can rescreen by risk metrics like fund turnover, concentration risk, or, a new one: short interest on the ETF.

A new drop-down Category Filter lets the user easily sort (rank) and re-sort the short list down to the strongest funds, whose screens can then be exported as spreadsheet or PDF files.

Other new XTF buttons deliver quick screens by popular characteristics such as performance, or, another new one, fund flows. Momentum investors in particular are interested in which funds are gaining and which are losing assets over various periods. Fund flows can reflect market seasonality, economic cycles and sector fortunes.

Likewise, XTF's new pie charts yield a clearer understanding of fund exposures by sector, industry, geography, constituent capitalization, style, even currency at-a-glance.

One graph is worth a pile of textual data. For example, [iShares MSCI-Australia](#)'s (EWA) 38% exposure to banks just jumps out at you. So does [IQ Australia Small Cap ETF](#)'s (KROO) 29% exposure to basic materials—read: Australia's go-go mining industry. Much of this information is available to all visitors, but the full spectrum of highly differentiated data is sequestered behind a \$39-a-month gold subscription, and \$99-a-month platinum.

SIMILARLY, MOST ETFdb services are free, but for \$199 annually, ETFdb Pro subscribers get increased depth in its tools, or additional features such as premium research and model portfolios.

ETFdb's ETF database is as exhaustive as XTF's, but has its own unique way of illustrating key information. For example, open the ETF Country Exposure Tool (<http://etfdb.com/tools>), and you'll get a world map that brings up a list of ETFs and the degree of their exposure to the country clicked.

Many sites offer geographical information, but ETFdb's methodology is just better, in my opinion. I've used it to find four ETFs with exposure to Mongolia, including [Pacific ETF](#) (VPL) which has only 0.02% Mongolian holdings. That's about as fine a sifting of a remote geography as you can find.

Another tool very popular with ETFdb subscribers is the Mutual Fund to ETF Converter. Say you're invested in the popular [Fidelity Contrafund](#) (FCNTX), but would like to trade intraday or pay less than FCNTX's 0.95% annual expense ratio. The ETF Converter displays four dozen large-cap-blend alternatives.

Both XTF and ETFdb have tools that let the user quickly find ETFs by exposure to a particular security. Both have exhaustive Boolean screeners, but they're executed differently. ETFdb 's is subtractive, narrowing down the 1,400-strong ETF universe as the user clicks parameters for the 17 most common fund descriptors.

The data are organized under several topic-appropriate tabs; again, ETF data being so voluminous no single page can hold it all.

Like XTF, ETFdb also breaks down major fund characteristics graphically for quicker comprehension; and, later this month, it will start assigning A-to-F letter grades. Users will be able to see how a fund stacks up against its peers in fund expenses, performance, liquidity, volatility, dividends and concentration risk.

The power of XTF and ETFdb ultimately depends on their laborious updates of vast pools of information. Just as important are the clever ways both Websites let you grab onto just the piece of the ETF universe you want—and save yourself from drowning in a sea of incoherent data.

(Please see Barron's story on [Fidelity's expansion of ETFs](#).)

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