

Advisor Launches ETF Portfolio

10/25/2010 9:26 PM

Pelleton Capital Management Ltd. has launched a model investment portfolio that includes exchange-traded funds focusing on sustainable, green investments.

Each week the model sorts 30 ETFs, based on 1,500 environmentally progressive companies, and ranks them according to relative strength. The top five choices are equally weighted to start the portfolio. Any ETF that drops out of the top 10 is replaced in the portfolio by the next best choice not already in the portfolio. For instance, if there are two solar energy ETFs in the top five, then only the top scoring one will be included in the portfolio at any one time.

“Our research has shown that the public is looking for this ecologically innovative type of investment choice,” says Charles C. Scott, president of Pelleton Capital, based in in Scottsdale, Ariz. “One of the biggest drawbacks has been the wide divergence of performance of the various funds in this area.

“But by utilizing our regular comparison of specific ETFs to one another, we seek to achieve the largest magnitude of movement to the upside while managing downside risk by moving to those ETFs with the best current relative strength,” explains Scott.

“One of the biggest drawbacks (of these ETFs) has been the wide divergence of performance of the various funds in this area. But by utilizing our regular comparison of specific ETFs to one another, we seek to achieve the largest magnitude of movement to the upside while managing downside risk by moving to those ETFs with the best current relative strength,” Scott adds.