Excerpt from the Huffington Post, October 16, 2007
http://www.huffingtonpost.com/dan-solin/smart-advice-for-the-huff_b_68747.html

DAN SOLIN| BIO | I'M A FAN OF THIS BLOGGER

Smart Advice for the HuffPost Investor

Is it worth paying a premium to invest in a socially responsible mutual fund? The securities industry thinks so. Some of these funds have front end sales loads as high as 4.5% and yearly expense ratios over 2%.

You have a conscience. You have to wonder if the fund families pitching these funds do.

These exorbitant fees are contrary to the basic principles that guide Smart Investors. We know that there is a direct relationship between *low* fees and *high* returns.

So what's a socially responsible investor to do? Fortunately, you can salve your conscience and still be a Smart Investor. I explain how in response to a question on this subject from a concerned investor.

Is war with Iran inevitable? If so, how should you adjust your portfolio?

Finally, what's my take on the troubling devaluation of the dollar?

Please keep your questions coming in. They are excellent. Just add a comment to this blog.

Question From Treerunner:

Hi Dan, The other week Arianna Huffington blogged about the importance of Naomi Klein's new book, The Shock Doctrine: The Rise of Disaster Capitalism. *As you likely know, this book describes how the* *current political and climactic situation around the globe has given rise to a new sort of hyper-aggressive profiteering on the part of a number of companies. While there are a handful of companies that stick out like a sore thumb, there are many more that are involved to some degree or another with this same issue. Aside from Arianna's post, John Cusack and others have blogged about the same topic. It seems the 'military industrial complex' is a major issue these days. Since many Huffington Post readers are very concerned about this issue, and since you are offering financial advice for these same readers, would you be willing to offer some advice for those of us who would like to learn more about 'social' or 'green' investing? For many of us finding that right fund for our portfolio is not only about performance, fees and expense ratios, it's equally as much about those harder to measure qualities that help us sleep at night. You have a big chance to bridge a major disconnect between the Business section of this site with the front page. Please let us know your thoughts on this, thanks.*

Thanks for this thought provoking question.

Many investors have a social conscience. Over $2.2 trillion is invested in socially responsible funds. There are several hundred funds that market themselves as "socially responsible." Many of them are exploiting the "socially responsible" mantra as a marketing gimmick to accumulate assets and charge high fees.

There are pluses and minuses to investing in socially responsible mutual funds. The benefits are obvious: Taking a principled, ethical position. Placing ethics above profits. Making a positive statement.

The negatives are more subtle: It can be difficult to find a fund that is consistent with your ethical objectives. While the studies are conflicting, the constraints placed on these fund managers and the cost of running these funds, make it more likely that they will underperform not only the market but their own benchmarks.

You should consider whether you could have more of an impact by contributing directly to causes you support or by boycotting the products of companies you find offensive.

If you decide to invest in a socially responsible fund, do so "responsibly." Avoid expensive actively managed funds and check out index funds and Exchange Traded Funds (ETFs) that embrace socially responsible investing. These funds have very low expense ratios and no loads. If their ethical screening is consistent with your goals, they can be a very wise choice. Here are some recommendations:

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There are four PowerShare ETFs that focus on the environment:

* PowerShares WilderHill Clean Energy (PBW) * PowerShares Cleantech (PZD) * PowerShares WilderHill Progressive Energy (PUW); and * PowerShares Water Resources (PHO).

Each of these ETFs has an expense ratio below 0.75%. There are two "iShares" that track well-known social indexes:

* iShares KLD Select Social Index (KLD); and * iShares KLD 400 Social Index (DSI).

Both these ETFs have an expense ratio of 0.5%. All of these funds are worthy of serious consideration by investors looking for socially responsible funds.

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