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# The New Game Plan

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Bruce Bond of Invesco PowerShares tells EQUITIES why exchange traded funds could be the building blocks investors need.
As the president and chief executive officer of Invesco PowerShares, Bruce Bond has been nothing short of a visionary in the financial industry. ….

EM: Can you talk about Invesco PowerShares, its history and the company's mission?

BOND: PowerShares launched its first two ETFs on May 1, 2003, and the initial two funds were developed to provide investors with more intelligent exposure to the market. We did that by working together with the American Stock Exchange on what are called "Intellidexes" (which stands for intelligent index), that were created and launched by the exchange. We built the business based on the premise that a quantitative approach to evaluating securities would allow a superior index to be created and then we could base an ETF on that, which would provide value to investors. Rather than just having cap-weighted exposure to the market, you could have an enhanced or improved exposure to the market. That's kind of where it got started. Today, including our relationship with Deutsche Bank, we have 116 ETFs and 19 ETNs listed on the exchanges in the U.S., as well as products available in Europe and elsewhere.

EM: One of the most popular investment vehicles on the market is the **PowerShares QQQ** (QQQQ), which tracks the NASDAQ 100 Index. Can you talk about the 10-year anniversary of PowerShares QQQ and its impact on the financial community since its inception?

BOND: The QQQ, when it was originally launched, was one of the first ETFs that captured the imagination and the attention of retail investors—and professional investors alike—and it was because it was during the dot-com age and there was tremendous interest in gaining exposure and participating. Many of these companies were listed on the NASDAQ Stock Exchange, and some of the best ones were represented in the NASDAQ 100 Index. The NASDAQ 100 Index is made up of the 100 largest nonfinancial stocks listed on the NASDAQ exchange. The QQQ was a huge trading vehicle and continues to be a huge trading vehicle today for self-directed investors, as well as professional and retail investors. We joined in a relationship to acquire that from the NASDAQ Stock Exchange in March 2007. We are very happy to have it part of the PowerShares family today and proud to be part of the 10-year anniversary. The QQQ, over the last 10 years since its inception, is one of the most actively traded securities in shares and in dollar volume in the world.

EM: Obviously, we're in a different market now. With the current market landscape taking shape the way it has, how have ETFs become more popular with self-directed investors and institutional investors?

BOND: Specifically to the QQQ, I think that we have seen a lot of interest emerging on the QQQ at this point because it doesn't include the financials. There are people who have been looking for broad exposure to the markets but don't want to take on exposure to the financials. They are either obtaining it in another way or just don't want it generally, and so there's been a lot of heightened interest in the QQQ with the financial debacle that has been happening. When we started PowerShares, self-directed investors were not very involved in ETFs. It was primarily an institutional product because people weren't familiar with it and didn't necessarily think of it as a trading or long-term investment vehicle for themselves. One thing that has happened during this market cycle is that many people are evaluating the types of investment vehicles or structures that they're using to obtain exposure to the market. ETFs are being looked on favorably because they have some benefits that are attractive.

One of the main benefits of using ETFs is transparency. We've talked about transparency for a long time, but until you go through a market like we've been through, you really don't understand how important transparency can be. Another advantage is liquidity. Most ETFs are extremely liquid. The low cost and the tax nature efficiencies of the funds are also attractive. The financial turmoil has caused investors—professional and self-directed—to take a timeout to re-evaluate their investments and trading strategies so that they can implement other ways that will be more beneficial to themselves or their clients. ETFs are one of the areas that many are looking to shift over to and use more actively going forward. And although none of us like the fact that this financial crisis has occurred, we do think that ETFs will emerge out of this stronger. What I mean by that is, we believe ETFs will be incorporated into many more portfolios and trading strategies going forward.

EM: Can you talk about some of the things that Invesco PowerShares has done to raise awareness for ETFs, provide more investor education and to capitalize on this opportunity for ETFs?

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EM: Can you talk about some of the standout ETFs that Invesco PowerShares has for investors?

BOND: I can speak about some of the ones that have garnered a lot of interest. Invesco PowerShares has the largest clean energy fund ETF in existence today, the PowerShares **WilderHill Clean Energy Portfolio** (**PBW**), as well as the largest water ETF, the **PowerShares Water Resource Portfolio** (**PHO**). There's been a lot of interest in those areas, as well as wind and some of the other clean-air energy segments, and PowerShares is well-known for their products within these categories. ….

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