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High Trading Costs Mean That ETFs Are Not Always The Cheaper Option

by Jonathan Clements

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While a low-cost exchange traded fund can end up being surprisingly expensive, things can get really dicey when there s no competition from index-mutual funds. Think clean energy will be richly rewarded? Got a good feeling about South Africa?

There are no regular index funds focused on these areas, so you are forced to consider exchange-traded funds. And the choices aren't appealing. PowerShares WilderHill Clean Energy has capped management expenses at 0.6%, while IShares MSCI South Africa levies 0.74%.

These funds aren't alone in charging fairly hefty expenses....