Excerpt from CNBC, November 2, 2007
http://www.cnbc.com/id/21424298

Green: The Color Of Money -- Playing Shades Of Green With ETFs

By Kenneth Stier, Special to CNBC.com | 02 Nov 2007 | 02:36 PM ET

Even if you are convinced that fundamental drivers favor the growth of clean technologies, the choice of which sector to focus on – fuels cells,

Solar, biofuels, energy efficiency, wind, water – as well as particular upstart stocks -- can be bewildering even for disciplined investors.

That's why a recent profusion of green or clean tech exchange-traded funds, ETFs traded on U.S. exchanges may be a welcome addition. These products offer a low-fee, diversified option for investors in the form of a basket of stocks that track a particular index.

"To the extent that investors are willing to have some speculative exposure in this promising field, ETFs are the perfect vehicle because they minimize risk - not to mention the time and effort - of evaluating new technologies and picking single stocks," say Michael Krause, president of Altavista Independent Research, which specializes in EFTs.

There are now roughly a dozen such ETFs. The majority of them appeared after 2006 and more are surely on the way. Most tend to have expense ratios of about 0.60 percent, which is a bit higher than the more plain vanilla ETFs, but they still offer the usual advantages over mutual funds, from flexible trading to more favorable tax treatment.

The similarities, however, stop there. Green ETFS have significant differences in investment focus, market capitalization and international exposure. Here's a snapshot of some of the funds now available.

….

The **PowerShares WilderHill Clean Energy** fund is generally acknowledged to be the granddaddy of the bunch. It was the first to market – in March 2005 – and has grown to be one of the largest, with $1.3 billion under management. Average trading volume is about 430,000 shares per day – ten times its initial turnover. ….

The fund holds 42 stocks and is heavily weighted toward small-cap firms and includes stellar performers **Suntech Power** and **Evergreen Solar**. Although limited to U.S.-listed firms, this also includes the ADRs of some leading foreign firms, including **Yingli Green Energy** and **JA Solar**.

The **PowerShares Global Clean Energy Portfolio** takes a similar approach but also holds foreign-listed firms among 85 it holds. It has gained 13.24 percent since inception in May 2007. It is a measure of how hot clean tech is overseas that not a single U.S. firm in the 85-company portfolio is among the fund's top ten holdings.

The small-cap tilt, however, leaves the fund vulnerable to considerable volatility – abetted by oil price and technology policy fluctuations - but this is partly muted by capping holdings to 4 percent.

The **PowerShares WilderHill Progressive Energy Portfolio** aggregates U.S.-listed companies improving or lessening fossil fuels use, such as clean coal, but also has some traditional plays as **Sasol**, a South African oil and gas company. The fund favors small cap (39%). Since its October 2006 launch the share price has risen 17.77 percent.

….

But for all the buzz – and feel good factor – about green investing, these ETFs have drawn some criticism for their narrow focus.

“We have chosen not to slice the market with our ETFs,” says Rebecca Cohen of the Vanguard Group. “It is counter to our philosophy, We always believe that indexed funds should be broadly based, not dissected into such thin slices that it encourages high levels of trading or market timing; ETFs should be a buy and hold strategy, that covers a broader industrial group or broader market segment.”

….