

## News

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### Responsible Investment Forum with Steve Schueth

Source: [Steve Schueth](#)

*While certain people in positions of power cling to the notion that global warming doesn't really exist or that it's based on flawed science, temperatures continue to rise. The power of the recent hurricanes that devastated a large swath of the southern Gulf Coast have been attributed in large measure to climate change -- specifically, the unusually warm water in the Gulf of Mexico. Fortunately some of the more enlightened investors are beginning to take notice, as guest columnist Richard Barr explains.*



Steve

### Climate Change: Challenges and Opportunities for Investors

By Richard Barr

Capital markets tend to reflect reality more accurately than political fantasies, factoring the effects of climate change into stock prices. Some day a company like ExxonMobil, for instance, will lose share value because its global warming profile will be viewed as high risk.

The corporate world is way out in front of the current administration on climate change. Why? Two simple reasons: 1) Global warming is going to cost some companies and many investors big bucks if they aren't prepared, and 2) Money talks.

This is the rationale behind the recent launch of the KLD Global Climate 100 Index. KLD Research & Analytics is best known for its Domini Social 400 Index which has proven over the past 15 years beyond most reasonable doubts that a socially responsible approach to investing can provide good returns for investors.

"The Global Climate 100 includes companies making meaningful contributions to the commercialization of renewable energies such as solar and wind, future fuels such as natural gas and hydrogen, and innovations or applications of new technologies that help to reduce emissions of greenhouse gases," said Peter Kinder, founder and president of KLD. "These companies alone won't 'fix' global warming, but the Index focuses investors' attention on where the possibilities lie."



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KLD created the GC100 in collaboration with Global Energy Network Institute, a research nonprofit whose mission is "to accelerate the attainment of optimal, ecologically sustainable energy solutions in the shortest possible time for the peace, health, and prosperity of all."

The GC100 focuses on both small pure-play companies and large multinational companies that are staking their futures on the promise of renewable energy. General Electric, a company that has long been shunned by social investors for obvious reasons, may become the green multinational of the future. GE is already a leader in energy efficient products and have invested heavily in wind and solar.

Other large companies in the GC100 include Johnson & Johnson, the largest corporate user of renewable energy in the U.S. according to the Environmental Protection Agency, and Toyota, which holds 64% of the hybrid car market and plans to sell 300,000 hybrids by 2006. On the small company side is Germany's Solo that produces biodiesel from vegetable oil. The index also includes FPL Group, which holds the largest U.S. wind-power portfolio accounting for 43% of wind energy generated in the U. S.

While the GC100 index was developed based on market demand from institutional investors, there is also an investment opportunity for the smaller investor. Ask your broker to look up the stock symbol PBW and then ask him/her if it's suitable for a small portion of your portfolio. This new ETF (Exchange Traded Fund) is the easiest and cheapest way to make a pure play investment in alternative and renewable energy.

According to the WilderHill Clean Energy Index website, the primary purpose of the index is to define and track the Clean Energy sector -- specifically, businesses that stand to benefit substantially from a societal transition toward use of cleaner energy and conservation. Stocks and sector weightings within this index are based on each company's significance for clean energy, technological influence and relevance to preventing pollution in the first place.

When asked what inspired him to bring a clean energy index to the public markets, Dr. Robert Wilder said, "I'd been frustrated by a total absence of any stock funds for investing in clean energy."

Unlike most on Wall Street, Wilder doesn't make predictions. His index simply seeks to mirror the performance of the sector. He lets past performance speak for itself. But, as Wall Street lives in the future, good performance of the index may very well be an indicator of good things to come. Only time will tell. Let's hope time is on our side.

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*This column is not intended as a recommendation to buy or sell any specific security mentioned. Indexes are not available for direct investment, though investment portfolios designed to emulate indexes are often available to investors. None of the comments expressed in this column are representative of any client account. Past performance is not a guarantee of future results.*

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*[Steven J. Schueth](#) is president and chief marketing officer of First Affirmative Financial Network, LLC. An independent investment advisory firm registered with the SEC, First Affirmative specializes in serving socially conscious individual and institutional investors nationwide. A former director and spokesperson for the Social Investment Forum, Schueth lives in Boulder, Colo.*

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