

Excerpt from Social Funds, February 10, 2006
<http://www.socialfunds.com/news/article.cgi/1925>.

Two New Indexes Help Wean Us From Oil Addiction Via Clean Energy and Cleantech

by Bill Baue

The WilderHill New Energy Global Innovation Index tracks clean energy companies internationally, while the Cleantech Index tracks cleantech companies in the US.

SocialFunds.com -- "America is addicted to oil," said President George W. Bush in his [State of the Union](#) address last week. "The best way to break this addiction is through technology," he added by way of introducing the [Advanced Energy Initiative](#)--a 22-percent increase in clean-energy research on "zero-emission coal-fired plants, revolutionary solar and wind technologies, and clean, safe nuclear energy." In the weeks before and since this speech, two new indexes have launched through the American Stock Exchange ([Amex](#)) that advance elements of this agenda in the investment marketplace.

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The WilderHill New Energy Global Innovation Index (ticker: [NEX](#)), which seeks to be "the purest and most authoritative benchmark for the development of the clean energy industry worldwide," tracks 86 clean energy companies trading on 18 markets globally.

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"What we are seeing is that mainstream investor interest in the energy side of sustainability has really rocketed in the past 24 months, starting with ... and now the President's State of the Union speech," said Michael Liebreich, CEO of [New Energy Finance](#), co-publisher of the NEX index. "The interest in clean energy is driven not just by sustainability issues and the Kyoto Protocol, but also by oil depletion and energy security concerns, and our impression is that it is far outstripping interest in other areas of cleantech."

"That said, we see the debate as being far more about clean versus conventional energy, rather than clean energy versus cleantech," Mr. Liebreich told SocialFunds.com. Indeed, the clean energy and cleantech indexes are distinct enough as to be complementary. "They track somewhat differently, as the global focus of NEX nicely allows for noncorrelation with US indexes such as the Cleantech Index," said Rob Wilder, founding CEO of [WilderShares](#), the other co-publisher of the NEX index.

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"The Cleantech Index also offers exposure to areas like water that aren't covered in the NEX alone." The non-correlation with US indexes also distinguishes NEX from its precursor, the WilderHill Clean Energy Index ([ECO](#)), launched in August 2004. "There are aspects sizably represented within NEX, like wind power, that are less weighty in ECO--in part because many wind power companies are based in Europe, Asia, and elsewhere outside the US," Dr. Wilder told SocialFunds.com.

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PowerShares Clean Energy ([PBW](#)), an exchange traded fund (ETF) tracking the ECO index that launched in March 2005, has over \$310 million in assets under management.

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