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## **Two New ETFs Fight Climate Change: One Bridges Shift to Cleaner Energy, One Pushes Cleantech**

*by Bill Baue*

The PowerShares WilderHill Progressive Energy Portfolio and the PowerShares Cleantech Portfolio offer investors increasing choice for investing in climate change solutions.

SocialFunds.com -- Concern over climate change, high oil prices, and energy security has spawned the introduction throughout the world of a dozen indexes (and funds to track them) advancing solutions, starting with the August 2004 launch of the WilderHill Clean Energy Index (ticker: [ECO](#)). This trend continued last week with the launch of two new exchange traded funds (ETFs)--the PowerShares WilderHill Progressive Energy Portfolio ([PUW](#)) and PowerShares Cleantech Portfolio ([PZD](#)). The progressive energy portfolio shifts the trend in a slight but significant way by focusing not on renewable energy or cleantech (as indexes and funds have tended to do thus far), but rather on technologies that help bridge the transition from dirty fossil fuels to clean renewables.

"Having created the first index and fund for clean renewable energy and after working with partners to create a global clean energy index, I felt frustrated by a space that was still left unfilled," said Rob Wilder, founding CEO of [WilderShares](#). Dr. Wilder publishes the ECO index that the PowerShares WilderHill Clean Energy Portfolio ([PBW](#)) tracks and the WilderHill New Energy Global Innovation Index ([NEX](#)). "There should be an index and fund that capture opportunities for decarbonizing the present energy portrait and for making much better use of the inherently dirty fuels that still dominate today."

"If we are to address global warming seriously, we need to take action on fossil fuels and soon," Dr. Wilder told SocialFunds.com. "How well we do that indirectly impacts the sustainability of our future energy portrait."

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"There is a good non-correlation between this newest index/fund and all the others from WilderHill," said Dr. Wilder. "Generally there is zero overlap of component stocks in WHPRO/PUW and ECO/PBW in any single quarter."

"Moreover, there is generally less volatility in WHPRO than ECO, in part because stocks in WHPRO are much larger--typically over \$400 million in market capitalization," he added.

Large companies in the new index and ETF include Toyota (TM) for producing hybrids, Honda (HMC) for fuel efficiency, Johnson Controls (JCI) for building control and automotive systems, and United Technologies (UTX) for conversion efficiency and fuel cells. Many socially responsible investing (SRI) funds screen out United Technologies as a military contractor.

While ECO/PBW screen out nuclear power, WHPRO/PUW do not employ this screen, as nuclear power is considered by some to be a valid transitional energy that reduces carbon emissions. ....

"Alternative energy firms with exposure to nuclear power may be included, but current nuclear power is not a priority; next-generation nuclear may be considered if it is safer," Dr. Wilder said.

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The top two portfolio holdings address emissions reduction. Tenneco (TEN) produces automotive emission controls, filters, and catalytic converters, and Headwaters (HW) produces emissions reduction technologies for coal.

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The key for investors is the fact that they now have greatly enhanced choice over how to financially support and harness these various solutions to climate change, rising energy prices, and energy security.