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ETF Plays for Copenhagen Talks

NEW YORK --

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Investors looking to get ahead of the Copenhagen curve can invest in [a number of ETFs](#) that track companies involved in the green energy effort. Both the **PowerShares Clean Energy ETF** ([PBW Quote](#)) and ... track global [companies](#) that focus on renewable sources of energy and green technologies for cleaner energy.

As countries like the U.S. and China move to cap carbon emissions, companies that produce green-energy technology will be [boosted by demand](#). **Cree** ([CREE Quote](#)), a top component in ... and PBW, has already seen a jump in sales of high-performance LED lighting in the wake of China's massive stimulus. New energy [savings](#) initiatives in the U.S. could help to sustain CREE's upward momentum well into 2010.

While both PBW and ... track companies concerned with [green technology](#), investors should consider important differences between the underlying portfolios before picking a fund.

PBW's underlying portfolio is comprised of 52 globally-based, U.S. traded firms, including top holdings like **Trina Solar** ([TSL Quote](#)), **American Superconductor** ([AMSC Quote](#)), **Rubicon Technology** ([RBCN Quote](#)) and **Applied Materials** ([AMAT Quote](#)). Launched in March of 2005, PBW has \$760 million in assets and a three-month average daily trading volume of 430,000 shares. PBW's expense cap is 0.60%.

Market Vectors' more recent offering is smaller, with just 31 underlying holdings, and tracks international ordinaries rather than U.S.-traded receipts. ... currently has \$208 million in assets and a three-month average daily trading volume of 82,000 shares. ...'s net expense ratio is 0.62%.

An important difference between the two funds is the relative concentration of assets in top holdings. Nearly 51% of ... portfolio is allocated to the fund's top 10 components, while just 32% of PBW's

underlying portfolio is dedicated to the fund's top 10 holdings. **Vestas Wind Systems**, ... top holding, makes up 9.12% of the underlying portfolio. PBW's top holding, TSL, makes up just 4.12% of the underlying portfolio.

When choosing between two narrowly focused funds, like ... and PBW, portfolio concentration is key to determining risk suitability. PBW's larger, more balanced portfolio, will be less prone to security-specific risk than ... smaller, more concentrated portfolio.

Year to date, PBW's strategy has paid off. ... is up 8% so far in 2009, while PBW is up 24%.

President Obama has emphasized that he prefers legislation ahead of regulation when it comes to cutting carbon emissions and promoting green energy. Either way, investors in green energy technology will be ahead of the curve in the upcoming months.

ETFs are a good way to gain exposure to the green energy sector without having to bet on the fortunes of any single green energy firm or technology. PBW is a large, liquid ETF with the portfolio and track record to succeed as attention shifts from the talks in Copenhagen to the practical business of implementing energy-saving technology.