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http://online.wsj.com/article/SB10001424052748703999304575398733020753598.html?mod=googlenews_wsj

Schumacher Likes New-Energy Firms

There is increasing evidence that sustainable investing—investing in companies with sustainable business models, and avoiding those most exposed to environmental and legal risks—pays off financially.

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But the fundamental shifts in the energy sector also offer opportunities to investors. Declining oil reserves and concerns about climate change, together with the increasing global demand for energy, are stimulating more and more demand for renewable sources of energy.

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Regulation like feed-in tariffs for renewable energies have created confidence in stable revenue streams of renewable energy companies. The numerous IPOs and increasing market capitalization in this sector have attracted interest from investors who are looking for financial performance as well as ethical credentials.

Investors who want to benefit from the new energy trend have a variety of options to choose from, including actively managed funds and index-tracking products. The WilderHill New Energy Global Innovation Index (www.nexindex.com) was created with Bloomberg New Energy Finance Ltd. and serves as a benchmark for a range of funds. Index members are companies who are responding to climate change with lower-carbon approaches, and whose technologies help reduce emissions relative to traditional fossil fuel use.

There are a wide range of climate-change and new-energy funds, some of which also include the exposure to nuclear or gas companies—technologies which can be seen as part of the transition to a low-carbon future. Therefore investors can choose between very "pure" or broadly diversified, pragmatic approaches.

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