Excerpt from Financial Times, March 5, 2007
http://search.ft.com/ftArticle?queryText=Wilderhill&y=0&aje=true&x=0&id=070305000872

FT REPORT - FT FUND MANAGEMENT:

Let's improve social investing and its returns

By James Spellman, Financial Times Published: Mar 05, 2007

Strategies and analytical tools used in socially responsible investing demand rethinking. Making a good thing better requires improvements that facilitate comparisons, validate performance statistics and become even more mindful of baby boomers' needs for returns and tax efficiencies.

….

This gets to the issue of screening and preferencing. Rather than be mainly exclusionary, funds could aim for the "green" pure plays such as in solar energy and organic foods. Rather than be mainly comprised of large companies with tangential involvement in cleaner activities, funds could be guided more by positive criteria.

A consequence would be funds that do not just correlate with major indexes. While traditional SRI screening arguably has an inherent negative bias and may overweight ethical considerations compared with financial indicators, pure play funds that aim for clean energy and other green goals may help define the "second generation" of SRI investing.

Screening is also hampered by the difficulties inherent in quantifying environmental, social and governance (ESG) issues. Data points may not be readily obtainable. Opaque corporate disclosures may obstruct data gathering.

Another complication is this: how does one independently confirm proprietary analysis? More work is needed to develop objective, comprehensive and verifiable processes that enable investors to compare companies' ESG performances.

Lower costs; better returns; greater tax efficiencies. SRI fund managers will hear more of these mantras as the financial demands of baby boomers grow.

Rob Wilder, manager of WilderHill Clean Energy Index, observes: "This generation tends to be financially sophisticated as seen in the growth of low-cost, no-load funds. They now seek fund holdings that better reflect positives such as clean energy, organic foods and healthier living -- along with low expenses, transparency, less correlation to major indexes and better tax efficiency. And they shouldn't have to give up any performance in the aim of achieving good returns with social responsibility to boot."