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## Green vision gains momentum

By Ami Ginsburg

A new stock index was born last week - NEX. The new index was developed by two American bodies - WilderHill and New Energy Finance. The initiators of this new index seem to have correctly interpreted the signs of a new trend in the stock market - the quest for shares specializing in alternative energy or "green energy." Many such green shares wore bright green colors this past year as they shot upward following the skyrocketing price of oil.

The NEX index is designed in response to the desire by many investors to invest in a financial instrument that enables them to profit from the rise in energy prices, but in companies that are not connected with the oil industry. These investors believe many countries will soon be investing greater resources in researching and using green energy.

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The NEX index consists of 86 shares of companies traded on 18 bourses worldwide. The index includes, among other things, fields such as the development of fuel cells, producing biodiesel, technologies for producing energy from geothermal fields, wind energy and solar energy production plants.

The launching of the NEX index could not have happened at a better time.

"America is addicted to oil," said U.S. President George W. Bush last week. The American president, a few of whose big donors come from the rich oil industry in Texas, announced from that same podium that he has ordered a 22-percent increase in the research budgets earmarked for developing non-polluting alternative energies. The bulk of this funding will be channeled to renewable resources such as solar energy and wind energy, and to innovations for saving energy.

The news from the White House is in line with consumer trends already forming throughout America. Last year, for example, there was a decline in demand for gas-guzzling all-terrain vehicles and a rise in demand for hybrid cars that use less gasoline and are less-polluting.

"What we are seeing is that mainstream investor interest in the energy side of sustainability has really rocketed in the past 24 months," Michael Liebreich, one of the founders of the NEX index, told the SocialFunds.com Internet news site. "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."

It turns out that the green vision of Tu Bishvat, Jewish Arbor Day, which was celebrated yesterday, is gaining momentum among investors motivated by the eternal search for the yields and capital gains. Some Israeli examples of this global trend are Ormat, which specializes in the development of geothermal energy fields for producing electricity. In the past three years Ormat's share price has more than quadrupled, climbing 140 percent in the past year alone.

Ormat's spectacular performance also stems from the growth of the company itself, which has taken advantage of many business opportunities, including

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public stock offerings in two of its subsidiaries - one in Canada (OPTI) and the other in the United States (Ormat Technologies). Ormat's wise business moves have helped the company reach a market value of NIS 5 billion, making it a natural candidate for entering the Tel Aviv 25 Index this June.

Another Israeli company in the alternative energy sector is Elspec, headquartered in the Caesarea industrial zone. Elspec, which went public just under two years ago on the Tel Aviv Stock Exchange, has developed systems for stabilizing the electricity for turbines that produce electricity from wind energy.

Little Elspec recorded profits of NIS 18.7 million in the first nine months of 2005, more than twice the company's profits for the same period in 2004. Elspec's net profits equal about 30 percent of the company's sales, which totaled NIS 63.5 million in the first nine months of last year. In the meantime Elspec is still trading at a modest market value of NIS 230 million, perhaps because most investors in Tel Aviv are unfamiliar with the company. If the current global trend continues, however, and Elspec continues to grow with it, the company's shares should rise accordingly.

Israeli investors interested in a little more exposure to the green trend can do so via two new Israeli funds that have "green" policies. One is the green fund of Altshuler-Shoham, managed by Chen Altshuler, and the other is Poalim Mutual Funds' alternative energy fund.

Altshuler recently noted that the fund's policy in its search investment opportunities will focus on companies in countries with social and environmental awareness, such as Japan and the Scandinavian countries.

In the meantime, the green funds are providing investors with nice yields. Altshuler's green fund, launched exactly a year ago, has recorded a yield of 29 percent. Poalim's alternative energy fund changed its policy just three months ago, in November 2005. The change was good for the fund, which has provided a yield of 15 percent since the beginning of 2006.



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