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INVESTING

The Best ETF for 2007: PowerShares WilderHill Clean Energy

By [Tim Beyers](#) (TMF Mile High)
November 16, 2006

I [panned](#) the **PowerShares WilderHill Clean Energy (AMEX: PBW)** exchange-traded fund long before David Gardner selected it for the [Motley Fool Rule Breakers](#) portfolio.

So far, I haven't been proved wrong; the ETF is down roughly 10% since earning its rebel stripes in the April issue. But I fear that won't last. Too many very smart investors think I'm loony. Have a look at how highly regarded this fund is by the community of Fools participating in [Motley Fool CAPS](#):

Metric	PBW
Total ratings	108
Bullish ratings	94
Bull ratio	87%
Bearish ratings	14
Bear ratio	13%
Bullish pitches	33
Bearish pitches	3

Data current as of Nov. 14, 2006

What don't I know? Not surprisingly, David Gardner explained it in his CAPS pitch, a portion of which I've excerpted here:

... buying PBW keeps you from having to "know" (or guess!) the winners in this field. We're still at an oil-reliant, too-early stage to know the winners in alternative energy. I definitely have some companies here that I like, but what I appreciate about PBW is that I don't feel like I have to be right to make money. I can own the basket.

Diversity on the cheap

And you can own it on the cheap. According to Morningstar, owning this ETF, which acts like a mutual fund but trades like a stock, costs only 0.70% annually. That's a pittance compared with an energy-sector fund such as **Guinness Atkinson Alternative Energy**, which charges 1.91% annually.

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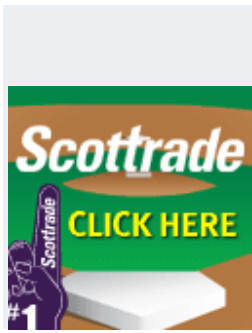
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Now in this special report, *6 Picks for Ultimate Growth*, Motley Fool co-founder David Gardner shows you how to identify the companies that have all the characteristics of the next Microsoft or AOL or Amazon.



What's more, the WilderHill index contains both reasonable speculations and well-heeled ballast. Stalwarts such as **Kyocera** ([NYSE: KYO](#)) and **Scottish Power** ([NYSE: SPI](#)) help to offset riskier bets such as **Medis Technologies** ([Nasdaq: MDTL](#)), **Color Kinetics** ([Nasdaq: CLRK](#)), and **American Superconductor** ([Nasdaq: AMSC](#)).

Buy the best

But again, the primary reason to consider the WilderHill ETF is alternative energy as a whole. Researcher Clean Edge says that alternative-energy companies will create another \$110 billion in market value over the next eight years. If you think that's crazy, consider that energy costs now account for 6.2% of household spending, a *15-year high*.

Purchasing the WilderHill index allows you to bet that consumers won't endlessly tolerate exorbitant energy prices while leveraging the risk-moderating features that come with one of the [finest investment vehicles ever designed](#). So good, in fact, is this fund that it was named the "Most Innovative New ETF Product in 2005" in the annual Closed-End Fund and ETF awards, sponsored by investor-relations firm Capital Link.

Break the rules, not your portfolio

Aggressive growth investors often fearlessly tread where others won't. That's how David Gardner invests, for example. Me, too. But even rebels like us can appreciate the diversity a good exchange-traded fund brings as we seek to capitalize on the tectonic shifts that undergird the global economy. That's why the PowerShares WilderHill index is in the *Rule Breakers* portfolio, and it's why you may want it for your own.

Agree? Disagree? [Sign up for CAPS](#) now, and tell us what you think. It's entirely free. Your Fool cap is waiting.

[Go here](#) for the complete list of ETF contenders in our CAPS tournament. And for more information on exchange-traded funds, visit the Fool's [ETF Center](#).

Fool contributor [Tim Beyers](#) has 32 picks in his CAPS portfolio. [Get in the game](#), add your own rating, and challenge Tim today. Tim didn't own shares of any of the companies mentioned in this story at the time of publication. Get the skinny on all of Tim's stock holdings by checking his Fool [profile](#). The Motley Fool's [disclosure policy](#) is a rebel on Wall Street.

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