

Excerpt from Seeking Alpha, October 28, 2010

<http://seekingalpha.com/article/232962-real-world-etfs-vs-buzz-world-etfs?source=yahoo>

Real World ETFs vs. 'Buzz World' ETFs

Silver, gold, copper, nickel, timber, oil, coal, corn, wheat– these are just a handful of the natural resources needed in the real world. Investors in resource-related corporations are seeing price appreciation in nearly every arena with the exception of natural gas. (And hey, who knows... winter may just change fortunes for the other fossil fuel.)

In contrast, investing in clean energy businesses – from solar to wind to nuclear – has yielded poor results. Alt Energy ETFs have shown hints of promise when oil has spiked, but rarely did they rise due to component corporation profitability or growth.

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Nevertheless, it's important to consider investing in companies that find/refine/deliver "real world stuff." Why? Because the investments have made money. On the flip side, speculative companies aiming for profitability and growth breakthroughs haven't delivered comparable rewards for the risks investors take.

I've written a number of articles over the years, addressing the investment differences between "old" and "alternative" energy:

1. April, 2008: Old Energy Is Beating Clean Energy to Smithereens. Irrespective of the time period, digging/drilling for fossil fuels made a lot more money than the search for solar/wind/biofuel/hydro-electric energy solutions.
2. July, 2009: Simply Irresistible Comparison Between Alt Energy and Old Energy. Irrespective of the time period investigated, SPDR Energy Select (XLE) outperformed PowerShares WilderHill Alternative Energy (PBW) with a lot less volatility.

In my mind, though, the debate need not be limited to energy. If we view commodities for what they are... stuff that we need... there's an implicit understanding that discovery and delivery of finite resources (e.g., metals, agricultural goods, etc.) may not be able keep up with world demand. The ride may be volatile, but the investment potential for gains exists.

When you shift to buzz words – alternative, "rare earth," nanotech – your investment premise is largely based on hype, hope and speculation. It doesn't mean you won't win. (Heck, that tiny, pink-sheet trading biotech firm may indeed develop an FDA approved drug for reversing pancreatic cancer.) It just means that your investment is a "new economy" gamble... at least until the future becomes more foreseeable.

In truth, I'm a big believer that rare earth metals will become more critical in that future.

Clean energy? Sure. Nanotech... yes, nanotech too. Nevertheless, there's a reason many of the world's billionaires still invest in railroads, not start-up companies in flying hovercrafts.

Year-Over-Year Commodity Company ETFs Versus Buzz World ETFs

	Approx %
"Real World"	
Market Vectors Agribusiness (MOO)	28.8%
PowerShares Global Coal (PKOL)	26.3%
Market Vectors Coal (KOL)	25.4%
Market Vectors Goldminers (GDX)	23.3%
Claymore Guggenheim Global Timber (CUT)	19.7%
SPDR Oil Gas Exploration Production (XOP)	6.2%
"Buzz"	
PowerShares Widerhill Clean Energy (PBW)	-1.0%
...xxx Global Solar (...)	-4.7%
...xxx Nanotech (...)	-6.7%
...xxx Global Alternative Energy (...)	-13.6%