

Excerpt from Index Universe, October 11, 2012

<http://finance.yahoo.com/news/most-hated-sector-big-potential-094734686.html>

## Hated Sector; Big Potential

Renewable energy probably tops the list as one of the most hated and worst-performing sectors. Still, as an investor, I can't help but see some opportunities today.

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Based on all the negativity I'm reading in the media, I too, see little reason to invest in the space. And the presidential election coming up in a few weeks only adds uncertainty to the sector as a whole.

Markets obviously feel the same way. Many companies engaged in the renewable energy space are trading at or near 52-week lows, with some trading at all-time lows. If you look at the returns of all renewable energy ETFs, you get a sense of just how much these funds have been money drains over the past several years and, for the most part, since their inceptions.

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Investment themes and popular trends also change over the course of years. Back in early 2001, did you think gold was a good buy when it was trading for \$260 an ounce? What about emerging markets in the late 1990s? We all know what happened from there.

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As for the United States, as much as pundits are predicting catastrophe because of our debt problems, I still think the U.S. is the place to invest in the sector. Europe is in even worse shape than the U.S., and I still think the innovation here is unmatched if the need for such innovation becomes imperative.

### ETF Plays

The PowerShares WilderHill Clean Energy Portfolio ([PBW](#)) is the oldest and most established in the space, with over \$129 million in assets under management. PBW holds a broad assortment of U.S.-listed companies engaged in the renewable energy space.

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The PowerShares WilderHill Progressive Energy Portfolio ([PUW](#)) also holds an assortment of companies engaged in bridging us over to the next energy revolution, and includes nuclear, natural gas and gas-to-liquids investments.

### Takeaway

It's important to remember that renewable energy is highly speculative, and this isn't a sector to bet the farm on. If you can't stomach losing a chunk of your principal in a short period of time, it's probably best to stay away.

But for those in it for the long haul, who can set aside multiple lots to enter the sector gradually as it's getting beaten down, then ETFs like PBW and ... provide some real options.

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