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<http://seekingalpha.com/article/73820-alternative-energy-etfs-wild-solar-powered-ride?source=yahoo>

Alternative Energy ETFs' Wild Solar Powered Ride

The last twelve months have turned out to be a wild ride for investors in alternative energy ETFs. Many alternative energy ETFs reached record highs late last year before getting caught in the overall stock market weakness that has occurred over the past few months. Energy security issues and global warming have prompted investments in alternative energy and it is important to realize that investment in alternative energy is for the long term. There are now several alternative energy ETFs to choose from. Not all alternative energy ETFs are the same. Alternative energy ETFs vary in size, performance, and holdings.

With net assets of \$1.38 billion, PowerShares WilderHill Clean Energy ([PBW](#)) is the largest and oldest alternative energy ETF. Three other popular alternative energy ETFs are newer and considerably smaller in size. PowerShares Global Clean Energy ([PBD](#)) has net assets of \$155 million. First Trust Nasdaq Clean Edge U.S. Liquid Series ([QCLN](#)) has net assets of \$40.2 million while Market Vectors Global Alternative Energy ([GEX](#)) has net assets of \$265.2 million.

Over the past 12 months, PBW has increased by 3.76% but year to date it is down 29.22%. Being largest in size and having the longest trading history means that PBW is often used as a benchmark for other ETFs in the alternative energy sector. PBD which has not traded for a full 12 months is down 19.34% for the year to date.

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Not all alternative energy ETFs are equal in performance and some of the differences can be traced to their respective holdings.

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You can learn a lot about an ETF from looking at its top ten holdings. ... ETFs oriented toward just one sector or group of stocks do well when these stocks are in favor and rise rapidly in price.

On the downside, however, narrow focus also means less diversification of risk. The solar industry is risky because so much of what goes on in the industry depends less on economic market forces and more on government regulation. For the time being, solar is providing investors with a mostly sunny but some times wild ride.

Disclosure: Author is long PBW