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<http://money.usnews.com/money/blogs/the-smarter-mutual-fund-investor/2011/03/03/how-to-build-your-own-energy-portfolio>

## How To Build Your Own Energy Portfolio

Oil prices recently broke \$100 a barrel and the stock market tanked. This week, Federal Reserve Chair Ben Bernanke proclaimed that increasing commodity prices could negatively impact the U.S. recovery. Moments like this are instructive for observing our own emotional schizophrenia. On one hand, our greed glands are pumping, and we want to get in on the action. We don't want to feel stupid by missing a further run up in oil prices. On the other, we still have memories of 2008 and recall the panic of a falling market, which keeps us fearful of buying at the top. And let's throw in the envy factor: Most of us have a friend that will inevitably disclose how he or she predicted this and bought oil stocks a year ago.

What's an investor to do? Bulls say that the world needs more oil than producers can pump, refine, and distribute, and this is getting worse as the Chinese start owning and driving cars. What about alternative energy? They claim that these sources won't make a meaningful impact for years. Bears say that OPEC will just turn on more oil because if they let prices get too high, their customers will have more incentive to find alternatives.

There are no easy answers to these questions, but if you want specific energy exposure, here is portfolio of exchange-traded funds (ETFs).

Listed below are ETFs that give you ownership in over 300 operating companies that are all impacted by price of oil and gas. We've included a recommended percentage allocation to each fund, so for example, with \$10,000, you'd buy \$2,000 of IXC, IEO, and IEZ and so on.

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Alternatives (10 percent). Alternative energy sources may save us from the eventual depletion of fossil fuels and if so, we want exposure to wind, solar, and Tesla cars. By owning the PowerShares WilderHill Clean Energy Index (PBW), you buy a stake in 60 companies all over the world that focus on greener and generally renewable sources of energy, and technologies that facilitate cleaner energy.

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