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Plugging into alternative energy funds and ETFs

Q: How can I find mutual funds or exchange-traded funds (ETFs) that invest in alternative fuel technology or in vehicles that use alternative fuels?

A: Investors are hoping there's some green in being green.

The push to reduce reliance on fossil fuels either for environmental or economic reasons, is top of mind with gasoline prices near \$4 a gallon or more. And to be sure, as investment interest in alternative fuels has risen, there's been no shortage of investments to help investors take advantage of the trend.

One of the oldest ways to play the industry in a diversified way is the PowerShares WilderHill Clean Energy Portfolio ([PBW](#)). This ETF owns shares of companies developing alternative sources of energy, primarily wind and solar. Similarly, there's a PowerShares WilderHill Progressive Energy Portfolio ([PUW](#)), which is slightly different. It invests in companies that make traditional forms of power generation — oil, gas and coal — cleaner and more efficient.

Are traditional mutual funds investing in new forms of energy? Sure. John Waggoner, my colleague at USA TODAY, wrote [a story on that topic here](#). Waggoner also mentions individual stocks that might benefit from alternative energy.

But as Waggoner cautions, and I agree, alternative energy is one of those cases where trying to pick an individual stock is not a good idea for most investors. These stocks are volatile, and unless you have the time and expertise, it's too easy to pick the wrong one.

There are few things worse than picking the right trend, but the wrong stock.

Matt Krantz is a financial markets reporter at USA TODAY and author of Investing Online for Dummies. He answers a different reader question every weekday in his Ask Matt column at money.usatoday.com ...

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