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http://www.bodark.com/archive/2007-02-27/Investing_in_alternative_energy

Investing in alternative energy

For awhile now I have been looking for a good investment vehicle focused on **renewable energy**. We've always had at least some exposure to 'socially-responsible' investments. For example, I've had a **PAX World Balanced Fund (PAXWX)** account for years. Still, especially after taking an energy course from **Greg Keoleian** last semester, I had a growing desire to actually put some money into renewable energy for two reasons. The first is that over the long term, I do think that wind, solar, geothermal, and other renewable energy sectors will grow. The second is that I want them to grow and our little measly contributions will, to however limited of an extent, help these companies do just that.

I actually looked around at relevant mutual funds first, since I've never really been a big stock investor. There are a few options, including ..., but each either had too high of an initial investment or loads. In the end, we decided to go with the **PowerShares WilderHill Clean Energy Portfolio (PBW)**, an exchange-traded fund (ETF) designed to track the WilderHill Clean Energy Index. Since we've always invested in mutual funds, I had to open an online brokerage account to actually purchase shares of PBW. We decided to go with, in part because of the low fees and in part because we got \$25 for opening the account through Nice.

PBW debuted in March of 2005 at around \$16, peaked at \$23.50 last May, and has since fallen back into the \$16-\$18 range, where it's been languishing. Ironically, our buy order went through today as the **markets went into a nose dive**. Luckily our shares were bought at \$18.86, somewhere about halfway between the day's opening high and closing low. Good thing, since PBW lost over 6% today alone.

I'm really excited to see what happens with this investment. While it is undoubtedly a **sentimental investment** to some extent, it's also arguably a **profitable one over time**. As always, however, it's a question of timing. Right now renewable energy stock prices seem to be **mirroring near-term speculation on oil prices rather than longer-term 'green' energy policy**. So, at least for now, you can expect your shares of PBW to go up in value when you start paying more at the pump or when Al Gore's **on TV talking about global warming**. The volatility's ok too since this little addition of PBW only represents about 2% of our investment portfolio, far below the 5% **suggested by some**.