

Excerpt from Small Cap Investor.com, August 3, 2011

<http://www.smallcapinvestor.com/article/a-small-cap-contrarian-play-pbw-spwra-tot.n/23650>

## A Small Cap Contrarian Play (PBW, SPWRA, TOT.N)

There are times when savvy investors simply can't help but make money from certain stocks.

At the turn of the 19th century it was railroads. In the 1920s, it was radio. In the 1950s, a few shares of AT&T could have left you wealthy. In the 1980s, banking deregulation led to riches for savvy investors. In the 1990s, it was the Internet...

Now, it's 2011. And most investors are simply fighting to hold onto what they have. But, right now, there are a select few stocks that will inevitably make forward-thinking investors very wealthy.

I'm talking about alternative energy stocks.

President Obama wants to double the output of alternative energy sources over the next two years. Needless to say, that's a very aggressive plan. And even if we only get close, it's going to mean some huge moves higher for certain alternative energy stocks.

The recent financial crisis has brought significant losses to a broad range of stocks. Banks and retailers were among the hardest hit. But alternative energy stocks have been hit pretty hard, too. That's because most alternative energy stocks aren't making money. Instead, they're still development stage companies.

Without profits and with new sources of capital harder and harder to come by, investors rightly wonder if many of these companies will survive. And in fact, many won't. There's no doubt that the global recession forced more than few marginal alternative energy companies into bankruptcy.

But, as we have seen, the recent recession proved to be vital to the success of certain technologies. In the solar space for instance, falling prices to manufacture photovoltaic cells mean that solar technology will be a cost-effective solution much faster than it otherwise would have been. And while alternative energy stocks have been hit hard over the past year, as seen in the **Powershares Wilderhill Clean Energy Portfolio ETF (NYSE: PBW)**, there are a few small cap alternative energy companies that are breaking the current downtrend.



Take for instance, **SunPower (Nasdaq: SPWRA)**.

With a market cap of \$1.8 billion, San Jose-based SunPower is the manufacturing leader of photovoltaic cells. The company, founded in 1985, has witnessed its shares steadily rise over the past year while the rest of the solar industry has dropped out of favor.



....

SunPower already provides the most efficient and cost-effective solar systems on the planet. And both Total and SunPower know that the costs of solar are rapidly declining to eventually meet **grid parity**. And once grid parity occurs we will have a solar revolution.

This revolution may still be several years away given the state of the economy, but investors are still adding exposure to solar stocks in advance of the true boom.

....