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Clean Energy ETFs: Thrive With These Two Broad Funds

Although oil prices remain high, clean energy stocks have had trouble coming back from their terrible 2011 performances. While it is true that most funds in the space have seen solid returns in 2012 so far, the gains have done little to ease the pain not just of last twelve months, but indeed of several of the past years in the sector.

Given the lack of available government subsidies, a push towards natural gas, and extreme competition in the clean energy market, many believe that the hurt could continue for this downtrodden sector as we head further into the year. Strong prices for oil have had a troublingly small impact on a push towards clean energy sources suggesting that many investors have put off investing in this space for the time being …

This is especially true given the ongoing budget worries in many of the key clean energy markets in Europe, and fears over a slowdown in China. If these two markets, which are among the most important ones for various alternative energy segments, look likely to remain subdued, it will be hard for many investors to stay bullish on this sputtering market segment …

So while double digit gains have been in some of the most popular segments of the market—such as a nearly 11% jump in the … **Solar ETF …** this year—returns have already begun to fall in recent trading sessions. In fact, … has slumped by nearly 20% in the past month alone, suggesting that the bear market in some types of clean energy is already back.

Yet, with that being said, some broader segments of the have been holding up better—both in the short and long term—and could be more attractive picks for investors in the space. These ETFs could be ideal for investors seeking to make a bet on clean energy at large, but are worried about some of the major issues hitting the solar and wind segments at this time. For those intrigued by this, any of the following ETFs could make for better choices in the clean energy world:

PowerShares WilderHill Progressive Energy Portfolio (PUW)
This little-known ETF tracks the WilderHill Progressive Energy Index, which is a benchmark that focuses on the following industries; alternative energy, power efficiency, emission reduction, and new energy sources. This focus results in a global fund that has roughly 54 securities, charging investors 70 basis points a year in fees ….

The ETF is heavily focused on industrials (46%) while energy firms account for another twenty percent of assets. From a country perspective, American securities occupy roughly two-thirds of the fund, putting a great distance between itself and second place Canada (11%), and third place Brazil (5%). Top individual holdings include **Tata Motors (TTM)** and **Methanex (MEOH)**, although investors should note assets are pretty well spread out among components.

In terms of performance, PUW shines when compared to the solar ETF, …. PUW has outperformed … by about 750 basis points in year-to-date terms, although the trailing twelve month period is even more impressive. In this time frame, PUW is down about 6.6% while … has lost a whopping 64.7%, demonstrating how vital diversification can be in this corner of the market.

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