

From Seeking Alpha, February 9, 2007

[http://biz.yahoo.com/seekingalpha/070209/26576\\_id.html?v=1](http://biz.yahoo.com/seekingalpha/070209/26576_id.html?v=1)

## PowerShares Progressive Energy ETF: Awaiting An Entry Point

**Alligator Investor** submits: I [reviewed](#) the PowerShares WilderHill Progressive Energy Portfolio (AMEX: [PUW](#) - [News](#)) when it started trading last fall. I thought it sounded promising, especially as a complement to its sister ETF, PowerShares WilderHill Clean Energy (AMEX: [PBW](#) - [News](#)), which I own.

To recap briefly, PUW is based on the WilderHill Progressive Energy Index. This Index is comprised of U.S. listed companies that are significantly involved in “transitional energy bridge technologies”, with an emphasis on improving the use of fossil fuels. Simply put, the ETF invests in companies which are likely to profit from more efficient use of existing energy resources.

The portfolio is rebalanced and reconstituted quarterly. PUW’s expense ratio is a reasonable .60. According to a chart on powershares.com’s website, the index would have outperformed the NASDAQ and the S&P 500 by a wide margin in the last five years, but with a little less volatility. The index has a beta of .92. Of course, these results are hypothetical, and do not take into account management and transaction fees.

After studying PUW last November, I concluded that I would be interested in buying if it proved to have sufficient trading volume and satisfactory trending characteristics. Normally it takes a year to assess these things, but here is a preliminary judgment based on the first few months of trading history.

[The chart](#) shows that trading volume has been light, but satisfactory, with an average of 14K shares a day, and there has been a trend toward increasing volume, on at least the higher volume days. PUW has exhibited an nice upward price trend which has resulted in almost a 9% share price increase in a little less than four full months. Relative strength to the S&P 500 has been satisfactory, although some drag was evident during the recent selloff of energy stocks; but relative strength to PBW has been excellent, at least until the last few days, when PBW has become stronger.

PUW does look like it would be a good complementary investment for PBW, broadening participation in energy-efficiency technology and dampening overall volatility. I will start monitoring it regularly while waiting for a good entry point.