Excerpt from Zacks, October 30, 2014
http://www.zacks.com/stock/news/152173/alternative-energy-etf-investing-101

Alternative Energy ETF Investing 101

Alternative energy is fast catching up as a source of electricity and would well gain the second spot after coal over the coming years. This is primarily thanks to growth in wind and solar photovoltaics (PV).

The U.S. solar energy industry grew 21% year over year in the second quarter of 2014, as per the report from Solar Energy Industries Association (SEIA). This marked the fourth-largest quarter of solar installations in the history of the market, buoyed by the utility solar PV market, which grew 15.1% year over year. …. The agency expects PV installations to reach 6.5 gigawatt (GW) this year, up 36% from 2013 and more than three times the market size just three years ago.

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ETFs to Tap the Sector

For investors seeking to play this trend in ETF form, the following series of alternative energy ETFs could make interesting picks. (See all Alternative Energy ETFs here)

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WilderHill Clean Energy Portfolio

Launched in March 2005, PBW tracks the WilderHill Clean Energy Index and manages an asset base of $170.8 million which it invests in a portfolio of 53 stocks.

It is well diversified across various sectors. Information Technology takes the top spot with a 43.41% allocation followed by Industrials (24.42%) and Utilities (9.69%).

The fund's top 10 holdings jointly contribute 24.64%. The product invests almost 90% in companies that are involved in the generation of cleaner energy. It charges a hefty 70 basis points in fees.

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Global Clean Energy Portfolio

This ETF follows the WilderHill New Energy Global Innovation Index, giving investors exposure to about 104 companies that are engaged in renewable sources of energy and technologies facilitating cleaner energy.

Assets under management came in at just over $80 million and this ETF charges investors 75 basis points a year in fees. In terms of performance, PBD has rewarded investors with returns of 7.8% in a one-year span. The fund's top 10 holdings contribute 17.66% to it.

PBD is heavy in Information Technology, as this represents 34.15% of the fund. This is followed by Industrials (34.09%) and Utilities (19.36%). In terms of countries, the U.S. dominates with 33.78% followed by China with 13.92%.

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