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## PowerShares' New Energy ETF Heavy In Consumer Discretionary

**Alligator Investor submits:** On October 25, PowerShares introduced a new energy-related fund, the WilderHill Progressive Energy Portfolio ([PUW](#)). I was curious to see how it stacks up against the PowerShares WilderHill Clean Energy Portfolio ([PBW](#)), which I own. My conclusion is that PUW's portfolio does differ significantly from PBW's and PUW might warrant another look in a year or so when it has built up some trading history. This fund has significant weight in consumer discretionary and industrial stocks and I believe it is likely to do poorly in the near term if the economy remains sluggish.

PUW is based on the WilderHill Progressive Energy Index: "The Index is comprised U.S. listed companies that are significantly involved in transitional energy bridge technologies, with an emphasis on improving the use of fossil fuels. The modified equal-weighted portfolio is rebalanced and reconstituted quarterly." PUW's expense ratio is a reasonable .60.

According to [a chart](#) on Powershares' 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 the results are hypothetical and do not take into account management and transaction fees.

**Top ten holdings as of 10/27/2006** Headwaters Inc. 5.17%Tenneco Inc. 4.69%Chesapeake Energy Corp. 4.58%Aventine Renewable Energy 4.46%Sasol Ltd. 4.18%ON Semiconductor Corp. 3.87%Baldor Electric Co. 3.85%Vicor Corp. 3.82%Methanex Corp. 3.80%SunOpta Inc. 3.79%

Other noteworthy holdings include Toyota and Honda Motors. A complete list of stocks in the portfolio is [available here](#).

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