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**COVER STORY: SOLAR POWER: BERMAN'S VIEW**

# Energy stocks at bargain prices

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If ever there was an investment strategy that was well suited for a fund, renewable energy is it. That's because investors who love the idea of tapping into one of the no-brainer growth industries of our new century are met with a dizzying number of choices.

From solar to wind, from energy producers to technology developers, from small startups to giant conglomerates, there are scores of stocks that have been given the "alternative energy" label - but only a handful will reward investors with gains between now and the day when the internal combustion engine and the coal-fired power plant are laid to rest.

The good news? While investing in alternative energy is not exactly a novel idea, stock prices have recently fallen to more attractive levels because investors have recoiled from risk, making the sector far more attractive today than it was just three months ago.

There is no strict definition for what an alternative energy company is. Some observers believe that car companies can be green if they develop a few hybrid models to add to their fleets of gas guzzlers. At the same time, General Electric Co. is often given the green label because it manufactures wind turbines, even though that side of its business represents a small fraction of its overall revenues.

That's why WilderHill Clean Energy Index comes in handy. This is an index of 42 relatively pure plays on alternative energy, from a small

name like Ascent Solar Technologies Inc. to big names like Cree Inc., a \$2.4-billion (U.S.) company that develops products for efficient lighting. Geography makes no difference, though most are traded on U.S. exchanges.

Even better, the index is tracked by an exchange-traded fund, which resembles a mutual fund but trades like a stock. The PowerShares WilderHill Clean Energy fund was launched two years ago, attracting \$1.3-billion of assets.

As the price of oil climbed to record heights and the fast-growing global economy grasped for a cleaner way to heat homes and power cars, the fund's unit price soared from a low of \$12.75 in 2005 to a high of \$28.72 at the end of 2007 - a 125-per-cent gain that made alternative energy look priced for perfection.

It was: The U.S. economy sputtered soon after and it brought down growth expectations for the global economy with it, making alternative energy look more like a game for the rich than a global necessity.

Investors retreated from risky assets at the same time that some observers wondered aloud whether the solar industry in particular was about to suffer from a glut.

Since its peak, the PowerShares WilderHill Clean Energy fund has tumbled 34 per cent. This sudden downturn might have put off many investors who prefer to have momentum on their side.

But the downturn also means that once-expensive stocks - which commanded price-to-earnings ratios that would have made a dot-com investor blush - are far more reasonable now. If you believe that alternative energy is the future, now is an ideal time to buy in to that vision.