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How to make money from \$4 gas

Consumers may be ticked off about the rise in oil prices. But the pain at the pump is a little less severe for those who've invested in surging energy stocks.

By [Paul R. La Monica](#), CNNMoney.com editor at large

NEW YORK (CNNMoney.com) -- Crude is over \$130 a barrel. Gas prices are slouching towards \$4 a gallon. Consumers are feeling pinched.

But investors who were wise enough to realize earlier this year that the energy stock boom was far from over have more money (on paper at least) to afford those higher prices at the pump.

Oil stocks have surged this year. Mutual funds investing in natural resources companies are far and away the best-performing domestic stock mutual fund category this year, up 17%, according to Morningstar.

With that in mind, I decided to revisit a column I did [three months ago](#) - when oil was at a mere \$100 a barrel. At that time, I asked one of my favorite energy sources, Dan Pickering, if he thought energy stocks still had room to run.

Pickering, the co-president and head of research with Tudor, Pickering, Holt & Co., a Houston-based investment bank that focuses on the energy sector, gave me a diverse group of six energy stocks that he thought were bargains.

Since then, the group has gained an average of 15%, compared to a 4.8% gain for

the S&P 500. In fact, four of the stocks are up more than 20%.

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But is now really the best time to be investing in energy? After all, with many people blaming speculators for driving up the price of oil, investors could be in for a crude awakening if oil prices suddenly plunge.

And if oil and gas prices remain stubbornly high, that could prompt more investment in alternative energy sources. That could be a blow to the traditional oil companies.

Pickering realizes this and said that investors should probably look at alternative energy as well. But he's wary of individual companies since so many of the solar, wind and ethanol firms are young and unprofitable.

"Conceptually, alternative energy makes a lot of sense for investors," he said. "But most companies remain pretty speculative. I'd be more inclined to invest in alternative energy through a fund or ETF. Betting on one company feels risky. Betting on the theme feels much more appropriate."

Even then, be cautious - a fund can lessen the risk of one speculative company going bust, but overall, it's still a speculative sector.

With that in mind, consider a top exchange-traded fund (ETF) that owns a basket of alternative energy companies is the PowerShares WilderHill Clean Energy (PBW) fund. And asset manager BlackRock has a New Energy mutual fund that is rated five stars by Morningstar.

So there you have it. Nobody likes paying more for gas. But instead of just complaining about it, you can try and profit from the energy boom.