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Thousands of Investing Ideas

By [Alyce Lomax](#) (TMF Lomax) July 28, 2006

The Internet has proved to be a democratizing force, harnessing the power of community to help the everyman research topics of interest, find a new book that's right up his alley, and even learn to be a better investor.

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No crowd control in alternative energy Motley Fool co-founder David Gardner, on other hand, is most interested in using community to help us all become better investors. Last February, he tried an experiment -- tasking *Motley Fool Rule Breakers* members to help select the service's next two stock picks. The only parameters: nominees had to be working in the field of alternative energy. That's because David believes alternative energy is a disruptive technology on the brink of a 10-year bullmarket run.

That's not a belief that's difficult to substantiate.

Is it getting hot in here? As this year has worn on, there's been increasing attention to climate change and the idea that it's time for both consumers and corporations to act. (As I was writing this, I ran across a *Wall Street Journal* article saying the first half of 2006 has been the warmest in the United States since recording began more than a century ago, and *Newsweek's* cover recently featured a family that looked like they had just gotten back from vacation at the Emerald City, heralding a special section on going green in America.) The buzz is getting louder.

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The merits of the masses And the experiment was a success. The community bubbled up a fascinating number of investing ideas and generated a windfall of interesting and thoughtprovoking discussions on the topic. The members ultimately decided on one stock and one exchange-traded fund (ETF), **PowerShares WilderHill Clean Energy** ([AMEX: PBW](#)). The fund offers a diversified way to benefit from some of the brightest stars in the alternative, renewable energy universe, instead of concentrating funds on smaller firms with uncertain paths to

profitability.

Another benefit is that many of the companies that were nominated are actually held by this fund, including **Evergreen Solar** (Nasdaq: ESLR), **Energy Conversion Devices** (Nasdaq: ENER), **Ballard Power** (Nasdaq: BLDP), and **Zoltek** (Nasdaq: ZOLT).

The Foolish conclusion Although the WilderHill ETF is down about 12% since the community singled it out for investment, David Gardner remains confident in its potential. And the *Rule Breakers* community is actively following alternative energy companies as they stand out. (In addition to the stock recommended in the April 2006 issue, another company that was highlighted during the exercise was recommended in the June 2006 issue.)

The power of community is particularly important in growth investing, which requires novel methods to analyze the potential of stocks in nascent sectors. Why? Because great growth stocks often *cannot* be analyzed using traditional metrics like P/Es or DCFs. Instead, we look for companies on the verge of breakthroughs that will reshape their industries -- and the more eyes we have looking out for the next great growth stocks, the stronger our likelihood of success.

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