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The Color of Money

Investing in green tech is good for the environment--and for your portfolio.

By Farnoosh Torabi | [Entrepreneur Magazine](#) - September 2007

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Indeed, green is the new black on Wall Street, with individuals increasingly placing bets on eco-friendly stocks, mutual funds and exchange-traded funds (ETFs). "People understand you don't have to sacrifice returns to invest in an environmentally responsible way," says Jack Robinson, lead portfolio manager of the Winslow Green Growth Fund.

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"If we saw oil go back down to \$50 [a barrel], all of a sudden there's not going to be as much demand for green stocks," says Tom Lydon, editor of ETFTrends.com, a blog about ETFs.

What's more, investors should watch out for bursting bubbles within certain sub-industries, like solar, whose capital investments, experts caution, run the risk of outpacing demand. "It looks to me like too much manufacturing capacity is coming on too quickly," says Jim LoGerfo, founder of Vortex Energy LLC, a financial advisory firm. He compares today's solar popularity to the 2006 heyday of ethanol, when biofuel project financing was up 1,700 percent from 2004, according to researchers at New Energy Finance. "Both industries are **being** hugged to death," says LoGerfo.

Some ways to hug the world but curb your risk:

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ETFs--Pure and Liquid: For pure exposure to a certain index of green companies, like simply solar or clean tech, experts recommend ETFs, which trade like stocks, so they're more liquid than mutual funds. PowerShares Wilderhill Clean Energy Portfolio (PBW) and the New Alternatives Fund (NALFX) are widely popular.

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