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GREEN AND RICH?

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Will "going green" become the next "get rich quick" passion, with "tech wreck" overtones?

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Close on the heels of any emerging theme comes Wall Street. Business 2.0 noted that clean-technology investments soared by more than 50% in the first three quarters of 2006. Venture capital firms are jumping in. Ray Lane, partner in venture capital giant Kleiner Perkins Caufield & Byers has said that clean technology will be "bigger than the Internet, by an order of magnitude." The Economist magazine's cover for 1/27-2/2/2007 showed Lady Liberty holding not her usual green torch but a low energy light bulb. The magazine featured two stories on "The Greening of America."

Remembering the "tech bubble" when share prices went through the roof for new firms with hot ideas but no track record and no profits, advisors are urging caution. Jeff Benjamin, writing in InvestmentNews, 2/5/07 (a weekly paper for investment advisors) noted, "Advisers lukewarm on alternative energy; Category called 'too speculative' for mom-and-pop investors."

By way of example, Benjamin pointed to a previously hot ETF (exchange traded fund), PowerShares WilderHill Clean Energy (PBW-Amex). On 2/9/07, PBW closed at \$18, down -25% from a mid-2006 high of \$24.08 per share. Over the same time frame, the S&P 500 Index ETF (SPY) rose about + 9%.

Just as we saw in the early 1990s when "technology-anything" sizzled, "the market was flooded with new public companies and mutual funds offering exposure to the tech sector." An alternative energy mutual fund launched in March, 2007, by a leading global mutual fund giant, came out at \$12.50 a share, popped up to \$13.91 by early May, only to drop to \$10.15 by September. As of 2/9/07, the fund was still trading roughly 6% below its 52-week high.

"Sustainability" is the newest buzzword in the green lexicon, but savvy investors seeking investment value look for sustainable profits to bolster stock prices. Sustainable profits will take awhile to emerge.

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If you are going to invest "real green" in "going green" be sure it is speculative money, and, for sure, "long green," i.e., patient money.

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