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<http://www.marketwatch.com/story/hopes-for-cleantech-stocks-fade?pagenumber=1>

Not easy being green

Bright investment outlook for 'cleantech' stocks is becoming cloudier

NEW YORK (MarketWatch) -- The greening of America is sprouting a few weeds.

Following President Barack Obama's election and Democratic congressional victories in November, many investors expected strong political action to combat climate change and turned bullish on the green-energy sector.

But such optimism has since softened as political realities and the impact of the frozen credit markets hit the sector, also known as cleantech.

The Obama administration hasn't moved as far or as fast on green energy as hoped, while cleantech companies, especially in the wind and solar areas, have found it hard to secure financing to build their infrastructure.

"A lot of folks thought that the minute we had a new administration, these companies would take off," said Paul Hilton, director of advanced equities research at Calvert Investments, which invests according to socially responsible principles.

While there has been a rally in the stocks, some managers think that it's still too early to be heavy in cleantech companies.

"We're hesitant to move into pure play names in the renewables area," said Andrea Reichert, research analyst at the Parnassus Funds, another socially conscious fund group.

There's also the question of just how much cleantech can grow.

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Gloomier view

"Wind and solar companies need capital expenditure," said Bozena Jankowska, manager of Allianz Global Eco Trends "But the cleantech space hasn't escaped the lack of available finance."

Jankowska said that while she's still bullish on cleantech's long-term prospects, the short term picture isn't as rosy as it seemed a few months ago. And the sector's dramatic rise in the second quarter -- PowerShares WilderHill Clean Energy exchange-trade fund ([PBW](#) **10.10**, 0.00, 0.00%) jumped about 32% -- has actually added to her fears.

The market rally, coupled with tight financing, make Jankowska cautious for the short term.

"The frustrating thing," she said, "is that this wasn't a rally based on fundamentals" -- a fact that suggests to her that there'll be a pullback in the short-term.

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