

Excerpt from L.A. Times, January 4, 2009

<http://www.latimes.com/business/la-fi-cover4-2009jan04,0,531034.story?page=1>

# Tips for green investing in 2009

**In these dismal times, is it financially smart to do the environmentally right thing? Here's advice on navigating a sector fraught with risks.**

These days, everybody's an environmentalist. But as the new year begins, we ask whether in this dismal market it's possible to safely invest in green companies and funds.

The call to "go green" seemed to be reaching a fever pitch just a few months ago.

Then-presidential candidate Barack Obama was pledging to promote industries that were environmentally minded and invest federal money in creating green technology. Americans, tired of shelling out more than \$100 at the gas pump to fill their oversize vehicles, were turning to hybrids in droves.

This would all seem to benefit the scores of green companies that went public -- perhaps even creating a bubble like the dot-com and housing booms.

But the green wave has been volatile, returning profits over prolonged rallies during boom times but falling particularly hard in recent months.

In the second half of 2008, renewable-energy shares tanked.

The WilderHill Clean Energy Index, a collection of 51 green companies, ended the year down 70%, compared with a 34% drop in the Dow Jones industrial average.

The often undercapitalized start-ups became especially vulnerable after the stock market meltdown because there was no longer cash available to fund the hefty upfront costs for wind and solar projects.

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## **The old rules apply**

So how does an investor navigate a sector so fraught with risk in the new year?

First, resurrect the old rules: Do your homework. Don't invest money you can't afford to lose, and don't put all your money into any one sector.

For Kessel, careful green investing means buying shares in an array of companies that are turning a profit -- a seemingly basic requirement that was often ignored during the rush to acquire green shares.

Then, be patient.

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