

Bringing in the Green

Can sustainable investments sustain you? The answer, from financial advice columnist Kevin Bourke, is a careful yes.

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Kevin, with so much talk about the environment, is there a way that I can invest in “green” companies or technologies?

Judy from Santa Barbara

Judy, with hybrid cars silently sweeping along our streets, myriad non-profits devoted to preserving the environment, and the constant mention of global warming in the media, it makes sense that there would be a trend in investing toward “green.” And there certainly is.



Money Talks

For many years, the investment community has been offering “socially responsible” investment strategies. Traditionally, this meant restrictions on industries like tobacco, firearms, or liquor. Now, it seems that a new investment approach centered on the “green” movement crosses my desk every week.

This new interest in environmentally friendly investments has spurred a miniature bull market in the stocks of companies dedicated to making the earth a better place to live in. Alternative energy stocks have especially been in demand. So, how can you support companies you deem green?

There are several ways to invest in protecting the environment. One obvious method is to use the products produced by companies that are dedicated to being green.

Another way is to use the services of companies that promote green technologies. For example,

both my financial planning company and my family subscribe to a service that purchases wind power to offset our carbon emissions. There are several companies that offer this service. We use [Renewable Choice](#).

But what you are probably looking for is green investments: stocks, bonds, mutual funds and so forth.

How to find green companies? Keep an eye on financial magazines and journals. Hardly an issue goes by in any financial publication without an article highlighting a company that has gone green. And the surprising part is that some of these green companies are household names. Some large blue chip companies are receiving enormous pressure to green up their products.

Hybrid cars are a perfect example. We don't generally think of auto manufacturers as being environmentally friendly. But some of them are cleaning up their act and leading the charge toward oil alternatives. Yes, it seems that even the auto companies are going to have to make adjustments, no matter how bad their environmental record has been up until now.

Does that make them a good investment? Not necessarily. And therein lies the problem. While we may desire to promote and support companies that support the environment, those companies may still be poor investments. So, it is a challenge to invest in green companies and achieve the results investors strive for.

Which leads to the final way to invest in green, and that is to invest in some type of product that specializes in green investments. There are mutual funds, unit investment trusts, Exchange Traded Funds, and other investment opportunities that focus on environmentally friendly companies.

If used properly, these might lend us the environmentally friendly approach to investing we want, with the benefits of diversification we need. Before investing in green, ask yourself: Does this investment fit my risk tolerance? Does it complement my asset allocation? Does it take me closer to my goals?

How to find these earth-friendly investment products? If you use a financial advisor, please consult with him or her to find something appropriate for your situation. If you're a do-it-yourselfer, Google phrases like "green investments" or "socially responsible investing" and see what happens. I tried it and found an endless supply of green investment ideas.

Thanks for your question, Judy. Like you, I'm very interested in promoting earth-friendly ideas that benefit myself and my children.

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