

TOP GREEN PORTFOLIOS

We asked one of the country's LEADING FINANCIAL GURUS why responsible investors got it wrong in the past — and how you can make a fortune by going green. by SPENCER E. ANTE

WHEN IT COMES TO INVESTING IN the environment, Jonathan Naimon is a contrarian. Rather than trying to pinpoint the next startup on the cusp of a technological breakthrough, the 47-year-old president of Seattle-based Light Green Advisors points clients to large companies that are integrating green tech. And Naimon's model produces. Over the past seven years, Light Green's "eco-performance" portfolio has beaten the S&P 500 by 5 percent a year.

MJ: People who have tried to invest green haven't had it easy in the past. Why?

JN: There are two ways of thinking about green investments. One idea is [to invest in] pieces of capital equipment, like electric utility scrubbers that pull sulfur out of coal. But specialized funds have given investors lower returns with more volatility. The newer approach is called eco-efficiency: We look at those investments that are doing more for less. You should look at improvement in the big companies.

MJ: Will investments in well-meaning mainstream companies have any positive impact on the environment?

JN: Yes. Management is very attuned to what investors care about, and firms that are improving their environmental performance have done better in the market. These companies can literally change the climate.

MJ: What are your top picks right now?

JN: United Technologies. They're developing a zero-energy building, and roughly 20 percent of greenhouse gas emissions come from buildings. IBM makes \$2 billion a year recycling computers. Another company that's interesting is General Electric. If you fish for bass in the Hudson, you're probably not keen on them. On the other hand, if you are looking to effect climate change on a global basis, you would take a look at them. Their combined-cycle natural gas turbine is one of the keys to dramatically improving fossil fuel conversion.

MJ: How should people be thinking about investing green in the future?

JN: Green issues don't exist in one ghetto of the economy. It's not just electricity and solar power — there's great scope for improvement within auto parts, for example. Over the next 10 years environmental issues will become even bigger, so there will be investment opportunities in every industry in the economy.



THE GOOD GREEN LIFE

al gore's \$1 billion plan

The world's biggest eco-superstar is putting his money where his mouth is with his sustainable asset management firm Generation Investment Management. Launched three years ago by Gore and former Goldman Sachs Asset Management CEO David Blood, GIM (alias "Blood and Gore") invests in environmentally responsible businesses such as Johnson Controls, an automotive design company that produces batteries for hybrid cars. And while Gore's priority is the environment, GIM is no charity. The company has more than \$1 billion in assets, the first of which came directly from its partners.

As mainstream companies (like the ones Jonathan Naimon recommends at left) adopt some enviro-friendly practices, GIM seeks to help these companies grow through long-term investment. While the company is so far keeping return data close to the vest, citing the long-term strategy, Gore's personal finances indicate that investing in the environment does indeed pay off. At 2000 election time, the Gore family was worth between \$1 and \$2 million. Now they're worth an estimated \$100 million.



top green investments
As these high-performing, environmentally responsible mutual funds show, aligning your portfolio with your ethics pays off.

	FUND	TOP THREE HOLDINGS	MINIMUM INVESTMENT	INVESTMENT RETURN OVER THE PAST YEAR	OVER THE PAST THREE YEARS
1	New Alternatives (NALFX): Top performing \$230 M fund was started in 1992.	Renewable Energy, Acciona Group, Abengoa	\$2,500	38.5%	26.7%
2	Spectra Green (SPEGX): 80% of investments are socially responsible.	Cameco Corp., Thompson Creek Met, Google	\$1,000	24.2%	21.3%
3	Portfolio 21 (PORTX): Eight-year-old \$165 M Milwaukee-based fund	Nokia, HSBC, Siemens	\$5,000	23.1%	19.7%
4	Winslow Green Growth (WGGFX): \$290 M fund based in Portland, Maine	Surmodics, Green Mountain Coffee Roasters, Fuel Tech	\$5,000	20.9%	24.0%
5	Green Century Equity (GCEQX): \$42 M Boston-based fund	AT&T, Microsoft, Procter & Gamble	\$2,500	13.3%	8.8%



THE BEST LIGHTBULBS TO BUY

The future of green lighting will be LED (light-emitting diode) lightbulbs, which last up to 18 years — and cost up to \$100 (modalight.com). Until those prices fall to earth, stick with \$2-\$5 compact fluorescent lightbulbs, from N:VISION, which last up to 10 times as long as incandescents (nvisionfl.com).