

GREEN: The new  
color of investment  
opportunity



# Autos. Airplanes. Baby Boomers. The Internet. Green Living.

**These things have something in common.** Certain inventions or demographic changes serve as catalysts for what you might call a megatrend—a trend that revolutionizes our lives and offers long-term opportunities for investors.

Take the baby boom generation, for example. As that age group got married and had families post WWII, there was a housing market boom. As the kids grew up, there was a boom in family-oriented entertainment (think Disney). And, now, as the boomers get older, sectors that involve health care, retirement services, and leisure pursuits are experiencing growth.

Similar to the baby boomers, the world's increasing focus on the environment and green living represents an emerging megatrend that is likely to drive investment opportunities for years to come.

## Where the (Recycled) Rubber Meets the Road

**Opportunities to invest in green.** Green investing means investing in companies that develop, produce or deliver products, services or technology that meet marketplace demands—without placing undue stress on the environment or using natural resources inefficiently. This includes categories like:

- 1) Sustainable alternative energy sources**  
(wind farms, for example)
- 2) Resource efficiency improvements**  
(like “smart-grid” technology)
- 3) Environmentally friendly consumer goods and services**  
(organic foods and high-efficiency appliances, for example)

Clearly, we're talking about a vast array of industries. All of these categories and more have the potential to benefit from the green trend.

# Four key factors work together to give the green theme a strong engine for long-term growth:

**DRIVER 1** | **GREENER ECONOMICS:** As standards of living rise globally, the accelerating growth within emerging economies is steadily intensifying competition for the earth's limited resources. This tug of war between scarcity and abundance is expected to result in attractive opportunities for astute investors.



**DRIVER 2** | **GREENER POLICIES:** The policy direction in Washington and around the world brings a higher likelihood of increased regulation in support of a clean-energy economy and green technology. This will likely boost prospects for certain industries, such as infrastructure, energy, technology, transportation, and manufacturing.



**DRIVER 3** | **GREENER BUSINESSES:** The way a company is positioned against a variety of environmental factors can impact its long-term financial performance and viability. Smart management teams have known for some time that adopting green corporate practices can ease bottom-line pressures and lead to product innovations.



**DRIVER 4** | **GREENER LIVES:** From using more energy-efficient light bulbs to making major purchasing decisions like appliances and cars, environmentally sensitive choices are becoming a way of life for many people. And as green becomes the favored option in the home, it's likely to be sought out in more investment portfolios as well.



# Growth in Green

## How can you put green to work in your portfolio?

There are several ways to invest in companies that are likely to benefit from the green megatrend. However, when investing in a newer sector of the market, many investors choose actively managed mutual funds for their convenience, liquidity, and professional management. Consider funds that focus specifically on green opportunities such as alternative energy. Or, consider investing in companies with strong environmental records.

## Green isn't new, but it's only just begun.

The best time to take advantage of any emerging trend is early. The world, its industries, companies, and consumers are becoming greener by the minute. So perhaps now is the time to put the green theme to work in your portfolio, too. Talk with your financial advisor today.

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Like all investments, investment in the green sector or in mutual funds with an environmental policy involves risk, including possible loss of principal invested.

The alternative energy sector can be significantly affected by a number of factors, including fluctuations in energy prices, supply and demand of alternative energy fuels, and government regulations and policies. The alternative energy sector can be volatile.

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