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## For the Board of Directors

### DEAR SHAREHOLDERS

## For the Investment Advisor

Climate change and its consequences have been among the major talking points in the political arena, the media and the business world over the past few months. Gradually, those in the business world are beginning to realise that effective measures must be taken against unrelenting climate change and that interesting innovations are also ushering in new market opportunities. Therefore, investors are focusing even more closely on the four main strategic points of the Sustainable Performance Group (SPG) – “Energy”, “Water”, “Resource Efficiency” and “Healthy Living”.

#### ALTERNATIVE SOLUTIONS SOUGHT

High economic growth set against increasingly limited supplies of raw materials and fossil fuels, coupled with the need for environmentally sound actions, have made new solutions imperative. Against this background, the report “Intergovernmental Panel on Climate Change” (IPCC) drafted on behalf of the United Nations Organisation, for instance, paints a dramatic picture. In addition to the rise in temperatures forecast until 2100, droughts, water shortages and extreme weather conditions are expected.

Fortunately, the G8 summit meeting held in Heiligendamm, Germany in June produced a breakthrough in global climate policy, with the leading industrialised countries pledging to halve their greenhouse gas emissions by 2050. However, concrete measures are required in order to achieve these ambitious targets. Although the use of alternative energy sources such as wind, water, biogas and sun has enjoyed an impressive upturn this year, large sums still have to be invested in technology and infrastructure in order to lower production costs and to meet humanity’s constantly growing energy requirements. Companies that possess the appropriate know-how and seek to meet the great need for innovation will benefit from this trend.

#### SPG EXCELLENTLY POSITIONED

The SPG portfolio is extremely well positioned to profit from this accelerated rethinking process. The above-average performance confirms that by applying a precise analytical process we have identified promising SMEs which excel owing to their innovative dynamism and above-average growth rates. SPG invests in various companies with a lucrative positioning in the up-and-coming energy sectors. In the water sector we are looking for companies that adopt effective counter measures against the impending shortage and availability of water. This also applies to manufacturers who endeavour to meet the increased need for a healthy lifestyle by producing correspondingly innovative products.

#### ABOVE-AVERAGE PERFORMANCE

During the first half of 2007, equity markets worldwide continued to generate greater corporate earnings and high liquidity owing to a sound global economy. Volatility increased slightly, however, but remained at a low level in its historical comparison as before. This generally positive picture has triggered new highs on many stock exchanges. The SPG share price also fared favourably. An increase of 20.9% has been achieved since the beginning of the year, with the comparative index (MSCI World ex Financials) rising by 11.6% during the same period.

The focus on the four investment themes, combined with carefully selected securities, is proving successful. We are confident that this clear strategy will continue to pay off in future.

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