

# Sustainable Performance Group

## Monthly Report December 2009

### PORTFOLIO COMMENT

Contrary to expectations, equity markets ended the year with further significant price gains. Although unemployment rates continued to rise and the budget deficits of the industrialised nations increased – dramatically in some cases – as a result of the economic stimulus measures taken to alleviate the impact of the financial crisis, the mood among investors continued to improve in response to signs of a rapid economic recovery. In December, too, the figures generally turned out better than forecast. Rising trading volumes, building projects and leading indicators boosted investor confidence. The SPG stocks were able to benefit from this trend, closing nearly 10% higher in December, with China-based companies once again making the largest contributions to performance. JA Solar and Canadian Solar (Energy), Hanfeng (Resource Efficiency) and Chaoda Modern Agriculture (Healthy Living) recorded gains of over 20%. Despite strong growth potential, these stocks continue to be attractively valued. XTO Energy and Shanks Group were both the subject of takeover bids (by Exxon Mobil and Carlyle Group respectively), and this was reflected in an increase in their share price.

### PORTFOLIO COMPANY: JA SOLAR

JA Solar (JASP) makes both mono and multicrystalline solar cells. It also engages in tolling arrangements for select customers, including BP Solar and GE. JASO's customer mix is currently composed of 80% Chinese and 20% international customers, but a focus of management is to increase its penetration of non-Chinese customers over the coming year. Moreover, the recently launched European office may help the company to capture market share in Germany, Italy and Czech Republic towards 2010. It is also clear that JASO's cost structure helps them to expand further their customer basis and therefore we think that they are likely to further expand their market share in the US and Europe in the years to come. Last but not least, the company has some cash in hand to fund some further expansion without dilution risk.

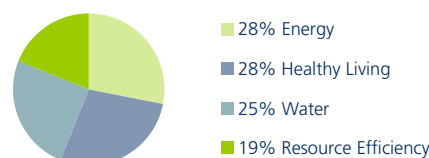
### SHARE PRICE DEVELOPMENT (IN CHF)



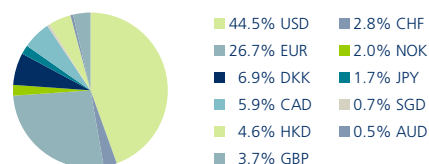
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### INVESTMENT THEMES



### CURRENCIES



### TEN LARGEST POSITIONS

Company	In %
Yingli Green Energy	3.4
American Water Works	3.1
Danisco	2.9
Noble	2.7
Iberdrola Renovables	2.7
ITC	2.7
Chaoda Modern Agriculture	2.6
JA Solar	2.6
Atrium Innovations	2.6
Pall	2.5

### PERFORMANCE

	YTD	1 Month	in CHF
Share Price	17.9%	9.8%	224.00
NAV	19.4%	8.0%	214.27
Premium/Discount			4.5%

### MARKET CAPITALIZATION + CONVERTIBLE BOND (IN CHF)

CHF 199'528'000.-