



## Media Release

Hong Kong, 8 April 2009

# Stellar performance from Sarasin's sustainable bond portfolios

**With Sarasin's sustainable bond portfolios outperforming traditional bond portfolios by up to 500 basis points over the last 12 months, the advantages of a holistic approach to sustainability in the management of bond portfolios has become even more obvious in the current financial crisis. Sustainably operating companies are essentially less affected by the negative impacts of the financial crisis than those which do not operate sustainably. Persistently high credit spreads still present attractive opportunities for selective investments in high-quality issuers with a sustainable corporate profile.**

The superior performance of and stellar returns from Bank Sarasin's sustainable bond mandates during the financial crisis confirm the advantages of the sustainable investment style. This success is best explained by Sarasin's far-sighted decision to focus on issuers with a sustainable risk model and business model, and to underweight early many sectors and products that were among the biggest losers in the financial crisis. These include automobiles, fossil energy, basic commodities, and construction, as well as sub-segments such as investment banks and US mortgage providers. Due to our conservative investment policy, no investments in structured credit vehicles or illiquid credit derivatives were made at any time.

### **Sustainable investment philosophy reduces risks**

Warren Buffet once said: "Only when the tide goes out do you discover who's been swimming naked". This is very true of many of the current developments on financial markets. In an environment of scarce liquidity, a collapse in market demand and a general sense of economic uncertainty, sustainable business management is increasingly proving to bring decisive competitive advantages for many sustainability leaders, and, conversely, disadvantages to non-sustainable businesses. The recent increase in bond market credit spreads illustrates that many companies have systematically overestimated their risk capacity in the boom years. The crisis has ruthlessly exposed the risks associated with non-sustainable enterprises, whose credit risk premiums in virtually every industry have risen far more sharply than those companies identified by Bank Sarasin as sustainability leaders over the years. The use of sustainability analysis as an additional risk filter has therefore not only effectively reduced risks for investors, but has also provided solid support for the performance and liquidity of their investments.

### **Attractive opportunities in the current market environment**

In the current market environment, sustainable bonds offer an attractive opportunity for investors to combine more limited risks with high yield potential, which will pay off once economic activity recovers and credit spreads fall again. This is where the value-added created by the sustainable investment philosophy offered by Bank Sarasin for almost two decades is most clearly demonstrated. Beside the economic aspects, this investment style assesses the environmental and social impacts of companies and their business models.



For Bank Sarasin's sustainable bond mandates the allocation of corporate bonds was increased beyond the previous target quota of around a third of the total fund volume (at the expense of other non-sustainable bonds, in particular government bonds). In addition, to reflect the current market situation, the portfolio might temporarily maintain an average credit rating below the existing "AA" minimum target. This allows for more flexibility in optimising the risk/return profile of bond mandates to accommodate changing market conditions.

**For more information please contact:**

Renate Boerner, Corporate Communications, Media Relations  
Telephone +852 2287 9733 e-mail: [renate.boerner@sarasin.com](mailto:renate.boerner@sarasin.com)

**Sarasin – Sustainable Swiss Private Banking since 1841 – [www.sarasin.com](http://www.sarasin.com)**

The Sarasin Group has its roots as a leading Swiss private bank. As an international financial service provider committed to sustainability, the Group is now represented in 19 locations in Europe, the Middle East, and Asia. By end of December 2008 it managed total client assets of CHF 69.7 billion and employed around 1,500 staff. Its majority shareholder is the AAA-rated Dutch Rabobank.

**Sarasin Rabo Investment Management Limited – [www.sarasin.hk](http://www.sarasin.hk)**

Incorporated in Hong Kong, Sarasin Rabo Investment Management Limited ("Sarasin Rabo") is a subsidiary of Bank Sarasin and a licensed corporation regulated by the Hong Kong Securities & Futures Commission. Sarasin Rabo's core business includes the provision of investment advisory and wealth management services for both private and institutional clients.

**Disclaimer**

This document and its contents are intended solely for the addressees' reference and are not intended and shall not in any way be construed as an offer or solicitation for the purchase or sale of any financial instrument, derivative product or securities.

The information, opinions and estimates contained in this document are for information purpose only. They are based on information considered as reliable at the time of publication and are subject to change without any notice being given whatsoever. No representation is made on the accuracy and completeness of the contents herein, and the same should not be relied upon in any manner as such.

Bank Sarasin-Rabo (Asia) Limited and Sarasin Rabo Investment Management Limited shall not be deemed (directly or indirectly) to render any advice as regards the degree of risk of the financial instruments, derivative products or security contained herein. No liability (whether direct or indirect, actual or contingent) whatsoever is accepted for any direct or consequential loss arising from the use or reliance of this material. Any prices laid down in this document are for indicative purposes only and may vary in accordance with market fluctuations and other market circumstances.

Investors should make their own legal and tax determination (including any applicable exchange control regulations) on any proposed investment in any of the financial instruments or products contained herein without relying on this publication; and should ensure that the investments and/or recommendations are consistent with their personal risk appetite, liquidity requirement and return objectives (including the legal and tax regimes in the countries of their citizenship, residence and/or domicile).

Certain investments contained herein may involve leveraging, derivative instruments, emerging markets, or potentially volatile markets, and can therefore be subject to significant risk and may not be suitable for all investors. The value of, the income from, such annualised returns of or the projected returns of, such investments may fluctuate and/or be



affected by economic, financial and political factors, including interest and exchange rates, market volatility and market conditions. Past or simulated performance is not indicative of future results. Unless specifically agreed, in certain circumstances, the principal amount invested is not assured and investors may end up receiving either (i) amounts less than the principal amount invested or (ii) securities with a value substantially below that of the principal amount invested. No assurance (whether express or implied) is given to the effect that any of the Issuer, the Guarantor or any of their affiliates will make a market in the warrants, certificate or note, nor that there will be a secondary market in such warrants, certificate or note.

Bank Sarasin-Rabo (Asia) Limited and Sarasin Rabo Investment Management Limited do not have any interest in the securities referred to in this document.