

## **Bank Sarasin's key focus**

### **Renewable energies still an attractive investment even in volatile markets**

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Bank Sarasin's Sustainability team plans to draw more attention to renewable energies in 2008 as a compelling investment theme. Despite the stock market slump in recent weeks, which has inevitably affected investments in renewable energies as well, Bank Sarasin is still confident about this segment's positive fundamentals and growth opportunities. Generous state subsidies and soaring energy demand, coupled with the steady depletion of oil and gas reserves, mean that the solar, hydro and wind power are set to play an increasingly vital role in global energy policy. These ideal overall conditions create attractive prospects for renewables.

Renewable energies have moved into the spotlight in recent years in response to concerns about global climate change and the growing importance of environmental and climate protection. This trend has been supported by the deregulation of electricity and gas markets, booming energy demand from emerging economies such as China, and shrinking fossil fuel reserves. Bank Sarasin first championed this key theme back in 1990, and since 1999 it has regularly published its own research reports. In 2001 it successfully launched its first New Energy Fund. The specialist reports published by its highly experienced Sustainable Research team have secured Sarasin's leading reputation as a pioneer in sustainable investment.

### **Sarasin still predicts high growth rates**

In 2007 the global photovoltaic market once again grew by more than 40%, and was the best performer of all the "clean energies" measured by investment volume and investment performance. Bank Sarasin expects the global market to continue to grow between 40 and 50 percent in 2008, with capacity rising from 2.3 to 3.5 gigawatt (GW). The prospects are still very good for the wind market as well, as evidenced by predicted annual growth rates of 25%. Biofuel companies, on the other hand, will continue to struggle with high raw material prices for maize, wheat and vegetable oils. In this segment Bank Sarasin favours investments in second-generation biofuels, or technologies based on biomass. The bank has also identified new growth markets such as wave power, geothermal energy and solar thermal power, as well as energy storage technologies.

### **Governments send out positive signals**

Renewable energies are also being generously subsidised by the state. In recent months, a number of governments have given positive signals in this respect: various federal states in America now offer attractive tax breaks on investments in renewables. In December 2007, the first act of office by Australia's newly elected prime minister was to finally sign the Kyoto Protocol to reduce greenhouse gas emissions. The current draft directive proposed by the European Commission to promote the use of renewable energies is meant to pave the way for renewables to contribute 20% of total EU energy production by 2020. According to Bank Sarasin's experts, this politically binding target will provide a

substantial boost to climate protection initiatives and significantly enhances the excellent prospects for renewable energies going forward.

**Broadly diversified investment in renewables**

An investment in the New Energy Fund or Sarasin New Power Fund rose by more than 40% in value during the course of 2007. In January the New Power Fund did suffer a 20% correction, but has stabilised since then. Given the favourable environment described previously, an investment in renewable energy looks extremely promising at the current point in time.

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