



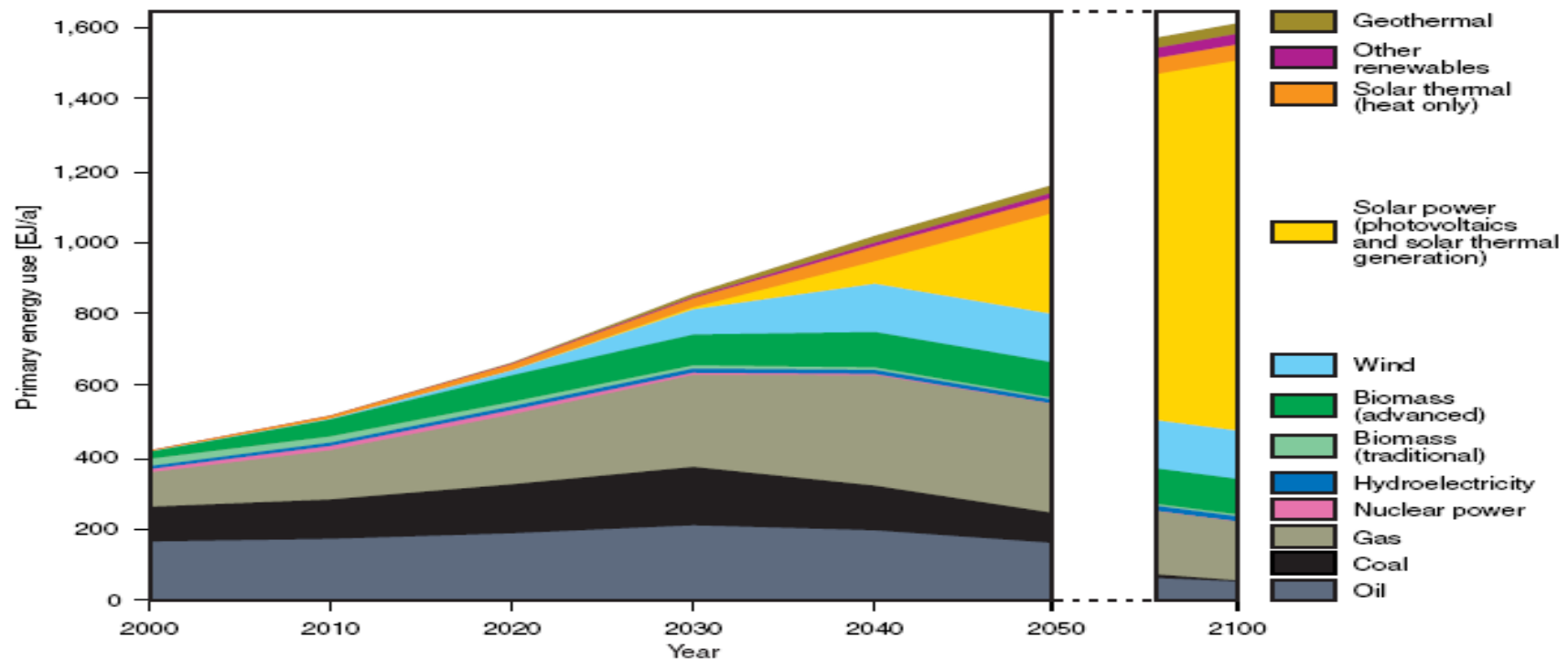
Dealing Smartly with the Energy Issues

SAM Smart Energy Strategy

Dr. Thiemo Lang
Senior Portfolio Manager
March 2010

Member of **ROBECO**

The Energy Challenge



- Structural changes in the energy supply ...

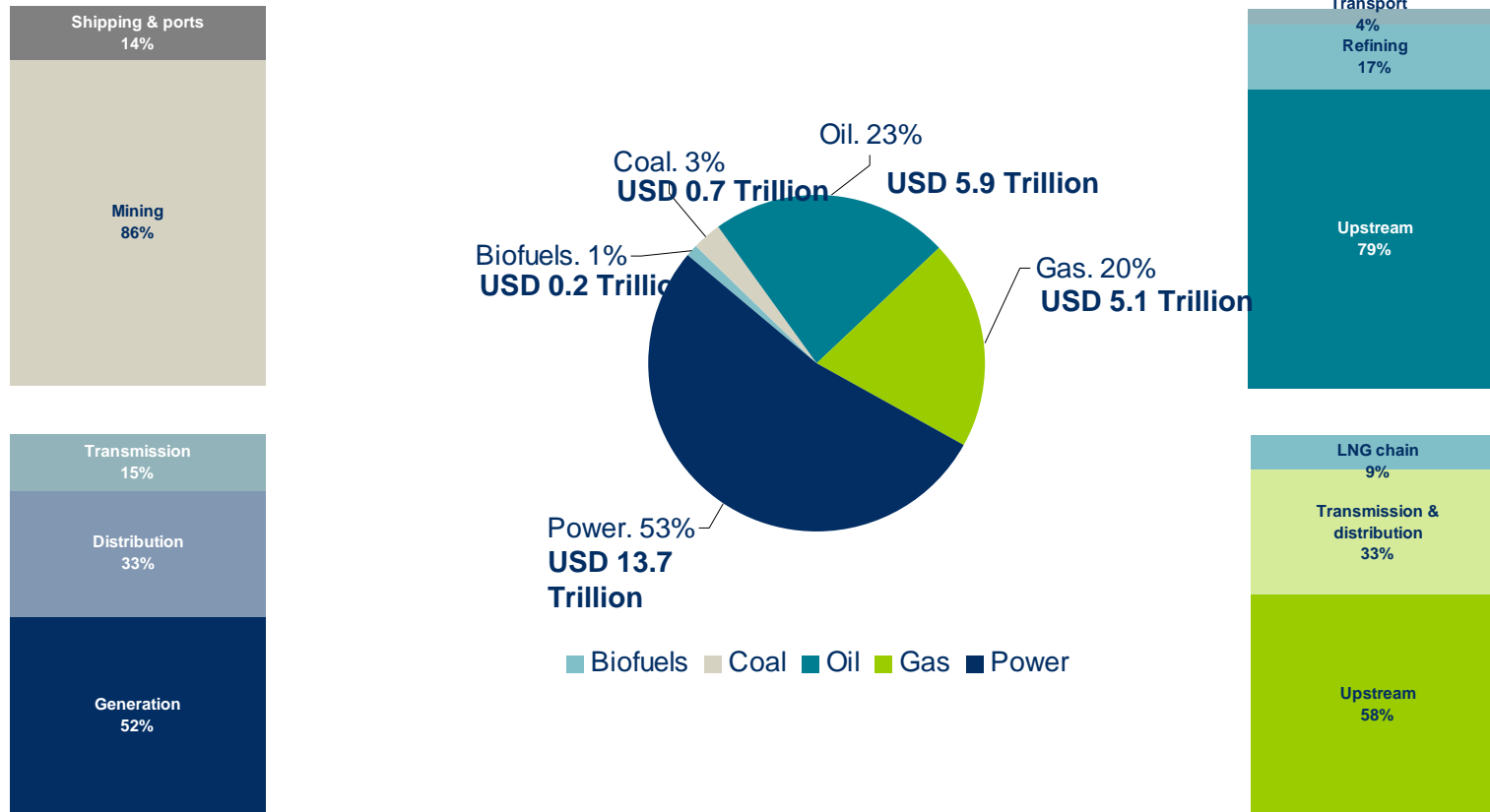
...will take decades to develop, will cost trillions of \$, will be policy driven

⇒ **Over the long term, most of our energy supply will come from renewable sources.**

The result will be a wider electrification of our societies

Investments in energy-related infrastructure

Cumulative investments, business-as-usual scenario of the IEA, 2008-2030 (in year-2008 dollars)

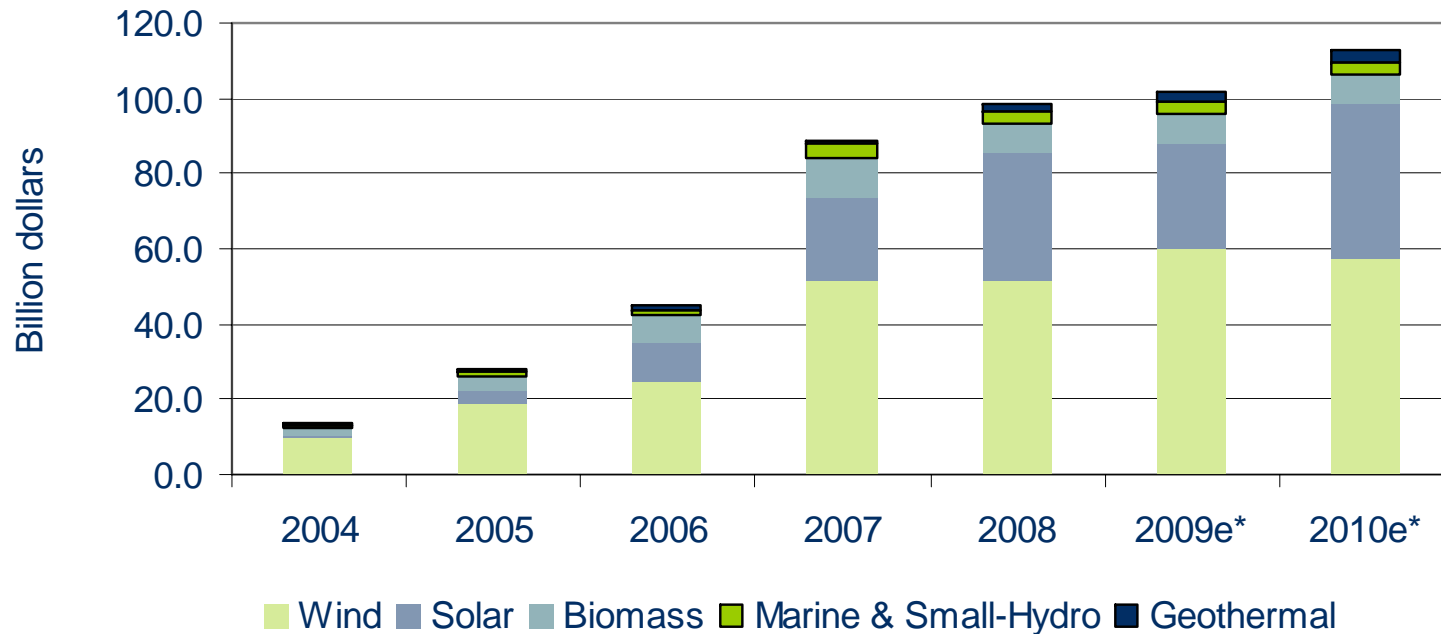


- The overall energy infrastructure market is a trillion dollar market!

Sources: IEA, 2009

Global investments in renewable energies

Global investments in new renewables-based power generation assets

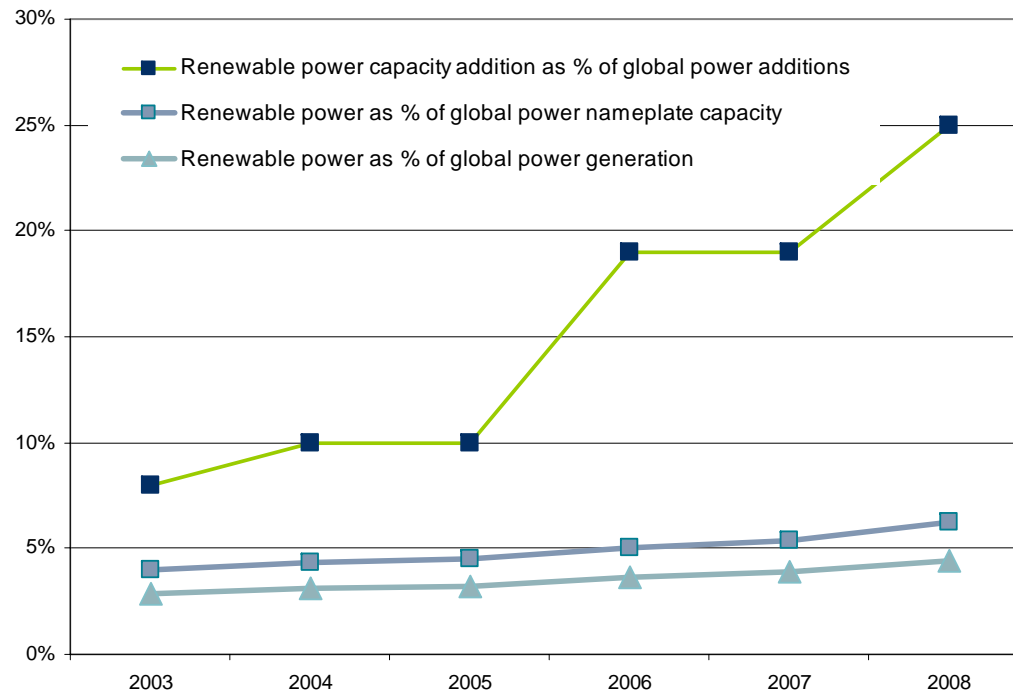


- 2008: the first year that new power generation investment in renewables was greater than investments in fossil-fueled technologies (\$140bn investments incl. large hydropower vs. \$110bn for fossil-fueled technologies)

Sources: SEFI, New Energy Finance, UNEP, * SAM estimates

Renewable power generation and capacity

Renewable energies: a dramatic increase in \$ and in % of new global capacity additions.



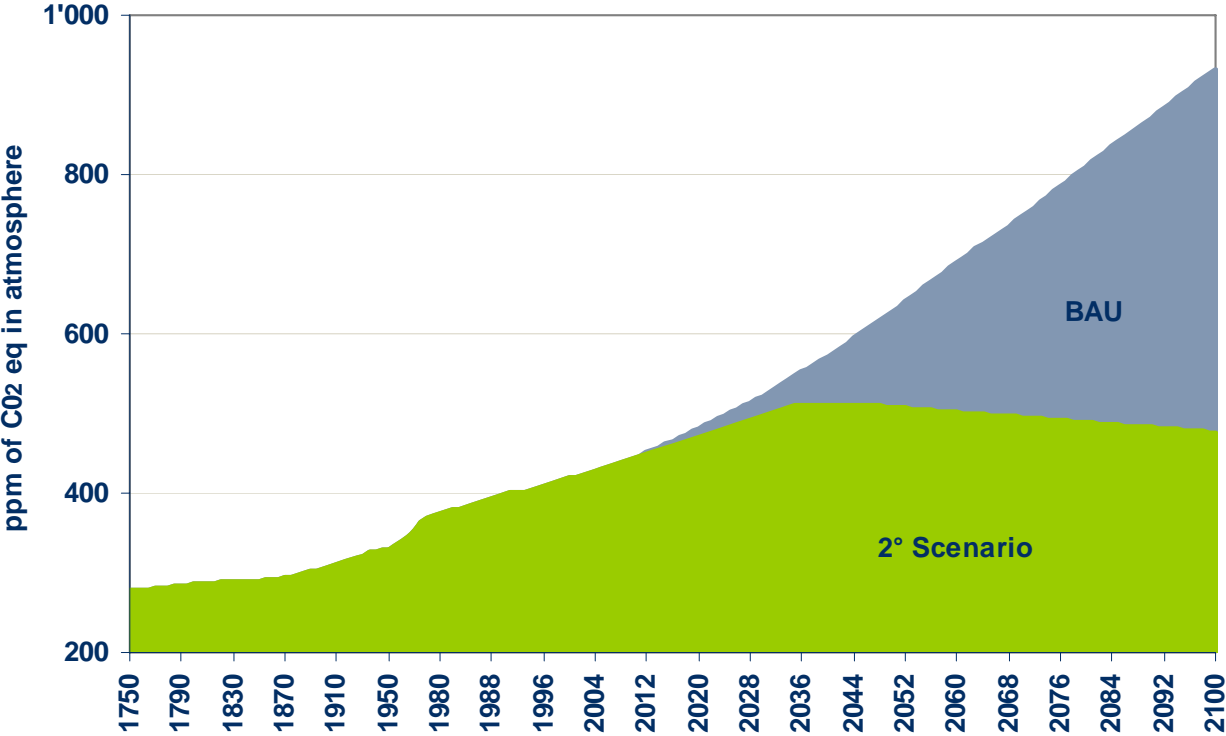
2008:

- 25% of new nameplate capacity through renewable energies, including large hydro 41%.
- renewable energy accounted for 6.2% of total power sector capacity (excluding large hydro).
- European Union 2009: 61% of new power generating through renewable energy technologies (!)

The World Economy Must Be De-Carbonized

Rising CO₂ concentrations demand mitigation and adaptation investment

Temperature increase must be limited to 2° Celsius to control climate change



CO₂ concentrations in the earth's atmosphere are higher than in the last 800,000 years

Source: International Energy Agency –World Energy Outlook 2009, IPCC, SAM

Large Scale Climate Change Mitigation is Needed

Growth necessitates heavy emission reductions compared to business as usual

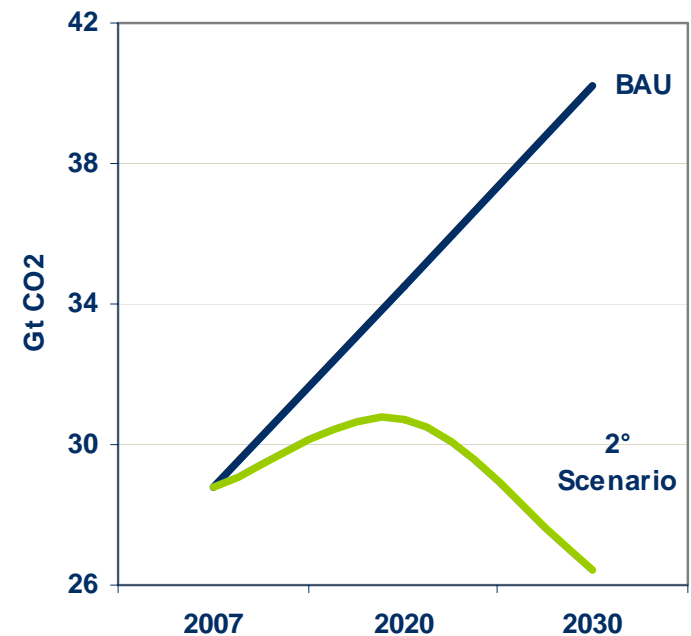
World GDP set to double by 2030 (2007: \$67 trillion, 2030e: \$137 trillion)

Business as Usual Scenario:

- Energy usage will increase nearly 40% by 2030
- CO₂ emissions will increase by 40% (29Gt in 2007 to over 40Gt in 2030e)

But Climate Change must be Controlled:

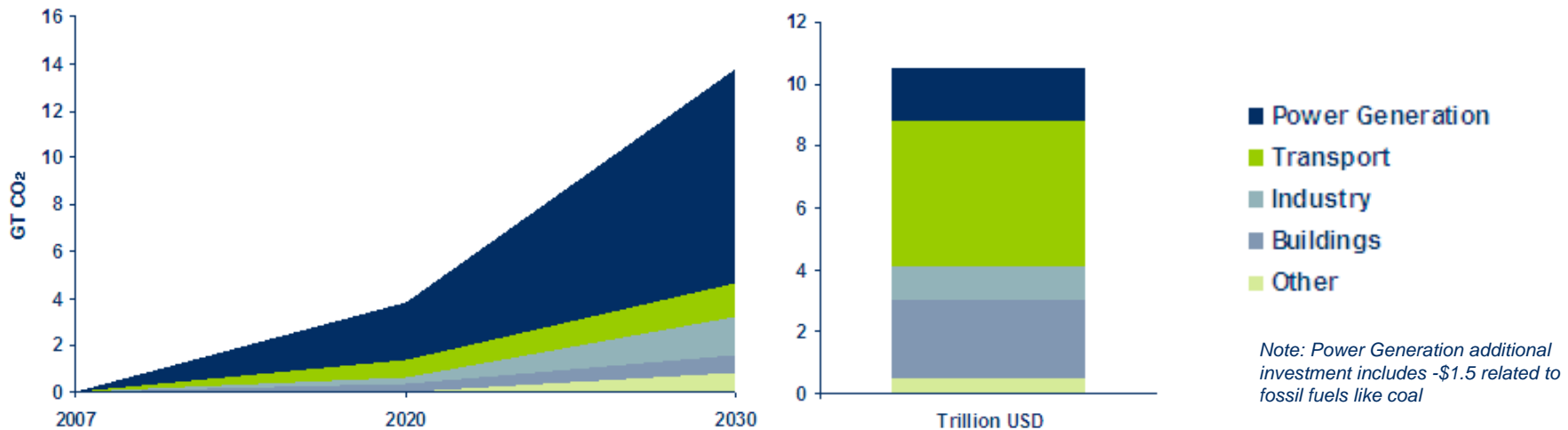
- To keep world temperature from increasing more than 2°C, CO₂ emissions must be reduced to 26Gt in 2030e



Power & Efficiency Investment is Essential

Energy is key as it accounts for two thirds of greenhouse gas emissions

Needed energy related CO₂ emission reductions vs. BAU and related investment

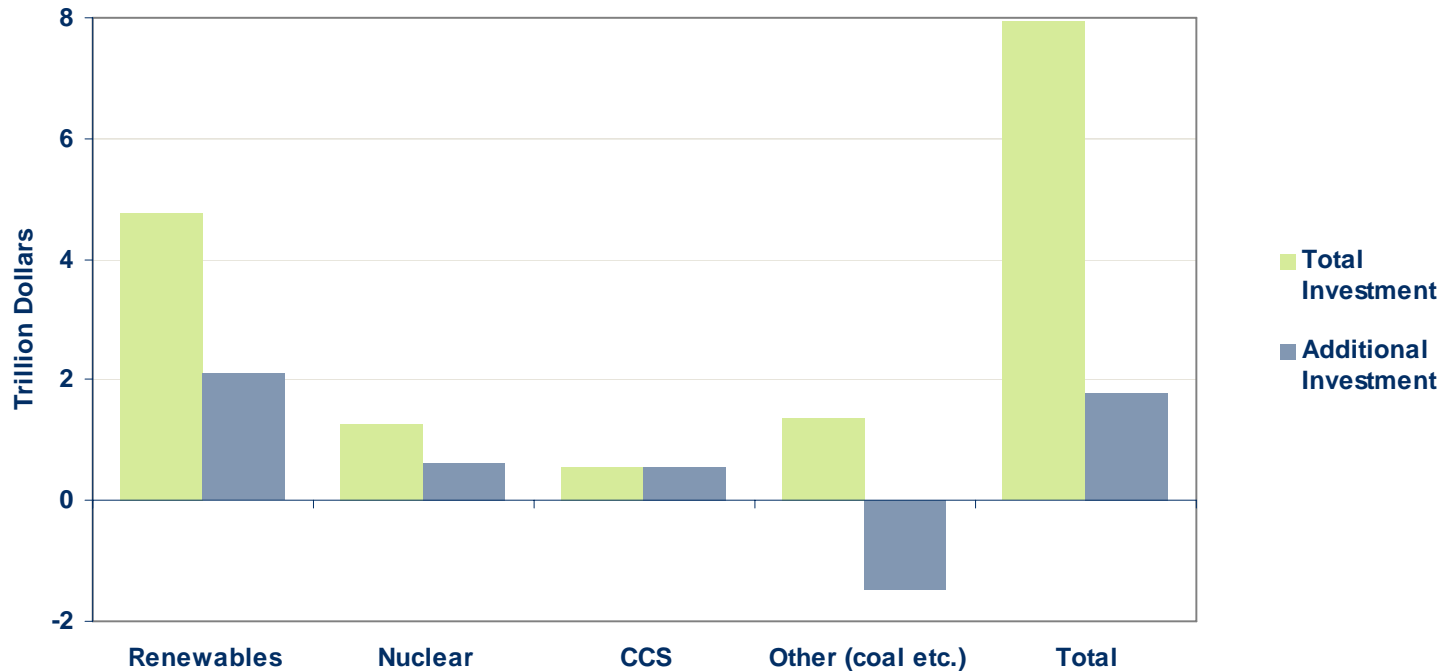


- Keeping temperature rise below 2°C means **\$10.5 trillion additional investment**
- The significant savings make a compelling investment case:
 - Fuel savings of nearly \$9 trillion
 - Reduced air pollution costs of \$100 billion per year by 2030

Renewables Will See Increased Investment

De-carbonizing power generation means more for renewables and less for coal

Renewables need significantly more spending than the market anticipates to keep temperature increase below 2° Celsius

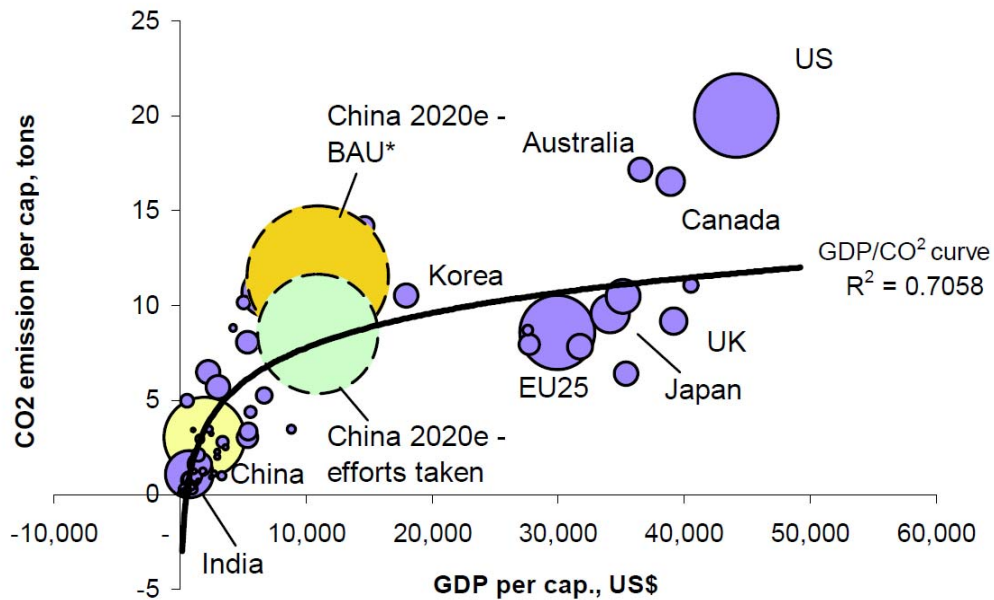


Note: Renewables do not include photovoltaics in buildings (rooftop etc.)

Source: Source: International Energy Agency –World Energy Outlook 2008/2009

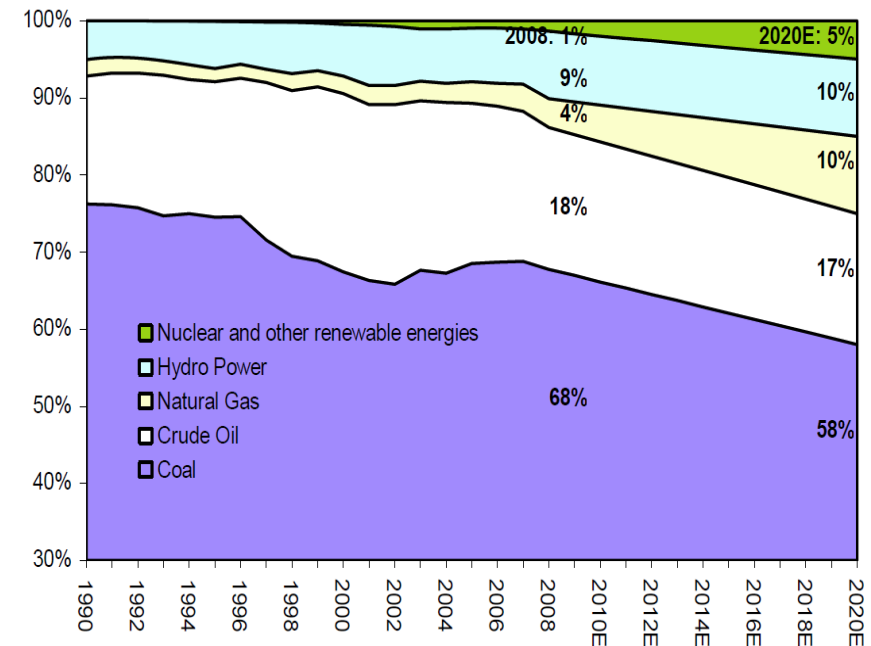
Climate Change: The Key Role of China

CO₂ Emissions worldwide:



*Business as usual; Note: size of bubble measures each country's emission; 2005 data;

Energy Structure Evolution of China:



China will see a substantial shift in its energy structure. The announced targets are (National Development and Reform Commission, July 2009):

- The share of non-fossil fuels at 15% of total energy consumption in 2020 (+10% through natural gas).
- Energy efficiency improvements of 10% in 2010 (compared to 2005)

President Hu Jintao at the UN climate change summit, NY, 22 Sept. 2009:

„China will curb its carbon emissions per unit of GDP by a notable margin by 2020 from the 2005 levels“

Investment Case

History's Greatest Energy Challenge: "More Energy, Less Carbon Dioxide"



Rising energy demand and carbon emissions

Scarcity of resources

Security and reliability

Climate change

Regulatory initiatives

- Clean energy generation
- Energy efficiency
- Energy storage
- Energy distribution

Investment opportunities

Performance Overview since 2009

Securities	Crncy	Prc	Apr	Period	Daily Total Ret	433 Day Difference	Period Annual Eq
1 JBSAMSE LX Equity	USD	64.28 %		D	64.28 %	33.27 %	51.96 %
2 NDDUWI Index	USD	31.01 %			31.01 %*		25.57 %
3 SPGTCLTR Index	USD	-10.25 %			-10.25 %*	-41.26 %	-8.71 %

(* = No dividends or coupons)



Source: Bloomberg

Investment Team

Smart Energy Portfolio Management Team

Thiemo Lang
Portfolio Manager

Smart Energy, Climate
In industry since 1999; with SAM since 2007



Dieter Kueffer, CFA
Portfolio Manager

Water, Smart Materials
In industry since 1986; with SAM since 2001



Smart Energy Analyst Team

Michael Riley, CFA, CPA
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Master in Business Administration
In industry since 2001; with SAM since 2007



Jean-François Meymandi
Analyst

Energy
Master in Business Administration
In industry since 2007, with SAM since 2008



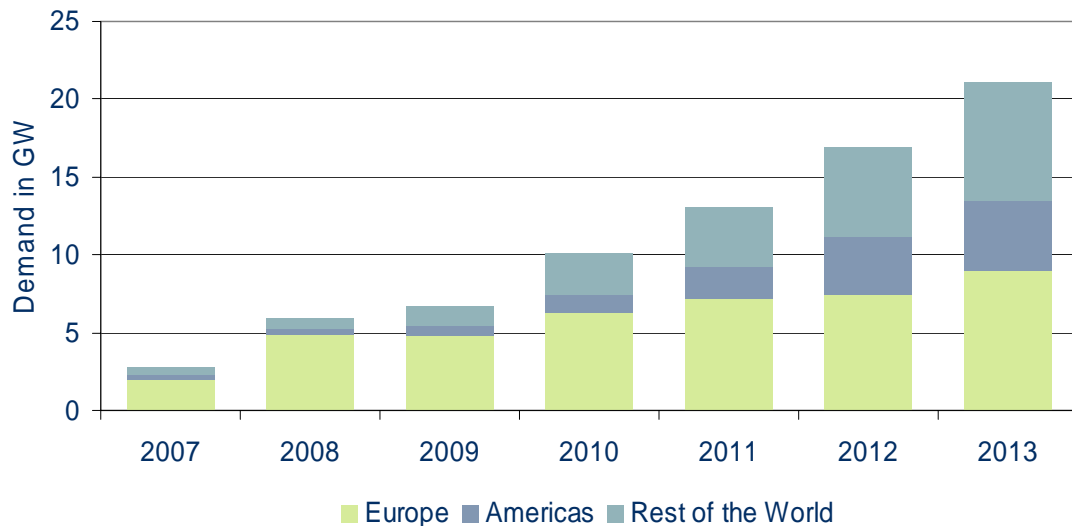
Christoph Churet
Analyst

Energy
Master in International Business
In industry since 2005, with SAM since 2005

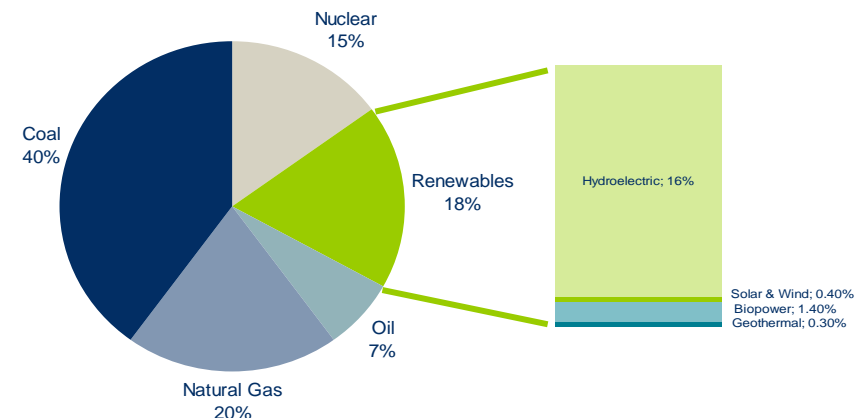


Growth trend 1: Renewable Energies, Solar

Solar Demand Worldwide (GW):



Global Electricity Generation Mix (2007):

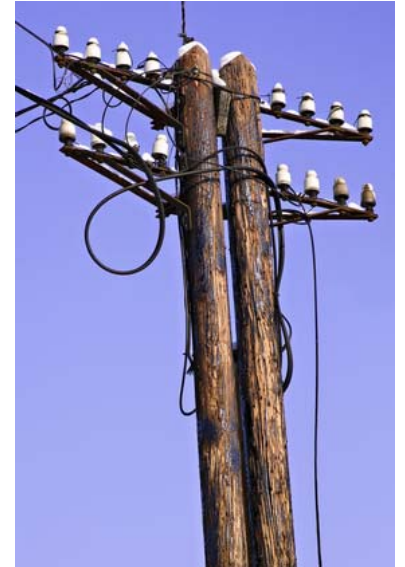


Solar at an inflection point:

- Total installed capacity for solar is ~21GW, delivering only 0.1% of the total electricity consumed in 2009
- 300 GW solar installed in 2030 (18% CAGR 2010-30) would lead to an accumulated installation of 2000 GW
- This would represent ~10% of global electricity consumption

Growth trend 2: Renewing the electrical grid

- The electrical grid in the US is in a terrible shape:
 - 30 years of underinvestment
 - 70% of lines are over 25 years old
- The transmission losses doubled to 10% over the last 30 years
- Increase in Renewable → Need for Investment



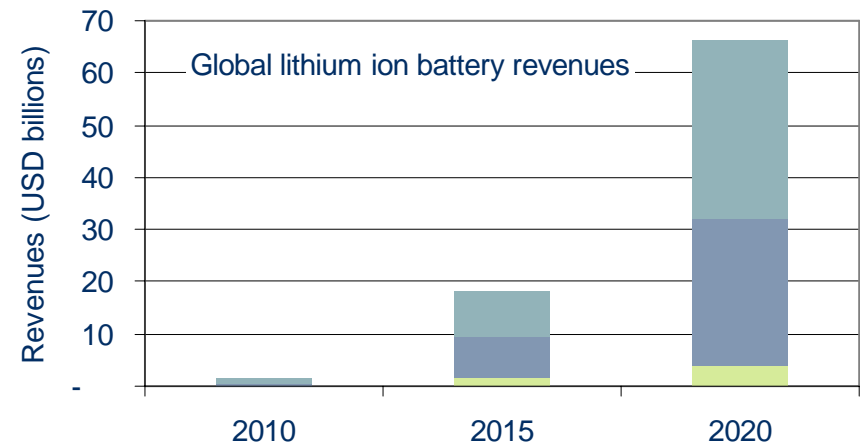
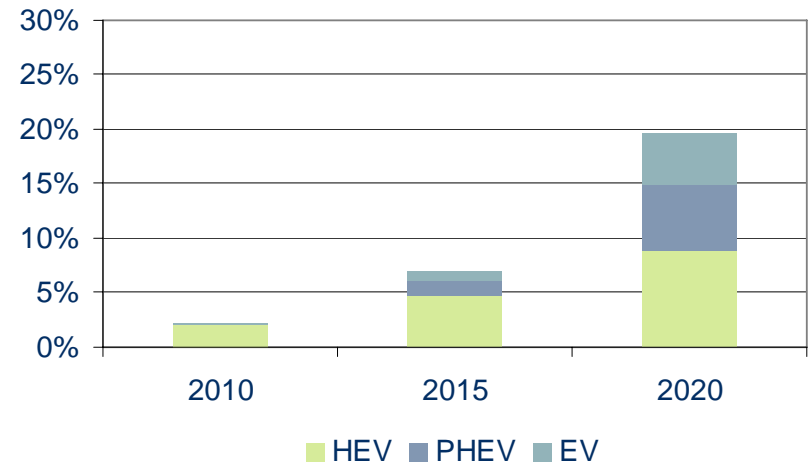
- ⇒ Necessary Investments over the next 20 years:
USD 1-2 trillion
- ⇒ This compares with \$10bn investments in 2010e

Growth trend 3: Batteries

- Stabilization of the electrical grid
- Uninterruptible power supply for applications in telecommunications, IT, hospitals...
- Consumer electronic devices
- Hybrid electric vehicles: potentially a \$100bn market for batteries



Electric cars: penetration as % of vehicle sales



Source: DB

Growth Trend 4: Renewable Energy, Geothermal

- For base load power generation
- A cost competitive solution, with electricity generation costs at \$0.06-0.08/kWh
- Installed capacity might triple till 2020

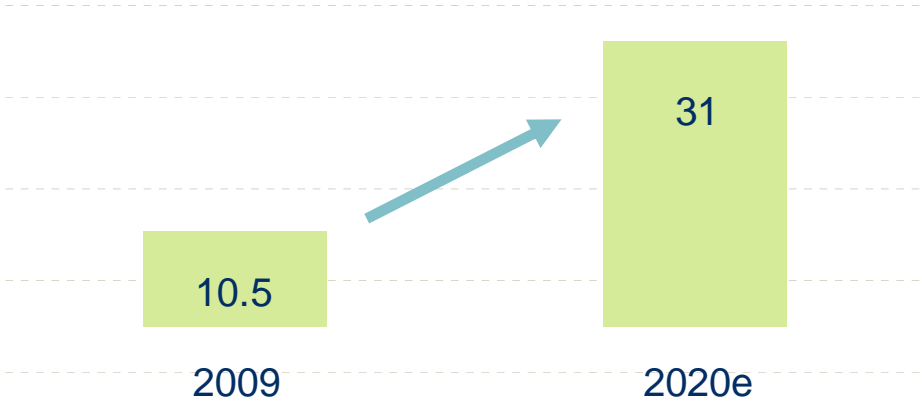


Source: RAM Power, Inc



Source: RAM Power, Inc

Geothermal installed capacity (GW)



Source: Emerging Energy Research

Growth trend 5: LEDs, the worlds most efficient light source

- Standard for Mobile Phones (50% of the market)
- Steady growth in the automotive and signs market (each 15% of market)
- New drivers in Notebooks, and LCD-TVs
 - Notebooks: 30% penetration rate in 2009, 90% in 2011e
 - LCD-TVs: 2% penetration rate in 2009, 15% in 2011e
- Huge potential in the general lighting market
 - Incandescent bulb lamp banned worldwide
 - Common China-Taiwan projects on street lighting
 - Lighting fixtures market \$100bn (comparison: LED market 2009e: \$7bn).



Investment Universe

Renewable Energy

- Wind
- Solar
- Power producers

Natural Gas

- Exploration and production
- Gas distribution
- Gas utilities

Distributed Energy Systems

- Electrical infrastructure
- Energy storage

Energy Efficiency

- Buildings
- Transportation
- Industrial processes

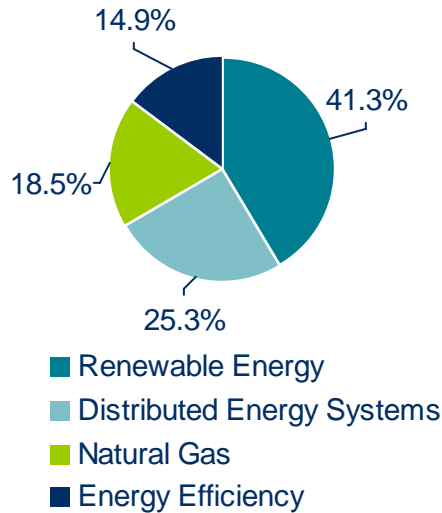
SAM Smart Energy Strategy

Portfolio Characteristics (in USD, as of February 28, 2010)

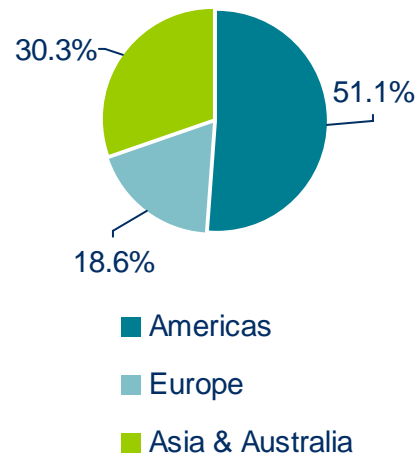
Key Data: SAM Smart Energy Strategy

Inception Date	September 23, 2003
Total Fund Volume in USD (in m)	637
Number of Holdings	64

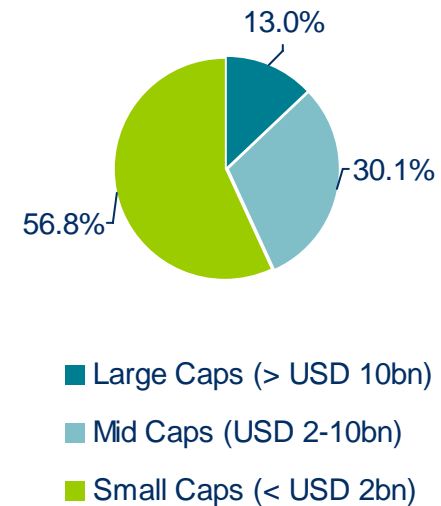
Exposure by Clusters (excluding cash)



Exposure by Regions (Company Domicile, excluding cash)

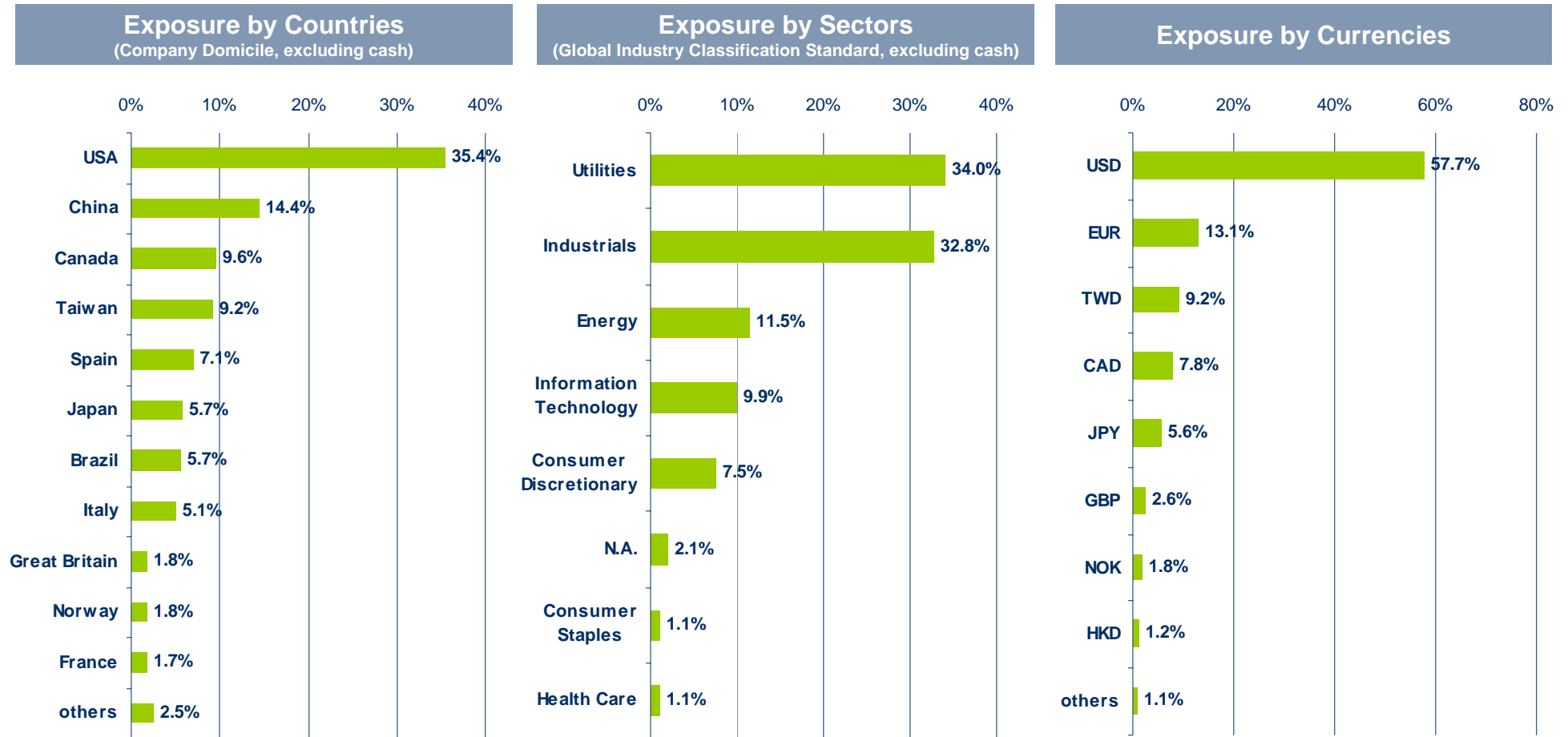


Exposure by Market Capitalization



SAM Smart Energy Strategy

Portfolio Exposures (in USD, as of February 28, 2010)



SAM Smart Energy Strategy

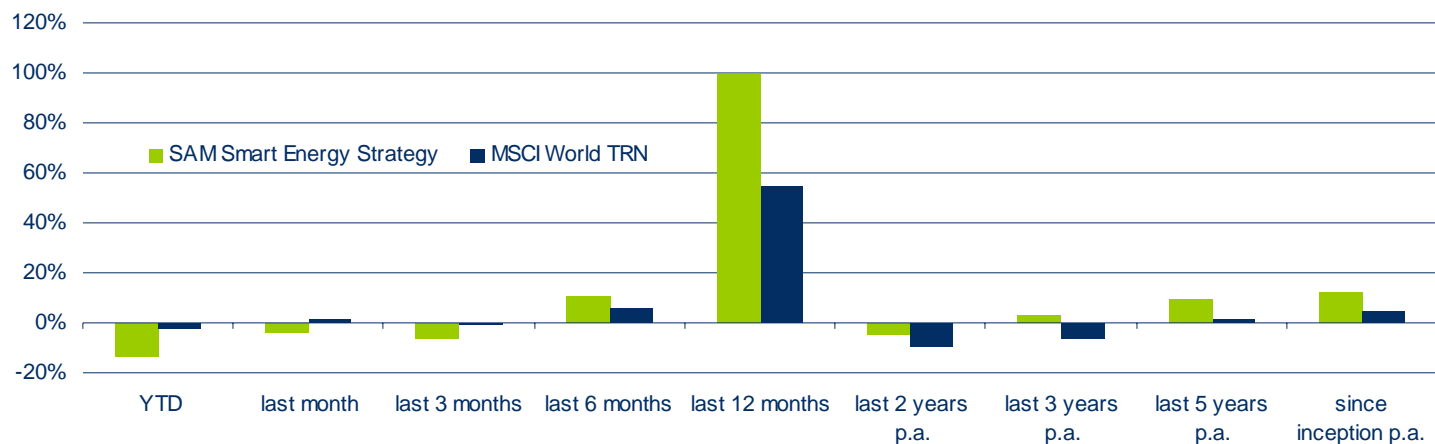
Portfolio Top Holdings (in USD, as of February 28, 2010)

Company	Country *	Cluster	Current Weight
Cia Energetica de Minas Gerais	Brazil	Renewable Energy	5.62%
Yingli Green Energy Holding Co Ltd	China	Renewable Energy	5.24%
Canadian Solar Inc	Canada	Renewable Energy	4.59%
Trina Solar Ltd	China	Renewable Energy	3.71%
Southwestern Energy Co	USA	Natural Gas	3.49%
Fuel Systems Solutions Inc	USA	Energy Efficiency	3.18%
ITC Holdings Corp	USA	Distributed Energy Systems	3.08%
Quanta Services Inc	USA	Distributed Energy Systems	2.96%
Gamesa Corp Tecnologica SA	Spain	Renewable Energy	2.92%
Tokyo Gas Co Ltd	Japan	Natural Gas	2.87%
Total			37.65%

* Company Domicile

SAM Smart Energy Strategy

Portfolio Performance (in USD, as of February 28, 2010)

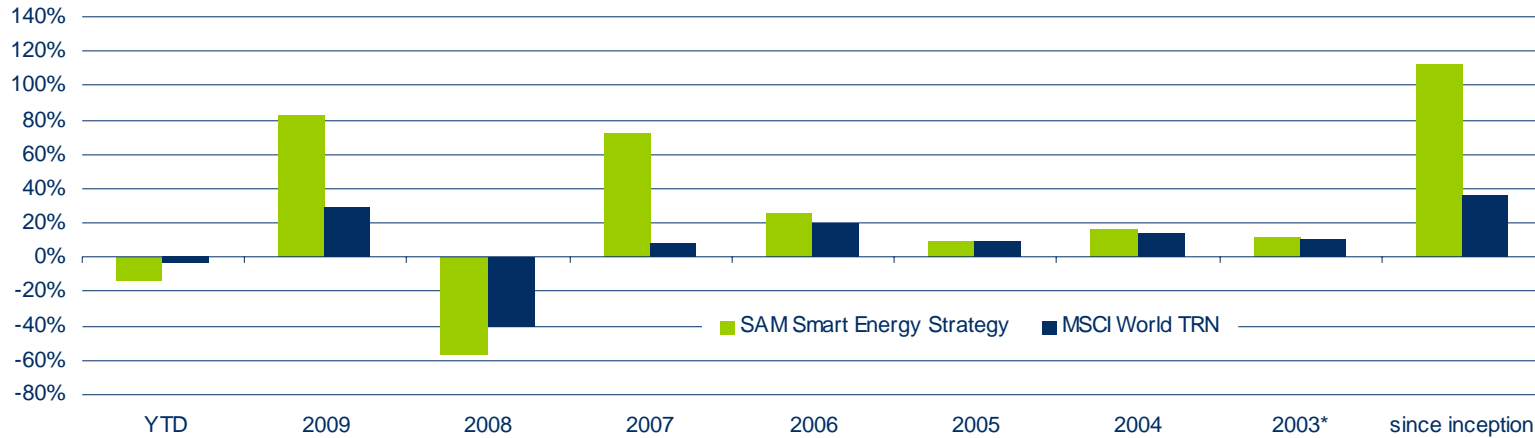


	YTD	last month	last 3 months	last 6 months	last 12 months	last 2 years p.a.	last 3 years p.a.	last 5 years p.a.	since inception p.a.
SAM Smart Energy Strategy	-13.63%	-3.66%	-6.47%	10.45%	99.31%	-4.89%	3.33%	9.76%	12.38%
MSCI World TRN	-2.78%	1.41%	-1.04%	5.21%	54.30%	-9.67%	-6.72%	1.27%	5.01%
Excess Return	-10.85%	-5.07%	-5.43%	5.24%	45.01%	4.34%	8.91%	8.85%	9.09%

* 23.09.2003

SAM Smart Energy Strategy

Portfolio Performance (in USD, as of February 28, 2010)



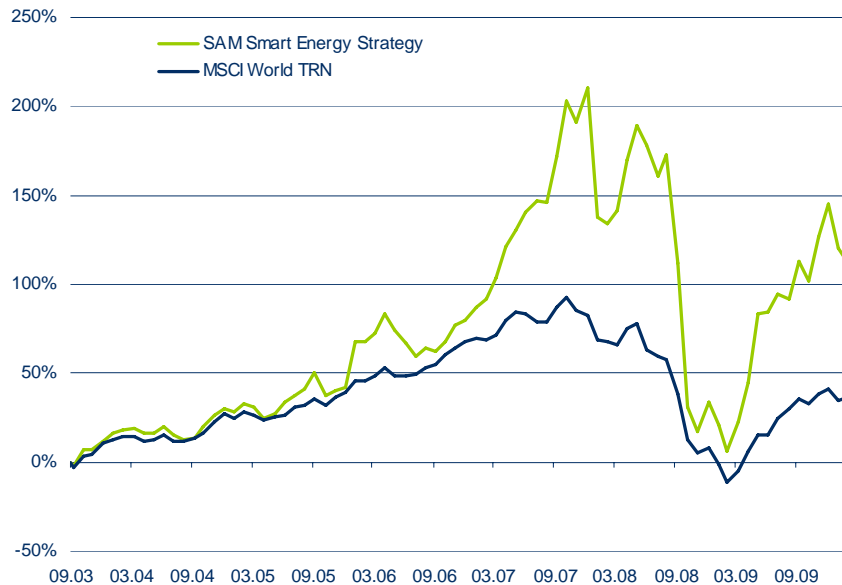
	YTD	2009	2008	2007	2006	2005	2004	2003*	since inception
SAM Smart Energy Strategy	-13.63%	83.30%	-56.83%	72.50%	26.19%	9.62%	16.38%	11.65%	111.90%
MSCI World TRN	-2.78%	29.99%	-40.71%	9.04%	20.07%	9.49%	14.72%	11.15%	36.93%
Excess Return	-10.85%	53.31%	-16.12%	63.46%	6.13%	0.14%	1.66%	0.50%	74.97%

* 23.09.2003 – 31.12.2003

SAM Smart Energy Strategy

Portfolio Performance (in USD, as of February 28, 2010)

Performance versus MSCI World - since inception



Performance & Risk Characteristics

Absolute Risk (since inception)	31.19%
Absolute Risk MSCI World TRN (since inception)	16.09%
Tracking Error (since inception)	18.69%
Information Ratio	0.49
Sharpe Ratio (since inception)	0.40
Beta versus MSCI World TRN	1.70
Coefficient of Determination (R^2)	0.88

SAM Smart Energy Strategy

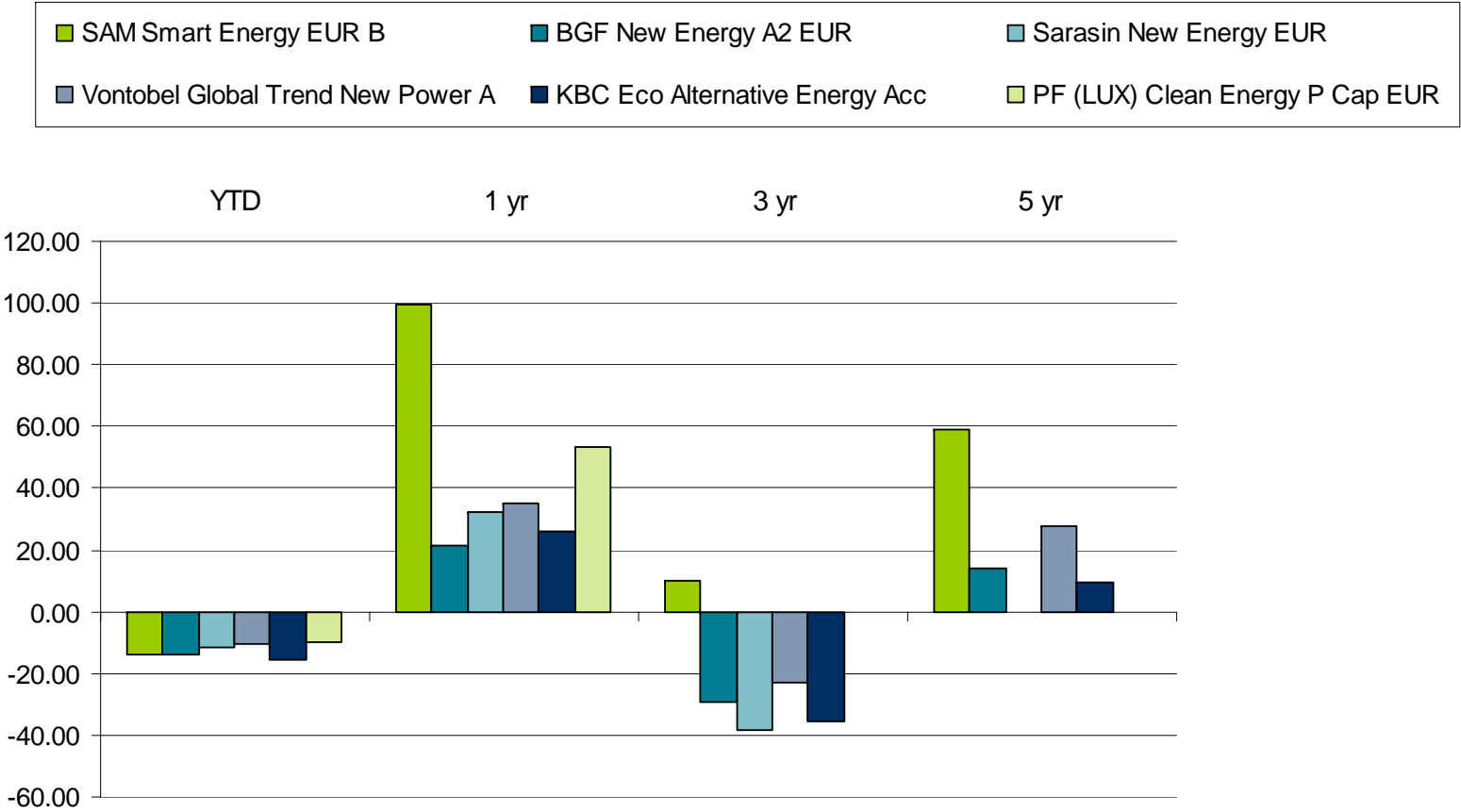
Portfolio Valuation (in USD, as of February 28, 2010)

	SAM Smart Energy Strategy	MSCI World
Price Earnings Ratio 2010 (E)	14.16x	13.34x
Long-Term Earnings Growth (E)	16.24%	10.00%
PEG Ratio 2010	0.87x	1.33x

Source: Consensus Estimates/ Bloomberg/ Investment Banks

Performance Energy Peers (in USD)

Alternative Energy Funds as of February 28, 2009



Conclusion

- **Security of supply, climate change** and the prospects of generating millions of **new jobs** will boost the development of clean technologies over the next two decades.
- We are just at the very beginning of the transformation of our energy infrastructure, encompassing all aspects of energy generation and subsequent treatment.
- The increased share of renewable energies will lead to a stronger electrification of our societies.
- SAM Smart Energy Strategy is a performance oriented strategy aiming to profit from the developments in the **generation, transportation, transformation** and **storage** of energy.

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ASRIA Briefing

How to deal smartly with energy issues

Hong Kong, 19th March

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