



ECPI CARBON WINNERS EQUITY INDEX

The index selects the best positioned companies vis à vis their past and expected CO2 emissions vs sector averages and competitors, in the global climate change scenario.

All carbon emission data and calculations have been performed by sustainability consulting leader Arthur D. Little.

All selected companies hold high ECPI ESG Ratings

OCTOBER 2011

BACKGROUND: KYOTO PROTOCOL, (CDM, JI, EMISSION TRADING)

CLIMATE CHANGE

Climate change and subsequently global warming is the increase in the average temperature of the Earth's near-surface air and oceans in recent decades and its projected continuation.

Carbon dioxide and other gases (the Green House Gases [1], GHG) warm the surface of the planet naturally by trapping solar heat in the atmosphere. Green House effect is a natural phenomena because it keeps our planet habitable, however fossil fuels consumption, deforestation and land use change policies have dramatically increased the amount of carbon dioxide in the atmosphere and thus temperatures are increasingly rising. According to the Intergovernmental Panel on Climate Change (IPCC) [2], global warming "is unlikely to be entirely natural in origin" and "the balance of evidence suggests a discernible human influence of the global climate".

CAUSES: CARBON DIOXIDE EMISSIONS

The climate change, and subsequently global warming, is strongly contributed by anthropogenic GHG emissions that absorbs and re-emits infrared radiation. GHG emissions breakdown, as of 2000 carbon dioxide (CO₂) emissions represented 77% of total GHG emissions, with methane (CH₄) contributing 14% and Nitrous oxide (N₂O) 8%. Main GHG emitting sectors, in the same year Electricity and heat contributed 22%, Transport 13%, Manufacturing and construction 11%, Other fuel combustion 11%, Agriculture 14%, Land use change 18% and Waste 4% [3].

EFFECTS: A CHANGE THAT IS HERE TO STAY

The world is perceiving changes. Glaciers are melting, plants and animals are being forced from their habitat, and the number of severe storms and droughts is increasing.

Deaths from global warming will double in just 25 years to 300,000 people a year with the number of Category 4 and 5 hurricanes almost doubled in the last 30 years and malaria already spread to higher altitudes in places like the Colombian Andes, 7,000 feet above sea level (World Health Organization).

Droughts and wildfires will occur more often.

Global sea levels could rise by more than 20 feet with the loss of shelf ice in Greenland and Antarctica, devastating coastal areas worldwide. The Arctic Ocean could be ice free in summer by 2050 as the flow of ice from glaciers in Greenland has more than doubled over the past decade.

Costs of extreme weather alone could reach 0.5 - 1% of world GDP by the middle of the century, and will keep rising as the world warms.

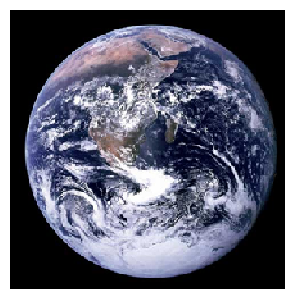
The competitive arena where companies act is changing for good.

HUMAN RESPONSE: KYOTO PROTOCOL

The increasing awareness about the anthropogenic origin of climate change has fostered the adoption of global tools to contain Greenhouse Effect.

In fact, the Kyoto Protocol represented the international counter measure to limit emissions in industrialized countries. A global GHG reduction of 5,2% for 2008-2012 period below 1990 levels is required. In order to reach the goals, Kyoto Protocol establishes "Flexible mechanisms" whereby industrialized countries can reduce GHG emissions and receive carbon credits. Clean development mechanism (CDM) and Joint Implementation (JI) are project based tools where a project investor can receive emission reductions credit by implementing projects that reduce net emissions in developing countries. Since 2008 Kyoto Protocol establishes also an emission rights market, Emission Trading Scheme (ETS), in order to encourage investments in low carbon technologies. Since 2005, the European Union decided to establish a local Emission Trading Scheme (EU-ETS), to make energy intensive sectors reach Kyoto targets.

EU Emissions trading has a strong relevance for the "covered industries", because these sectors account for about 50% of total emissions. Carbon management may represent an interesting Green Marketing tool. By accounting and reporting direct and indirect emissions (according to ISO 14064 standard), companies may communicate to the stakeholders their commitment to conserve and respect the environment beyond normative compliance.



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FOCUS: EQUITY EXPOSURE TO CARBON WINNERS

SELECTION PROCESS: SECTORS AND STOCKS

Our goal is the selection of the winning stocks in the global warming environment of the foreseeable future on the basis of past and expected CO2 emissions: as a matter of fact emission management will more and more represent a source of competitive advantage.

Key sectors have been spotted on the basis of the current and expected future CO2 emission at company level and industry averages.

ECPI has also applied its ESG Screening Methodology and traditional liquidity constraints to build a liquid and hedgeable investment tool. In other words, the single corporate expected reactivity to the long-term reduction trend has been assessed as the necessary condition for the inclusion in the index.

ECPI Carbon Winners Equity Index benefits from all ECPI traditional advertising/publication tools and becomes another ideal candidate for direct and derivative investment.

Sector Selection

Accordingly with the above, we have identified 3 sectors/industries that will be most affected by:

- § high current absolute carbon emission;
- § high carbon reduction potential;
- § high impact of the Kyoto-driven upcoming regulations.

The resulting relevant sectors are:

- § **Electricity**
- § **Steel and Other Materials**
- § **Oil and Gas**

Stock Selection

Inside the selected sectors we have then selected the index components on the basis of:

- § ECPI Alpha Rating
- § Carbon emission over Turnover
- § Reduction Potential Policy Assessment
- § Average Carbon Emission of Alpha Rated competitors
- § Stock Liquidity

Alpha Rating

This is the ESG (“Environmental, Social, Governance”) evaluation, as reflected by ECPI Alpha Screening Methodology. This is aimed at singling out companies both exposed to the desired climate change-sensitive sectors and at the same time holding the highest unexpressed Intangible Value, according to ECPI Research.

Carbon emission over Turnover

Reduction Potential Policy Assessment

Average Carbon Emission of Alpha Rated competitors

This assessment is performed by Arthur D. Little on the basis of their business experience, methodology and corporate database.

Stock Liquidity

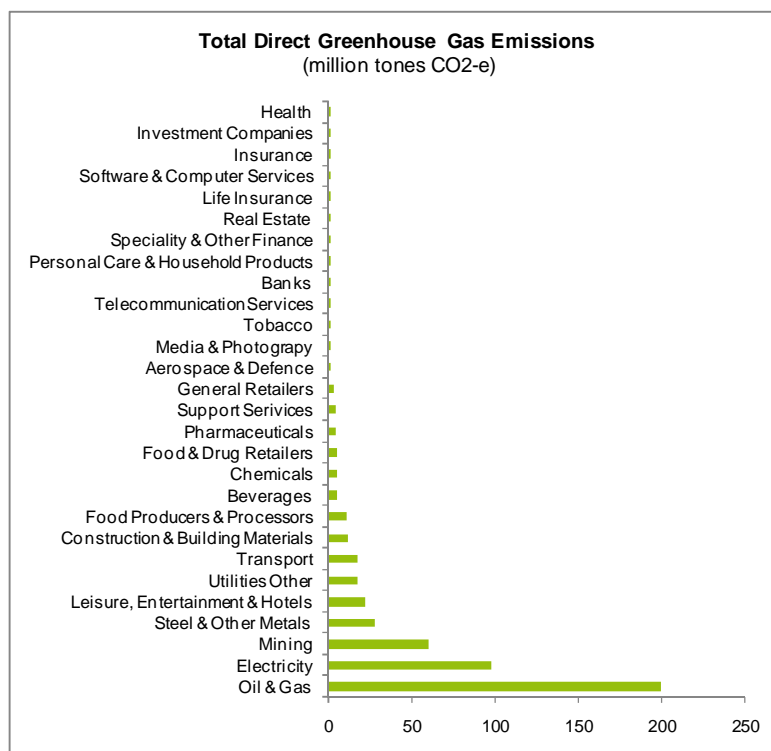
Minimum market capitalization: EUR 1 bio

Minimum 6 month average trading volume: EUR 10 mio.



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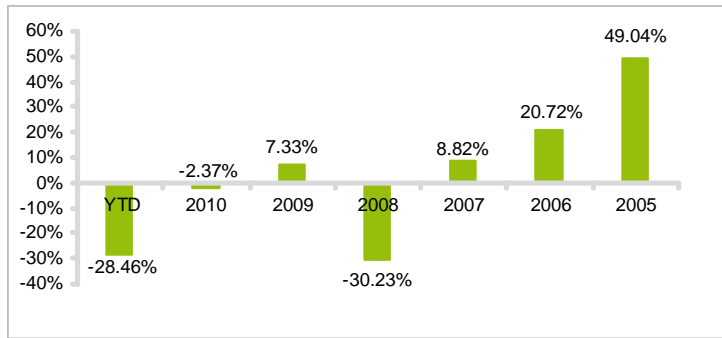
FOCUS: EQUITY EXPOSURE TO CARBON WINNERS



Sector	Quantified value at stake	Relative importance of driver category			
	% EBIT	Regulatory	Cost	Revenue	Reputation
Utilities	10-40%	Medium	High	High	Medium
Manufacturing	2-5%	Medium	High	Medium	High
Chemicals	5-10%	High	High	Low	Low
Pharmaceuticals	1-2%	Medium	Medium	Low	Medium
Materials & metals	10-20%	Medium	High	Low	Low
Food & drink	5-10%	Low	High	Low	Low
Property	1-2%	High	Medium	Medium	High
Retail	1-2%	Low	Medium	Low	Medium
Banking & financial services	<1%	Low	Low	Medium	High
Transport	2-5%	Medium	High	Medium	High

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Number of Constituents	12
Eligibility Monitoring	Daily
Component Weights	Equal
Index Rebalancing Frequency	Annual
Minimum 6 months ADV	10 mio EUR
Minimum Market cap	1 Bio EUR
Currency of Calculation	EURO
Average Market Cap (EUR bio)	43.67
Largest Market Cap (EUR bio)	91.93
Smallest Market Cap (EUR bio)	2.08
Highest Index Value (since 2003)	2825.84
Lowest Value (since 2003)	894.87

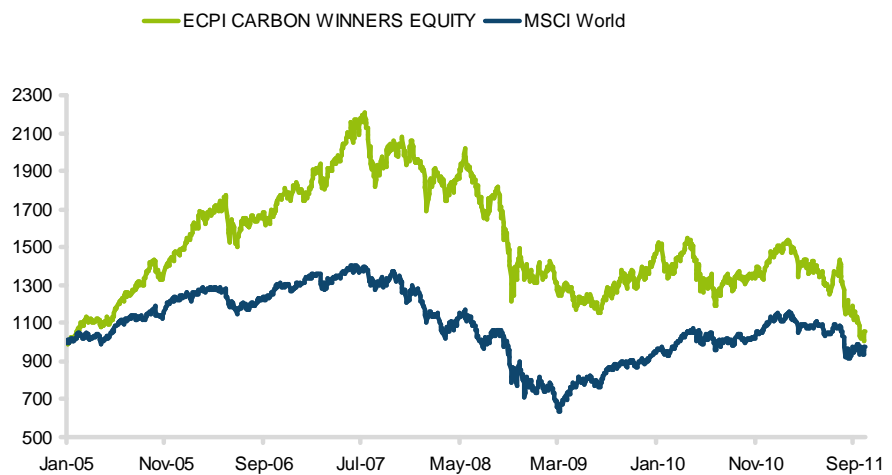


Average	Annualized Volatility
Since 2003	18.06%

Fundamental Analysis	P/E Trailing	P/E Projected	P/B	P/S	P/CF	Dividend Yield
	42.27	21.20	1.68	0.92	5.78	4.39

Country	
FINLAND	6.69%
FRANCE	15.35%
ITALY	7.80%
NORWAY	8.28%
SPAIN	7.07%
UNITED KINGDOM	30.54%
UNITED STATES	16.21%
JAPAN	8.06%

Sector	
Metal - Aluminum	9.75%
Oil Companies - Integr.	23.11%
Electric - Integrated	37.50%
Steel - Producers	6.69%
Diversified Minerals	11.39%
Metal - Diversified	11.56%



Index Summary			
Asset Class	Equity	Bond	Alternative
Investment Objective	Beta	Alpha	Income
Constituents	Large Caps	Medium Caps	Small Caps
Screening	Positive	Negative	Both
Bias	Geographical	Industry	Quantitative

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DEFINITIONS

P/E trailing: Current price/index earnings. Index earnings are calculated by summing up the trailing 12 months EPS before XO items of the member companies multiplied by the shares in the index and divided by the index divisor. US and Canada: calculated using trailing 12 month diluted EPS from continuous operations of each member.

P/E projected: Current price/index projected earnings. Index projected earnings are calculated by summing all members' best EPS in FY1 multiplied by shares in the index and divided by the index divisor.

P/B: Current price/index weighted book value. Index weighted book value is calculated by summing up current book value per share of the member companies, multiplied by the shares in the index and divided by the index divisor.

P/S: Current price/index sales. Index sales are calculated by summing up all trailing 12 month sales per share, multiplied by shares in the index and divided by the index divisor.

P/CF: Current price/index cash flow. Index cash flow is calculated by summing up the trailing 12 month cash flow per share of the member companies, multiplied by the shares in the index and divided by the index divisor.

Dividend Yield: Index dividend/current price. Index dividend is calculated by taking the sum of all members' last 12 month dividends, multiplied by shares in the index and divided by the index divisor. Market convention dividends use gross dividends except for Australia, New Zealand, and the United Kingdom, which use net.

Fundamental Data Source: Bloomberg

Notes

[1] A gas, such as water vapour, carbon dioxide, methane, chlorofluorocarbons (CFCs) and hydro-chlorofluorocarbons (HSFCs), that absorbs and re-emits infrared radiation, warming the earth's surface and contributing to climate change (UNEP; 1998)

[2] The Intergovernmental Panel on Climate Change (IPCC) has been established by WMO and UNEP to assess scientific, technical and socio-economic information relevant for the understanding of climate change, its potential impacts and options for adaptation and mitigation

[3] Data from World Resources Institute, Climate Analysis Indicators Tool.

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