

SAM Smart Energy Fund

Invest in solutions for the mounting demand for energy

SAM

Sustainable

Asset

Management

Seefeldstrasse 215

CH-8008 Zürich

Tel. +41 1 397 10 10

Fax +41 1 397 10 80

info@sam-group.com

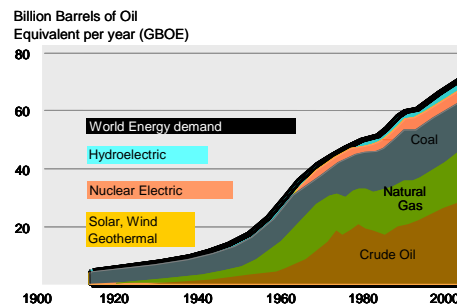
www.sam-group.com

Energy determines our entire lives – without it, virtually all activity on our planet would come to a standstill. In the second half of the 20th century, there was a veritable explosion in demand, which has since increased many-fold. This trend and the global hunger for more and more energy are likely to persist going forward.

At present, the bulk of energy consumption stems from the already developed regions (North America, the EU and Japan). For example, per capita energy consumption in the USA is still six times higher than in China and some 20 times higher than in India.

In China and India with their 2.4 billion inhabitants, a third of the world's population are now seeking to catch up with the industrialized nations. The rising population figures as well as the persistently strong growth trend in these regions will ensure that the development of global energy consumption moves in only one direction: sharply upwards.

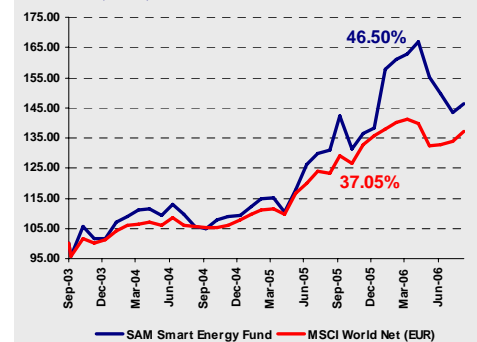
Historical development of the global energy demand



Source: SAM

The current energy mix is still dominated by traditional forms of energy. Fossil fuels such as coal, oil and natural gas still contribute around 90% to satisfying demand. However, stocks of the most important fuel – oil – will become ever tighter in the coming decades. 40% of the global crude oil reserves have already been exhausted.

SAM Smart Energy Fund vs. benchmark B-shares (EUR) from launch to 31.08.2006



SAM Smart Energy Fund was launched three years ago, and has since posted impressive performance.

Source: Julius Baer

According to the calculations of the International Energy Agency (IEA), by 2030 at the latest the supply of conventional oil will no longer be sufficient to cover demand. The situation is similar for natural gas: here the resources will last for about another 60 years at the current rate of consumption.

Risks in energy supply

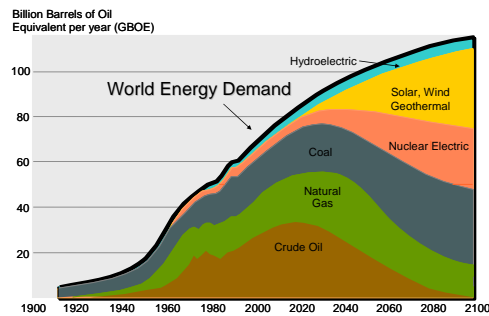
These opposing developments – rising demand on the one side and energy reserves being exhausted on the other – are being overshadowed by a third problem: security of energy supply. For example, in the EU imports already account for some 50% at present, but this figure is expected to rise to 70% by 2030. This gives rise to serious risks with regard to energy supply due to the increasing dependence of the west in particular on regions and other countries that are politically unstable and/or under autocratic rule, such as Iran, Iraq, the Middle East, Northern Africa and Venezuela.

Energy prices will continue to rise and there will be a sharp increase in the global competition for energy reserves, which will be a defining factor for economic growth. In order to prevail in this environment, a rethink towards more efficiency in consumption as well as other energy sources will be essential. Renewable energy sources will profit the most from these developments. For example, the Chinese government has set itself the target of having renewable energy account for 15% of total consumption by 2020.

SAM Smart Energy Fund invests in four attractive clusters

SAM Smart Energy Fund, which was launched three years ago, takes advantage of these developments by investing in companies offering technologies, products and services in the field of future-oriented energy. This area includes renewable energy, decentralized energy supply, demand-side energy efficiency and natural gas.

Scenario for global energy demand in the 21st century



Source: SAM

Renewable energy

This investment segment includes companies from fields such as wind power, solar energy, biogas and biofuels. Companies from the renewable energy value chain find themselves in a very attractive environment: state initiatives are supporting the sector as the production of energy from renewable sources is CO₂ neutral. In addition to this, the renewable energy sources are often to be

SAM Smart Energy Fund	
Fund data B-shares (as of 31.08.06)	
ISIN	LU0175571735
Umbrella	Julius Baer Multipartner
Domicile	Luxembourg
Performance YTD	6.01%
Performance 2005	26.33%
Performance since launch	46.50%
Fund volume in mn	46.20 mn EUR
Reference currency	EUR
Launched on	23.09.2003
Benchmark	MSCI World Net

found in the countries with a corresponding level of consumption, thus reducing their dependence on imported energy.

Decentralised energy supply

This area includes companies that manufacture systems for heat/energy coupling, decentralised power generation, storage technologies and power controls. Although the bulk of private households and industry are currently still supplied with power via the central electricity grid, decentralised energy supply concepts will become increasingly significant in the future.

Demand-side energy efficiency

The tighter energy resources become, the more expensive their price. Investments in energy efficiency are already worthwhile and will pay off to an even greater extent in the future. The fund therefore invests primarily in solutions in the fields of mobility, building management and industrial processes, these being areas with high energy consumption. Examples of efficient solutions include hybrid drive technology, efficient diesel engines, modern heating systems, heat reclaiming systems and energy-efficient construction concepts.

Natural gas

Although natural gas is a fossil fuel like coal and oil, it is clearly better in terms of its environmental balance. Above all, burning gas emits less CO₂ than the other fossil fuels. The fund can invest in the search for natural gas as well as its extraction, transport and supply.

Reasons to invest in SAM Smart Energy Fund

- Renewable energy sources currently account for only about 3% of global energy supply. However, their share in the energy mix will increase sharply in the future.
- The bulk of renewable energy is currently generated by hydroelectric power plants. However, wind power facilities, solar energy and other renewable energy sources will play a more important role going forward. For example, we expect the solar sector to post annual growth rates of 25%.
- Areas such as biomass in the USA or biodiesel in Europe will be able to profit from legal provisions.
- The natural gas sector offers growth rates twice as high as the oil industry, and also profits from advantages such as lower CO2 intensity.
- Given that prices for fossil fuel energy are very high, investments by companies in energy efficiency are paying off much more quickly than in the past. Providers of solutions in this area therefore find themselves in a very good environment.

Important legal information

No Offer The information and opinions contained in this publication constitutes neither a solicitation, nor a recommendation, nor an offer to buy or sell investment instruments or other services, or to engage in any other kind of transaction. The information described in this publication is not directed to persons in any jurisdiction where the provision of such information would run counter to local laws and regulation.

No warranty This publication is derived from sources believed to be accurate and reliable, but neither its accuracy nor completeness is guaranteed. The material and information in this publication are provided "as is" and without warranties of any kind, either expressed or implied. SAM Group Holding AG and its related, affiliated and subsidiary companies disclaim all warranties, expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose. Any opinions and views in this publication reflect the current judgment of the authors and may change without notice. It is each reader's responsibility to evaluate the accuracy, completeness and usefulness of any opinions, advice, services or other information provided in this publication.

Limitation of liability All information contained in this publication is distributed with the understanding that the authors, publishers and distributors are not rendering legal, accounting or other professional advice or opinions on specific facts or matters and accordingly assume no liability whatsoever in connection with its use. In no event shall SAM Group Holding AG and its related, affiliated and subsidiary companies be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of any opinion or information expressly or implicitly contained in this publication.

Copyright Unless otherwise noted, text, images and layout of this publication are the exclusive property of SAM Group Holding AG and/or its related, affiliated and subsidiary companies and may not be copied or distributed, in whole or in part, without the express written consent of SAM Group Holding AG or its related, affiliated and subsidiary companies.

© 2006 SAM Group Holding AG
