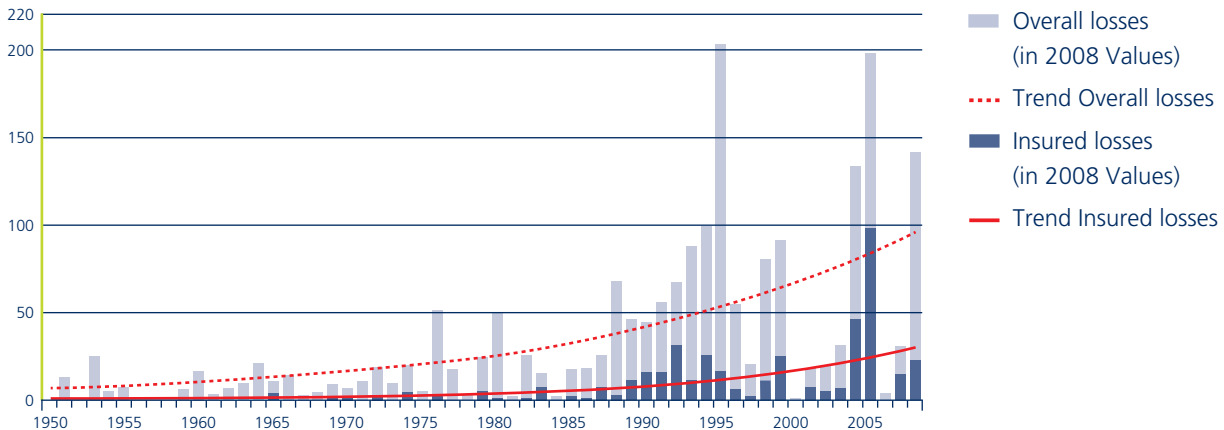




Climate change investing isn't all about mitigation

## How Astute Investors Can Profit From Climate Change

**GREAT NATURAL CATASTROPHES 1950 - 2008 (OVERALL & INSURED LOSSES BN USD)**



Source: Munich Reinsurance Company

The December UN Climate Change Conference in Copenhagen is not far away. The main focus will be on a globally coordinated effort to prevent climate change. But one should remember the equally important reality that climate change is an ongoing process that will continue regardless of mitigation efforts.

Response and adaptation to climate change is essential. This will require significant investment, especially considering the growing number of people living in vulnerable coastal areas and the billions of dollars of critical infrastructure in these regions. Despite efforts such as the planned EUR 1 billion p.a. investment from the Dutch government, investment must increase to meet the impacts of rising sea levels and extreme weather events. These cause billions of dollars in damages each year (see chart).

Astute investors will realize that a rise in sea levels of nearly one meter by 2100 will mean lucrative infrastructure projects for firms focusing on coastal protection and water systems. Discussions with major cement companies like Holcim con-

firm that one of the top growth drivers is likely to be demand for protective infrastructure projects to combat climate change. Such trends will also benefit companies focusing on adaptive building products, such as hurricane-resistant windows for coastal buildings. The impacts of hurricanes and wind storms will also provide opportunities, such as more high-margin work for companies restoring power after outages.

The investment environment is changing with the climate. SAM is positioned to capitalize on a market that has yet to recognize the scope of investments needed to adapt to climate change.

“We view climate change investing as more than just a mitigation exercise. We seek exposure to crucial investments in services, infrastructure and building products that involve adapting and responding to climate change.”



**Michael Riley**  
Analyst

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