

## Video Interview Transcript

### Funds performances

Q1

**The second quarter 2009 was characterised by a significant rebound of the markets. How did your funds behave? Did the investment strategy evolve to adapt the portfolios to the context?**

Due to our liquidity exposure in 2008, we were able to gain more reactivity concerning the evolution of the markets. This enabled us to capture this rebound since May and to outperform significantly the indexes for most of our funds:  
+14% for Performance Environnement International during the first half of the year and +10.3% for Performance Environnement. Other funds recorded also a good outperformance: +6.9% (Performance Vitae) and +6.7% (Champlain Sérénité).

Q2

**The mid caps recorded a significant performance since the beginning of the year. Did this outperformance have a positive impact on some of your funds? Do you think investors should select mid caps again?**

The mid caps recorded a positive evolution since the beginning of the year combining performances and a very low valorisation level. Investors paid attention again to the solidity of their business model and their low exposure to the up and downs of the global slow down. Two of our funds benefited particularly from this evolution: +13.5% for Performance Avenir in the first half of the year against -2.4% for the CAC 40 and Champlain Opportunité +xxx%. For the coming months, I think that it is more relevant to look at the valorisation, the quality of the management, which is a real value during economic crisis, rather than only focusing on the size of capitalisations.

For example, ABC Arbitrage's net result increased by 96% in 2008. This company based its success on human capital and on a strong firm spirit.

Q3

**Due to their defensive approach, were your funds harmed during the rebound period?**

The environmental sector's universe is very wide, including defensive (downstream of the supply chain, operators) and cyclical stocks (upper stream of the supply chain, suppliers). By combining this two kind of stocks, we were able to capture significantly the rebound and to resist to the decrease of the market in the first quarter 2009. This explains our outperformance since the beginning of the year.

The Health sector is traditionally more defensive with some companies, which have a more cyclical characteristic like the prostheses ones. This sector is not only defensive but is also positioned on growing markets such as the medical testing. We can say that this sector offers a "defensive growth": a regular growth combined with a low volatility. This enabled us to outperform the indexes since the beginning of the year.

## **The Chinese solar power boom**

Q4

**You were talking about the sectors which are more cyclical. For example, does the Chinese boom in the solar power show that the markets start to price growth again? Do you think the objectives of the Chinese government concerning the renewable energies are realistic?**

In 2009, China confirmed its willingness to become one of the leaders in the renewable energies. They have the financing capacity and the required rapidity to meet these objectives. The positive newsflow of these last months are the repurchase tariffs for the solar power, the three fold of the objectives in the wind power and the announcement of a \$ 400 billion investment plan in the renewable energies which should represent 18% of the energy mix within 2020.

The big winners of these actions are mainly the Chinese companies which benefited directly from the announcement effect: China Power New Energy +96% over the last two months. The Chinese represent 20% of the production of solar panels world wide but could reach 70% in 5 years!

**But can we say that the difficulties through which the sector underwent are now over?**

No, the problems linked to the access to credit and the over production are still present in 2009, this is why we prefer to select companies which have more solid business models like Yingli or Suntech. This reflects our expertise to select the leaders of tomorrow.

## **Perspectives**

Q5

**The markets seem to wait for new perspectives after three increasing months. What do you expect on the short to mid term?**

The markets are waiting for new perspectives. We think that these will not come soon as this time, this is not the financial crisis which will contaminate the economy but the other way around: indebtedness of states, inflation, higher rates, increase of unemployment, bankruptcy of companies, degrading of the bank capital stock. We think that the growth of the economy will be very low especially for the northern countries...

## Q6

**In this difficult context, was it possible to identify over the past months some promising elements for the future in the environment sector?**

Yes two main signals.

First of all, companies such as Vestas, REC or Iberdrola succeeded in their capital rising. This is important as this enables these companies to go through the crisis with secured financing for the next 18 to 24 months.

Then, the financial crisis harmed some companies which will lead to some interesting consolidation movements as they will be realised with very low prices. For example, EDF EN bought a pipeline of projects in Italy for a price threefold lower than it should be.

Our recommendation: to concentrate on leaders of the sector and companies which offer strong business models and which will be able to capture development opportunities.

## Q7

**The United States moved on a significant level concerning the environmental issues as they have just validated by the House of Representatives the objectives of CO2 reduction. What do you think?**

This is a strong political signal for the coming Summit of Copenhagen. But technically speaking, these objectives are not well understandable. The objectives defined for the renewable energies also depend on the energetic efficiency evolution. The objectives of CO2 reduction in 2020 are not calculated on the same basis as in Europe. If we use 1990 as the year basis, they are far below the European objectives (1% to 3% against 20%).

The important points to highlight are the green “revival plans” (€ 130 billion) announced by Obama.

**So what are the real results of the green revival measures?**

The important point is, that we never had such a good visibility on the mid term. The environment becomes a key sector for the economic revival and the creation of jobs.

But the visibility remains low on the short term, so these plans will not have an immediate impact. I think that 2010 and 2011 will be significant years for the renewable energies.

In 2009, we have some elements which confirm this phenomenon. Solar Millennium has just signed a contract for the construction of thermal solar plants in California for a capacity of 2X242 MW. These significant capacities’ plants demonstrate that the sector reaches a wider dimension.

As the markets tend to anticipate, it is important not to fail to participate to this evolution but to remain also very prudent on the short term.

## **First anniversary of Champlain Solidarité**

Q7

**Our solidarity fund, Champlain Solidarité, has just celebrated its first anniversary on the 16<sup>th</sup> of June. Are you satisfied with the performance of the fund and will the companies in which we are invested distribute more dividends and meaning more revenue for the associations this year?**

We can not be satisfied with a performance that remains negative since the creation of the fund, launched in the heart of the crisis...

But we are content with the out performance compared to the indexes: -15.90% against -31.72% for the ASPI Eurozone since the creation and +12.6% against -1.75% for the first half of the year.

The fund confirmed its growth and yield characteristics with a significant distribution of dividends of some companies: 10% for Aguas de Barcelona.

This higher distribution will lead to an increase of the revenues given to the associations this year. It's a fund which combines well social utility and performance. We will be able to distribute more in the coming years..

Q8

**Does the solidarity market seem as promising as the SRI one?**

Without any doubt, we can even talk about a safe investment. Even with the financial crisis, this kind of assets remains stable (€ 1.6 billion) with no massive redemptions as the other traditional mutual funds faced. These investments enabled to create 20 000 jobs and 1500 social households in 2009.

The private sector has clearly a role to play to assist the economy in solidarity which is essential to fill in the public institutions with the social urgency.

Q9

**You have just been authorised to distribute your fund Performance Vitae in Switzerland. How did the investor react to your funds in this country? What are your objectives for your international development?**

We have already three funds registered: Performance Environnement, Performance Environnement International and Performance Responsable. Switzerland is very receptive to the ageing of population theme as it is less competitive than the environment one. As we are specialised in the sustainable development, we are able to find ourselves a place in the Swiss market which is already well developed with big companies such as Pictet...

We have important ambitions for our international development.