



# Sustainable Finance

Market Performance - Selected Markets for the Week Ended October 16, 2009				
Market	Dec 31, 2008	16-Oct-09	YTD Change	YTD % Change
S&P TSX	8,987.70	11,504.76	2,517.06	28.01%
Dow Jones	8,776.39	9,995.91	1,219.52	13.90%
S&P 500	903.25	1,087.68	184.43	20.42%
Nasdaq	1,577.03	2,156.80	579.77	36.76%
Nikkei 225	8,859.56	10,257.56	1,398.00	15.78%
FTSE 100	4,434.20	5,190.24	756.04	17.05%
Dax	4,810.20	5,743.39	933.19	19.40%
Hang Seng	14,387.48	21,929.90	7,542.42	52.42%
Shanghai	1,820.81	2,976.63	1,155.82	63.48%
DJSI World TR	945.46	1,283.60	338.14	35.76%
DJSI North America TR	92.85	118.28	25.43	27.39%
Jantzi Social Index TR	128.27	169.54	41.27	32.17%
FTSE 4Good Global 100	3,384.13	4,186.07	801.94	23.70%

Selected Rates (Institutional)	
Description	Price/Rate Oct 16, 2009
CDN/USF	1.0389
CDN/EURO	1.5467
CDN/CHF	1.0198
CDN/YEN	0.0115
Total CPI -Canada TTM (09/09)	-0.90%
Total CPI - USA TTM (09/09)	-1.20%
Total CPI - Euro TTM (09/09)	-0.30%
GOC 1 Yr T-Bill	0.68%
GOC 5 Year	2.88%
GOC 10 Year	3.55%
GOC 30 Year	4.00%
Gold USF/Oz	1,050.70
Oil USF/BBL WTI Cushing Spot	78.53

## Week in Review

There was mixed economic news this week but lets be frank; economic news is always mixed. The only difference is which number traders, journalists, and investment managers decide they are going to focus on.

Most markets continued the advance of the past three weeks. However, it does look like the push is starting to become a pull.

The Asian markets as a geographic entity did the best this week. The Japanese market was up 2.72%, the Chinese market 3.56% and the Hang Seng was up 2.99%.

Lets not get too excited about these markets though. The Japanese market is still 25% of what it was in the late 1980s and the Chinese market is still 50% lower than it was two years ago this month. Basic-

cally it has to double from here to just get even. The Hang Seng in Hong Kong has done marginally better being only 31% lower from its high in October 2007.

Remember that this year every stock exchange is coming off a very low base and has a lot of work to do to get to previous highs.

The European markets were the laggards of the bunch

this week with the UK market up only 0.64% and the Germans coming in at 0.66%.

North American markets were right in the middle with the Canadian S&P TSX up 0.75%, the NASDAQ up 1.11%, the S&P 500 up 1.79% and the Dow Jones ahead by 1.49% for the week.

For this next week I see a dark stranger. Historically the WORST stock mar-

ket days have occurred during this week. While I don't think that we will see any crash type sell offs, I do believe that the markets are going to start losing steam and head sideways. Of course I could be wrong, and the markets will reveal all in the fullness of time. Egos beware.

Of worthy note has been the decline of the US Dollar this year against most major currencies in-

cluding the British Pound Sterling. Who knew?

As demonstrated by the inexorable rise of the price for an ounce of gold, now at an astounding \$ 1,050.70 USF, the world continues to tell the United States what it thinks of its current unsustainable state of finance.

Trillion dollar deficits? Please. Multi billion dollar trade deficits? Not positive.

An expensive expeditionary war that has produced little in the way of real results and could have been better solved in the "Mossad" fashion as applied to the 1972 Olympic terrorist attacks against Israel.

The precise inflection point for the decline of a nation is never know until many years have past. For the US it was Iraq in 2003. We are now watching a train wreck in progress.

## Sustainable Investing

Being a sustainable investment manager has its moments. Some days you wonder if humanity will get it and make better decisions. Some days you believe they will.

For this piece, I just wanted to share with my readers the path I have taken to get here and some of the personal commitments I have made to "walk the walk" as it were.

We are all mostly aware of the documentary "An Inconvenient Truth" by Al Gore. Despite its numerous inconsistencies it drove me to action.

After watching it my first feeling was that of shock. Next despair followed by a feeling of hopeless-

ness. That was quickly displaced by anger and disbelief.

This chain of emotion was not an uncommon reaction by any stretch of the imagination but what happened next changed me.

I decided that I was jointly and severally responsible for the issues with everyone else on the planet. I looked in the mirror one day and decided that I would become part of the solution, however large or small my contribution ended up being.

Now I have always been a fan of the outdoors and nature but that is not the same as being aware of what my actions and the collective actions of all others on this planet is committing

our progeny to.

So what to do next?

Well I began researching and reading and talking to people and attending conferences. It has been a very steep learning curve. What I have learned in the process has made me view the world in a very different manner.

It has forced me, in not too subtle ways, to look at how my decisions affect everything around me.

I want to use a few examples to illustrate what I am doing and the impacts.

First, I completely changed the way I look at investment management and immediately changed my mandate to sustainable and socially

responsible investing. At Blue Marble Capital Management Limited we are working hard to become a leader in this field of investing.

That is no small feat but we believe that the ESGC Investing™ methodology that we have developed is world class. It is our passion.

Next, I had to make some changes on the home front. We already had an incredibly efficient house with in-floor heating and electricity derived from hydro but I wanted to do more.

Since we live 10 kilometers from the town where I have my office I took a look at my transportation. I moved from taking my SUV in daily to a progression of trans-

port depending on work requirements.

Sometimes I walk (incredibly refreshing and good exercise), sometimes I take public transport, sometimes I take my road bicycle, sometimes I take my motorcycle, and the last choice when it is cold outside and I need the flexibility is my SUV.

This has significantly lowered my carbon footprint, is helping me get in better shape, and hopefully making a small positive impact.

We had already begun recycling but we now take it very seriously. Nothing gets into the trash bin that can be recycled, re-used, or returned. For instance I now save and return all the

clothes hangers I get from my dry cleaner. Small change but think of what that would mean if everyone did ?

This of course does not mean that I am perfect. Not even close. I am just trying. And I have realized that it is the col-

lective small changes and savings that add up to incredible scale when everyone starts doing the same.

So pick something. When it gets to be a habit move on to something else. Read. Learn. Be part of the solution. Join us.

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## Selected News Articles

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### Canada's Kyoto view triggers a walkout- Developing nations at climate talks protest call to replace protocol

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OTTAWA—The government's push to abandon much of the Kyoto Protocol prompted dozens of developing countries to walk out on Canada's address during recent climate talks in Thailand, The Canadian Press has learned.

The mass walkout came after the Canadian delegation suggested replacing the Kyoto Protocol with an entirely new global-warming pact, according to one of the negotiators and notes taken

by others at the meeting.

A widening and bitter rift between rich and developing countries over climate change was laid bare last week when delegates from 180 nations met in Bangkok to shape a successor to Kyoto before its first phase expires in just over two years. The United Nations hopes to broker a draft deal in time for a meeting in Copenhagen this December.

The delegates discussed whether all or

parts of Kyoto should end up in the new agreement.

The developing countries want a new climate deal to complement Kyoto, but Canadian officials told the room they would rather replace Kyoto with one agreement, according to the meeting notes.

Canada's delegation was apparently open to putting "some or all" of Kyoto in a new climate pact, the notes say.

"Some or all of

(Kyoto Protocol) elements can be incorporated into (Copenhagen) agreement," the notes say about Canada's position.

At that point, the South African delegation stood up and led the Group of 77 developing nations – except for a group of small island states – out of the room.

"The conversation, in our view, at the point in time was effectively over and the G77 left the room," said Joanne Yawitch,

a South African negotiator at the Bangkok talks.

Talks resumed the next day.

"We're not going to walk out of any negotiating process," Yawitch said. "But there are certain conversations which we feel are outside of the perimeters of the legal mandate."

The developing nations were perturbed that Canada and other industrial countries would consider copying parts Kyoto into a

new treaty. "You can't do a cut and paste on a ratified treaty," Yawitch said.

"You have to reopen it and negotiate what you would cut and paste. And we think that the risks are that you might end up with something ... considerably weaker."

Environment Minister Jim Prentice declined comment on the walkout.

The Kyoto Protocol binds 37 industrial countries – including

Canada but not the United States – to reduce greenhouse gases by 5.2 per cent from 1990 levels by 2012.

Canada, the U.S., the Europeans, the Australians and others want a new agreement to also bind big developing nations such as China and India to cut greenhouse gases.

The Star  
October 13, 2009  
By Steve Rennie

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*"The good news is we know what to do. The good news is, we have everything we need now to respond to the challenge of global warming. We have all the technologies we need; more are being developed. And as they become available and become more affordable when produced in scale, they will make it easier to respond. But we should not wait, we cannot wait, we must not wait."*

*Al Gore*

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### Copenhagen climate deal must be fair, ambitious, and binding

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Developed countries including Canada and the U.S. have benefited tremendously from fossil-fuel exploitation. Resources like oil, gas, and coal have allowed us to industrialize and to expand our economies, making life easier for citizens in so many ways.

Just as developing nations started to follow suit in raising their living standards, though, we began to realize that our current fuels and technologies come at great cost to the world. And even though developed countries have reaped most of the benefits of fossil fuels, developing countries, which have contributed least to the build-up of greenhouse gases

in the atmosphere, are feeling the brunt of the consequences.

Droughts, severe weather events, food shortages, and waves of refugees are just some of the burdens climate change is forcing on people who were already facing incredible challenges brought on by poverty and a lack of infrastructure for things we take for granted, such as clean air, water, and food. At the same time, these countries are being told that they can no longer rely on the fossil fuels we have used to bring about prosperity.

In other words, the countries that have been least responsible for global warming are being most affected by its impact. In Canada, our gov-

ernment believes that developing nations need to aim for the same targets we are expected to meet to fight global warming. Even though some of the larger developing nations, like China and India, have overall levels of greenhouse gas emissions that are higher than Canada's, their per capita emissions are a fraction of ours. It's not fair.

World leaders have a great opportunity to correct this imbalance when they meet in Copenhagen, Denmark, from December 7 to 18 to work out an agreement on how best to deal with climate change. Many organizations from around the world are calling on our leaders to sign a fair, ambitious, and binding deal.

A fair deal would put much of the onus for reducing emissions that contribute to global warming on the developed nations that are mainly responsible for the problem. Scientists agree that developed countries need to reduce their emissions by at least 40 per cent by 2020. Developed countries must also help developing nations with financial and technological support so that they can adapt to the worst consequences of climate change, reduce their emissions, and benefit from emerging renewable-energy technologies. A fair deal would also compel rich nations to protect poor and marginalized people in developed and developing countries.

The call for an ambitious deal reflects the urgency of the situation. We have already dumped so much heat-trapping carbon dioxide and other greenhouse gases into the atmosphere that it will take ambitious global efforts to stall the most severe consequences. That means ensuring that global greenhouse gas emissions peak no later than 2017 and then go down quickly after that so that concentrations in the atmosphere are reduced to less than 350 parts per million.

An ambitious agreement would also ensure that the world takes advantage of the numerous opportunities to create clean jobs and clean energy, which will strengthen global economies. We must also create conditions that will allow people, plants, and

animals to survive in a sustainable manner.

For an agreement to be effective, it must be legally binding, with mechanisms in place to make sure that countries are meeting their obligations and to enforce those obligations.

This all may seem overly ambitious and overly expensive –but the alternative, doing little or nothing, could be catastrophic. Consider also the speed with which countries such as the U.S. were able to come up with trillions of dollars to bail out banking systems that were largely the authors of their own troubles.

The world is facing many challenges, of which climate change is just one symptom. The benefits of an

agreement in Copenhagen that is fair, ambitious, and binding go beyond simply reducing the severity of global warming. Clean-energy technologies, more attention to the plight of the world's poor, and recognition of the true value of natural systems and the plants and animals that share this world all provide opportunities to create a sustainable and prosperous world.

There's little time to lose. We must tell our leaders that we expect them to support a fair, ambitious, and binding solution in Copenhagen in December. Everyone's future is at stake.

www.davidsuzuki.org  
October 16, 2009  
By David Suzuki and Faisal Moola