



Sustainable Finance

Market Performance - Selected Markets for the Week Ended October 30, 2009					Selected Rates (Institutional)	
Market	Dec 31, 2008	30-Oct-09	YTD Change	YTD % Change	Description	Price/Rate Oct 30, 2009
S&P TSX	8,987.70	10,910.75	1,923.05	21.40%	CDN/USF	1.0774
Dow Jones	8,776.39	9,712.73	936.34	10.67%	CDN/EURO	1.5896
S&P 500	903.25	1,036.18	132.93	14.72%	CDN/CHF	1.0521
Nasdaq	1,577.03	2,045.11	468.08	29.68%	CDN/YEN	0.0120
Nikkei 225	8,859.56	10,034.74	1,175.18	13.26%	Total CPI - Canada TTM (09/09)	-0.90%
FTSE 100	4,434.20	5,044.55	610.35	13.76%	Total CPI - USA TTM (09/09)	-1.20%
Dax	4,810.20	5,414.96	604.76	12.57%	Total CPI - Euro TTM (09/09)	-0.30%
Hang Seng	14,387.48	21,752.87	7,365.39	51.19%	GOC 1 Yr T-Bill	0.60%
Shanghai	1,820.81	2,995.85	1,175.04	64.53%	GOC 5 Year	2.76%
DJSI World TR	945.46	1,242.57	297.11	31.42%	GOC 10 Year	3.50%
DJSI North America TR	92.85	114.75	21.90	23.59%	GOC 30 Year	3.98%
Jantzi Social Index TR	128.27	163.93	35.66	27.80%	Gold USF/Oz	1,041.50
FTSE 4Good Global 100	3,384.13	4,037.33	653.20	19.30%	Oil USF/BBL WTI Cushing Spot	77.00

Week in Review

Ok, I don't want to say I told you so, but, well, I told you so.

The stall I have been expecting for about a month now actually occurred.

The rally on the TSX stalled at 11,648.50 on September 23, 2009.

A month later on October 21, 2009 the rally tried to break through but only got to 11,595.00 before

breaking down and then broke through the trend line on October 26, 2009.

If EVER there was a classic technical break down this was it. A double top test and a break through a trend line will, almost always, indicate market sentiment is turning negative at least for the short term.

After the break down the market fell for another two days and then staged a rally

into which we sold out our clients dedicate equity positions in order to lock in the gains we had made back for the year.

We now expect markets to go sideways or lower while market participants wait for the fundamentals to catch up to the market move of the last 8 months.

Markets the world over were in the red ink this week.

The Asian markets

varied widely. Japan was down 2.80%, the Shanghai market in China was off 6.15% and the Hang Seng in Honk Kong fell 5.82%.

European markets fared no better with the German market down a brutal 6.76% and the FTSE 100 in the UK off by 4.47%.

North American markets had a rough week as well. The TSX in Canada was down 5.24%. The

S&P 500 in the US was off by 4.81% and the NASDAQ in the US which just cannot seem to catch a break was down 6.93%. The relative bright spot was the Dow Jones which fell only 2.96%.

Sustainability/Social indices fared no better. The DJSI World fell 3.86%, the DJSI North America was down 2.90%, the Jantzi Social Index burned off 5.35% and the FTSE 4Good in

the UK dropped 4.55%.

There is a bright spot though. The Sustainability/Social indices this year, with the exception of the Asian markets and NASDAQ have been performance leaders. Perhaps this could be coincidence or maybe just indicative of better quality companies that the indices hold.

Regardless, it certainly demonstrates that there really is no

performance give up for investing in this manner.

So, looking into the crystal ball for next week we see absolutely NOTHING. Which is our way of saying we feel sideways is the new black for the markets and may be for some time to come.

Sustainable Investing – Taking Care of Business

It is difficult to be in this business sometimes and to not notice things or to not start looking at things differently.

I live in a country blessed with immeasurable beauty, resources, and diversity of people. We have, I believe, no limit to what we can do.

But I have to admit that I question things much more than I used to. And there are a few issues that we as Canadians and members of the global community need to address.

One of the topics I have been thinking about lately is space travel and in particular anything to do with the exploration of Mars and the Moon.

It occurred to me the other day that this may be one of the most colossal wastes of money, effort, and brains in the history of humans.

At just half a billion dollars a year in the US, it is not a large line item. But you have to ask yourself why? What will be the end result?

Is it that we will be able to find out that we could leave the planet if we choose? We already can. Moon exploration proved that.

Is it looking for signs of other life? We already have plenty on our own planet.

Canada is also involved in this enterprise to some degree but I have to ask again. Why?

The next item on this agenda, is Olympic Spectacles.

This is particularly relevant to the province of British Columbia where I live.

As a planet we already have a lot of Olympic venues in existence from previous games. So why do we continue to move it around from country to country?

Since I can remember these games have caused nothing but trouble for the places where they have been held. Budget overruns by multiples of original cost, debt payments for 30 years, corruption, organized crime and all the problems for the locals of having spectators and participants arrive from all over the place for two

weeks.

Do the costs justify the expenses and dubious economic benefits derived for the city holding the games? My guess, and that is all it is, is no.

So far British Columbia has been over budget, incurred a lot of debt to host the Winter Olympics, has enacted gag orders for residents of the municipalities concerned, and has made major cuts to programs across the province.

Though the government of BC denies that these cuts are because of the Olympics and instead due to the economic downturn, it is difficult to swallow when one of the venues was over budget by al-

most \$500 million.

The next item of concern to me has been the war in Afghanistan. Now I have great respect for the Canadian Forces having been a member in a prior life.

However, one has to question the mission from the standpoint of common sense let alone cost.

How is it the NATO group believes it will succeed when countless well equipped and better financed armies from the present to antiquity have been defeated by these very same people? The Mujahideen who fought the Russians are the same ones they are fighting now.

Sadly, the result is not likely to be much

better. At about a billion a year for Canada, this is an expensive dalliance.

I am sure there are many examples but what is concerning to me is our collective inability to spend all this money on taking care of the people on this planet.

Why can our leaders not see that making the planet a better place to live and taking care of the people on it is more important than space trips, spectacles, and armed conflict?

But then that has been a question for a long time I imagine.

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Selected News Articles

Canada Sets Aside Its Boreal Forest As Giant Carbon Vault

By banning logging, mining and oil drilling in an area twice the size of California, Canada is ensuring its boreal forests continue to soak up carbon

Canada's boreal forest soaks up 22% of the carbon stored on the earth's land surface

In the far north latitudes, buried within a seemingly endless expanse of evergreen forests, the authorities in Canada are building up one of the world's best natural defenses against global warming.

In a series of initiatives, Canadian provincial governments and aboriginal leaders have set aside vast tracts of coniferous woods, wetlands, and peat. The conservation drive bans logging, mining, and oil drilling on some 250m acres – an area more than twice the size of California.

The sheer scale of the forest conserva-

tion drive is somewhat of an anomaly for Canada, whose government has been accused of sabotaging the global climate change talks by its development of the Alberta tar sands and its refusal to make deep cuts in its greenhouse gas emissions.

Last week, a former adviser to Barack Obama urged Canada to do more to keep up with America's moves towards a cleaner energy economy.

In the latest addition to the carbon storehouse, the provincial premier of Manitoba, Gary Doer, this month announced a \$10m (£5.6m) Canadian fund to protect a 10.8m acre expanse of boreal or evergreen forest. It was one of Doer's last acts as premier; he took over as Canada's ambassador to Washington this month.

The \$10m will go towards efforts by indigenous leaders to designate boreal forest lands in eastern Manitoba as a Unesco

world heritage site. The Pimachiowin Aki world heritage project, which straddles the Manitoba-Ontario border, extends efforts by Canadian provincial leaders to protect the wide swaths of pristine forests in the north. It also ensures the survival of one of the best natural defenses against global warming after the world's oceans, environmentalists say.

A report by the International Boreal Conservation Campaign said the forests, with their rich mix of trees, wetlands, peat and tundra, were a far bigger carbon store than scientists had realized, soaking up 22% of the total carbon stored on the earth's land surface.

"If you look across Canada one of [the boreal forest's] great values to us globally is its carbon storage value," said Steve Kallick, director of the Pew Environment Group's International Boreal Conservation Campaign. "There is so much carbon se-

questered in it already that if it escaped it would pose a whole new, very grave threat."

Canada's cold temperatures slow decomposition, allowing the build-up of organic soil and peat. The forest floors beneath its evergreens hold twice as much carbon per acre as tropical forests, such as the Amazon.

It is unclear how long Canada's forests can continue to serve as carbon vaults. "As the climate warms, the place is going to dry up. There will be a problem with insect infestation. There is going to be increased natural carbon release due to fire or wetlands drying up," said Sue Libenson, a spokeswoman for the International Boreal Conservation Campaign.

But she added: "The general premise is that there is still a hell of a lot of carbon in there." Its release would be a climate catastrophe.

Canada's 1.3bn acres of boreal forest store the equivalent of 27 years' worth of current global greenhouse gas emissions, a Greenpeace study found. The destruction of those forests, scientists warn, would be like setting off a massive "carbon bomb" because of the sudden release of emissions.

That threat appears to have concentrated the official mindset in Canada, which otherwise has a poor record on action on climate change. On a per capita basis, the country is one of the worst polluters on the planet, producing about 2% of the world's emissions even though it has just 33m people. It holds one of the worst track records among industrialized states for living up to its commitment under the Kyoto accords. By 2007, greenhouse gas emissions were 34% above the target Canada agreed at Kyoto.

Canada's prime minister, Stephen Harper, is resisting doing

much more, committing to just a 6% cut over 1990 levels of greenhouse gas emissions by 2020. "I see Harper's policy as a continuation of the Bush agenda," said David Martin, climate director for Greenpeace Canada.

A key advisor to Obama made a similar point last week, comparing Canada's current climate change policy to the inaction in America under George Bush. "The Canadians would be well served by keeping up with what's going on in the United States with respect to this push towards clean technology," John Podesta, who oversaw Obama's transition team, told a conference in Ottawa.

Environmentalists also fear that Harper intends to exclude the Alberta tar sands – the heavy crude deposits that have fuelled the rise in emissions – from any future greenhouse gas emissions regime.

But the Harper government did relent on forest protection, working with the Sahtu and Deh Cho First Nations to set aside 40m acres in the Northwest Territories.

Canadian provincial leaders have moved even more aggressively in recent years, with Ontario committed to protecting 55m acres, or about half of its forest, and Quebec committed to protecting 150m acres. "Canada is torn between wanting to promote the tar sands and make money off it now, and wanting to live up to its promises under the Kyoto accord. But as far as protecting carbon rich ecosystems, particularly the boreal forest, Canada is a world leader," said Kallick.

The Guardian UK October 29, 2009 By Suzanne Goldenberg

"We thrive and survive on planet earth as a single human family. And one of our main responsibilities is to leave to successor generations a sustainable future."

UN Secretary-General Kofi A. Annan

Italy Set to Relaunch Solar Mirror Power Sector

MILAN (Reuters) - Italy is to relaunch concentrated solar power (CSP) generation which uses sunlight and mirrors to make electricity and expects have 200 megawatts of new solar farms on stream in 2012, a top industry official said Friday.

Italy, which worked on CSP technology in 1970s but then shelved pilot projects, aims to catch up with the world's leaders California, Spain and Israel, Cesare Fera, chairman of new industry

body ANEST told Reuters in a telephone interview.

ANEST was set up this month to promote CSP generation in Italy where photovoltaic (PV) technology which turns sunlight into power has boomed since 2007 thanks to generous incentives.

Work is underway to build four experimental CSP plants with a total capacity of about 10 MW on the island of Sicily and in central Italian regions of Lazio and Marche which should start up next year, Fera said.

"Then industrial-size plants will follow, in 2011 and 2012. Permitting process is already under way in Sardinia, Sicily and other regions. Hopefully authorizations will be done next year, then a year for construction and on stream in 2012," he said.

The current government support scheme puts a 200 MW cap on a cumulative capacity of projects to be covered by incentives which guarantee operators 28 euro cents per every kilowatt hour of power produced, he said.

Applications to build CSP farms -- which use mirrors to capture the sun's rays to create steam that turns a turbine to make electricity -- well exceed 200 MW and the limit will be reached in 2012, Fera said.

GROWTH HINGES ON INCENTIVES

"We must start thinking about post-2012 now," he said.

"One of the goals of our association is to convince the government to extend this limit to at least 2,000-3,000 MW. This will allow us to make big-

size installations, to use top technology," he said.

CSP, which currently costs about 3-6 times more to make than gas-fired power widely used in Italy, is likely to become competitive with electricity produced by fossil-fired plants in about 7-8 year at best, Fera said.

CSP's sister PV technology is expected to become competitive with traditionally generated power in 2010-2012, ahead of European rivals thanks to abundant sunshine, falling PV

module prices and high electricity prices in Italy.

But CSP technology has a lot of room to cut operating costs and has a considerable advantage over PV installations because it allows for storing energy, Fera said.

The global CSP capacity is currently at about 500 MW -- enough to meet power demands of 210,000 families, according to industry estimates -- with most of it installed in the United States, but it can grow fairly rap-

idly to 150,000 MW, Fera said.

CSP plants to be built in deserts have the potential to generate up to a quarter of the world's electricity by 2050, according to a report by pro-solar groups in May

Italy's limited free space due to its geography and dense population would put a natural cap on CSP growth at about 5,000-7,000 MW, Fera said

Reuters October 30, 2009 By Svetlana Kovalyova
