



Sustainable Finance

Market Performance - Selected Markets for the Week Ended December 18, 2009					Selected Rates (Institutional)	
Market	Dec 31, 2008	18-Dec-09	YTD Change	YTD % Change	Description	Price/Rate Dec 18, 2009
S&P TSX	8,987.70	11,463.40	2,475.70	27.55%	CDN/USF	1.0678
Dow Jones	8,776.39	10,328.89	1,552.50	17.69%	CDN/EURO	1.5249
S&P 500	903.25	1,102.47	199.22	22.06%	CDN/CHF	1.0214
Nasdaq	1,577.03	2,211.69	634.66	40.24%	CDN/YEN	0.0118
Nikkei 225	8,859.56	10,142.05	1,282.49	14.48%	Total CPI -Canada TTM (11/09)	1.00%
FTSE 100	4,434.20	5,196.81	762.61	17.20%	Total CPI - USA TTM (11/09)	1.80%
Dax	4,810.20	5,831.21	1,021.01	21.23%	Total CPI - Euro TTM (11/09)	0.50%
Hang Seng	14,387.48	21,175.88	6,788.40	47.18%	GOC 1 Yr T-Bill	0.53%
Shanghai	1,820.81	3,113.89	1,293.08	71.02%	GOC 5 Year	2.54%
DJSI World TR	945.46	1,254.82	309.36	32.72%	GOC 10 Year	3.37%
DJSI North America TR	92.85	117.99	25.14	27.08%	GOC 30 Year	3.97%
Jantzi Social Index TR	128.27	170.13	41.86	32.63%	Gold USF/Oz	1,112.60
FTSE 4Good Global 100	3,384.13	4,156.37	772.24	22.82%	Oil USF/BBL WTI Cushing Spot	73.36

Week in Review

This was the last full week of trading before the holiday season sets in.

The economic numbers are now telling everyone that we are exiting one of the deepest recessions since the great depression and the recession of the early 80's.

This of course should be good news. When economies come out of recessions like the

one just experienced, it takes a few years to recover to the previous levels of economic activity.

Hopefully we will all learn from the lessons of the past but I find that doubtful. The USA is prone to asset bubbles and financial excess and never seems to remember the near disasters of the past.

Let me enumerate some of them starting with the crash of

1987. Crash of 1987 caused by program trading, Savings and Loan crisis late 1980's and early 1990's, Junk Bonds late 1980's and early 1990's, Long Term Capital Management blow up in 1998 which almost precipitated a global melt down, the internet bubble, and the sub-prime crises of the last decade.

Need I say more? These people never learn and it will hap-

pen again. The challenge for you and I as Canadian investors is to make sure we are not caught in the draught of a sinking ship.

This week the US FED decided to keep rates low at 0—.25%. In other words they are almost giving money away. When you give money away it eventually has to go somewhere and forms a new bubble.

Markets were mixed

this week as they tend to be when they are directionless or have lack of conviction as they have been for a few months now.

The Asian markets took a beating with the Hang Seng falling 5.05%, the Shanghai in China dropping 7.33% and the moribund Japanese market managing to squeak up 0.39%.

The European markets were also all over the map with the

DAX in Germany up 1.56% and the FTSE in London down 1.46%.

In North America, the Canadian TSX was up 0.44%, the NASDAQ was up 6.49%, the Dow Jones fell 1.62% and the S&P 500 fell 0.44%.

Social and Sustainability indices were all down this week with the DJSI World TR down 1.49%, the FDJSI North America off 1.34%, the Jantzi

Social Index falling 0.70 % and the FTSE 4Good in the UK losing 1.48%.

We will have limited coverage over the next two weeks as the world grinds to a standstill over the holiday season. We do not expect any major moves either way and the figures you see above are going to be pretty close to the figures at the end of the year.

The Cove, District 9, Avatar, and What are We Doing?

The Cove, a limited budget documentary about what is happening to Dolphins in a tiny Japanese city and around the world was released July 31, 2009.

District 9, a medium budget science fiction film, was released on August 14, 2009.

James Cameron's Avatar, the most expensive movie ever made, was released on December 18, 2009. Once again the man has knocked the ball out of the park.

They are all excellent films that everyone should see. Now, you may wonder what these three films have in common and that would be a great question.

I am not going to go into detail about each film as that would ruin it for those who have not seen them but I can say they have a common thread that is starting to appear in more and more films.

That thread is nothing less than an examination of humans as a species and their ability to inflict serious damage on other species in the name of progress or their own self preservation.

When you come away from these films, assuming you have picked up on the metaphor that is being presented (and most intelligent people will), you will be asking yourself a few questions.

The first question you are going to ask your-

self is "How can humans be so cruel to their own species and to other species?"

Of course this is a question that has been asked throughout the ages. However, it is becoming ever more important as the population of the planet multiplies exponentially to the point of future collapse.

I do not want to be dramatic but the reality, based on the current population trajectory and resource usage patterns, is that if we do not find some solutions very quickly the lack of resources will lead to societal collapses. It is just a numbers game and time.

The next question you are going to ask yourself is "Why is it

we humans choose conflict and violence over tolerance and cooperation?"

I am not going to offer out that this is the only option always chosen but there are enough examples to indicate humans choose the path of violence and conflict even when much better options are available.

And typically that path is chosen when money, resources, power or all three are at stake to our collective detriment. One only needs to look at the Amazon forest and how indigenous people have been treated while the forest has been destroyed.

The last question you will ask yourself will be "Why is it that so

many cannot make the connection that the continued destruction of our Earth undermines our very existence and ability to solve the two previous questions?"

This is of course self explanatory. The options humans have chosen; pollution, the throw away society, disharmony with nature, environmental degradation, resource exploitation without full cost recovery, and the production and use of destructive toxic chemicals may increase bottom line profits but at what ultimate cost?

I had the pleasure of attending a CBC Radio 'Sounds Like Canada' taping that featured Shelagh Rogers interviewing David Suzuki, Environmentalist and John

Robinson, a Canadian member of the UNFCCC. They were debating climate change and action required. I sided with John Robinson because his views were less militant than David Suzuki's.

After seeing these movies and learning

what I have over three years of research, I now understand David Suzuki's sense of urgency and the reason for his attitude.

Watch the shows. Think. Ask "What are We Doing?". Then ask "What Can I Do?".

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Selected News Articles

Hopes for strong deal at Copenhagen appear slim as stumbling blocks remain

Hopes for a strong deal on climate change appeared slim last night with countries so far failing to agree on fundamental issues and blaming each other for the descent towards a humiliating end.

Last-ditch efforts by the UN to get the 120 world leaders to at least commit to targets on temperature rises, emissions cuts and deadlines to finalise the treaty appeared gloomy, barring a late-night change in positions. With the talks stretching into the evening, some delegates held out the prospect of a weak, political agreement emerging, but on that would fall far short of expectations at the start of the two-week meeting.

The day saw successive versions of a draft agreement circulated with each version becoming less ambitious, until

the evening when a slight increase in ambition was detected. Only weak, long-term aspirations for an overall global emissions cut of 50% by 2050 and an 80% cut by 2050 for rich countries appeared to be agreed by all. These commitments, and a pledge to keep temperature rises below 2C, were assumed to be givens at the start of the summit.

Officials suggested Gordon Brown would convene a smaller group of countries and ask them to sign up to a "plan B". This might include the proposals for a \$100bn fund for climate protection which the prime minister had first proposed. There was a "good deal of agreement surrounding it" he said.

An official said a plan B was possible because "there are not thousands of variables in this

[negotiation], there are a handful. It is only the 2050 target and the issue of how to verify [emission cuts countries pledge]."

The two most serious stumbling blocks were demands from rich countries that developing countries should peak their emissions within a few years, and that the legally binding Kyoto protocol should be abandoned before a new legal treaty was in place.

By evening, no commitments were being sought for any of the major areas of dispute, such as a mid-term 2020 target to reduce greenhouse gas emissions. The European Union's plan to raise its pledge from a 20% cut to 30% cut in emissions by 2020 was being blocked, dashing hopes of prompting a series of increased offers from other nations. One version of the text

even dropped a deadline for reaching a legally binding treaty by the end of 2010. At the start of the week Gordon Brown was insisting that six months was the maximum acceptable delay.

A financial package intended to raise billions of dollars to help poor countries to adapt to climate change and develop green technology was also in doubt as rich countries declined to guarantee the money, simply affirming that they "supported a goal of mobilizing \$100bn by 2020".

The lack of ambition and near total absence of commitment from the leaders is a bitter disappointment for the British prime minister, Gordon Brown, and the UK government which has led worldwide efforts to forge an ambitious, legally binding global agreement to stop the rise in carbon emissions

by 2020 and reduce them dramatically in the following 30 years.

Negotiators will now continue to work on individual agreements like deforestation, technology, finance but without strong political leadership it could take years to complete.

Hopes that Barack Obama would deploy his authority as the leader of the world's largest economy — and his political charisma — to try to broker a last-minute deal were also frustrated. A visibly angry Obama told world leaders that it was past time for them to come to an agreement. "The time for talk is over," he said.

But Obama did not offer any new pledges of action — either in increased emissions cuts or clarity on America's contributions to a climate fund for poor countries. He also held the

line against China, saying America would not yield on the vexed issue of measuring and verifying emissions cuts promised by developing countries.

"I don't know how you have an international agreement where you don't share information and ensure we are meeting our commitments," he said. "That doesn't make sense. That would be a hollow victory."

Chinese premier Wen Jiabao was said to be very offended by Obama's speech, in which the president made a point of reminding the delegates that America was the only second largest polluter - after China.

Wen told the summit that developed nations had failed to live up to their Kyoto protocol promises and have now set new emissions targets that fall considerably short of the expecta-

tions of the international community.

"It is important to honour the commitments already made and take real action," he said in a defiant speech. "One action is more useful than a dozen programmes. We should give people hope by taking credible actions." However, late in the evening Obama and Wen were expected to talk again.

The dismal mood inside the conference centre reflected the failure to deliver the strong political deal promised by leaders. Yesterday was originally the deadline for a legally binding treaty. Hopes of that vanished months ago, but reaching political agreement in all the major areas in Copenhagen was seen as essential.

Guardian UK
December 18, 2009
By John Vidal, Jonathan Watts and Suzanne Goldenberg

"You must be the change you wish to see in the world." Mahatma Gandhi

Bloomberg Eyes Danish Offshore Wind Farm and Sees New York's Future

"I don't understand what there is to complain about," said Michael Bloomberg, the mayor of New York City, as he gazed out the window of a helicopter swooping low along a bank of giant wind turbines in the North Sea, some 13 miles off the coast of Denmark.

Mr. Bloomberg — who like thousands of others was touching toe here during two weeks of historic climate talks in Copenhagen — was referring to a key hurdle often facing offshore wind projects in the United States and elsewhere: people don't want to look at them.

"Would they rather

be staring at a coal plant?" he asked. The mayor and his sustainability director, Rohit Aggarwala (also along for the ride) are hoping that a consortium linking government agencies and utilities in Long Island and New York will begin fielding proposals early next year for what could become the world's largest offshore wind power complex — a 700-megawatt affair that could cost up to \$3 billion.

At the moment, however, this 91-turbine farm near Esbjerg — about 180 miles west of Copenhagen — holds the title of world's largest, with 209 megawatts of capacity. It opened in September and is called Horns Rev 2. Combined with its

nearby neighbor, Horns Rev 1, the wind farms account for about 11 percent of total installed wind capacity in Denmark, a country that gets about 20 percent of its total electricity from the wind.

"It's a lot better than buying foreign oil," Mr. Bloomberg said. "It's very impressive," Mr. Bloomberg said, now standing on a multistory offshore rig planted amid the patiently rotating blades. "It gives you a feeling for what it will be, I hope, off the Long Island shore."

The mayor, who shrugged off questions about his own carbon footprint and profligate use of his two private jets, called wind power a

superior option to "digging up coal and transporting it and belching pollutants into the air."

"It's a lot better than buying foreign oil and sending our money over to countries who don't appreciate our values and in many cases are funding terrorists," he said.

Of course, offshore wind proposals in New York have struggled to get off the ground in the past — not least because residents have balked at what they saw as a blighted view.

Mr. Bloomberg noted that like the Horns Rev farms, the New York coalition's plan would place the turbines several miles further offshore than

previous proposals. From the shore, the turbines here can just be made out — tiny dots along the horizon — on a clear day. The mayor expressed puzzlement over turbine detractors.

"You know, we see a lot of things," he said. "We see power lines, we see gas stations, we see trains going by loaded with coal. There's always something to see."

To further his point, Mr. Bloomberg invoked Olafur Eliasson, the Icelandic sculptor known for large-scale works of public art.

"He would say these are pieces of art," Mr. Bloomberg said. "He would do something like this, and we'd all ooh and ahh. And this

time it's something of value to us, in addition to pleasing our minds."

On a more practical level, Mr. Aggarwala conceded that even a giant offshore wind facility of the kind the New York consortium is considering would provide a minuscule percentage of the city's peak electricity needs — less than 1 percent, based on the planned distribution: 350 megawatts to Long Island, and 350 megawatts to New York City.

Whether or not that's worth the multibillion-dollar price tag depends on who you ask, but Mr. Aggarwala says the percentage belies the bigger picture.

"We don't kid ourselves that this is a panacea," he said, pointing out that new legislation in New York City aimed at improving the energy efficiency of buildings would shave nearly 5 percent off the city's carbon footprint. A new natural gas power plant in Astoria, to the extent that it displaces aging, less efficient facilities, will knock off another 1.5 to 2 percent, he said.

"These things all add up," Mr. Aggarwala said. "If you had a silver bullet, you would only do that."

GreenInc. Blogs
December 14, 2009
By Tom Zeller Jr.