



Sustainable Finance

Market Performance - Selected Markets for the Week Ended April 16, 2010					Selected Rates (Institutional)	
Market	Dec 31, 2009	Apr 16, 2010	YTD Change	YTD % Change	Description	Price/Rate Apr 16, 2010
S&P TSX	11,746.11	12,070.66	324.55	2.76%	CDN/USF	1.0132
Dow Jones	10,428.05	11,018.66	590.61	5.66%	CDN/EURO	1.3688
S&P 500	1,115.10	1,192.13	77.03	6.91%	CDN/CHF	0.9554
Nasdaq	2,269.15	2,481.26	212.11	9.35%	CDN/YEN	90.9000
Nikkei 225	10,546.44	11,102.18	555.74	5.27%	Total CPI - Canada TTM (02/10)	1.60%
FTSE 100	5,412.88	5,744.00	331.12	6.12%	Total CPI - USA TTM (02/10)	2.10%
Dax	5,957.43	6,180.90	223.47	3.75%	Total CPI - Euro TTM (02/10)	0.90%
Hang Seng	21,872.50	21,865.26	7.24	-0.03%	GOC 1 Yr T-Bill	1.12%
Shanghai	3,277.14	3,130.30	146.84	-4.48%	GOC 5 Year	3.09%
DJSI World TR	1,286.40	1,344.61	58.21	4.53%	GOC 10 Year	3.68%
DJSI North America TR	120.14	130.91	10.77	8.96%	GOC 30 Year	4.08%
Jantzi Social Index TR	173.67	182.68	9.01	5.19%	Gold USF/Oz	1,137.30
FTSE 4Good Global 100	4,256.14	4,328.34	72.20	1.70%	Oil USF/BBL WTI Cushing Spot	83.24

Week in Review

VERY, VERY BIG NEWS THIS WEEK. THIS IS IMPORTANT.

The European Central Bank has warned that more economic turmoil may follow in the form of a sovereign debt crisis and global imbalances brought on by the economic and financial problems of the past two years.

Now, given the Greek financial crisis that evolved once more this week from

a "we have it solved" story to an "oh my god we cannot finance out debt at these rates we need help from the EU, ECB, and IMF" story and the ECB's commentary becomes even more profound.

What is it that they know that we do not? What other countries have been coming cap in hand to the ECB or at the very least providing "heads up" warnings?

Could it be that Italy, Ireland, Portugal, and

Spain had been following the Goldman Sachs and JP Morgan "Swap and Hide" methods as Greece had? Possibly. Likely.

We had been reticent lately of joining in the market. It is difficult to hold back when you see markets gaining, albeit slowly and tentatively. But we have had this grinding and sick feeling in our gut that tells us we are not out of the woods yet.

Governments threw

so much money to stave off financial Armageddon and borrowed heavily to do so that the ultimate level of their debt was not the major concern at the time. It is now. And so too are the budgetary deficits that are currently being managed in developed countries.

And yet it is the Asian countries that are recovering quicker than those in the west leading to even greater trade imbalances and foreign

currency holdings as they export more than they import.

Now if that was not enough to have a normally staid and conservative central bank come out and say what they did in as plain and frank a voice as could be imagined, it was the news on Goldman Sachs that added to market turmoil.

This too is important. Goldman Sachs has been accused of fraud by the SEC. People

could go to jail.

From what we have seen they let a hedge fund manager who was betting against sub-prime mortgages and securities that were placed inside securities that Goldman Sachs sold to clients.

This would be like asking a gambling shark to develop a game where only one number would win 85% of the time and then letting him play on the table with a

few billion dollars.

If this is true, and it looks like it is pretty clear, it will change the hedge funds industry in the USA and globally. Whereas regulation of the hedge fund industry has been challenged and avoided in the past, this event will likely unleash the full regulatory lash upon these investments.

Our call for next week is bleak.

CIBC appoints Vice Chairman of renewable energy and clean technology banking

CIBC announced today that it has appointed Don Roberts as Vice Chairman, renewable energy and clean technology in its wholesale banking group. Mr. Roberts' role will be to integrate the bank's expanding efforts in investment banking, lending and trading to provide capital and advice to companies within these high-growth sectors.

"It is clear that the market for clean and renewable sources of energy is growing in Canada and across North America," says Richard Nesbitt, Chairman and Chief Executive Officer of CIBC's Wholesale Banking

division. "Governments across the continent are drafting and enacting legislation to create new opportunities for green technologies. Many Canadian companies are emerging as leaders in the sector and will need increased access to capital. CIBC has assisted many of these companies in the past and we plan to reach out to all players in the marketplace to determine how we can help them respond to growing opportunities."

While Mr. Roberts will focus on companies in the renewable energy and clean technology sectors, he will also explore

opportunities in the emerging carbon and water markets, as well as the future of the forest industry.

Mr. Roberts has been a leading equity analyst in Canada for the past decade, ranking number one in seven of the past 10 years. He is regarded as a global thought-leader in the fields of bio-energy and forest products, and spent the last year analyzing opportunities for growth in both the clean energy and forestry sectors. Mr. Roberts holds an M.B.A. (Hon), in Finance, from the University of Chicago, an M.S. in Forestry Economics from the University of California at Berkeley,

and a B.Sc. (Hon) in Resource Economics from the University of British Columbia.

"Having studied this space extensively, I believe the sector provides significant growth opportunities for developers and investors alike," says Mr. Roberts, who will coordinate CIBC's corporate lending, debt and equity financing, M&A advisory and trading activities. "Total capital invested in clean energy has increased 60 per cent over the last five years. I expect investment to grow even faster in the coming years with technological and cost breakthroughs coming at a rapid

rate."

CIBC's wholesale banking business provides a range of integrated credit and capital markets products, investment banking, and merchant banking to clients in key financial markets in North America and around the world. We provide innovative capital solutions and advisory expertise across a wide range of industries as well as top-ranked research for our corporate, government and institutional clients.

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Article from Canadian newswire 04, 06, 2010.

My Comments: We are going to see more of this as clean technology and clean energy projects become more mainstream in the future.

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Selected News Articles

Markets fall on Goldman Sachs fraud charge

Financial markets sold off Friday after the U.S. Securities and Exchange Commission charged Wall Street giant Goldman Sachs & Co. with civil fraud.

The Dow Jones Industrial Average closed down 126 points, or more than one per cent, at 11,019. In Toronto, the S&P/TSX composite index gave up 150 points, to close at 12,061.

The U.S. government has accused the investment bank of defrauding investors in its disclosures about securities it sold tied to subprime mortgage securities as the housing market was faltering.

Goldman issued a

statement saying the charges are "completely unfounded in law and in fact and we will vigorously contest them and defend the firm and its reputation."

Goldman Sachs shares finished lower by \$23.57 US on the New York Stock Exchange, down 13 per cent at \$160.70.

The commission also announced civil fraud charges against a Goldman vice-president, Fabrice Tourre.

The SEC said that the investment bank failed to disclose that one of its clients, the giant hedge fund Paulson & Co., helped Goldman Sachs create — and then bet against —

subprime mortgage securities that Goldman sold to other investors. Two European banks that bought the mortgage securities lost nearly \$1 billion, the SEC said.

The agency is seeking to recoup profits reaped on the deal.

"The product was new and complex but the deception and conflicts are old and simple," Robert Khuzami, director of the SEC's division of enforcement, said in a release.

"Goldman wrongly permitted a client that was betting against the mortgage market to heavily influence which mortgage securities to include in an investment portfolio,

while telling other investors that the securities were selected by an independent, objective third party," he said.

Alleges Paulson paid Goldman \$15M

The SEC charged that Paulson paid Goldman \$15 million US in 2007 to create the portfolio that was tied to mortgage-related securities the hedge fund viewed as likely to decline in value.

Separately, Paulson took out a form of insurance that allowed it to make a huge profit when those securities became nearly worthless.

Asked why the SEC did not also pursue a case against Paulson, enforcement director Robert Khuzami said, "It was Goldman that made the representations to investors. Paulson did not."

The civil lawsuit was the U.S. government's most significant legal action related to the mortgage meltdown that ignited the financial crisis and helped plunge the United States and much of the world into recession. Khuzami said the agency is investigating a broad range of practices related to the crisis.

The civil complaint came as legislators seek to crack down on Wall Street practices that helped cause the financial

crisis. Among proposals Congress is weighing are tougher rules for complex investments like those involved in the alleged Goldman fraud.

Bill Singer, a New York-based securities lawyer at rrbdlaw.com, told CBC News he applauds the SEC lawsuit, because "it pulls the curtain back so the investing public can finally see how business is done on Wall Street."

"It is attacking the very nature and fibre of how business is done on Wall Street and how it's been done for generations," Singer said.

"A line's been drawn in the sand with this

case. [The SEC is] basically accusing Goldman Sachs ... of planting the financial equivalent of an improvised explosive device in the middle of the investing public, knowing that it's going to go off and explode, which it did."

Singer said he expects the case will be decided on whether investors were adequately warned of the risks. The risks should have been well known, he said, given the many warnings analysts were making in 2007 about subprime mortgages.

CBC Website April 16, 2010

It is imperative to maintain portions of the wilderness untouched so that a tree will rot where it falls, a waterfall will pour its curve without generating electricity, a trumpeter swan may float on uncontaminated water - and moderns may at least see what their ancestors knew in their nerves and blood.

Bernand De Voto, *Fortune*, June 1947

Volcano flight chaos leaves many passengers broke

SYDNEY — Andrew and Debbie Jackman of Britain spent more than two years saving up for their family vacation to Australia. They probably wish they'd saved a little longer.

On Friday, they found out their Qantas flight from Sydney to Britain had been canceled thanks to a volcano erupting in Iceland. So the Cambridge couple and their two teenage sons squeezed into a 150 Australian dollar (\$138) hotel room to wait out the night. On Saturday, the hotel raised the price of the same room to AU\$350 — simply because it could. After endless negotiations, the hotel brought the price back down to AU\$160, but the family, broke and frustrated, opted to move Sunday to a hostel.

A dangerous cloud of ash from the volcano has grounded flights in and out of Europe for four days, leaving thousands of people stranded — and increasingly strapped for cash. Stuck passengers have had to shell out for hotels, restaurant meals, clothing and transport to and from the airport as they seek information on when their travel nightmare might end.

In Japan, Francois Broche was down to his last 3,000 yen (\$30). "I stayed in my hotel last night, but that was all my money," he said at the Narita International Airport, near Tokyo. "I think I'm going to stay here and sleep at the airport. Help me God."

Nicolas Ribard, 29, from Avignon, France, was among about a dozen stranded tourists

squatting on sleeping bags that Narita airport officials had lent them. He and three other friends had about 3,000 yen between them, and were surviving on airport-issued crackers, bottled water and coupons for one free shower a day.

Their earliest possible flight would be Taiwan's EVA Airways on May 12 — but only if they are willing to pay an extra 150 euros (\$200). Otherwise, they have to wait until June, Ribard said.

Airport officials came by Monday and offered a tour of the airport to kill time. "This is not what we need," Ribard said. "We want a bowl of rice."

Many stranded travelers are also fretting over lost paychecks. Tom Napier — an

American stuck in Oslo, where he had been visiting a friend — said his prolonged absence from his job as a high school history teacher in Bernards, New Jersey, will "more than likely" affect his salary.

"I am a little afraid that my pay will be docked," said Napier, 35. "I also have tutoring jobs during the week that usually supplement my salary. That will be gone. And even if I don't get my pay docked, all my days off will have to be charged as sick days."

Andrew Cutter, 40, of London, who got stuck in Sweden while visiting his brother, said he will miss out on income from his job as a contractor in the events industry. The four days will cost him about \$1,000 in lost wages.

"Really, if I'm not back by next Monday, I think it's going to be an issue," he said. "I had to buy some extra clothes today because I didn't have enough."

Steeper-than-usual hotel prices is another passenger complaint. In Hong Kong, Busi Daniel, a 39-year-old French tourist, said he spent Sunday night in a hotel after his flight was canceled. But a huge jump in price meant he would be forced to sleep at the airport on Monday.

"Yesterday, we had a hotel room at 250 euros. At midday, it was 460 euros, and in the evening, the price was 800 euros for a room — we can't pay that," he said Monday as he waited at KLM Royal Dutch Airlines' counter in Hong Kong's airport. The Jackmans spent hours pleading for mercy

from the Novotel Sydney Brighton Beach after it raised the price of their room the second night.

Asked if the hotel was guilty of price-gouging, the hotel's general manager, Alan Burrows, said simply, "We dynamically price much like the airlines do, according to how many rooms we have to sell in the hotel."

Unlike many airlines, Qantas — Australia's largest carrier — has said it's been paying for stranded passengers' accommodations and providing meal vouchers. That was news to the Jackmans, who said airline representatives told them they were on their own.

On Monday, after spending three hours on hold with Qantas, the family trekked

back to the airport (another AU\$30 cab ride), and spoke to a customer service representative in person. It was only then, they said, that the airline offered to pay for a hotel room — for one night.

Following queries from The Associated Press, Qantas said it planned to call the family to apologize — and to refund the money they've spent on hotels.

"We regret that the Jackmans have been overlooked in this case," spokesman Simon Rushton said.

Andrew Jackman said that was just the news his cash-strapped family was hoping for, adding that they might even do a bit of sightseeing.

Associated Press 04/16/2010 - Edited for length