

FUND OVERVIEW

The fund had a strong quarter with the value of your investment growing by 6.36% from 1 April to 30 June 2006.

CVCSI maintained a disciplined approach to investing throughout the quarter, holding cash while assessing a large number of new investment opportunities. We are investigating the possibility of expanding the investment parameters, allowing the fund to invest into a broader range of both listed and unlisted environmentally sustainable companies.

Our recent research identified that some clients would like to make regular contributions to their investment and the ability to access their money from time to time. Therefore, we are considering a buyback facility so clients can access their investment as well as make regular contributions.

2006 CAPITAL RAISING OPPORTUNITY

Worldwide interest in environmental sustainability is increasing, particularly as concerns over water and energy security intensify. To take advantage of increasing environmentally sustainable opportunities, CVCSI is planning a capital raising towards the end of the year. The new prospectus will remain open on an ongoing basis.

FUND PERFORMANCE

CVCSI has achieved the following tax free returns:

Last quarter	6.36%
Since last capital raising (Dec 05)	14.55%
Since inception	6.48%

While high cash balances have impacted returns since inception, having adequate cash levels is required to allow us to take advantage of opportunities when they arise. Notwithstanding this, we are likely to deploy a large portion of our cash in the near future.

Net assets, based on unaudited management accounts as at 30 June 2006 were:

Net assets:	\$9.9m
Net assets per share:	22.9 cents

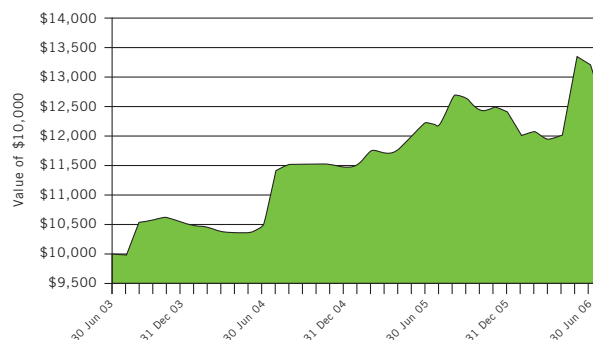
Our audited annual report is due to be sent to you in October.

DIVIDEND HISTORY

There were no dividends during the quarter.

VALUE OF \$10,000

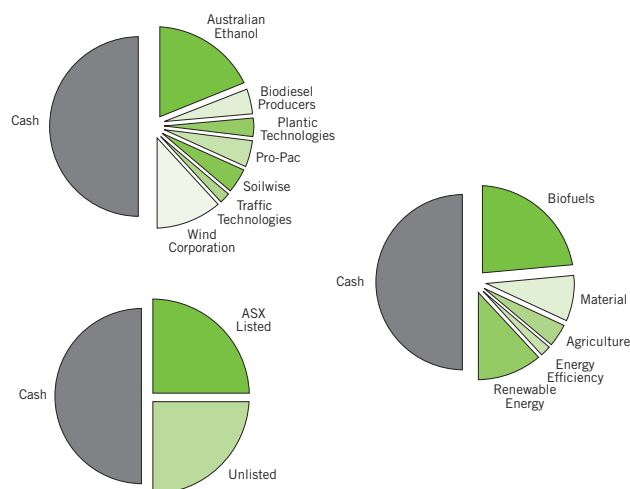
The value of \$10,000 invested in CVCSI since June 2003 is shown in the following graph:



ASSET ALLOCATION

Over 30 investments were reviewed during the period. An investment into Australian Ethanol Limited was made, increasing the allocation to the alternative fuels sector. More details on this investment are contained overleaf. We expect alternative fuels to play a large part in assisting Australia to develop its energy security in the future.

CVCSI Asset Allocation as at June 2006

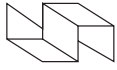


We are investigating the possibility of expanding the investment parameters, allowing the fund to invest into a broader range of environmentally sustainable companies. We are in the process of reviewing a number of both listed and unlisted opportunities and we expect a significant amount of our cash to be invested in the coming months.

"The pipeline of new investment opportunities is expanding particularly in the area of alternative fuels, water sustainability and waste treatment."

Christian Jensen, Investment Manager

CURRENT INVESTMENTS



PRO-PAC Packaging Limited



Asset Allocation: 4.8%

PRO-PAC (ASX:PPG) is a leading manufacturer and distributor of biodegradable and environmentally friendly packaging solutions for the general industrial and warehouse packaging sector.

PRO-PAC has recently announced the appointment of a new CEO, Trevor Morrow following the retirement of company founder Jonathan Kahn. Mr Morrow is very experienced in manufacturing, service and distribution. Mr Kahn remains on the board in a non-executive capacity. While the company's share market performance has been disappointing, under the direction of Mr Morrow, PRO-PAC is tackling the issues it faces and we remain confident about its future prospects.



Wind Corporation Australia Ltd

Asset Allocation: 12.1%

Wind Corporation Australia Limited (WCA) is an energy development company with a portfolio of existing and planned renewable and low emission energy projects. The company was established in 2000 by founding investor CVC REEF Limited to develop and commission the Hampton Wind Park. Hampton is a wind park located near Lithgow in NSW which supplies clean electricity to the main electricity grid. WCA has entered into a co-development agreement to develop the Black Springs wind farm with Energreen Pty Ltd. Energreen brings significant wind farm development and technical expertise to the project.

Biodiesel Producers Limited

Asset Allocation: 5%

Biodiesel Producers Limited (BPL) is a biodiesel developer in the process of constructing its first facility in the Wodonga area. Construction has commenced on the site and BPL is now eligible to draw down on the first instalment of its federal government grant for \$9.6m. The Wodonga plant will produce 60 million litres of biodiesel per annum, 4,000 tonnes of glycerol and 1,200 tonnes of potassium sulphate. Negotiations are afoot to secure further feedstock supply. CVCSI's investment in BPL is a co-investment with CVC REEF Limited, the CVC Group's specialist renewable energy fund and ANZ Infrastructure Services who have committed \$30m to the project. Biodiesel replaces oil based diesel with a benign material and eventually a lower-cost alternative fuel using largely vegetable oils which are renewable in nature.



traffic
technologies Ltd



Asset Allocation: 2%

Traffic Technologies Limited (ASX:TTI), is a solutions provider to the roads and traffic industry in Australia. Part of its business develops, markets and sells traffic signal systems which utilise Light Emitting Diode (LED) technology which offers significant energy savings over the incumbent traffic light technology. CVCSI has now realised the majority of its holdings in Traffic Technologies Limited (TTI). Overall TTI represented an excellent investment for CVCSI generating an internal rate of return of 36%.



Asset Allocation: 4.4%

Soilwise Pty Limited is in the process of establishing a network of up to ten regional composting facilities, starting in the Murrumbidgee Irrigation Area of NSW. Its goal is to supply high quality, humus rich compost to Australia's agricultural and horticultural industry as an alternative to chemical based, soil depleting fertilizers. The process that is used to create compost avoids the production of methane gas which results from the biomass decomposing in landfills. The method employed by Soilwise optimises and controls the conditions in the compost windrows to ensure that micro-organisms proliferate to accelerate the breakdown of the waste.

Soilwise have commenced sales from their existing 24 compost windrows and have completed earthworks to build the base for the extended second composting pad allowing capacity for another 32 windrows. Construction of the compost tea plant has also commenced and trial batches will start for customers in the viticulture industry.



Asset Allocation: 3.1%

The Plantic thermoformed tray is an innovative product used for dry goods packaging. It is made from corn-starch (maize) that is Australian grown and non-genetically modified. The base sheet material is manufactured in Australia and it can be processed to form many different packaging applications. It is 100% biodegradable and dissolvable in water.

The company remains in the early stages of commercialisation of its core product. It now has over 15 active customers generating recurring monthly revenue. Plantic is now targeting new products and applications in areas such as high performance films, barrier layers and injection moulding. They have announced a further capital raising of \$10 million to finance the company to a proposed future share market listing and CVCSI has taken up its rights in the capital raising.

NEW INVESTMENT – Australian Ethanol Limited



Asset Allocation: 18.8%

CVCSI is pleased to announce a new investment in ASX listed Australian Ethanol Limited, (ASX:AAE). AAE has an approved development site for an ethanol production facility at Swan Hill, Victoria, set to be Australia's largest ethanol facility. AAE has also acquired the rights to develop the largest biodiesel facility in the USA. The investment of \$1 million was part of a \$12 million placement at a price of \$0.30 per share and was a co-investment with CVC REEF Ltd, the CVC Group's specialist renewable energy fund. Ethanol is petroleum replacing automotive fuel made from renewable grain sources such as wheat and corn. AAE's biofuels business model provides the following key social, economic and environmental benefits:

- > Increased regional employment
- > Energy supply security
- > Improved balance of payments
- > Improved air quality with significant health benefits
- > Lower greenhouse emissions

Contact details:

If you have any questions, or require assistance at any time please contact our office.

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