



CVC Sustainable Investments

A member of the CVC Group of Investment Companies

Profits that don't cost the earth®

Sustainable Investing – The return of confidence

Update - December 2009

Quarter Highlights

- BioPower systems wins favour of San Francisco
- Your Investment not affected by deferred ETS
- DoloMatrix – gaining momentum
- New Investment Opportunities
- CVCSI up 21.6% on June NTA

BioPower Systems wins favour of San Francisco

Following an extensive international search for the right kind of technology for its renewable energy needs, the City of San Francisco has appointed BioPower Systems to work with its Public Utilities Commission to assess the feasibility of a wave energy project off the city's western beaches. The appeal of the bioWave™ modular wave energy system is in its potential to generate between 10MW and 100MW grid-connected renewable energy. The bioWave™ system was selected by San Francisco because the revolutionary design was non-intrusive being out of view while not offering any disturbance to marine life. BioPower's CEO, Dr Tim Finnigan said that San Francisco, motivated by its environmentally aware populace, is set to become the model for renewable-powered cities of the future.

Your investment not affected by deferred Emissions Trading Scheme (ETS)

The fact that an ETS has not been introduced at this stage has no negative affect on any investments in the fund. Your investment is not dependant on any new Government policy. CVCSI invests exclusively in companies that are actively addressing society's most pressing environmental concerns. The introduction of the Mandatory Renewable Energy Target (MRET) some time ago paved the way for subsidies to operate in the pricing structures for wind, biofuels, wave and solar generated energy.

The possibility of an ETS or similar scheme in the future that regulates carbon pollution, being a mandatory scheme, will increase demand even further for clean energy and other clean processes. This is how Government can further assist in strengthening demand and give investors greater certainty that they can make a commercial return. The real benefit is the reduction in emissions derived from the use of non-polluting technology. And that benefit is in place in your fund right now and can only increase as further measures are implemented.

DoloMatrix gaining momentum

It has been encouraging to report on the progress of DoloMatrix (ASX: DMX) in previous issues. A world leader in waste management, DoloMatrix, has made considerable progress in the Aussie market with fluorescent tube recycling, removal of carcinogenic wastes from land and disposal of toxic wastes through its Plascon® system to name just a few of its successful operations. As of 31 Dec 09 the DoloMatrix share price had risen by 109% and still is showing considerable promise. CVCSI considered the stock undervalued in 2008 and took a strong position with DoloMatrix along with board involvement and this decision has been reaping rewards for your fund.

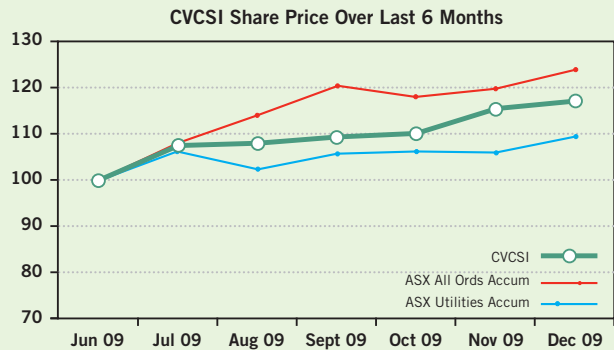
New Investment Opportunities

A series of small group sessions flagging new opportunities for investment for potential and current investors and their advisers will be continuing over the next few months in your local city featuring Jo Hume, Investment Analyst, CVCSI. Recently Jo carried out a presentation at Green Associates in Canberra. A special session is planned for Melbourne on 11 February 2010. The session theme: **"Sustainable Investing - Reasons for Optimism"**. If you are interested in participating in any of these sessions please call Louise on (02) 9087 8000.



CVCSI up 21.60% on June NTA

From mid 2009 the partial recovery of the equity market became quite pronounced. CVCSI was well positioned to benefit from this market upside with a shift in share price of 21.6%. The progress in the share price is shown in the chart below.



Fund Performance

Net Asset Value

Net assets, based on audited management accounts as at 31 December 2009 were:

Net assets	\$12.89 million
Net assets per share CVCSI No.1	6.57 cents per share
Net assets per share CVCSI No.2	11.16 cents per share
Net assets per share total	17.73 cents per stapled security

Support for New Prospectus

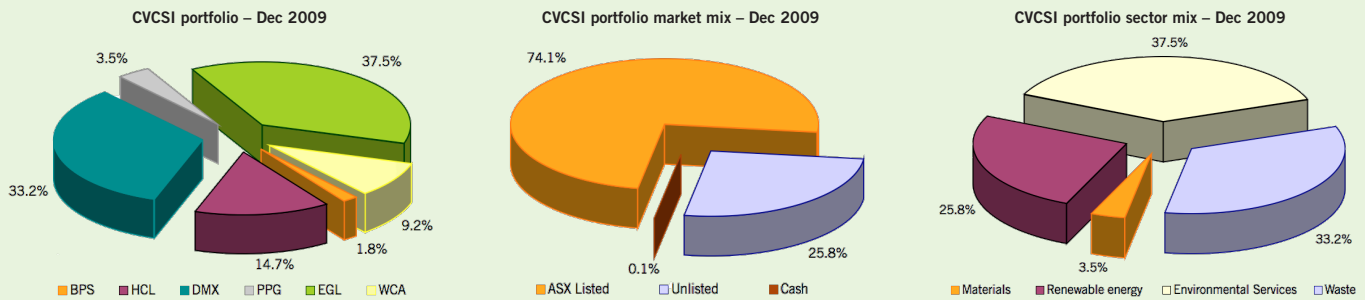
CVCSI continues with the raising of a further \$30m in order to access new and follow on opportunities within the positive environmental sector.

Investments can be made on the form contained within the current prospectus. To obtain your copy please call Tony McLennan on 02 9087 8000 or go to www.cvcsi.com.au and download a soft copy.



Asset Allocation

The pie charts illustrated below show that the fund is substantially invested across a diversified range of environmental sectors:



Current Investments



BioPower Systems Pty Ltd (BPS) is a renewable energy systems company based in Sydney. BPS is currently building and installing full-scale prototypes of the company's bioWAVE™ wave power and bioSTREAM™ tidal power systems for generating renewable energy at two sites in Tasmania.

Renewable Energy



DoloMatrix (ASX: DMX) is a technology-based business, specialising in treatment of hazardous wastes and waste materials that present complex problems. DMX's system offers an environmentally sound and economically viable solution for the treatment of site remediation soils, dredging sediments and industrial process residues.

Waste Management



Increasing environmental awareness and regulation has created a demand for the provision of expert environmental services to the industrial and mining sectors. The Environmental Group (ASX: EGL) specialises in the provision of water and waste services, assisting their clients to transform the way they interact with the environment.

Water Services



Many hundreds of thousands of tonnes of plastic packaging are deposited into Australian landfills each year. Pro-Pac Packaging (ASX: PPG) is helping to arrest this environmental damage by leading the introduction of biodegradable and environmentally friendly industrial packaging in Australia.

Materials

Biodiesel Producers Ltd

Conventional diesel is both a major pollutant and a depleting resource. Biodiesel Producers has developed a plant in the transport hub of Wodonga, Victoria, that is effectively utilising local waste-streams to produce lower carbon emissions and lower particulate alternative to conventional diesel.

Biofuels



Chile has a shortage of available fossil fuel sources and a growing energy demand driven by its recent economic growth. HydroChile is an Australian company using the know-how and expertise of some of Australia's leading hydroelectricity experts to develop small scale run-of-river hydro projects in Chile.

Renewable Energy



Australia's brown coal-fuelled power industry is a major producer of greenhouse gases. Wind Corporation is developing a movement away from unsustainable electricity generation with its portfolio of existing and planned wind energy projects including the wholly owned Hampton Wind Park facility.

Renewable Energy

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