



# CVC Sustainable Investments

A member of the CVC Group of Investment Companies

*Profits that don't cost the earth®*

## Positive Environmental Impact

### Update - June 2010

#### Quarter Highlights

- Comment - Green Appeal
- CVCSI at the Eco Innovation Forum
- EGL Management Services
- The Measurable Difference

### Comment - Green Appeal

At CVCSI we note that there has been no lessening of interest in investment in the environment. Whether there are political voices raised to rally the nation to a more sustainable lifestyle or popular authors or public figures commenting about the dire consequences we face if our actions to curb and defeat environmental problems are not vigorous, there is no let up in terms of appealing to the 'green vote' or the 'green mindset'. At CVCSI we are continually encouraged to see that financial advisers, investors and researchers are keen to evaluate investments that will truly make a difference. CVCSI is researching ways to expand our impact and to increase the reach of the fund through higher levels of investment. Investors who are keen to obtain a copy of the **Sustainable Shopping Guide** may wish to contact us on 02 9087 8000 or e-mail Tony McLennan on [tmlclennan@cvc.com.au](mailto:tmlclennan@cvc.com.au) in order to secure your copy.

### CVCSI at the Eco Innovation Forum



CVCSI was the lead sponsor in the Eco Innovation Forum held in May by the Eco Investor Magazine Group. CVC Limited CEO Sandy Beard spoke to delegates from an environmental investing perspective. Sandy demonstrated the positive results of 17 investment deals

(a gross return of 16.69%) including many companies that have been featured in CVCSI such as Geodynamics, Pro-Pac Packaging, Traffic Technologies, BioPower Systems, Wind Corporation Australia, Plantic, Blue Energy and EGL. CVCSI has benefitted in part from these results. The overall impression that the forum presented was that of a resurgent and growing level of investment in the environmentally sustainable sector.

### EGL Management Services

The Environmental Group Limited (ASX:EGL) became an investee company of CVCSI towards the end of 2007. The company has grown since that time reporting pleasing improvements in revenue and profits. One of EGL's strengths is its multi sector approach. This approach envisages that sufficient of the four divisions of the company are doing well enough at any one time to offset any downside that may be experienced by any one or two divisions of the company. This structure has underpinned EGL's progress through recent times in particular and has seen it emerging with good results.

One division of EGL is Asset Management Services (AMS) which operates and maintains four waste treatment plants. Under EPA regulations dangerous pollutants in the form of metal compounds, soluble gases and suspended solids (biomass) are removed from water and air flowing from industrial and residential installations.



What is so attractive about EGL, and indeed the AMS division, is the 'essential service' aspect of its services – services which are virtually recession-proof as a result. For investors this can be reassuring.

### The Measurable Difference – Environmental Solutions

When we use the term 'sustainable' at CVCSI we do not mean that we invest in companies who are only seeking to operate with cleaner operations. Though this trend is good CVCSI's approach is more strategic: we invest in companies which supply environmental solutions to many companies in the economy thereby helping them and their customers to function in more sustainable ways. Taking EGL's water and gas treatment operations for example, here are some of the accumulated 'vital statistics':

Result of Treatment	Weight of Pollutant	Benefit
Removal of <b>Phosphorus</b> :	14,250 kgs per year	Pollutant removed
Removal of <b>Ammonia</b> :	63,600 kgs per year	Pollutant removed
Removal of <b>Biosolids</b> :	481,300 kgs per year	Pollutant removed
Removal of <b>Manganese</b> :	1,954 kgs per year	Pollutant removed
Removal of <b>Sulphur Dioxide (SO<sub>2</sub>)</b> :	2,600 tonnes per year	Pollutant removed
Positive Impact	Quantity	Benefit
<b>Production Gypsum from SO<sub>2</sub> Extraction:</b>	7,000 dry tonnes	Pollutant converted into safe material
<b>Gyprock Wall Sheet Production:</b>	70,000 standard sheets	Pollutant converted into safe material

### Fund Performance

#### Net Asset Value

Net assets, based on audited management accounts as at 30 June 2010 were:

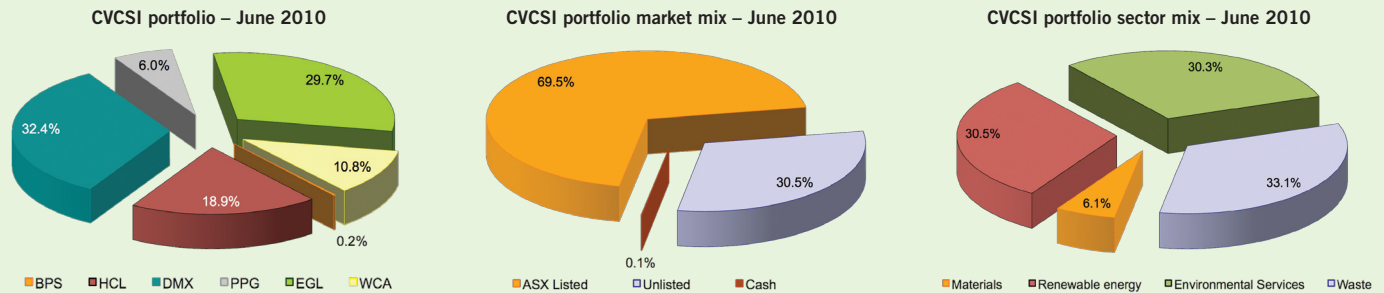
Net assets	\$11.1 million
Net assets per share CVCSI No.1	6.35 cents per share
Net assets per share CVCSI No.2	8.64 cents per share
Net assets per share total	14.99 cents per stapled security

### Capital Raising Continues








CVCSI continues to raise capital and to encourage investment in order to access new and follow on opportunities within the positive environmental sector. Investment enquiries can be directed to Tony McLennan on 02 9087 8000 or email him on [tmlclennan@cvc.com.au](mailto:tmlclennan@cvc.com.au).

### Asset Allocation

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



### Current Investments

	 <p>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.</p>	<p>Waste Management</p>
	 <p>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.</p>	<p>Water Services</p>
	 <p>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.</p>	<p>Materials</p>
<p><b>Biodiesel Producers Ltd</b></p>	<p>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 a lower particulate alternative to conventional diesel.</p>	<p>Biofuels</p>
	<p>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.</p>	<p>Renewable Energy</p>
	<p>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.</p>	<p>Renewable Energy</p>
	<p>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.</p>	<p>Renewable Energy</p>

### Contact Details

<p><b>Investment Manager</b>  <b>Bill Highland</b>                      bhighland@cvc.com.au</p>	<p><b>Investment Analyst</b>  <b>Jo Hume</b>                      jhume@cvc.com.au</p>	<p><b>Investor Relations</b>  <b>Louise Macklin</b>                      lmacklin@cvc.com.au</p>	<p><b>Tony McLennan</b>                      tmclennan@cvc.com.au</p>
--	--	--	---