



Dr Ernst A. Brugger
Chairman of the Board of Directors

Dear Shareholders,

Sustainable Performance Group (SPG) enjoyed a very successful year on the stock markets in 1999. The net asset value (NAV) climbed 36.4% to CHF 554.60 on 31 December 1999, and the price of SPG shares gained 33.5%, closing the year at CHF 550. SPG posted net profits of CHF 36.39 million for the 1999 financial year. On 31 December 1999 the portfolio was invested in 27 companies in 8 countries.

Another success was the increase in capital approved by shareholders at the 1998 Annual General Meeting, which was carried out in June 1999. At mid of March 2000, SPG had total assets of more than CHF 200 million, making it one of the largest investment vehicles in Europe with a global sustainability focus.

Once again events on the stock markets were dominated by TMT (technology, media and telecoms) stocks in 1999. Two attractive stocks from these sectors figured prominently in SPG's portfolio: Sony, which registered gains of 268% during 1999, and Sun Microsystems, which posted a performance of 260%.

At present two-thirds of SPG shares are held by institutional investors, and one-third by private individuals in German-speaking countries. The fact that institutionals are showing a growing interest in sustainability as a forward-looking investment approach is very encouraging. Various pension funds have already incorporated sustainability into their investment strategy by modifying their investment guidelines or increasing their holdings of sustainable investment products.

It is almost two-and-a-half years since Sustainable Performance Group was first listed on the Swiss stock exchange. At the time we expressed the belief that the integration of economic, environmental and social factors would boost the competitiveness of many companies and thus lead to above-average gains for you, the investor. Events have more than borne out this belief.

In future SPG will endeavor to build on and deepen its know-how in the field of sustainability, with a particular emphasis on identifying new pioneering companies. The directors of SPG work closely with SAM Sustainability Group, analyzing and visiting the companies represented in the portfolio. Thanks to these efforts to constantly enhance our know-how and make full use of the SAM network, our shareholders can look forward to a great performance in future too.

On behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read 'E. Brugger', written over a light background.

Professor Dr Ernst A. Brugger
Chairman



Dear Shareholders,



Reto Ringger, Founder and CEO
SAM Sustainability Group

Sustainability was one of the dominant features on the stock markets in the last year of the old millennium. A few years ago, when the concept was first introduced to the financial markets and the first sustainability-driven products appeared, it still needed a great deal of explanation. But gradually we are seeing the notion of sustainability gaining broad acceptance, and sustainability-driven investment approaches are at last becoming established in the financial markets.

In 1997 SAM Sustainability Group (SAM) became the first company in the world to launch an investment vehicle based on the three pillars of sustainability – economic, environment and social added value – when in cooperation with Swiss Re and the Volkart Group it created Sustainable Performance Group (SPG). Last year the value of SPG shares climbed 36.4%, making it one of the most successful sustainability-driven vehicles available anywhere. SPG’s shareholders include large institutional investors, pension funds and private individuals.

When it comes to analysis and portfolio management, SPG benefits from the expertise of specialists at SAM who work exclusively in the field of sustainability-driven investment management. Now SAM has ten analysts tracking and assessing the performance of companies in creating environmental, economic and social value. Last year the high quality and global reach of SAM’s research resulted in a notable partnership which has led to growing interest in sustainability in the financial community, and above all in the corporate world: in September 1999 SAM joined forces with leading index provider Dow Jones Indexes to launch the world’s first sustainability index. SAM is the partner responsible for analyzing and evaluating the companies contained in the index, while Dow Jones takes care of the real-time calculation of the Dow Jones Sustainability Group Index.

The Dow Jones Sustainability Group Index (DJSGI) tracks the performance of around 220 sustainably-managed blue chips representing 70 different industries and 30 countries. More than 2,000 companies are graded according to SAM’s own sustainability rat-

ing system, providing a solid basis for making investment decisions. Sustainable Performance Group is one of the chief beneficiaries of this method. Unlike the DJSGI, SPG’s portfolio also contains smaller companies which are flourishing thanks to new, future-oriented technologies and trends. In fact it has been primarily smaller companies like Starbucks, Whole Food Markets and Gretag Imaging which have contributed to SPG’s extraordinary performance.

As one of the companies specializing in the field of sustainability, SAM plays its part in establishing the concept and making a wider audience aware of its significance. SAM is in constant dialogue with a steadily growing number of companies that want to benefit from this development. There has been a significant increase in the willingness of companies – from large multinationals to small growth businesses – to provide SAM with information on their sustainability performance. Nowadays a whole range of companies, from large full-service banks and specialized private banks to global insurance companies, pension funds and government organizations, draw on the research and ratings produced by the SAM team.

We look forward to the future. We will continue to play a leading role in identifying high-potential, innovative companies for SPG, helping create added economic, environmental and social value for SPG’s shareholders.

Kind regards,

Reto Ringger