



Dr Ernst A. Brugger
Chairman of the Board of Directors

Dear Shareholders,

All in all, the first six months of the 2000 financial year have been a very successful period for Sustainable Performance Group (SPG). The share price rose 20.4% to CHF 662. On June 30 the SPG portfolio contained 31 sustainably managed companies in 20 countries.

Highlights of the reporting period include the Annual General Meeting held on April 19 in Zurich where you, the shareholders, voted in favor of the SPG Board's proposal to increase the company's capital. The capital increase took place in May and June, and was extremely successful. A total of 122,065 new bearer shares were placed, taking the total number of shares outstanding to 420,000.

The subscription price was CHF 620.30, corresponding to the net asset value published on 30 May 2000. With assets under management of almost CHF 280 million, Sustainable Performance Group is the largest vehicle with a global sustainability focus in Europe which is available to both institutional and private investors.

Despite the fact that the world's stock markets were in some cases very volatile, SPG shares managed an impressive performance over the first six months. The portfolio's stars included core holdings Ballard Power (+229%), Tomra Systems (+67%), Intel (+62%) and Starbucks (+57%). These companies are among the leaders in their respective industries, and thanks not least to their focus on sustainability are well placed to achieve substantial growth in future too.

The portfolio has seen a number of changes in the last months. What has remained unchanged, however, is SPG's balanced mix of pioneering and leading companies – most of which are registering above-average growth – from various growth industries impacted by sustainability. This should ensure that Sustainable Performance Group shares continue to post an excellent performance.

On behalf of the Board of Directors

Prof. Ernst A. Brugger
Chairman



Reto Ringger, Founder and CEO
SAM Sustainability Group

Dear Shareholders,

The new year began with renewed energy – and not just on the financial markets. New, sustainable forms of energy are also an important focus for SAM Sustainability Group and the SPG portfolio. The rapid deregulation of the energy markets in all major industrialized countries, and growing pressure to take systematic steps to protect the world's climate have greatly boosted interest in sustainable forms of energy. Moves by giants such as Shell, BP Amoco and Enron to step up their commitment to new energy sources are bringing with them many business opportunities for smaller, innovative companies.

In the first half of this year manufacturers of fuel cells, viewed as one of the key technologies in the clean energy production of the future, experienced a veritable boom. More and more automakers and energy utilities are opting for this technology, with prototypes and the first market-ready products already appearing. This is helping the small number of players in this growth market, and shares of fuel cell manufacturers (including pioneer Ballard Power Systems) have posted heavy gains so far this year. SPG was quick to recognize and exploit the potential of fuel cells. Ballard has figured prominently in the portfolio since SPG's inception, and last quarter shares of Fuel Cell Energy (see portrait later in this section of the report), which is also very well positioned in the fuel cell market, were included for the first time.

The dynamic development of the energy markets is creating new opportunities for investing in sustainability leaders and pioneers. Companies such as Quanta Services, a highly specialized provider of services for the energy and telecommunications businesses, and Calpine, an integrated utilities company, have now become well established.

Sustainability as an investment approach is also gaining prominence in the political arena. In the UK, Europe's most important financial market, new transparency rules were recently introduced for pension funds. They include the obligation to disclose exposure in sustainability-related areas, a fact which will make their activities more transparent for people enrolled in pension schemes, and in general encourage broad awareness of the topic among institutional investors. In other countries too – in fact right across the EU now that the Commission has launched a special initiative – the financial community is taking greater interest in sustainability. One indication of growing interest among institutionals is the fact that the Swiss government's pension fund has acquired a substantial holding in Sustainable Performance Group.

The next few pages feature brief portraits of ten outstanding companies analyzed and selected by SAM for inclusion in the SPG portfolio during the first six months of 2000. They will give you some idea of how SPG's new holdings are dealing with the risks and exploiting the opportunities created by sustainability.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Reto Ringger', written in a cursive style.

Reto Ringger
Founder and CEO
SAM Sustainability Group