

Prof. Dr Ernst A. Brugger

Chairman of the Board of Directors



Dear Shareholders,

One of the most notable events of the first six months of 2001 took place at the SPG annual general meeting, held on April 18, on the premises of Swiss Re. Dr Christian Lutz, member of the board of directors, resigned at his own request, and you, the shareholders, voted to elect Dr Lothar Späth as his replacement. Lothar Späth was formerly prime minister of Baden-Württemberg. Now, among other things, he is chairman of the listed Germany company Jenoptik. Lothar Späth has a wealth of knowledge and international business experience. The SPG board is delighted to welcome him to the team.

Investors are increasingly taking sustainability seriously. In May, the Swiss government old-age pension fund decided to invest CHF 500 million in line with the Dow Jones Sustainability Group Index. This means the fund now manages a substantial portion of its international equity portfolio on the basis of economic, social and environmental criteria. In a number of respects this decision is very significant for the future, and will undoubtedly send a signal to both private and institutional investors.

The financial markets had a tough time in the first half of 2001. Even though SPG recovered slightly in the second quarter, it still bears some of the bruises earned in the first. The net asset value (NAV) of SPG shares came to CHF 541.50 on 30 June, a decline of 7.4% over the first six months of 2001. During the same period, the price of SPG shares fell 11.9%.

SPG was quick to recognize the sustainability trend, and from the moment of its foundation in 1997, our investment company's global equity portfolio has been professionally managed to exploit the benefits of sustainability. Measured in terms of its share price, SPG has posted a performance of 42.7% since its IPO, translating into averaged annual returns of 9.55%. SPG has thus outperformed the benchmark – the global MSCI index managed average returns of 7.07% over the same period. In other words, SPG has outstripped the index by an average of 2.48% per year.

SPG's balanced portfolio, featuring a mix of the world's pre-eminent sustainability pioneers and leaders, is structured to add a high degree of economic, social and environmental value. On June 30, 2001, the portfolio contained 31 sustainably-managed companies in 13 different countries. We are convinced that SPG will continue to generate steady returns for long-term investors like yourself in the future.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'L. Brugger'.

Prof. Dr Ernst A. Brugger
Chairman

Sustainability Pioniere/Leader

Dear Shareholders,

Why has the largest pension fund in the United States set minimum social and environmental requirements for all recent investments in the emerging markets? Why does one of Switzerland's biggest pension institutions, the government's old-age pension compensation fund, invest one-third of its foreign equity quota in line with the criteria used by the Dow Jones Sustainability Group Index? What made the German parliament stipulate in its new pension legislation that pension funds must report annually on how environmental and social criteria fit into their investment strategy?

Essentially, two factors have led to these developments in recent years. First, there has been rapidly growing demand on the part of both institutional and private investors for transparency on sustainability and for investment policies geared to sustainability. But the second, far more important reason is the impressive performances posted by many sustainably-managed investment companies and funds in the last few years.

One piece of good news is that SPG raised its private equity exposure last quarter, investing USD 3.5 million in the Canadian company Xantrex Technology within the framework of pre-IPO financing. Xantrex is the market leader in the development, manufacturing and marketing of advanced power electronics and controls used to enhance energy efficiency. The company's product range puts it in an excellent position to exploit the rapidly-growing new markets for energy technology. Xantrex CEO Mossadiq Umedaly was formerly CFO of Ballard Power, the successful pioneer in PEM fuel cells for mobile applications, which has featured in the SPG portfolio for years.



Reto Ringger, CEO
of SAM Sustainable
Asset Management

As investment advisor to SPG, SAM continues to focus on identifying and analyzing early on forward-looking leaders and pioneers. Our highest aim is to create the added value you, our shareholders, expect, and assure an attractive performance in the long term.

A handwritten signature in black ink, appearing to be 'R. Ringger'.

Reto Ringger,
CEO
of SAM Sustainable Asset Management