



SUSTAINABLE INVESTMENT PERFORMANCES

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DEXIA & DEXIA ASSET MANAGEMENT

† Dexia

- ✍ A top-20 player on the European banking scene
- ✍ World leader in financial services to the local public sector
- ✍ One of the best credit ratings of listed banking groups
- ✍ Dexia, the bank for sustainable development

† Dexia Asset Management

- ✍ € 55 billion Assets under Management
- ✍ 415 Investment Professionals dedicated to Asset Management

† SRI Management

- ✍ € 1 billion in Sustainable Management
- ✍ experience since 1996
- ✍ product range of 15 sustainable investment funds

DEFINITION

- † Sustainable investors are not only guided by financial motivations, but also by **ecological**, **social** and **ethical** principles

- † Sustainable development : long term profit growth needs to be optimised in harmony with interests of stakeholders
 - ✍ personnel
 - ✍ environment
 - ✍ shareholders
 - ✍ clients & suppliers
 - ✍ society

IMPACT ON PERFORMANCE

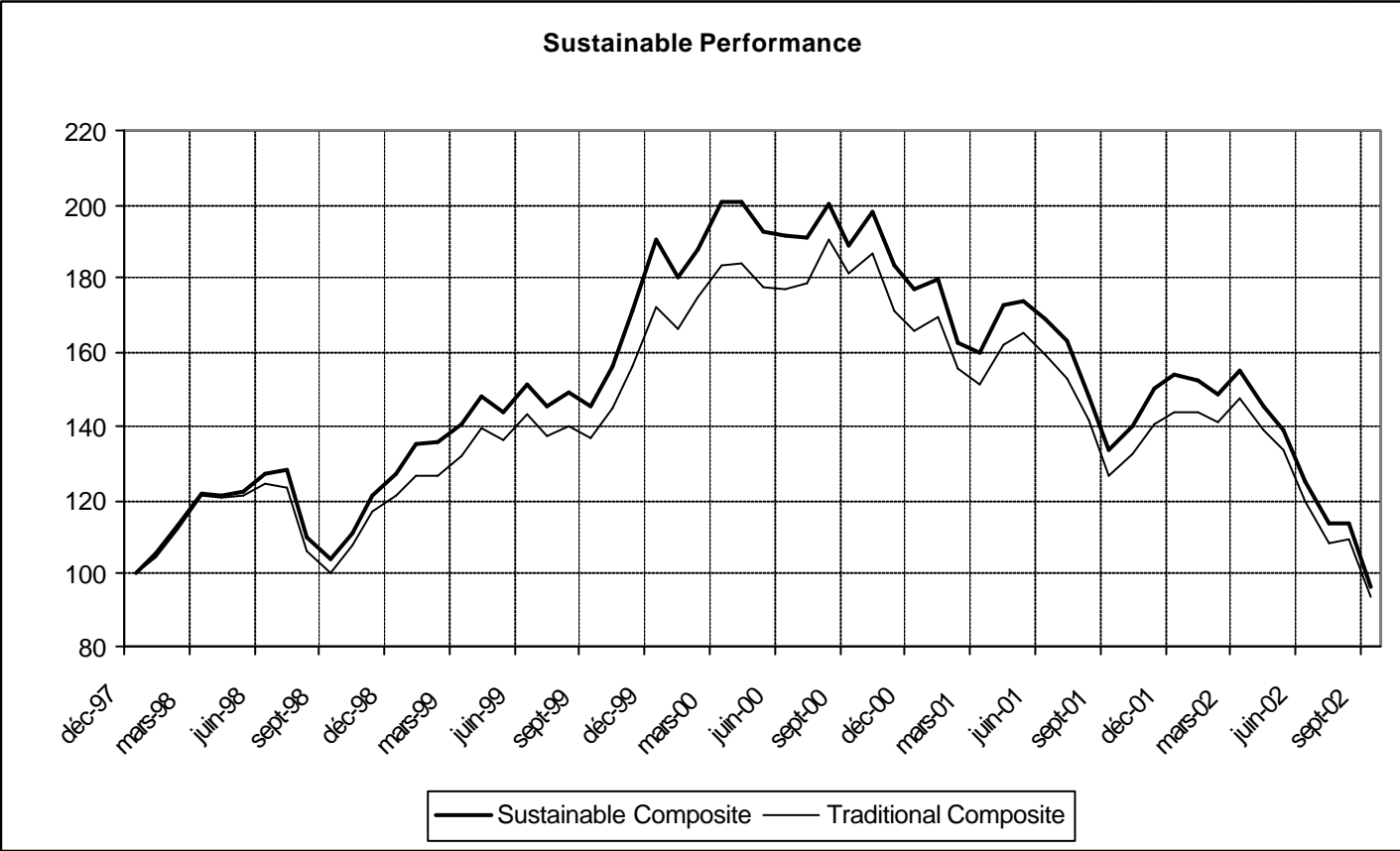
Positive ?

- † Risk Management
- † Cost reduction
- † Corporate Governance
- † Reputation Management and License to Operate
- † Innovation
- † Indicator of Management Quality

Negative ?

- † Inefficient allocation of resources ?
- † Lack of diversification ?

SUSTAINABLE PERFORMANCES



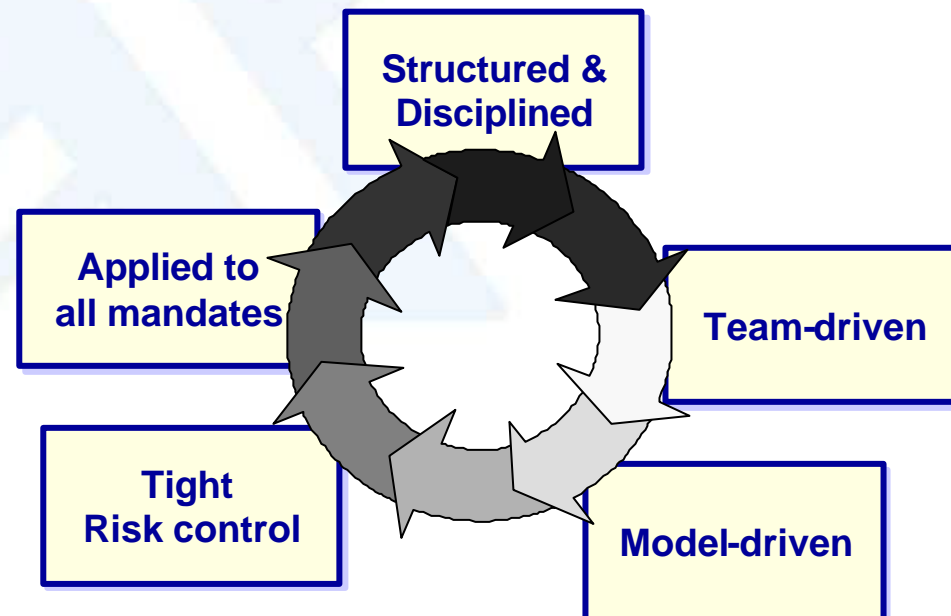
Sustainable composite is an equally weighted index with following constituents: Ethibel Europe, ASPI, DJSI and Domini Social Index (Euro denominated)

SUSTAINABLE & PERFORMANCE

- † Performance differences between a sustainable and a traditional selection are not statistically different over the long run
- † 'Sustainable effect' is difficult to separate from biases in sustainable universes, like
 - ✍ Sector
 - ✍ Country
 - ✍ Style Factors : Growth-Value, Size, etc.
- † The asset manager can hereby add value through a specific and risk minimising investment process

SUSTAINABLE MANAGEMENT

- ✍ Portfolios need to have same financial quality & characteristics as traditional portfolios
- ✍ Rigorous screening methodology and rigorous investment process

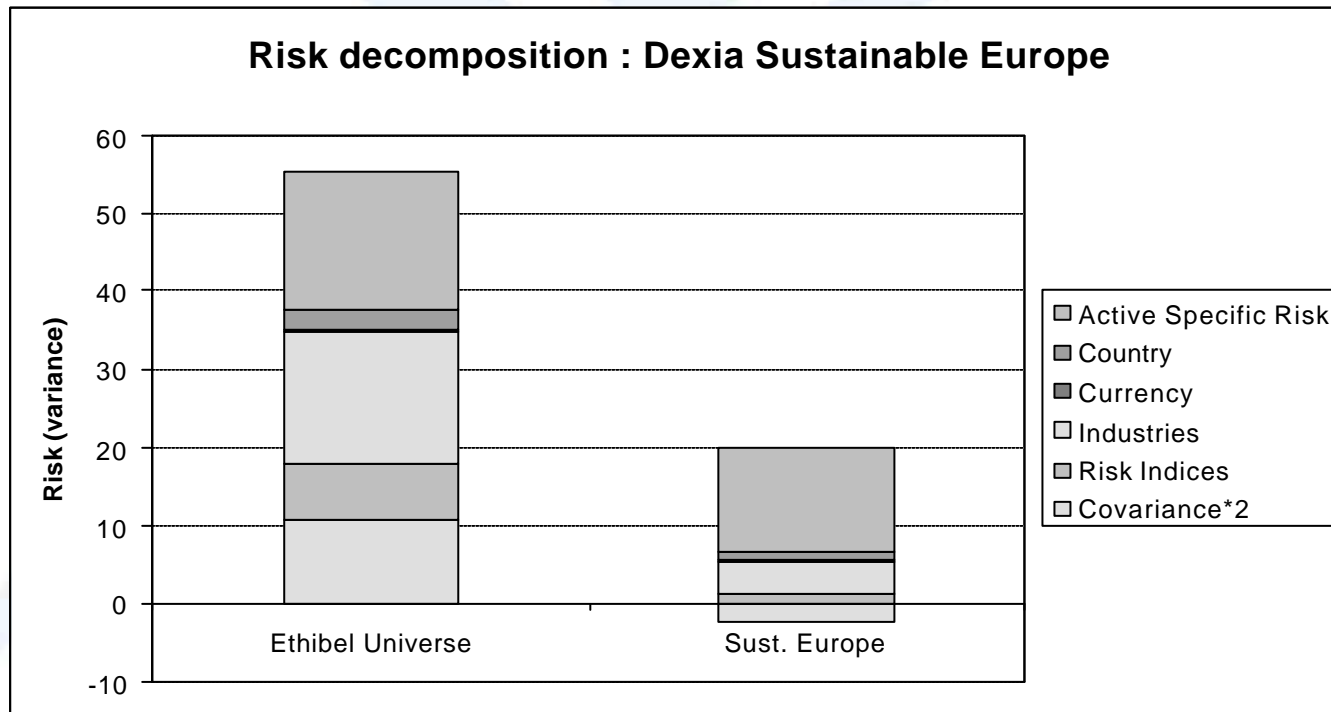


SUSTAINABLE MANAGEMENT : SCREENING METHODOLOGY

- † Based on the concept of 'sustainable development'
- † Best-in-class-approach
- † Integrating views of different stakeholders
- † Based on findings of academic research
- † Screening concentrated on "facts and figures"
- † Stakeholder verification
- † Separation between screening & investment role
- † Severe filter to capture sustainable concept
- † Transparency in methodology and results
- † Pro-active approach

SUSTAINABLE MANAGEMENT : INVESTMENT PROCESS

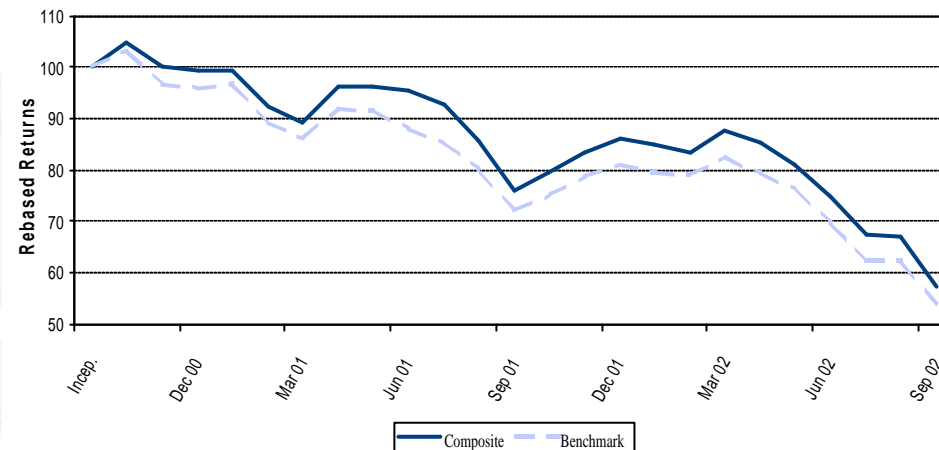
- † Investment process aimed at
 - ✍ minimising relative risk
 - ✍ maximising performance
- † No style biases in portfolios
- † Well-disciplined and rigorous portfolio construction



SUSTAINABLE MANAGEMENT : INVESTMENT RESULTS

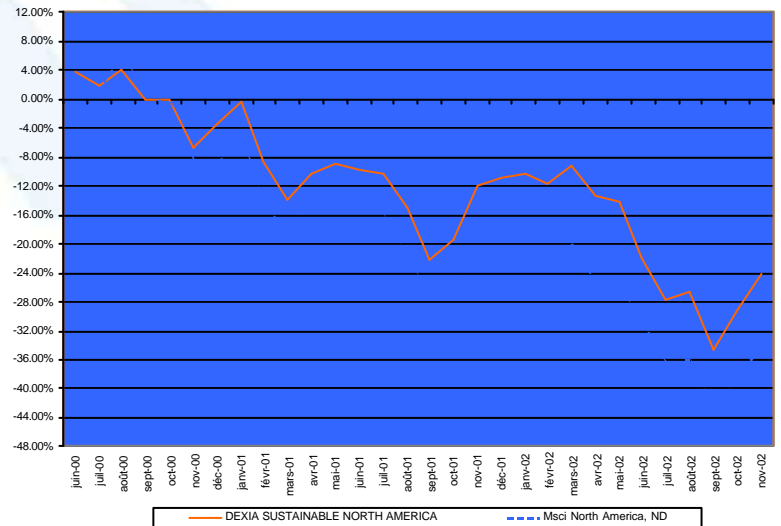
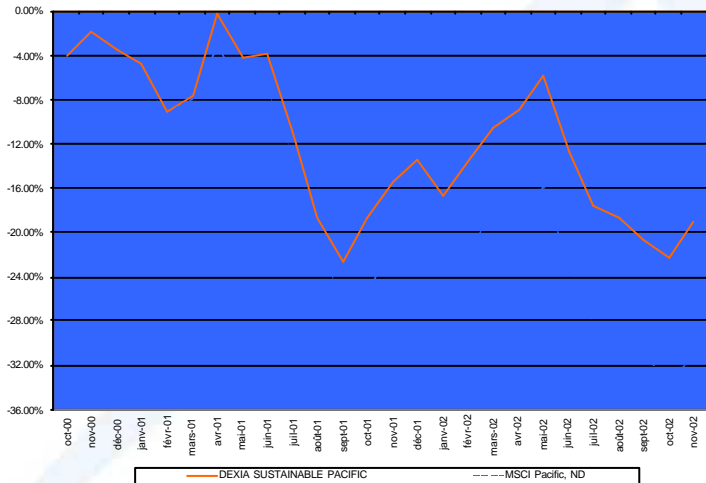
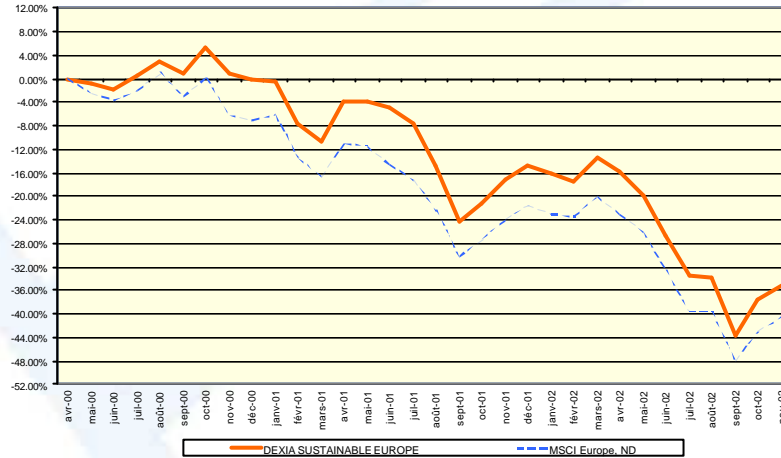
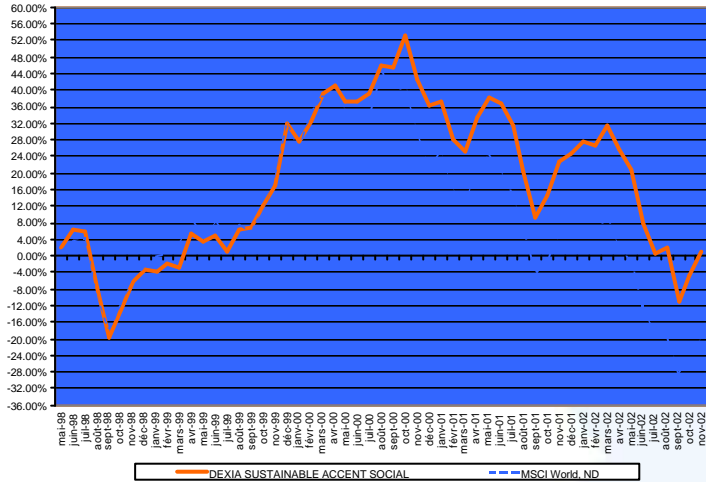
Global Investment Performance Standards (GIPS) at 30/09/02

Relative Statistics	
XS Total Return	3.71
XS Ann. Total Return	2.49
Tracking Error	3.78
Information Ratio	0.66
Jensens Alpha	3.09
Treynor Ratio	-28.02



Absolute Statistics	Composite	Benchmark
Total Return	-42.59	-46.31
Ann. Total Return	-24.23	-26.72
1 Month High	7.87	6.80
1 Month Low	-14.56	-13.82
Ann. Volatility	20.21	19.48
Ann. Down Side Risk	15.44	15.05
Sharpe Ratio	-1.40	-1.58
Sortino Ratio	-1.83	-2.04

SUSTAINABLE MANAGEMENT : INVESTMENT RESULTS



CONCLUSION

- ✍ Sustainable screening makes sense, also from a financial point of view and can be considered as a quality filter
- ✍ Long run risk and return characteristics of sustainable portfolios are at least comparable with traditional portfolios, which implies that environmental and social added value comes for free
- ✍ The investment process for Sustainable Management needs to be structured & rigorous to guarantee “sustainable” investment performances on the long run