

Welcome to the first **IFSL Impax Environmental Leaders Fund** monthly bulletin. Every month we look at topical issues, emerging legislation and other developments and explain how this is affecting our stock selection. This month we are focusing on:

- The US Presidential Election and which companies will be long-term beneficiaries.
- How global commodities inflation has injected new life into a scrap metals business.

The information contained in this bulletin is solely for the use of independent financial advisors in the UK and is not for distribution to individual investors.

## About IFSL Impax Environmental Leaders Fund

The **IFSL Impax Environmental Leaders Fund** invests worldwide in companies that are at the forefront of developing products or services to solve the world's most pressing environmental problems. These include Impax's "best ideas" from a full universe of stocks which derive at least 20% of their business from Alternative Energy & Energy Efficiency, Water Treatment & Pollution Control, or Waste Technology & Resource Management.

[Please click here for detailed information on the fund.](#)

The **IFSL Impax Environmental Leaders Fund** is a sub-fund of the IFSL Impax Fund, a UK open-ended investment company with variable capital. The fund was launched on 3 March and is up 7.7% to 30 May 2008. The IFSL Impax Environmental Leaders Fund is available to investors through Cofunds.

For more information see [www.impax.co.uk](http://www.impax.co.uk).

## Green Stars and Stripes

With Hillary Clinton dropping out of the Democratic primaries, the US presidential race has begun in earnest. One thing is certain: whoever wins the election in November will be greener than George W. Bush. The next president is likely to introduce a raft of environmental policies to tackle climate change. The table below compares the stated policies of the two main candidates. As can be seen, Barack Obama has more ambitious targets for CO2 reduction and renewable energy, but even the Republican John McCain has vowed to put the US at the heart of international efforts to tackle global warming:



Barack Obama	Will use 'cap and trade'* policies to reduce CO2 emissions to 80% below 1990 levels by 2050	Will aim to source 20% of electricity from renewable sources by 2020
John McCain	Will reduce CO2 emissions to 60% below 1990 levels by 2050. Also favours 'cap-and-trade' approach	No articulated position

So, whatever the outcome of the election in November, it is likely to provide a substantial long term boost for the global environmental sector and will positively affect most companies in the **IFSL Impax Environmental Leaders Fund**. More specifically, alternative energy & energy efficiency companies which we at Impax believe will be strong beneficiaries of a shift in US policy include:

- [Iberdrola Renewables](#) (Spain) - the largest wind project developer in the world, and the second largest in the US with c. 1.3 gigawatts (GW) of installed capacity. The company plans to increase its global capacity by 1.4 GW per year.

- [Vestas](#) (Denmark) - the largest wind turbine manufacturer, with a 23% market share, and 35,000 wind turbines installed worldwide. The company has a great market share in the larger, more powerful, 2-3 megawatt (MW) wind turbines that are proving increasingly popular with project developers.
- [Ormat](#) (Israel) - a leading geothermal power company in the US, operating 400 MW of capacity, primarily on the West Coast. The company also sells generation equipment to industrial customers.
- [Emerson Electric](#) (US) - a leader in energy efficiency power management products, a powerful tool in helping companies to reduce their CO2 emissions.

All of these are holdings in the **IFSL Impax Environmental Leaders Fund**.

\* A cap and trade program requires countries to cut their emissions, but allows each entity to design its own compliance strategy to meet the overall reduction requirement, either through the sale or purchase of emissions allowances, or through technology.

### Where There's Muck There's Brass



Global commodity prices have gone through a period of intense price inflation recently. For example, the price of copper has risen five-fold since 2001. The world supply of metals cannot keep pace with demand. There have been stories in the press of gangs stealing manhole covers in London to export the iron to China and copper being stolen from the roofs of churches. This strong demand for metals and consequent high prices plays into the hands of metal recyclers, which are able to buy scrap at low prices to be sold onto countries such as China and Turkey at high margins.

Traditionally an industry made up of small, privately owned businesses, companies such as the Australian recycler [Sims Group](#) have established strong market positions to improve their margins and pricing power, in Sims' case establishing a presence in the US through the acquisition of Metal Management. Since we added Sims Group to the **IFSL Impax Environmental Leaders Fund** at the beginning of March, its shares are up 21.7%.

### About Impax

Impax Asset Management is the leading UK specialist investor in the environmental sector, with over £1 billion under management and advisory. For more information about the company and our team of expert fund managers, see [www.impax.co.uk](http://www.impax.co.uk).

Under no circumstances should any information contained in this Bulletin be regarded as an offer or solicitation to deal in investments or as investment advice.

For the IFSL Impax Environmental Leaders Fund, Investment Fund Services Limited ("IFSL") is the Fund's Authorised Corporate Director. Impax Asset Management Limited manages the underlying assets of the Fund in its role as appointed Investment Manager.

Please remember that past performance is not necessarily a guide for future returns. The price of the fund may fall as well as rise. You may not get back the amount originally invested. Changes in exchange rates may affect the value of your investment.

IFSL and Impax Asset Management Limited are authorised and regulated in the United Kingdom by the Financial Services Authority.