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of BBGI Group SA, wealth management company based in Geneva

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BBGI-EthicalQuote Swiss Equities Indices

2012 Innovation :

Finally an objective performance measure of ethical Swiss equities

The BBGI-EthicalQuote Swiss Equities Indices show that it is possible to outperform the Swiss Market Index (SMI) and the Swiss Performance Index (SPI) while integrating ESG criteria.

After a particularly difficult year for the majority of investors, **BBGI Group SA and Covalence SA have decided to publish their BBGI-EthicalQuote Swiss Equities indices to answer the multiple preoccupations of investors seeking a benchmark to judge their results on their ethical Swiss stock investments.**

The BBGI-EthicalQuote indices constitute the **first family of ethical Swiss equity indices**. These innovative indices reweigh the SMI and SPI through an inclusive ethical approach and a principle of diversification of investments which generates a superior yield. These three indices represent the 20, 40 and 60 of the country's largest market capitalizations and their composition depends on an optimization between financial and extra financial criteria. **From 1999, the composite annual performance of these indices has shown to be superior to those of the SMI and SPI. This performance is +3.77% for the BBGI-EthicalQuote 20 index, +5.77% for the BBGI-EthicalQuote 40 and +5.81% for the BBGI-EthicalQuote 60 index. In the same time frame the SMI shed 2.01% and the SPI stagnated at +0.52%.**

From now on, the publication of these indices, designed for all institutional and private investors, will for the first time allow them to have daily stock market indices integrating Environment, Social, and Governance (ESG) criteria. Investors will finally have statistics tracing back to 1999 (performance and risk) which will be available for free at the Analysis and Research department of BBGI Group SA (www.bbgi.ch) or at Covalence SA (www.ethicalquote.com) on a simple demand through the respective websites of both companies.

The **BBGI-EthicalQuote Swiss Equities Indices** constitute the **first genuine and objective benchmarks of the Socially Responsible Investing sector (SRI) in Switzerland**. They will certainly establish themselves as the essential tool to measure the effectiveness of the management truly achieved by financial professionals offering ESG approaches, an indispensable tool for investors willing to dialogue as professionals with their agents.

More importantly, **BBGI Group SA offers the access to the exceptional performances achieved by these indices through specialized management mandates allowing to integrate specific management restrictions of investors and in their own ESG principles.**

The ethical expertise of Covalence and the financial knowledge of the BBGI Group have therefore been combined to create the BBGI-EthicalQuote Covalence indices, the first group of ethical indices in Swiss equities. These reweigh the SMI and SPI through an ethical inclusive approach and follow a principle of diversification which aims to reduce the excessive representation of very large market capitalizations.

Clearly demonstrated by a simulation of a historic 11 year period, the out-performance of the BBGI-EthicalQuote indices emanates from financial and ethical factors. Financially, the construction of the indices based on market capitalization groups allows for an optimal diversification which proves to be beneficial yield-wise. Ethically, a good grading is an indicator of the quality of management, the strategic vision, the risk management and the brand positioning, all elements favorably perceived and valued by the markets which have been factored in the construction of the indices.

The three BBGI-EthicalQuote indices aim to satisfy investors on a financial, as much as on an extra-financial level. They feature **better ethical grades than the SMI and SPI indices** in all criteria groups (Working conditions, Impact of production, Impact of product and Institutional impact).

These indices are built with the EthicalQuote system developed by Covalence, a Geneva based company founded in 2001. Inspired by stock quotes, this ethical quotation system is composed of thousands of documents collected in medias, companies, NGOs and other varied sources. These documents are coded, quantified and synthesized into an ethical reputation measure based on an international legal framework. This process depends on technology, as much as human analysis. This inclusive system, reflecting public opinion in a pragmatic and evolutionary manner, takes into account the challenges related to extra-financial rating: the plurality of ethical definitions, the credibility of information, the economic relevance.

BBGI Group's skills are also critical in the creation of these indices: recognized specialist of institutional investment and private wealth management, the BBGI Group has already launched the BBGI Share Clean Energy Fund and the BBGI Clean Energy 100 Index, one of the first and rare indices on renewable energies that is greatly diversified. In the 1990s the group's founders were employed by a major private Geneva bank with the creation of the first SRI funds in Switzerland. Finally, the BBGI Group has already provided the management of private and institutional mandates under SRI guidelines for several years.

Today, 70% of sustainable investments in Switzerland use negative screening (exclusion). Exclusion leads to the reduction in diversification in a group limited to one hundred marketable securities. This reduces the expected value of portfolios and can harm performance which explains the reluctance of numerous managers in regards to SRI. Moreover, current products tend to be market capitalisation-weighted.

The BBGI-EthicalQuote indices use a different approach with ethical integration and optimal diversification of investments. This method aims to explicitly include sustainable development stakes in traditional financial analysis and favors a greater diversification through its distinction of weights from market capitalization based indices.

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