



# Carbon Funds – Generating Carbon Credits

Canadian Annual Derivatives Conference, Mont Tremblant, October 29th 2009



# Carbon Funds

## Industry View

The latest industry figures tracked 89 carbon funds in 2008 (80 in 2007):

### □ During the last year:

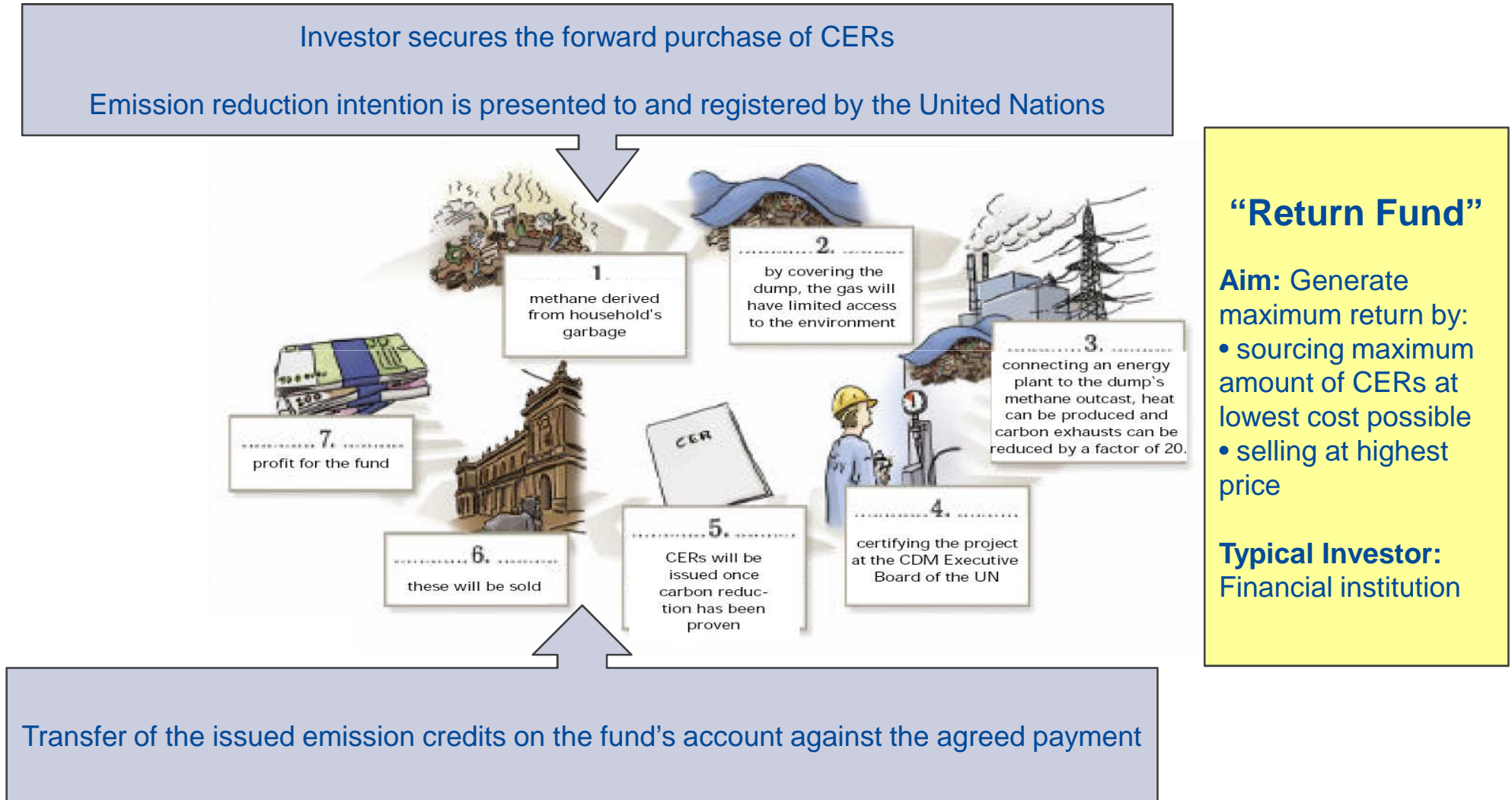
- 8 funds listed the year before have been cancelled or put on hold
- 16 new funds have been launched
- USD 16.1 bn under management in August 2009 compare to USD 12.87 bn in August 2008 (+25%)
- Growth in assets under management significantly lags growth in carbon trading

### □ Challenges

- Financial crisis: difficulty to raise cash because of liquidity constraints
- Small window of opportunity until end of Kyoto phase
- Regulatory uncertainty: Post-Kyoto, North America

# Carbon Funds

## Generating Carbon Credits

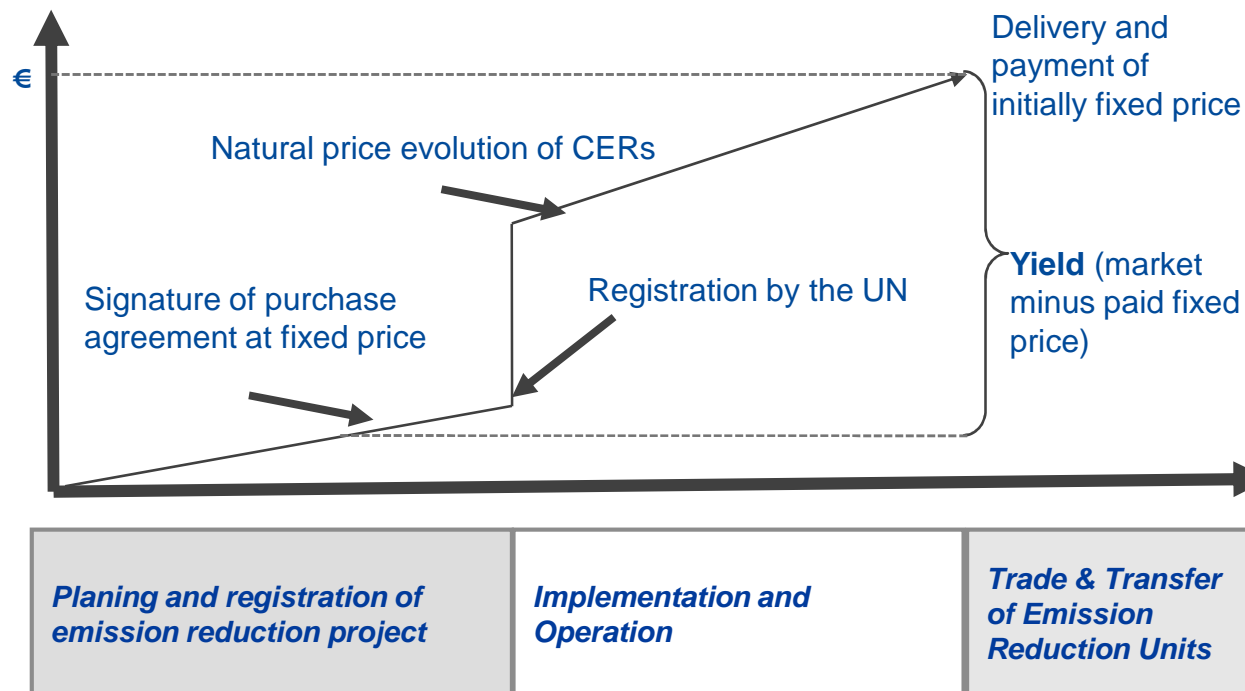


# Carbon Funds

## Sources of Yield

### Forward CERs

- From inception of the project to issuance of CERs, the forward price of CERs converges towards the market price of CERs. The fund's yield source lies in this price evolution.
- **Stable value creation:**
  - Identification and purchase of appropriate and reliable projects at an early stage
  - Hedging against expected volumes, locks in the margin



The Dexia Carbon Fund

Thank you for your attention!

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