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Are renewable energies a worthwhile investment?

Paul Severin



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Environment and sustainability are gaining more and more importance in today's society. In this interview about his special fund, Clemens Klein reveals why solar stocks are interesting in particular.



Mr. Mag. Clemens Klein: senior funds manager at ERSTE-SPARINVEST in Vienna

What investment strategy do you pursue with you sustainable/green fund?

ERSTE WWF STOCK UMWELT invests in themes like renewable energy, water, energy efficiency, mobility, and recycling and thus covers a wide range of mega-trends that in the long run show above-average growth rates.

What are the criteria according to which you select the companies for your portfolio?

An independent environmental advisory board sets the investment universe – only those companies are admitted that comply with the stringent criteria of WWF Austria. The focus is exclusively on the environmental benefits of the manufactured products or technologies provided as well as on impeccably ethical corporate governance. The stock selection per se is executed by the fund management team. In this process, we take into account quantitative and qualitative analyses and, in particular, the long-term potential of a company or a technology.

What asset classes, sectors, and investment regions do you currently prefer?

We can see particularly good opportunities in renewable energies, especially in solar energy. This is complemented by similar themes such as intelligent power transmission and distribution, and not the least the storage of energy, all of which come with interesting growth potential.

What are your three biggest positions in your fund?

Shimano, a globally leading manufacturer of bicycle components, is our largest position in the fund. Shimano is also a good example for our long-term investment strategy: this share has been continuously in our fund since 2003, and its price has increased more than tenfold. Other big positions are based in the strongly growing area of renewable energies, such as Canadian Solar, Trina Solar, and Vestas Wind Systems. And lastly, Wabtec, another heavyweight in the fund, is a leading company in the area of brake and safety systems for rail vehicles; the company benefits from the global expansion of the rail network and rising safety requirements in transportation.

What are your yield targets, or what is your benchmark?

In the short run of course the performance of the fund will largely depend on the development of the overall market. But in the long run the above-average growth potential of the invested themes should generate positive effects on the performance of ERSTE WWF STOCK UMWELT.

Further information about the fund: [ERSTE WWF STOCK UMWELT](#)

Advantages for the investor

- Participation in global companies focusing on environmental technology.
- Optimal diversification among companies from the environmental sector.
- Opportunity to achieve substantial capital appreciation.
- Support by ESPA for the WWF's water protection program.
- Well suited as an addition to an existing equity portfolio and for long-term capital appreciation.
- Investment funds are separate assets.

Risks to be considered

- The net asset value of the fund can fluctuate considerably (high volatility).
- Due to investments denominated in foreign currencies, the net asset value of the fund in euros can be negatively impacted by currency fluctuations.
- The investor bears the risk of the environmental sectors emphasised in the portfolio (alternative energies, recycling, etc.) and the issuer risk of the participating companies.

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Paul Severin

Paul Severin has worked at Erste Asset Management since April 2008. Until 2012 he was responsible for the company's product management; he has directed communications and PR activities since April 2012. From 1992 to 2008, he was director of equity fund management and deputy director for institutional funds

at Pioneer Investments Austria in Vienna.

His career in the securities business began in 1992 at Constantia Privatbank as a portfolio manager and analyst. He worked as primary analyst at Creditanstalt Investmentbank in Vienna from 1994 to 1999.

He studied international business at Innsbruck University and Marquette University in Milwaukee, WI, USA. Before his university studies, he worked at Dornbirner Sparkasse in letters of credit and export financing.

Paul Severin is a member of the board at ÖVFA (Austrian Association for Financial Analysis and Asset Management) and a CEFA charter holder.