

## The Cleantech Group Brings Together the Industry's Most Important Dealmakers, Investors and Entrepreneurs

Cleantech Group is a SAIL I and SAIL II portfolio company.

This month, the Cleantech Group kicked off its annual Cleantech Forum in San Francisco. Bringing together the world's most innovative tech companies, top venture capitalists and investors, corporate leaders, and policy-makers, the event will start with a gala to celebrate the 10<sup>th</sup> anniversary of the Cleantech Group.

Notable speakers will provide a retrospective on the growth of the cleantech sector over the past decade, and new perspectives on the future of the industry. "For ten years, we brought together the most exclusive

and esteemed group of thought leaders and innovators in the industry," said Cleantech CEO Sheeraz Haji. "Many recognize our Forums and Summits as *the* place to go to share and learn about the latest and greatest in cleantech."

Internationally recognized as the premier cleantech event devoted to catalyzing global venture capital and private equity investment, business formation, and industry mergers and acquisitions, the Forum welcomed 700 attendees from over 25 countries. Attendees include top level executives from NRG Energy, General Electric, HP, Deloitte, PG&E, Ford and many more.



"The cleantech sector ... reaches all corners of the world," said Cleantech Group Executive Vice President Greg Neichin. "The strength of our global network means that attendees can truly take a world tour of cleantech in three days right here in San Francisco."

The Cleantech Forum promises new insights from key sector leaders, breaking news announcements by Fortune 500 corporations and innovative start-ups, an extensive exhibit hall and outdoor technology showcase, and special award presentations.

[www.cleantech.com](http://www.cleantech.com)

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## Xtreme Power Selected as 2012 New Energy Pioneer

Xtreme Power is a SAIL I and SAIL II portfolio company.

Bloomberg New Energy Finance selected Xtreme Power, along with 10 others, as a 2012 New Energy Pioneer. The program identifies companies that forever change the energy industry. An independent panel of industry experts chose the honorees using three criteria: potential scale,

innovation and momentum. Each of the New Energy Pioneers has innovative, proven technologies, robust business models, demonstrable traction, and the potential for global scale. By rewarding the game changers, Bloomberg hopes to highlight the speed of change in the sectors that play an important role in the shift to a low-carbon economy.

"Being named a Bloomberg New Energy Pioneer is a major

couple for Xtreme Power as we expand our business around the world," said Alan Gotcher, President & CEO of Xtreme Power. "We are confident this distinction will help us reach new audiences as we work to promote the viability of power management and energy storage solutions for the rapidly changing power industry."

[www.xtremepower.com](http://www.xtremepower.com)

### Thought of the Month—

*"The people who are crazy enough to think they can change the world are the ones who do. **THINK DIFFERENT.**"*

- Steve Jobs

## WaterHealth International Brings Safe, Clean Drinking Water to 12 Communities in Ghana

WaterHealth is a SAIL I and SAIL II portfolio company.

This month, twelve communities in Ghana will benefit from the Safe Water for Africa (SWA) Partnership. By the end of 2012, about 25 communities in Nigeria and six in Liberia will also benefit from SWA.

Last year, the Coca-Cola Africa Foundation, Diageo plc, Diageo Foundation, GGBL, WaterHealth International (WHI) and International Finance Corporation launched the SWA Partnership.

By the end of 2013, SWA aims to bring safe, clean drinking water to up to two

million people in Africa.

SWA plans to reach this goal by building over 200 WHI Centres (WHCs). In Ghana, the Partnership aims to build 50 WHCs. In doing so, SWA will help provide up to 500,000 people with access to safe, clean, and affordable drinking water.

[www.waterhealth.com](http://www.waterhealth.com)



## Investors Articulate the Economic Motivation for Sustainability

As companies harvest the benefits intrinsic to sustainability, their unsustainable peers will soon follow lead. This trend creates opportunities for investors pursuing strategies that seek to maximize long-term value creation.

Notwithstanding the increasing investment period for the average person contributing to a pension—especially in light of longer life expectancies—many investors still focus on short-term horizons.

Adhering to the unadulterated goal of short-term profit maximization means reduced returns. However, sustainable capitalism provides investors with greater opportunities for wealth creation than short-term strategies.

**Financial Performance of Sustainable Companies:** A study found that US\$1 invested in a value-weighted portfolio of sustainable firms at the beginning of 1993 grew to US\$22.6 by the end of 2010. In contrast, US\$1 invested in value-weighted portfolio of unsustainable firms at the beginning of 1993 only grew to US\$15.4 by

the end of 2010. Moreover, the study found that the sustainable portfolio exhibited less volatility. This evidence suggests that investors, who identify firms that incorporate sustainable practices, can earn substantial returns while experiencing low volatility.

**More Comprehensive Valuation Criteria:** Most investors operate with incomplete information, because they often ignore ESG factors in their valuation process. Ignoring highly relevant aspects of performance, when assessing a company's value and relative competitive advantage, translates into missed opportunities—especially when the ability to generate long-term earnings determines the company's intrinsic value. Warren Buffet adheres to a similar "value investing" approach. Like Buffet's "value" approach, sustainable capitalism also focuses on long-term investment horizons.

**Matching Liabilities to the Appropriate Investment Horizon:** Because ESG metrics directly affect a

company's long-term value, pension funds, sovereign wealth funds, foundations, endowments and other investors with long-term liabilities, should include these metrics as an essential aspect of valuation and investment strategy.

**Avoid Losing the License to Operate:** Dividing the investor group into asset owners and asset managers, the latter faces the threat of losing their license to operate if they engage in unsustainable practices such as disregarding key investment factors like ESG, excessive exposure to risk, and high portfolio turnover. Therefore, asset managers should adopt sustainable practices if, for no other reason, then to avoid a funding vacuum left by asset owners who seek to avoid these looming risks.

Ultimately, sustainable capitalism requires investors to fully understand their investments, to believe in their long-term value and potential, and to engage with management to ensure they act in the interest of continuous value creation.



## U.S. Military Supports CNS Response

**CNS Response is a SAIL I portfolio company.**

Recently, the U.S. Food and Drug Administration (FDA) responded to CNS Response, Inc.'s (OTCBB: CNSO) proposal for a clinical trial of PEER Interactive, an interactive device designed to support physicians in identifying the best treatments for certain mental illnesses. In response to the FDA comments, CNS Response intends to launch a clinical trial with the Walter Reed National Military Medical Center (Walter Reed) and several other sites. Military physicians currently treat +2,000 patients diagnosed with various mental health conditions.

Walter Reed indicated that it will lead the study, following final approval. The Company expects other military treatment facilities to participate shortly thereafter.

CNS Response's PEER Interactive is a web service

based on a standard electroencephalogram (EEG), which records a patient's brain function. Using the analytics from previous studies, the Company developed the Psychiatric EEG Evaluation Registry (PEER) as a tool to learn the efficacy rate of various psychiatric medications. The previous studies provide useful correlations to individual medication treatments, even in patients who failed on multiple medications.

**CNS RESPONSE'S PREVIOUS STUDIES INCLUDE:**

**INSURANCE STUDY:** A study involving commercial health plan enrollees found a 71% improvement in outcomes for physicians using PEER, along with an 85% reduction in suicide. It determined that patients who failed two or more medication treatments cost payers \$8,500 or more per year.

**DEPRESSION STUDY:** A 12-week study of treatment-resistant depression patients found a 65% success rate, compared to a 39% success rate in the control group.

**EATING DISORDERS:** In a retrospective study of eating disorder patients, physicians found that using PEER data helped them reduce trial and error medication selection, and significantly decreased patient symptoms of depression, and reduced overall hospitalization days by 53%.

**ADHD:** Recent studies show dramatic increases in medication use for ADHD, without corresponding improvements in outcomes. A recent study demonstrated that one million children—of the 4.5 million currently diagnosed with ADHD—may be misdiagnosed. PEER helps resolve this problem.

[www.cnsresponse.com](http://www.cnsresponse.com)



## Xtreme Power Celebrates First Anniversary at Kahuku Wind Farm

**Xtreme Power is a SAIL I SAIL II portfolio company.**

Xtreme Power, developer and manufacturer of Dynamic Power Resource® (DPR®), celebrated the one-year anniversary of its largest operating project to date. Since installation, the 15 MW DPR operating on First Wind's 30 MW Kahuku Wind Farm cumulatively charged and discharged more than 1.9 GWh of energy -- equivalent to the amount of energy consumed by approximately 190 average homes for an entire year.

First Wind selected DPR for its

ability to smooth output from Kahuku Wind. DPR acts within certain time constraints, and absorbs or releases power as needed, thereby delivering a steady supply of clean power to the grid.

In one instance, a voltage loss along the transmission line to which Kahuku Wind is interconnected, caused an instantaneous loss of approximately 14 MW of power; within milliseconds, the DPR responded with enough power to make up for this loss and to stabilize the grid.

"Xtreme's energy storage system helps facilitate more efficient operations at Kahuku Wind," said First Wind President Michael Alvarez.

In part due to the success of the Kahuku project, a new 10 MW DPR is under construction and will operate on First Wind's Maui-based wind farm, by the middle of this year. With a growing portfolio of projects, Xtreme will leverage its operational experience to maintain its status as an industry leader in the grid-scale energy storage industry.

[www.xtremepower.com](http://www.xtremepower.com)





**SAIL Capital Partners** ([www.sailcapital.com](http://www.sailcapital.com)) is a leading cleantech investment firm with a global vision of technologies, markets and opportunities. We invest in cleantech companies with proven technologies, visionary leadership, measurable impact and exciting growth potential. We have invested in a number of today's leading cleantech companies including Xtreme Power, Ice Energy, The Cleantech Group, Dow Kokam, Enerpulse, Activeion, SNTech, FlexEnergy, Paragon Airheater Technologies, M2 Renewables, Clean Technology Solutions, CNS Response and WaterHealth International. SAIL has offices in California, New York, New Orleans and Washington D.C. as well as a global network of investors and advisors.

## **SAIL Seeks to Capitalize on Canada's Robust Cleantech Market:**

According to the Canadian Clean Technology Coalition, *"85% of Canadian cleantech companies require no government subsidies, are globally competitive, and are situated in what promises to be a \$3 trillion industry by 2020."* As these numbers suggest, Canada is a world leader in fostering cleantech innovation. To capitalize on these opportunities, SAIL Venture Partners, the early-stage venture arm of SAIL Capital Partners, established a joint venture (JV) with Stifel Financial Corp. Below is a picture of **Walter Schindler**, SAIL's Founding Partner and **Peter Polydor**, a Vice-President at SAIL and the chief architect behind the JV, in the SAIL's new Toronto office.



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