

The leading U.S. Private Equity fund investing in sustainably focused companies

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We are all keenly aware of how much our transportation choices impact our carbon footprint. Yet how often do we think about our carbon impact when we sit down to a delicious meal? It's a relevant question, and one key reason why we focus on ensuring sustainability with the food and beverage companies in our portfolio. At a recent NRDC forum on food production the issue of greenhouse gasses took center stage.

The overall greenhouse gas emissions embedded in the world's food supply chain total more emissions than the transportation sector when accounting for related deforestation. The choices made by consumers, coupled with innovation to the global food industry, can make significant reductions in greenhouse gas emissions+ *NRDC Forum "Food and Climate: Reducing the Carbon Footprint of our Diet."*

Choosing Organic Produce

According to recent studies by The Rodale Institute, if U.S. cropland (based on 434 million acres) were converted to organic farming methods, we could reduce nearly 25% of our total Green House Gas emissions. Research also indicates that organic production systems are more resilient than conventional systems under both flood and drought conditions. This resilience is critical in the face of a changing climate where more weather extremes are predicted.

The choices we make daily as consumers have profound effects on our health and the health of our planet. Mindful Investors selectively chosen companies are committed and passionate about making a difference in a healthy and sustainable way. They've been leaders in lowering their carbon footprints and doing their parts for sustainability long before these terms entered the lexicon, and they still are today, as you'll see below in the portfolio updates.

What's your personal carbon footprint? This cool new tool from Coolcalifornia.org, was designed to provide consumers with the tools they need to calculate and reduce their carbon impact on the climate. Check this out and do your part to lessen your carbon footprint at <http://coolcalifornia.org/calculator>

FUND UPDATE

Stuart just returned from an active month of presenting, networking, and collaborating at some very exciting and engaging conferences throughout the country and across the pond. During his trip to Europe, Stuart presented at the Five Fund Forum in London, Geneva and Zurich. The Forum was created as an opportunity for Fund of Funds, Family Offices and Institutional investors to gain access to US CleanTech and sustainably focused funds. Stuart came back energized and excited to have met so many like-minded investors who share our enthusiasm and interest to invest in companies and funds with an emphasis on positive social impact.

As 2009 comes to an end, Mindful Investors Fund 1 will be closing to new investors. We are happy to welcome new partners to join us through December 31, 2009. Starting in the first quarter of 2010 we will begin to seed Mindful Investors Fund 2.

PORTFOLIO COMPANY UPDATES



After an extraordinary growth year in 2008, the economic slowdown and a proliferation of competing green brands have slowed the growth of Seventh Generation in 2009. While a number of the new green brands, marketed by Clorox, Arm & Hammer, and SC Johnson, have entered the category with value pricing and large advertising budgets, yet Seventh Generation continues to demonstrate strong growth gains in the Mass Merchandisers and Internet channels of distribution.

Seventh Generation's new CEO, Chuck Maniscalco, is a veteran consumer brands pro, having successfully built the Gatorade and Tropicana brands at PepsiCo. His competitive response to grow Seventh Generation into a leading **mainstream** brand is a 4-pronged plan:

- Build consumer awareness of the Seventh Generation brand, marketing spend +100% in 2010
- Launch innovative new products . new, natural germ disinfectant in Jan. 2010
- Set retail pricing and margins to be competitive with leading conventional brands
- Continue to deliver and set the highest standard for chemical-free and sustainable household products

Seventh Generation | Sustainability Initiatives

Seventh Generation is a founding member of the Sustainability Consortium Steering Committee started by Wal-Mart. The Consortium is a collaborative effort of major retailers, CPGs and academics from around the world, aimed at developing the methodology to enable a universal product sustainability index.

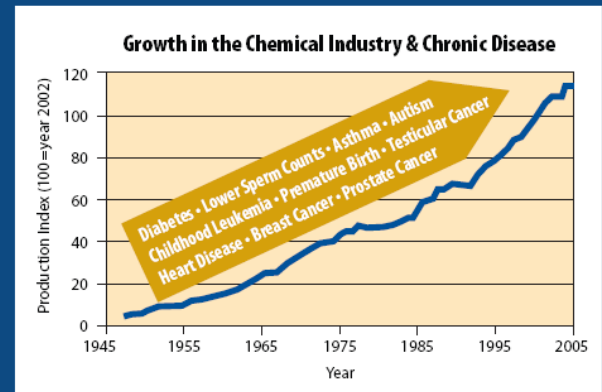
Seventh Generation | Leaders against Toxic Chemicals

Seventh Generation, with partners Safer Chemicals, Healthy Families, and Erin Brokovich, launched The Million Baby Crawl, a national campaign calling for stronger federal standards on toxic chemicals. Some compelling stats from their campaign:

- 1.25 million children in America are unintentionally poisoned in the home every year.
- Since 1976, the US EPA has only required safety testing on 200 of more than 80,000 chemicals on the market.

As the leading U.S. non toxic, non chemical household products company, Seventh Generation sets the standard for other consumer products companies to emulate.

Graph from Safer Chemicals Healthy Families



CleanFish
fish you can trust.

The latest initiative from CleanFish has been their launch of a branded seafood program for national retail grocery chains. This new retail expansion comes on the heels of the addition of another new CleanFish distributor, FreshDirect, the fast growing direct delivery grocery service in New York City. To find CleanFish near you, visit: <http://cleanfish.com/find.htm>

CleanFish | Leaders In The Sustainable Seafood Movement

Thanks to the collaborative efforts of CleanFish, the Monterey Bay Aquarium Seafood Watch, the World Wildlife Fund and a wide net of sustainable fish champions, the importance of sustainable fishing and its connection to the health of our oceans is on the rise. The importance of sourcing sustainable seafood, regarding human health, our oceans health and climate change continues to be the subject of numerous scientific reports and the focus of new congressional legislation. Restaurants, retailers, and consumers are responding proactively by choosing sustainably sourced seafood to have a positive impact on our health and the health of our oceans.

According to the Food and Agriculture Organization of the U.N. (FAO), demand for seafood is expected to continue to grow by 10 percent per year for the foreseeable future. Restaurants, retailers and wholesalers anticipate significant growth in the percentage of their seafood coming from sustainable sources within five years. (Seafood Choices Alliance)

We are proud of CleanFish's continued passion for sustainable seafood promotion and growth and the increasing recognition they are receiving for their accomplishments. Here are a few more to add to their list:

- **"Seafood Just Got Better Thanks to CleanFish" | Triplepundit.com**
CleanFish has sparked a movement centered around healthier, great tasting sustainably produced artisan seafood. CleanFish finds the best producers of both farmed and wild caught fish, making them accessible to consumers. <http://www.triplepundit.com/2009/10/seafood-just-got-better-thanks-to-cleanfish/>
- **CleanFish Co-Founder Dale Sims Named 2009 Purpose Fellow**
Dale was one of 49 Americans over 60 years old named Purpose Prize™ Fellow - a leader in a new age of social innovation, inventing new ways to solve society's toughest challenges. <http://www.encore.org/prize/nominate?ref=fellows.cfm?year=2009>
- **CleanFish Named 1 of 25 Sustainable, Socially Responsible Companies Chosen for Business Innovation, Simplicity** by the Opportunity Green 25 Competition
<http://www.opportunitygreen.com/og25/>



Big Idea Holdings, the parent company of organicgirl is led by a management team with extensive experience. They invented the value added salad category building the Fresh Express+ brand into the category leader with over 50% market share. This team sold the business to Chiquita for \$855 million in 2005. Two years later, they saw the opportunity for an organic branded produce leader and started the organicgirl brand.

In their goal to create a sustainably focused company, organicgirl management created the first non petroleum based packaging, using PLA compostable materials in their clam shell packaging.

organicgirl | Reducing Their Carbon Footprint

Organicgirl's Ingeo packaging from plants (PLA) as opposed to petroleum (PET), has greatly reduced their environmental footprint. Based on their calculations for 2008, organicgirl saved the fossil fuel energy equivalent of approximately 135,000 gallons of gasoline and reduced greenhouse gas emissions equivalent to driving a car over 3,000,000 miles. In 2009 they estimate to save the fossil fuel energy equivalent of powering a single 100 watt light bulb for over 1600 years and the equivalent reduced greenhouse gas emissions by growing 25,800 tree seedlings for 10 years.

Composting organicgirl packaging

San Francisco residents city-wide can now toss organicgirl used packaging into curbside recycling bins, thanks to the city's new curbside recycling program. This is the first large-scale urban composting program in the U.S. This program's composted material, including organicgirl packaging, will be a renewable source for organic farms, vineyards, in retail soil bagging operations, landscape material yards and highway erosion control projects. Don't live in San Francisco? Visit the organicgirl website to find a composter near you: http://www.iloveorganicgirl.com/oq/sustainability/find_a_composter/



Ecohaus offers significant opportunities in the LEED-certified, green building arena. Currently, green building materials account for less than 2% of a \$200 Billion Industry. We anticipate that as state and local building permits increasingly mandate increased energy efficiency and environmental responsibility, demand for these products will grow dramatically and Ecohaus will

continue to be the leading West Coast source for green building products for consumers, architects and builders.

Ecohaus | Reducing U.S Buildings' Carbon Footprint

Buildings are one of the heaviest consumers of natural resources and account for a significant portion of the greenhouse gas emissions that affect climate change. Since the early 1990's Ecohaus' founders have been passionate about sourcing and providing greater access to building materials that have a positive impact on the environment and human health. Today, with increasing consumer awareness about the importance of green building for personal health and energy efficiency, Ecohaus' years of virtuous work sourcing sustainable products are paying off. Currently with two locations in the Pacific Northwest, and California locations soon to follow, as well as a budding on-line store serving the entire U.S., Ecohaus is offering leading-edge green building materials to reduce the carbon footprint in our homes.

Sustainable Green Building Stats (from USGBC.ORG):

- Buildings represent 40% of U.S. primary energy use (includes fuel input for production)
- Buildings are one of the heaviest consumers of natural resources and account for a significant portion of the greenhouse gas emissions that affect climate change. In the U.S., buildings account for 38% of all CO2 emissions. **Green buildings produce 33% less greenhouse gas emissions than conventional buildings.**
- In comparison to the average commercial building:
 - Green buildings consume 26% less energy
 - Green buildings have 13% lower maintenance costs
 - Green buildings have 27% higher occupancy

In addition to reducing greenhouse gas emissions, the health benefit from non chemical improvements in indoor environments are estimated to save \$30 billion in total health care gains.

VIRTUOUS CAPITALISM SECTOR NEWS

Reported food allergies up 18% among kids | *US News & World Report* | <http://ow.ly/JGUG>

The number of children with food allergies has been increasing in recent years, and is now projected at 4 percent of all children in the U.S. according to the journal *Pediatrics*. Though negative news for children's health, opportunities for healthy allergen-free products are much needed and on the rise.

Southwest Airlines Testing Green Plane | *PRNewswire-FirstCall* | http://www.swamedia.com/swamedia/10-21_GreenPlane.pdf

The %green plane+ with an interior designed with eco-friendly products is estimated to save the company \$10 million in fuel costs while reducing emissions. This, coupled with their new comprehensive on-board co-mingled recycling program, according to Southwest Airlines is %lying testament to the airline's philosophy that environmental decisions make good business sense.+

California Bill AB 1217 Passed to Create Sustainable Seafood Label | *farmtoconsumer.org* | <http://ow.ly/JGWs>

This new legislation will develop standards for sustainable fishing practices and initiate sustainable seafood labeling.

RECENT EVENTS

Food and Climate – Reducing the Carbon Footprint of our Diet | November 12 | *Berkeley, CA*

Presented by E2 (Environmental Entrepreneurs) and Jonathan Kaplan of NRDC (National Resource Defense Council), and attended by nearly 100 E2 members and guests to discuss reducing the footprint of our diet. <http://www.e2.org/jsp/controller?docId=20026&anchorName=food>

ABOUT MINDFUL INVESTORS INVESTMENT FUND

Mindful Investors Fund I is a growth-stage private equity fund that invests in fast- growing, consumer-facing companies in the rapidly expanding \$60 billion natural, organic, and sustainable consumer products industry. The Fund's focus is to provide growth capital to companies enabling them to expand distribution of their products into mainstream retailers and to reach scale to become compelling targets for strategic acquirers. The Fund has had a first close with investments in four successful portfolio companies which are leaders in their sector. The combined sales of the four companies are over \$300 million and have achieved 30+% annual growth rates over the last 3 years.

Disclaimer: This is not an offer or solicitation to sell securities of, or financial interests in, the Fund. Investment in the Fund is limited to a restricted pool of investors, namely "Accredited Investors" and others not requiring disclosure by prospectus as defined under applicable securities laws.

*Wishing you a joyous Holiday Season
and a Prosperous, Healthy New Year!*