



Sustainable Wealth Management Ltd.

## Sustainable Oil Sands Sector Index™ (SOSSI) March 2007 Commentary

Crude oil jumped again in March, gaining 6.6% while natural gas gained 5.9%. The Canadian oil sands sector gained 4.1%, outperforming the S&P/TSX Capped Energy sector which was up 3.1% on the month. The big winners were the US and Global Energy indices which gained 6.1% and 5.8% respectively. Despite the strong gains in the US and global energy stocks, both failed to match the gains in the pure commodity. This suggests to me that the market does not believe that the current rally in anything more than a trading rally. My own belief is that after a period of consolidation that has lasted more than 9 months the energy sector is starting to move into another bullish phase.

Index	Symbol	Region	Mar 2007 Return
S&P/TSX Capped Energy	TTEN	Canada	3.1%*
S&P Select Energy Sector	IXE	US	6.1%**
S&P Global Energy	IXC	Global	5.8%**
<b>Oil Sands Sector Index™</b>	<b>SOSSI</b>	<b>Canada</b>	<b>4.1%*</b>

\* Return in Canadian dollar terms. \*\*Return in US dollar terms.

### Top Performing Stocks in Mar

Cdn Natural Resources	8.6%
Western Oil Sands	6.7%
Husky Energy	6.3%

### Worst Performing Stocks in Mar

Enerplus Energy Trust	-3.7%
Connacher Oil & Gas	0.3%
Shell Canada	0.7%

The buyout of Shell Canada by Royal Dutch Shell was completed at month end. Shell is no longer part of the index and the assets were reallocated to the other 16 index members as no other new company qualified for inclusion in the index at the time. The buyout of Shell had strong impact on other takeover targets such and Western Oil Sands (Shell Canada's partner), Canadian Natural Resources and Husky Energy. I expect this trend to accelerate as the price of crude oil continues to climb.



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The following chart clearly demonstrates that the index is starting to break out of its 9 month long consolidation pattern. If history repeats you can expect a sharp move up in the index over the next few quarters.



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