

Conservation Trust Fund

Investment
Survey
2011 Data



Fifth Annual Report



**Wildlife
Conservation
Society**

RedLAC

**Conservation
Finance
Alliance**

**Fonds Francais
Environmental
Mondial**

Funds by Region

Participating This Study Year

| | |
|---------------------|----------|
| LAC | 15 Funds |
| Asia/Eastern Europe | 5 Funds |
| Africa | 17 Funds |

Study Objectives



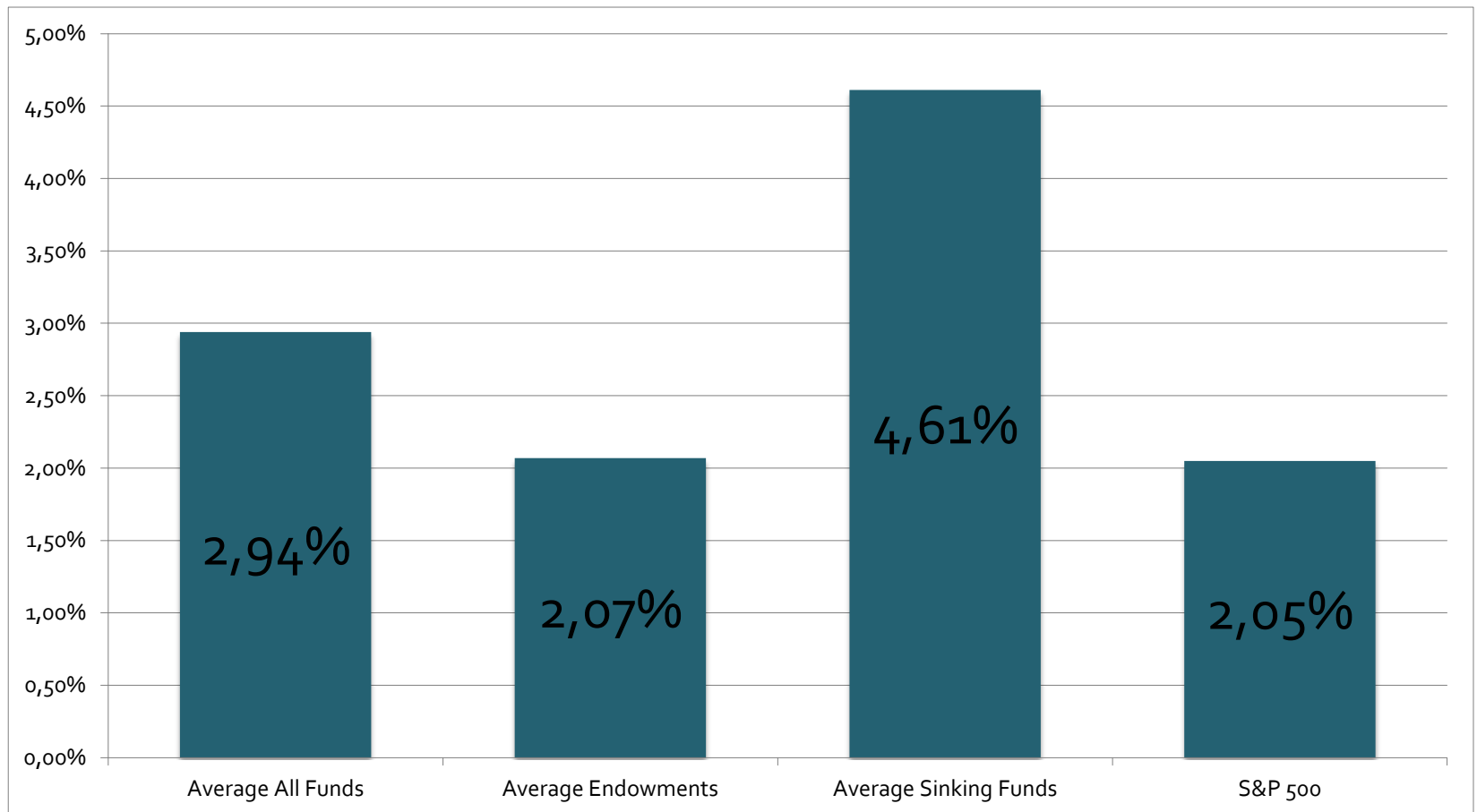
Investment Returns

Asset allocation

Investment Management, Spending Policies

Investment Advisory Services

2011 Average Returns



Benchmark Comparison

2011 Average Returns Compared to Common Indices

| | |
|--|--------|
| CTF Endowment Funds | 2.07% |
| CTF Sinking Funds | 4.61% |
| MSCI World* | -8.01% |
| S&P 500** | 2.05% |
| Barclays Capital Aggregate Bond Index*** | 8.39% |

Endowment Asset Allocation

Endowment Asset Allocation 2011

| Size Category | Equity | Fixed Income | Cash | Other |
|-------------------------|--------|--------------|-------|-------|
| <10 Million (9 funds) | 26.4% | 51.9% | 14.5% | 8.3% |
| 10-20 Million (6 funds) | 29.0% | 54.5% | 8.6% | 7.9% |
| >20 Million (10 funds) | 27.9% | 47.4% | 19.1% | 5.5% |

Sinking Fund Asset Allocation

Sinking Fund Asset Allocation 2011

| Size Category | Equity | Fixed Income | Cash | Other |
|-------------------------|--------|--------------|-------|-------|
| <10 Million (10 funds) | 7.1% | 73.6% | 5.8% | 13.5% |
| 10-20 Million (5 funds) | 7.2% | 58.1% | 31.6% | 4.6% |
| >20 Million (1 fund) | 0.0% | 98.0% | 2.0% | 0.0% |

Asset Allocation of Top Performing Funds

Asset Allocation Top Performers 2011

| Fund Type | Equity | Fixed Income | Cash | Other |
|----------------------------|--------|--------------|-------|-------|
| Endowment Funds (12 funds) | 16.3% | 60.3% | 14.4% | 9.0% |
| Sinking Funds (3 funds) | 6.1% | 90.2% | 3.7% | 0.0% |

Portfolio Location and Average Real Returns

| Investment Location | Average Return |
|-----------------------------------|----------------|
| Domestic Portfolios | 2.35% |
| Euro-based Portfolios | -11.67% |
| U.S.-based Portfolios | -5.76% |
| Both U.S. and Domestic Portfolios | 4.15% |

- CTF's invest either domestically, in the U.S. or Europe
- Funds with both U.S. and domestic investments did well in 2011

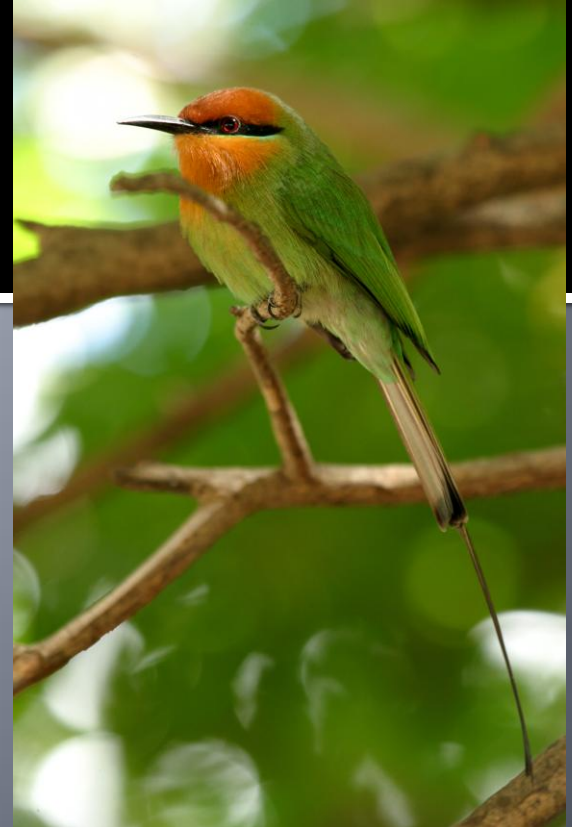
Investment Management

Most funds have carefully crafted investment strategies and policies based on:

- Annual operating expenses and project funding needs;
- Donor requirements or restrictions;
- Potential for investment in domestic markets;
- Size of the fund and ability to access investment consultants;
- Access to international investment opportunities.

Spending Policies

A well-crafted spending policy creates balance between spending needs and investment strategies.



Case Studies

PROFONANPE

Historical Average
Returns: 7%

Asset Allocation
Targets: 30% - 70%

Management fee
incentive to beat
benchmark

2011 – 78% domestic
securities

MULANJE

Three-year average
returns: 16.9%

Five-year average
returns: 3.5%

Asset Allocation
Targets: 60% - 30%

Diversified income:
CDM, Hydro, Tourism
investments.

FONDO ACCION AMBIENTAL

10-year return sinking
fund: 11%

4-year return
endowment: 4%

Asset Allocation
Targets:
Sinking: 0% - 95%
Endow: 40% -
40%

Conclusions



- CTFs report positive average returns over 3- and 5-year period
- CTF investments compare favorably to benchmarks
- CTFs report a variety of different investment strategies

CTIS - How can we are improving this tool

In response to requests from the funds we will be:

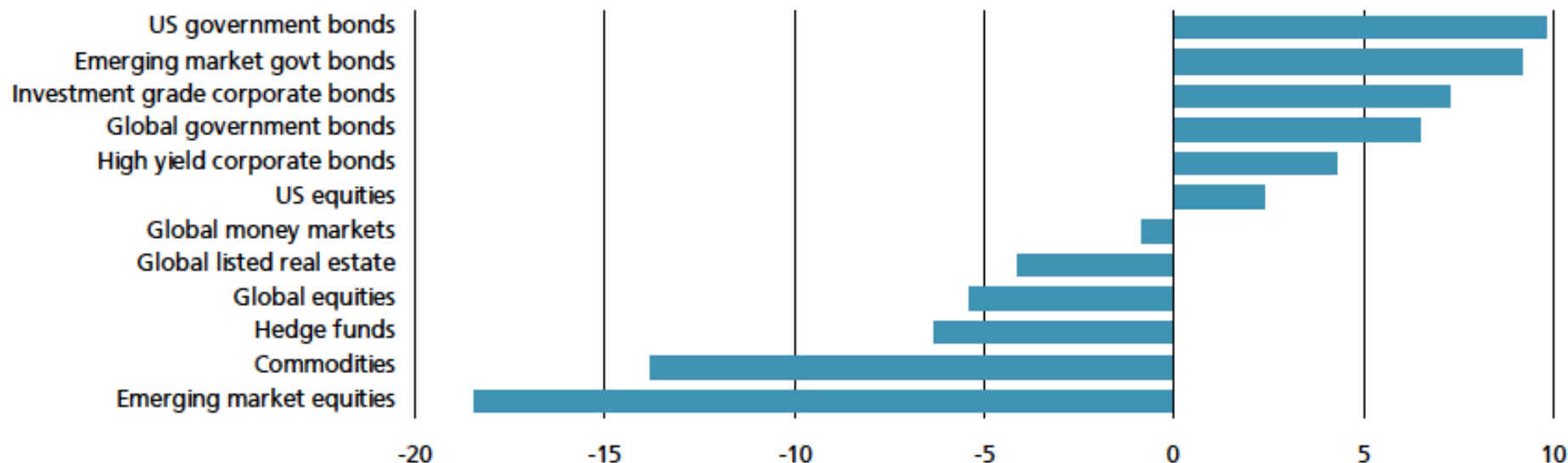
- working on a simple-to-use survey
- creating a benchmarking tool
- using the web to better communicate results – and more timely information
- focusing on Best Management Practices
- adding case studies
- adding webinars
- creating a new task force

Financial market performance

Bonds broadly outperformed stocks

- Weak economic growth, combined with continued central bank policy easing and heightened geopolitical risk, supported US government bonds.
- US corporate profits continued to grow, albeit at a slower pace, enabling US stocks to outperform global equity markets. US investment grade corporates also benefitted.
- Gold prices rose while most other commodities either languished or traded within volatile bands. Emerging markets and European equity markets underperformed.

Total return performance by asset class In USD and in %



Source: Bloomberg, Thomson Reuters, JP Morgan, Merrill Lynch Indices, UBS WMR as of December 30, 2011

Investment challenges for the future

Grantham, Mayo & Van Otterloo publishes projections of seven-year returns for major asset classes.

For next 7 years:

Stocks

| | |
|---------------------|-------|
| Emerging market | 6.2% |
| International Large | 5.0% |
| US High Quality | 4.5% |
| US Large cap | 0.2% |
| US Small Cap | -0.3% |

Bonds

| | |
|------------------|-------|
| Cash | 0.1% |
| Inflation linked | -2.4% |
| Emerging Debt | 1.4% |
| International | -1.8% |
| US Bonds | -1.7% |

