



Conservation Trust Fund

INVESTMENT SURVEY

Conservation Trust Fund INVESTMENT SURVEY

Daniel Saccardi
Wildlife Conservation Society

Prepared in collaboration with the Conservation Finance Alliance and
the Latin American and Caribbean Network of Environmental Funds

June 2008





TABLE OF CONTENTS

ACKNOWLEDGMENTS

FOREWORD

INTRODUCTION.....	7
Objectives	7
METHODOLOGY	9
RESULTS & ANALYSIS.....	10
Managed Assets & Investment Returns.....	11
Asset Allocation by Geography & Investment Type	13
Currency of Investments.....	14
Returns by Asset Allocation, Currency Distribution, and Fund Size	14
Use of Consultants	17
Investment Restrictions.....	22
Frequency of Asset Allocation Rebalancing.....	23
Types of Benchmarks Used.....	25
Organizational Responsibility for Key Investment Decisions	26
CONCLUSION.....	28
APPENDICES	30
Appendix 1: CTFIS Survey.....	30
Appendix 2: List of Responding Funds with Contact Information.....	36
Appendix 3: Funds That Did Not Respond.....	39

LIST OF TABLES AND FIGURES

Table 1: Frequency of Real Estate, Hedge Fund, and Index Fund Use.....	14
Table 2: Complete List of Country Risk-Adjusted 2006 Returns, Asset Allocation, and Currency Distribution.....	16
Table 3: 2005 Returns by Asset Allocation, Currency, and Fund Size.....	16
Table 4: 2006 Returns by Asset Allocation, Currency, and Fund Size.....	17
Table 5: Breakdown of Consultant Fees, Services, and Fund Return	18-19
Table 6: Expense Impact on Returns.....	21
Table 7: Rebalancing and Investment Returns.....	23
Table 8: Benchmarks and Investment Returns Investment Goals	27
Figure 1: Average Fund Age Across Regions	11
Figure 2: Weighted Average Rate of Return by Region.....	11
Figure 3: Americas Asset Allocation by Type (n=12)	12
Figure 4: Americas Asset Allocation by Geography (n=12)	12
Figure 5: Africa Asset Allocation by Type (n=6)	12
Figure 6: Africa Asset Allocation by Geography (n=6)	12
Figure 7: Global Asset Allocation by Type (n=19)	12
Figure 8: Global Asset Allocation by Geography (n=19)	12
Figure 9: Asset Allocation by Asset Type and Geography.....	13
Figure 10: Breakdown of Currency Allocation in the Americas (n=12).....	14
Figure 11: Breakdown of Currency Allocation in Africa (n=5).....	14
Figure 12: Breakdown of Currency Allocation Across All Funds (n=19).....	14
Figure 13: Use of Consultants by Region.....	17
Figure 14: Frequency of Restrictions by Region	21
Figure 15: Frequency of Rebalancing in the Americas (n=13)	22
Figure 16: Frequency of Rebalancing in Africa (n=7).....	22
Figure 17: Frequency of Rebalancing Among All Funds (n=21).....	22
Figure 18: Investment Benchmarks Used in the Americas (n=13)	25
Figure 19: Investment Benchmarks Used in Africa (n=7).....	25
Figure 20: Investment Benchmarks Used Across All Funds (n=21)	25
Figure 21: Investment Goals Across All Funds (n=21).....	26
Figure 22: Organizational Responsibility for Key Investment Decisions	27



ACKNOWLEDGMENTS

This report would not have been possible without the assistance and input of a number of individuals from the Conservation Finance Alliance, RedLAC, and Acacia Partners who took the time to review and comment upon working drafts. In particular, the input of Gregory Alexander, Scott Lampman, Jennifer Morris, Melissa Moye, Scott O'Connell, and Ray Victorine was invaluable in shaping the final report. Additionally, Daniela Lerda and Camila Monteiro were instrumental in helping distribute surveys and collect responses from RedLAC members.

Finally, this report is based on the responses of participating Conservation Trust Funds, and we would like to thank all those who took the time away from their many responsibilities to complete the survey.

FOREWORD

Dear Fund Manager,

Every year, most of us at some point hear about the impressive investment returns achieved by successful endowments, such as at Harvard and Yale, and reported by, in essence, your counterparts at the National Association of College and University Business Officers. Interestingly, this era of strong returns coincided with the rise of such reporting, along with a focus on risk-adjusted returns, starting about twenty years ago.



As anyone who has ever made investment choices knows, it is equally important to remind ourselves of the horrible investment mistakes regularly made by people who invest with charlatans, throw caution to the wind, lose control of or ignore their risk management function, or fail to ask “What’s the catch?” or to check for conflict of interest.

By contrast, we too seldom have the chance to read about conservation funds—institutions literally trying to help save the world—whether in general interest or specialized publications such as this. Wouldn’t it be wonderful to be able to read about conservation funds; their people, programs, results, or findings, as well as their investments and returns, which after all, along with donors and governments, pay for the valuable work that gets done in the field? After all, once the work of establishing parks and programs has begun, the final results are determined by the success of these financing mechanisms and the efficacy of the people who run them.

Over time, our goal with this survey is to help the world’s conservation trust funds, and conservation groups in general, to understand and encourage investment best practices and processes. In addition, we hope to make it easier to forge links among the funds and to foster greater understanding of each other along the way. Hopefully, more information, discussion, awareness of successful investment practices, and more good reasons to call, email, and talk to each other will lead not only to improved investment results, but to opportunities to learn from each other and from the most successful practitioners in other areas as well.

This first annual Conservation Trust Fund Investment Survey is designed to increase the resources available to you for carrying out your vital conservation work. We expect this report to be the first of a series of annual analyses tracking fund returns and asset management approaches. We hope to hear any suggestions, comments, or ideas you think can help make future survey efforts as useful as possible for you. The Conservation Finance Alliance is already at work on designing the second annual survey and is open to your thoughts on how the survey can help your conservation trust fund.

With our best regards,

Greg Alexander
Alexander Foundation

The Alexander Foundation is a US-based private foundation that aims to preserve the world’s biodiversity by protecting animals, plants, and the land and waterways they inhabit. The Alexander Foundation is pleased to fund the Conservation Trust Fund Investment Survey.

INTRODUCTION

Purpose

There are many conservation trust funds (CTFs) of varying sizes and missions, supported by a range of financing, that operate throughout the world. For the purposes of this study, CTFs are defined as legally independent, in-country, grant-making institutions that provide sustainable financing for biodiversity conservation, which often includes financing part of the long-term management costs of protected areas.¹

While some of these are funded through annual government appropriations or manage sinking funds where capital is spent down over time, many also manage endowment funds, relying upon the return from endowment investments to sustain their operations. There have been recent efforts to facilitate information sharing and greater collaboration with the most important network managed by the Latin American and Caribbean Network of Environmental Funds (RedLAC), a group of 23 Latin American and Caribbean funds.²

Despite these initiatives, many of CTFs operate without the benefit of broader information and knowledge sharing, especially with regard to financial information. Instead, many CTFs are operating in relative isolation and therefore devise their investment strategies and management practices without the ability to draw upon one another’s experiences. This may result in duplication of effort, and potentially, in missteps that could otherwise be avoided. These missteps could result in financial underperformance and a loss of opportunity to achieve conservation results. Conversely, funds that have instituted sound practices and gained correspondingly high returns have an opportunity to enhance their knowledge and achieve still greater results by understanding what their peers are doing.

The Conservation Trust Fund Investment Survey (CTFIS) was created in order to bridge this divide. This worldwide study of CTFs was conceived and executed by a coalition of international organizations concerned with issues related to sustainable conservation financing and the role that CTFs can play. This effort is organized under the banner of the Conservation Finance Alliance (CFA), which is comprised of 18 environmental NGOs,

government agencies, and CTFs.³ This study was implemented by the Wildlife Conservation Society, Conservation International, and RedLAC. It formed a part of a larger review of conservation trust fund performance overseen by the CFA’s Working Group on Environmental Funds chaired by the World Wildlife Fund.

The purpose of this groundbreaking effort is to get a clearer idea of CTFs’ size and capital base, how they invest, what they invest in, and their investment performance. This is the first of what will be an annual study, which over time will provide a wealth of information on CTF performance. This information will give a measure against which funds can gauge their financial performance and investment practices and supply the broader community with information that demonstrates these funds’ efficacy in the long-term management of conservation resources.

Objectives

This study’s principal objectives are to assess CTFs’ financial performance, to establish a benchmark against which the funds can evaluate their returns, and to share this information publicly in order to foster best practices. To this end, the CTFIS effort sets out to gather and share background information on funds with specific emphasis on information related to:

- Size, period of operation, contact information
- Size of invested assets and investment return
- Asset and currency allocation
- Investment return criteria
- Type of investment advisors, if any
- Investment restrictions, if any

By gathering financial returns and management data, we believe that we can gain insights into successful investment strategies and identify which characteristics lead to the high returns enjoyed by the most successful funds. Our aim is to equip funds that participate in this groundbreaking effort with the right tools based on peer practices and to optimize their investment performance, thereby enhancing the resources available to best run, manage, and sustain vital conservation projects around the globe.

1. Conservation Finance Alliance (CFA), 2008, “Rapid Review of Conservation Trust Funds,” prepared by Barry Spergel and Philippe Taïeb for the CFA Working Group on Environmental Funds.
2. For a complete list of members see: www.redlac.org/about.htm
3. For a complete list of members see: www.conservationfinance.org/About_CFA_pages/About_CFA.htm



METHODOLOGY

CTFIS is designed to benefit CTFs that manage endowments to provide long-term funding for conservation. CTFIS was created to seek maximum input and participation of conservation trust funds, and increasing participation remains a high priority. The process began by creating a survey instrument to be used by all participating CTFs. Debate about the type of format to use focused around a Word document versus an online platform. The latter option has the benefit of easy tabulation and a more user-friendly interface, which could potentially increase the response rate. However, due to the remote location of some funds and the potential high cost of Internet access, it was unclear whether or not all potential participants would have access to uninterrupted online services. For this reason, the Word-based option was ultimately selected. However, to better gauge user preference, this topic became a survey question, and subsequent survey efforts will reflect feedback.

The survey was drafted with assistance from Acacia Partners, a widely respected New York investment fund that secured funding for this study. Additional support in developing the survey was provided by the Common Fund, a nonprofit corporation that publishes benchmark studies analyzing the performance of educational endowments, foundations, and charities. It also drew on the experience of the National Association of College and University Business Officers (NACUBO) which for more than 35 years has published a survey of the performance of US College endowments. Based on discussions and advice from these sources, the survey was divided into four categories: contact information, organizational background, financial data, and governance practices (see Appendix 1).

A draft of the survey was presented at a meeting of RedLAC's 9th General Assembly in November 2007. At the meeting, the purpose of the study was announced to RedLAC and its member CTFs. Subsequently, meetings were held with participants, and the survey was modified based on their input. Ultimately, RedLAC signed on as an official study partner and has been indispensable in helping distribute and gather survey responses.

An initial introductory email and cover letter was sent to a list of existing CTFs in order to familiarize them with the study, its goals, and its value to participants. Subsequently, the survey was distributed to 57 organizations from around the world. These included operational funds as well as those being established. During this phase of the study, the RedLAC partnership was created. The RedLAC Executive Committee offered to distribute the survey to its member funds and to provide follow-up. This level of participation ensured that contact information was up to date and that all member funds could be reached. It also served to validate the study's importance. Appendix 2 lists the funds contacted for this survey and identifies those who did and did not participate.

Several reminder emails were sent out to recipients and response deadlines were extended to allow maximum participation. Calls were then made to funds that had not responded in order to provide any assistance that may have been necessary and to encourage greater participation.

RESULTS & ANALYSIS

Of the 57 CTFs that were contacted, 25 responded. For an inaugural effort, this 44% conversion rate is reasonable. It is also important to note that not all of the 57 funds are fully functional. Five are either under development or in the process of creating their endowment, and a sixth is a sinking fund that may not have funds to invest. Taking this into account, the 25 respondents represent 49% of funds reached. Of these 25 CTFs, four were very new—2 years or younger with less than a year of endowment operation, and therefore did not have the financial information for many of the relevant questions—and a fifth turned out not to be an endowed fund but rather one that receives government funding, which cannot be invested but be distributed to eligible projects or returned to the federal budget. Therefore, we had a pool of 20 funds to conduct data analysis for several key questions (such as total amount invested and investment returns), but for certain other useful questions we had a pool of 21. Comprehensive information was not provided for all questions and for this reason, the number of responses available for analysis varied by category. For example, some CTFs provided their allocation of assets but not the total assets under management. Consequently, their data were used in analyzing asset mix but not total returns, and the number of respondents for these two categories differed accordingly.

Several explanations exist for why CTFs did not respond. In some cases, they were no longer operational, or were established with a goal of developing an endowment but have not been able to raise the necessary capital. In at least one case, the survey was

not returned because of a language barrier. This was discovered late in the process, however, and that particular CTF plans to participate in the future. One goal for the future will be to verify the exact number of viable CTFs and attempt to increase the rate of participation in the survey among them.

The analysis is broken down into the following categories:

1. CTF age
2. Managed assets and investment returns
3. Asset allocation by geography and investment type
4. Currency of investments
5. Returns by asset allocation, currency distribution, and fund size
6. Whether or not consultants are used
7. Whether or not there are restrictions on types of investments
8. Frequency of asset allocation rebalancing
9. Types of benchmarks used
10. Investment goals
11. Organizational responsibility for key investment decisions

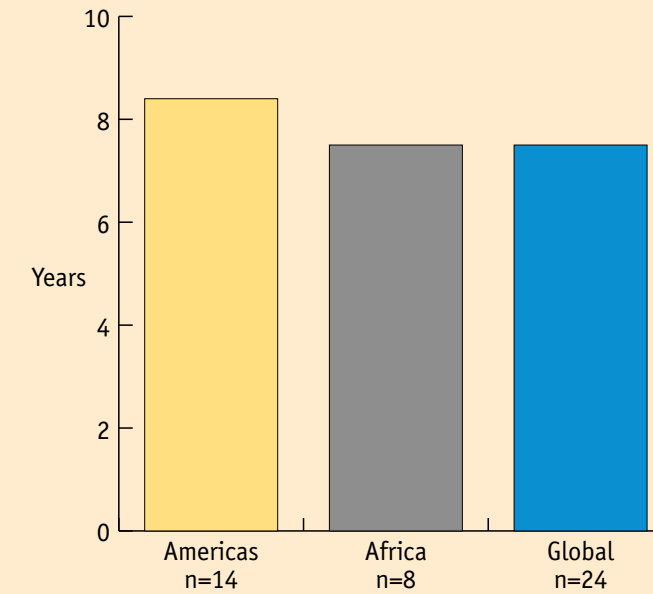
Data are reported by region—Americas, Africa, and Global, which combines those two regions, and one Asian CTF (two in the case of fund age)—rather than by participant in order to protect the confidentiality of those who participated.



Fund Age

The 14 CTFs in the Americas have been in operation for an average of 8.4 years with a range of 1-15 years. The 8 African CTFs have been operating for an average of 7.5 years, with the oldest fund operating for 17 years and the newest less than one. The two Asian CTFs are 1 and 2 years old. The average age across all 24 respondents (excluding the one that does not operate an endowment) is 7.5 years.

Figure 1: Average Fund Age Across Regions



Managed Assets & Investment Returns

There were 18 CTFs that responded with sufficient data to determine the amount of funds under management and their investment return (12 from the Americas, 5 from Africa, and one from Asia). The following data on returns are based on a weighted average rate of return for each respondent (weighted against the amount under management for a particular year's return), and then this average return per CTF was weighted against funds under management for the most recent year of data (2006). Additionally, rate of returns are reported in two ways, a weighted average of all years provided as well as a weighted average for years 2003 through 2006. The reason for this is that many of the CTFs only provided data for these four years so this range provides a common base, but there was also value in reporting returns for those who provided greater detail.

The 12 responding Americas funds have a total of \$268 million invested with an average of \$22 million. The largest CTF manages \$89 million in assets and the smallest \$1.4 million. These CTFs have a 9.94% weighted average rate of return across all reported years (which goes back to 2000 for four respondents) and 10.24% for the years 2003-2006. The best performer had a 14.08% weighted average rate of return during both periods, while the poorest performer had a return of 4.73% and 1.66% for the two time periods, respectively.

The five African CTFs manage \$42 million with an average of \$8.5 million. (An additional two funds provided total assets data but no average rate of return and were therefore excluded from this portion of the analysis. Including these two funds would have

Figure 2: Weighted Average Rate of Return by Region

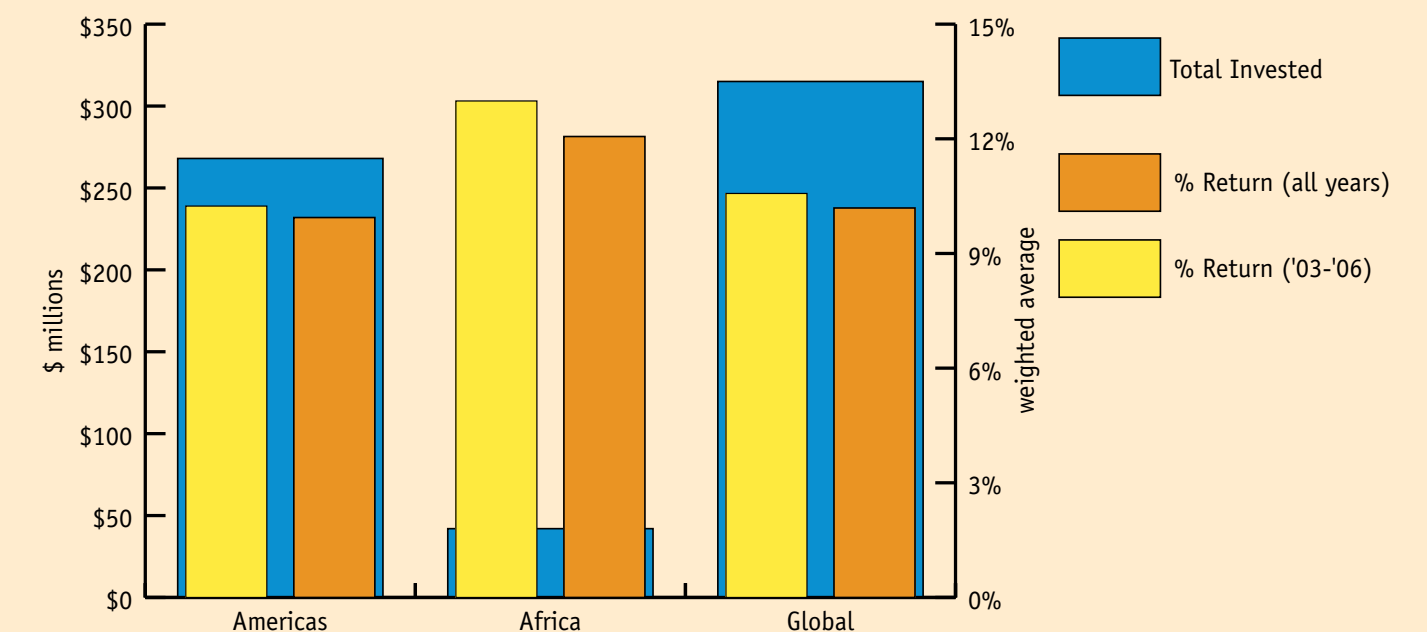


Figure 3: Americas Asset Allocation by Type (n=12)

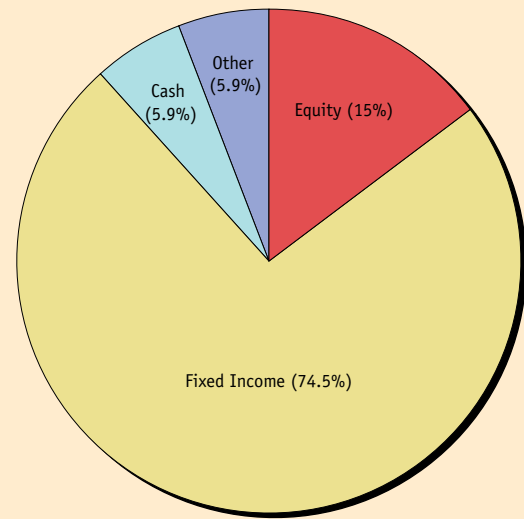


Figure 4: Americas Asset Allocation by Geography (n=12)

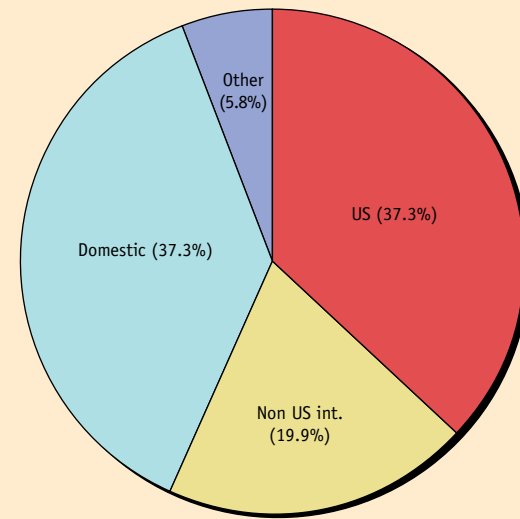


Figure 5: Africa Asset Allocation by Type (n=6)

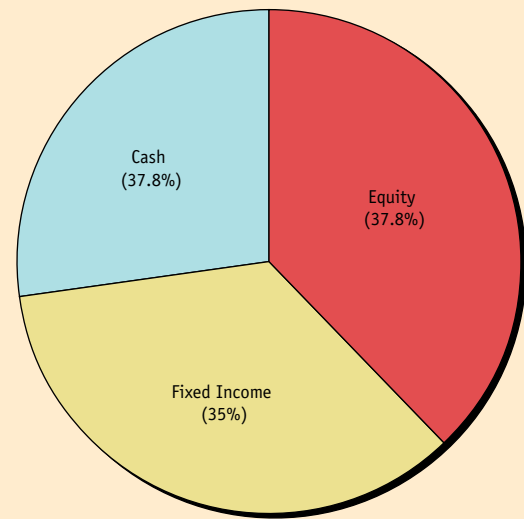


Figure 6: Africa Asset Allocation by Geography (n=6)

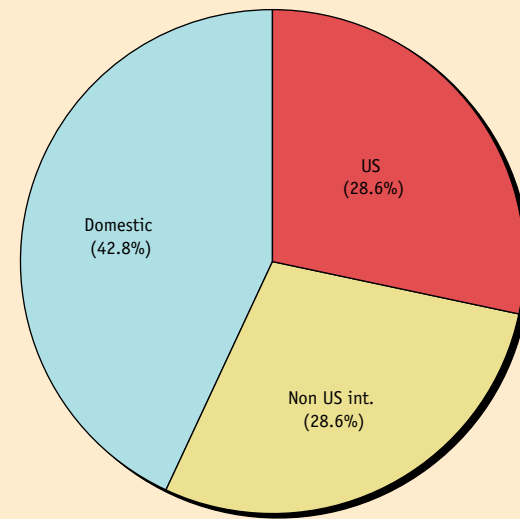


Figure 7: Global Asset Allocation by Type (n=19)

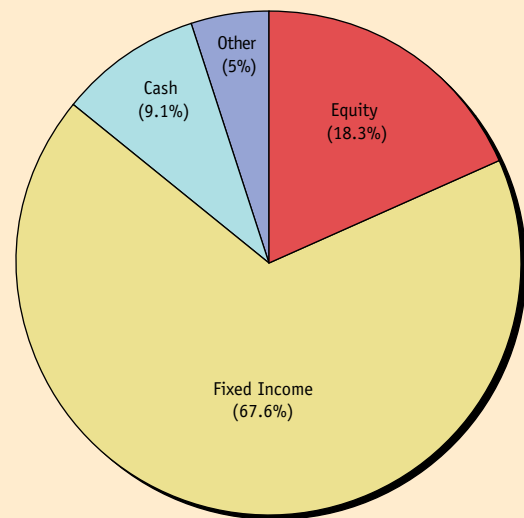
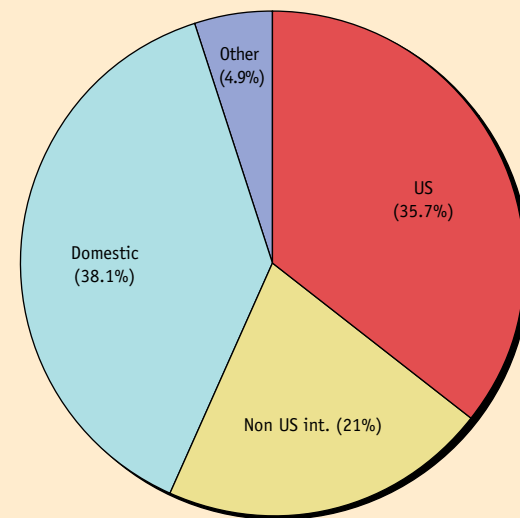


Figure 8: Global Asset Allocation by Geography (n=19)



raised the African pool of assets to \$55 million.) The largest has \$13.4 million under management, and the smallest manages \$2.9 million. These CTFs have a weighted average rate of return of 12.06% across all years (two provided data going back to 2000) and 12.99% from 2003 to 2006. The best performing CTF achieved returns of 22.6% for both time periods while the lowest performer had returns of 7.2% across all years and 3.05% from 2003 through 2006.

The 18 CTFs manage a combined total of \$315 million, with an average of \$17.5 million. The weighted average return for all respondents was 10.19% for all years and 10.57% for 2003 through 2006.

Asset Allocation by Geography & Investment Type
CTFs allocate assets by type (fixed income, equity, cash, and "other"), and geography (US, domestic, and non-US international). The "other" category is made up of real estate (two CTFs) and hedge fund investments (five CTFs).

The Americas respondents show a clear preference for fixed income (78%) over equities (16%) and cash (6%). However, these CTFs were the only ones to take advantage of hedge fund investments, with all five instances of hedge fund investments occur-

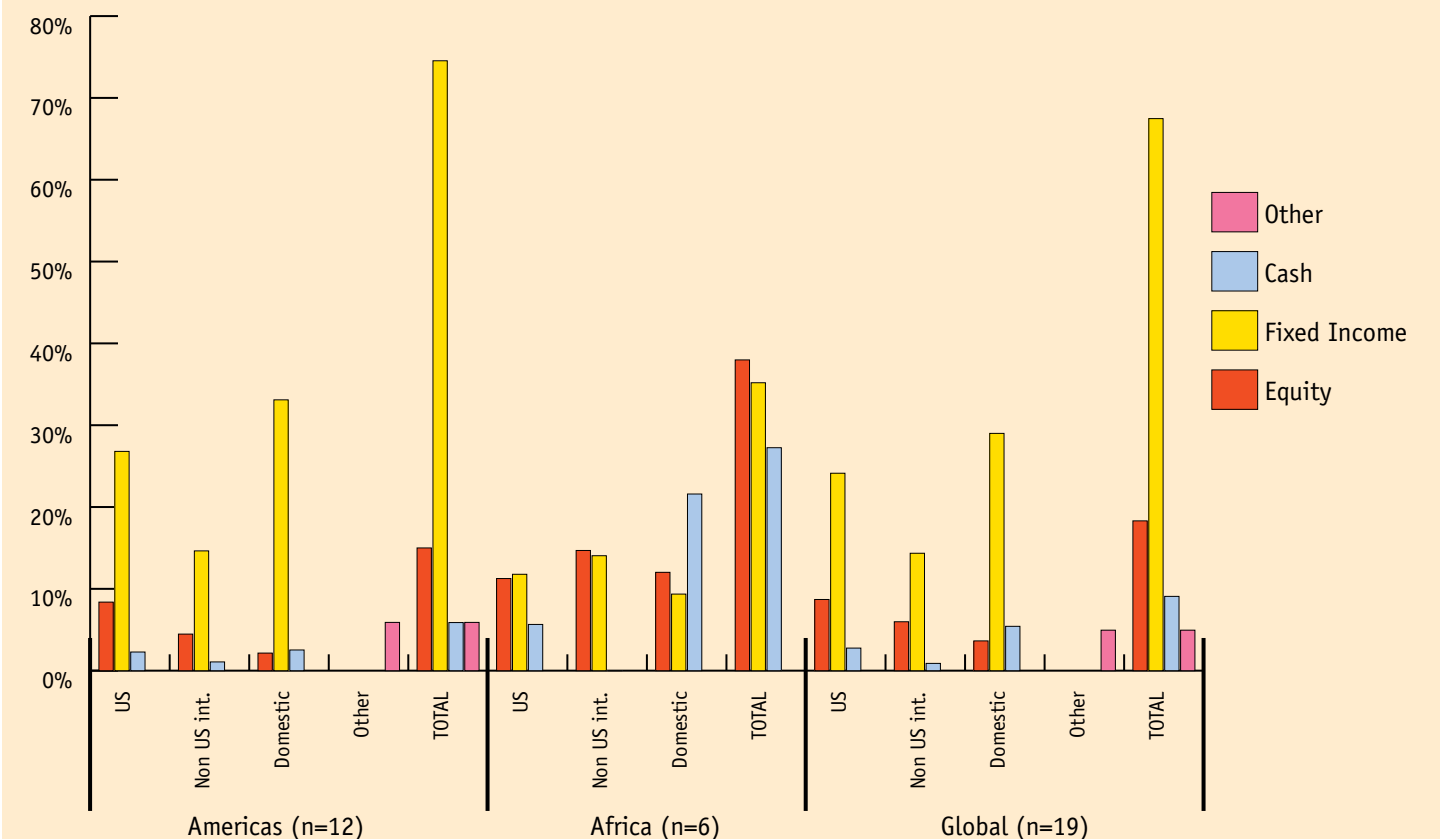
ring in this region. The performance of CTFs using hedge funds was mixed with two falling in the top six (#4 and #6) and two in the bottom six. Allocation by geography is more evenly divided, with a near even split between domestic (37.3%) and US investments (37%), with almost 20% in non-US international stocks (see Figures 3 and 4).

African CTFs allocate assets more evenly across asset types with equities (37.8%) slightly outpacing fixed income (35.1%), followed by cash at 27.1%. There is also a fairly equal distribution across regions with domestic investments (42.8%) outpacing non-US international and those in the US (28.6% for each).

Allocation across all 19 CTFs (12 from the Americas, 6 from Africa, and one from Asia) reflects the dominance of the total assets under management of those in the Americas. Consequently, just over two-thirds of all assets are invested in fixed income (67.6%), followed by equity (18.3%), and then cash and other instruments (mostly hedge funds). Similarly, assets are almost evenly split between Domestic (38.1%) and US (35.7%) sources, followed by non-US international (21%).

For better understanding of how both asset type and geography interact across the regions, see Figure 9 below.

Figure 9: Asset Allocation by Asset Type and Geography



There are a variety of potential options in the “Other” category (see Appendix 1). However, only two options—real estate and hedge funds—were used by CTFs. The following table provides this information as well as demonstrates the tendency for CTFs to use index funds.

Table 1: Frequency of Real Estate, Hedge Fund, and Index Fund Use

	Number of Funds
Real Estate (n=19)	2
Hedge Funds (n=19)	5
Index Funds (n=21)	8

Currency of Investments

In addition to studying the geographic allocation by asset type, it is instructive to look at the cumulative currency allocation of stocks, fixed income, and cash. In the Americas, the percentage of assets in domestic currencies and domestic markets are roughly equal (34.4% and 37.3%, respectively). However, nearly two-thirds of the assets are dollar denominated (65%) whereas there is more of a mix of regions (19.9% non-US international, 37% US, and just under 6% other), see Figures 4 (above) and 10.

The five African CTFs mirror their counterparts in the Americas in that there is a near equal allocation of domestic currencies and markets, 40% and 42.8% respectively (see Figure 6, above). And for the remaining allocation the currency is predominantly dollar denominated (41% versus 12% in Euros and 7% in other currencies), but there is more of a spread among regions with 28.6% in non-US international.

All 19 CTFs reflect the trend found in Africa and the Americas. The level of domestic currency investment and geographic allocation is very similar, 36% versus 38.1% (see Figures 12 and 8, respectively), but dollar denominated assets are almost double the level found in the geographic breakdown, 61% compared to 35.7% (see Figures 12 and 8, respectively).

Returns by Asset Allocation, Currency Distribution, and Fund Size

Because CTFs’ returns and asset and currency allocations are very important and interrelated, it is crucial to provide as much information as possible. For this reason, the following two tables provide allocations across asset types and currency by fund for 2006 and for asset types in 2005 (currency data were not available for that year). In order to preserve anonymity, funds are ranked by return and listed 1-17 (though there are 18 funds listed in the fund returns in Figure 2, there were only 17 who provided 2005 and 2006 data).

There is a wide distribution of fund performance and asset al-

Figure 10: Breakdown of Currency Allocation in the Americas (n=12)

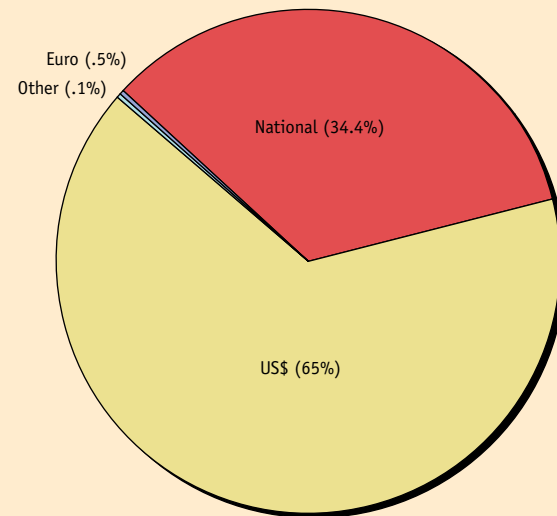


Figure 11: Breakdown of Currency Allocation in the Africa (n=5)

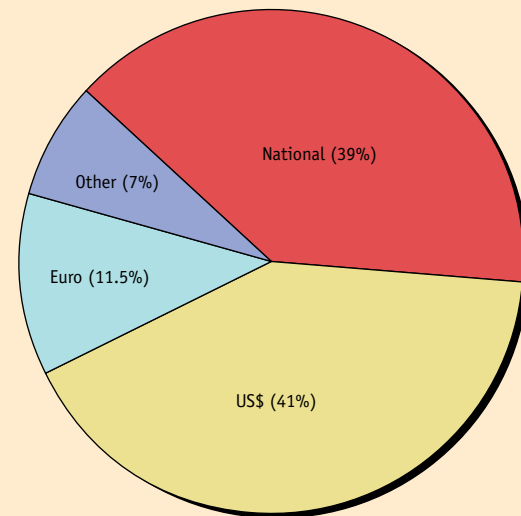


Figure 12: Breakdown of Currency Allocation Across All Funds (n=19)

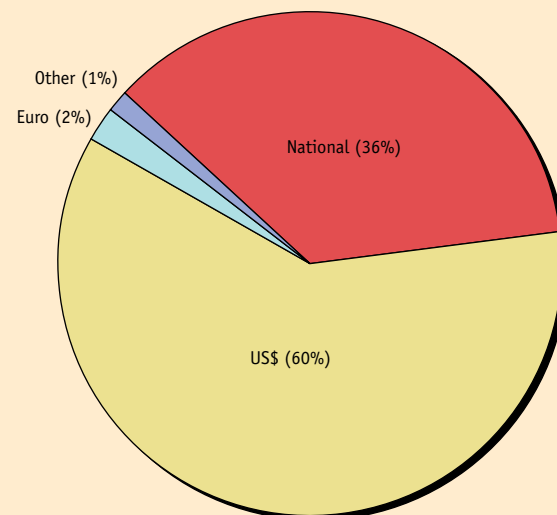


Table 2: Complete List of Country Risk-Adjusted 2006 Returns, Asset Allocation, and Currency Distribution

# of Funds	Allocation				Currencies				Total Return	Country Risk Premium	Total Risk Premium	Total Return Minus Total Risk
	Equity	Fixed Income	Cash	Other	US	Euros	Domestic	Other				
1	50.9%	38.0%	11.1%	0.0%	23.0%	0.0%	77.0%	0.0%	25.4%	0.9%	3.4%	22.0%
2	50.9%	39.4%	9.7%	0.0%	0.0%	0.0%	100.0%	0.0%	24.2%	1.2%	3.6%	20.6%
3	22.9%	51.7%	19.4%	6.0%	52.4%	0.0%	47.6%	0.0%	19.7%	1.0%	2.3%	17.4%
4	12.5%	9.9%	77.6%	0.0%	37.0%	0.0%	63.0%	0.0%	17.0%	1.1%	1.1%	15.9%
5	9.2%	82.8%	0.6%	7.5%	84.4%	1.8%	13.3%	0.5%	16.4%	0.4%	0.4%	16.0%
6	10.9%	67.5%	5.9%	15.7%	63.0%	3.0%	34.0%	0.0%	15.1%	0.7%	2.0%	13.2%
7	4.1%	95.9%	0.0%	0.0%	20.0%	0.0%	80.0%	0.0%	14.3%	3.0%	3.0%	11.3%
8	60.2%	31.9%	5.9%	1.9%	100.0%	0.0%	0.0%	0.0%	10.8%	0.0%	2.9%	8.0%
9	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	10.0%	3.0%	3.0%	7.0%
10	21.0%	38.8%	18.6%	21.6%	100.0%	0.0%	0.0%	0.0%	9.7%	0.0%	2.0%	7.6%
11	19.8%	43.0%	13.3%	23.9%	100.0%	0.0%	0.0%	0.0%	9.3%	0.0%	2.1%	7.2%
12	17.4%	59.7%	7.7%	15.1%	100.0%	0.0%	0.0%	0.0%	9.2%	0.0%	1.6%	7.6%
13	0.0%	100.0%	0.0%	0.0%	48.0%	32.0%	10.0%	0.0%	8.9%	0.2%	0.2%	8.7%
14	17.3%	78.7%	3.7%	0.4%	80.0%	0.0%	20.0%	0.0%	8.9%	0.3%	1.1%	7.7%
15	69.5%	29.6%	0.0%	1.0%	35.0%	10.0%	0.0%	55.0%	8.8%	1.0%	4.3%	4.5%
16	0.0%	91.9%	6.1%	2.0%	0.0%	0.0%	100.0%	0.0%	8.3%	2.9%	2.9%	5.4%
17	0.0%	100.0%	0.0%	0.0%	10.0%	0.0%	90.0%	0.0%	4.3%	1.8%	1.8%	2.5%
Average	21.56%	56.40%	16.45%	5.59%	50.17%	2.75%	43.23%	3.26%	12.97%	1.03%	2.22%	10.74%

Table 3: 2005 Returns by Asset Allocation, Currency, and Fund Size

Size Category	Allocation				Total Return	Avg. Fund Size
	Equity	Fixed Income	Cash	Other		
>\$20m Avg. (n=4)	7.96%	76.94%	6.70%	8.41%	6.27%	\$43,681,087
\$10-20M Avg. (n=7)	27.54%	45.28%	20.93%	6.25%	9.25%	\$14,272,149
Under \$10M Avg. (n=6)	20.92%	54.56%	21.57%	2.95%	8.04%	\$3,652,460

location. It is worth noting that funds with substantial equity allocations represent the top performing funds. However, those with greater equity allocations were also represented among the bottom performers. This is consistent with the higher risk and returns associated with equity investments.

Two columns are worth highlighting: “Currency Adjusted Country Risk Premium” and “Total Risk Premium”. These were added in an effort to capture the different country-specific risk premium, related to inflation rates, political stability, robustness of equity markets, etc., as well as the general equity risk premium due to the fact that equities are riskier than fixed income securities. What is meant by a “risk premium” is the rate that investors should expect to surpass in order to account for the inherent country and/or equity risk that they face. Importantly, the country risk is based not on the location of the fund but its assets. For instance, CTF #10 has a zero country risk premium because 100% of its assets are allocated in the U.S.

The risk premium concept is necessary in order to contextual-

ize a given return. For example, it is not sufficient to say that an investment yielded a 5% return. What if that investment has equity and country risks such that the total risk premium is 10%? In this instance, this seemingly favorable return is not substantial enough to overcome the risks that the investors face.

The country risk captures the country-specific factors, while the total risk adds on the U.S. equity premium of 4.79% (which was the 2006 10-year Treasury rate). For CTFs whose assets are predominantly allocated to fixed income, the two are the same or very similar (for example CTF #s 1, 2, or 4) whereas those with greater equity allocations have a wider spread between country and total risk premiums (e.g. CTF #8). The “Total Return Minus Total Risk” column is an attempt to normalize performance across the countries.

In both 2005 and 2006, mid-sized CTFs (with between \$10 and \$20 million under management) outperformed their smaller and larger peers (fewer than \$10 million or more than \$20 million, respectively). Not surprisingly, they also had the highest equity

Table 4: 2006 Returns by Asset Allocation, Currency, and Fund Size

Size Category	Allocation				Currencies				Total Return	Avg. Fund Size
	Equity	Fixed Income	Cash	Other	US	Euros	Domestic	Other		
>\$20m Avg. (n=4)	9.33%	82.25%	2.54%	5.88%	59.36%	1.19%	39.33%	0.12%	11.18%	\$46,120,486
\$10-20m Avg. (n=7)	27.35%	44.17%	20.85%	7.64%	61.77%	0.00%	38.23%	0.00%	15.18%	\$14,449,828
Under \$10m Avg. (n=7)	19.69%	60.08%	17.64%	2.59%	26.14%	6.00%	58.57%	7.86%	9.93%	\$4,149,532

allocation. Of the three CTF classes, the large fund category was the most conservative in asset allocation.

Use of Consultants

As the following figure to the right illustrates, CTFs in all regions preferred the use of independent financial consultants by an overwhelming margin (85% in the Americas, 71% in Africa, and 76% of all respondents), or a total of 16 out of the 21 CTFs that provided information. These consultants are typically from either domestic or international banking or investment management institutions and are employed to guide investment management decisions. The extent to which this translates into improved performance is mixed, however.

In Africa, the one CTF that responded “no” to using a consultant and provided returns data turned out to have the lowest rate of return. This was a sample of only five, however, so the result is not statistically robust.

The outcome in the Americas is less clear. The three best and worst performers all used consultants. But it is important to note that the Americas CTFs have a more conservative asset mix. Four

Figure 13: Use of Consultants by Region

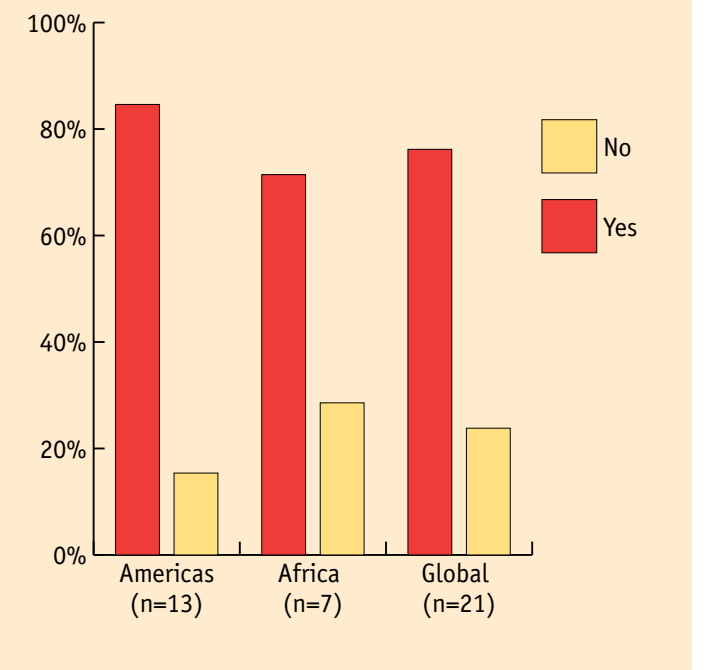


Table 5: Breakdown of Consultant Fees, Services, and Fund Return

# of Funds	Expense Type	Expenses as % of Total Assets		Total Return		Services Provided	Satisfaction with Services Provided		
		2006	2005	2006	2005				
1	Manager fees	0.18%	0.18%	17.00%	13.00%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice	X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting	X
2	Manager fees	0.34%	0.26%	16.37%	4.84%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice Other: Statements, support, participation in meetings	X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting	X X X
3	Consulting fees Manager fees	0.04% 0.74%	0.04% 0.77%	15.14%	4.57%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice Other: Monthly financial reports	X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting Other: Since 2007 we are applying a success fee scheme with our asset managers	X X X
4	Manager fees	0.84%	0.51%	14.28%	14.02%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice	X X X	Good performance Reasonable fees Good customer service Responsive financial reporting	X X
5	Consulting fees	0.69%	0.74%	10.84%	0.13%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice Other: Presentations to board and other parties	monthly X X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting	X X X
6	Consulting fees	NA		10.00%	6.60%	NA		NA	
7	Consulting fees	0.55%	0.45%	9.68%	2.81%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice Other: Reports, audid support	X X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting Other: Advisory and full support	X X X X

Table 5: Cont.

# of Funds	Expense Type	Expenses as % of Total Assets		Total Return		Services Provided	Satisfaction with Services Provided		
		2006	2005	2006	2005				
8	Consulting fees	0.49%	0.51%	9.31%	4.74%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice Other: Reports, audid support	X X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting Other: Advisory and full support	X X X X
9	Consulting fees	0.44%	0.44%	9.20%	5.39%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice Other: Reports and full support	X X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting Other: Advisory and full support	X X X X
10	Manager fees	1.00%	1.00%	8.90%		Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice Other: Monthly statements, bi-weekly market outlook, and analysis	X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting	X X X
11	Manager fees	0.18%	0.23%	8.87%	7.00%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice	X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting	X X X
12	Consulting fees	1.86%	1.54%	8.84%	1.67%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice	X X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting	X X X
13		NA		8.34%	4.70%	NA		NA	
14	Consulting fees Manager fees	0.02% 0.17%	0.00% 0.17%	4.32%	8.65%	Quarterly statements Web access Statistical analysis Educational materials Board briefings Investment advisor choice	X X X X	Good performance Reasonable fees Good customer service Responsive financial reporting Other: Advisory and full support	X X X X



Table 6: Expense Impact on Returns

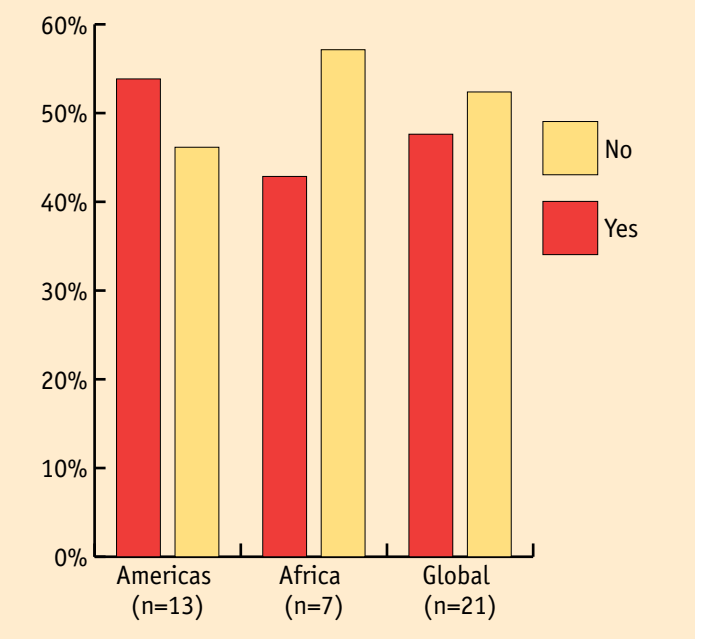
# of Funds	Expense Type	Expenses as % of Total Assets		Total Return (Gross)		Total Return (Net of Expenses)		Return Decline Due to Fees	
		2006	2005	2006	2005	2006	2005	2006	2005
1	Consulting fees	1.86%	1.54%	8.84%	1.67%	6.98%	0.13%	21.07%	92.08%
2	Manager fees	1.00%		8.90%		7.90%		11.24%	
3	Consulting fees	0.69%	0.74%	10.84%	0.13%	10.15%	-0.61%	6.33%	568.92%
4	Manager fees	0.84%	0.51%	14.28%	14.02%	13.44%	13.51%	5.91%	3.66%
5	Consulting fees	0.55%	0.45%	9.68%	2.81%	9.13%	2.36%	5.65%	15.99%
6	Consulting fees	0.49%	0.51%	9.31%	4.74%	8.82%	4.23%	5.29%	10.73%
7	Consulting fees	0.04%	0.04%	15.14%	4.57%	15.11%	4.53%	0.24%	0.87%
	Manager fees	0.74%	0.77%	15.14%	4.57%	14.40%	3.81%	4.92%	16.80%
	Total Fees	0.78%	0.81%	15.14%	4.57%	14.36%	3.77%	5.16%	17.66%
8	Consulting fees	0.44%	0.44%	9.20%	5.39%	8.76%	4.95%	4.76%	8.10%
9	Consulting fees	0.02%	0.00%	4.32%	8.65%	4.30%	8.65%	0.53%	0.00%
	Manager fees	0.17%	0.17%	4.30%	8.65%	4.15%	8.49%	3.96%	1.91%
	Total Fees	0.19%	0.17%	4.15%	8.49%	4.13%	8.49%	4.48%	1.91%
10	Manager fees	0.18%	0.23%	8.87%	7.00%	8.69%	6.77%	2.08%	3.36%
11	Manager fees	0.34%	0.26%	16.37%	4.84%	16.03%	4.58%	2.06%	5.28%
12	Manager fees	0.18%	0.18%	17.00%	13.00%	16.82%	12.82%	1.06%	1.38%
13	Consulting fees	NA		10.00%	6.60%				
14		NA		8.34%	4.70%				

of the twelve respondents, including the two that did not use investment consultants, have 95-100% of their assets in fixed income investments and therefore represent a separate class of investor. Their returns were split evenly between those that used and did not use consultants. There is no CTF with a more diverse asset mix that does not use an investment consultant. Consequently, though there is a spread in returns among those with a mix of assets, this variance cannot be attributed to the presence or absence of a consultant.

There were 14 funds that used consultants and that provided both the fees charged and total return. Table 6 details the breakdown of these 14 CTFs' consulting fees, consulting services provided, and total return for 2005 and 2006. The purpose is to dig deeper than simply seeing whether CTFs use consultants, to try to better understand the relationship between consultant services and performance.

Consultant fees range from 0.18% to 1.86% of total returns in 2006 and 0.18% and 1.54% in 2005. Interestingly, the fund with the highest return in 2006 and second highest return in 2005 had the lowest fees. Consultants offered an equally wide range of services, with the majority (8 of the 14) providing at least four of the seven options (including "other"). It is also worth noting that every respondent indicated satisfaction with its consultant's performance although there is a range of both fees and performance.

Figure 14: Frequency of Restrictions by Region



The consultant and/or manager fees have an impact on total returns, and for this reason, it is helpful to look not only at gross returns but also returns net of expenses. As Table 6 illustrates, expenses have a wide range of effects on returns. In 2006 the

Figure 15: Frequency of Rebalancing in the Americas (n=13)

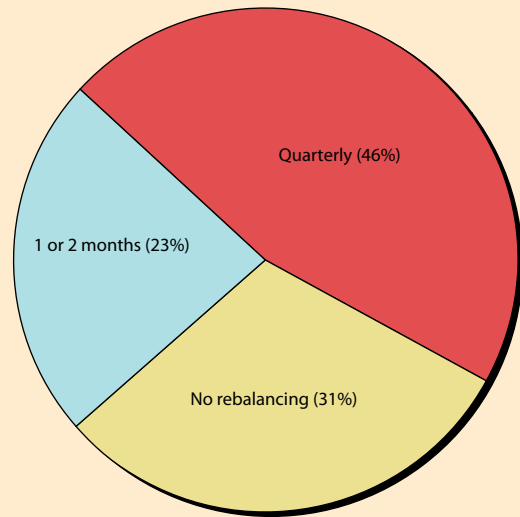


Figure 16: Frequency of Rebalancing in Africa (n=7)

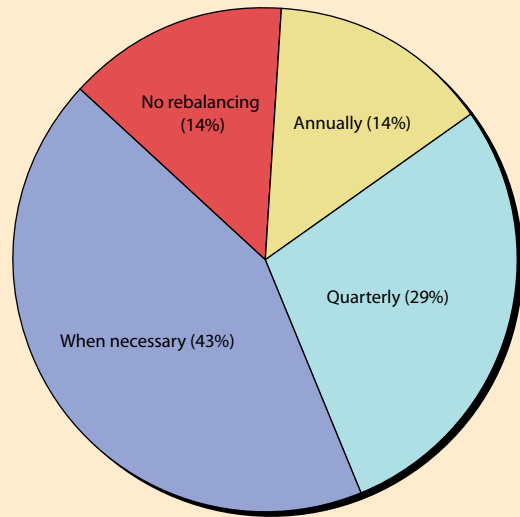
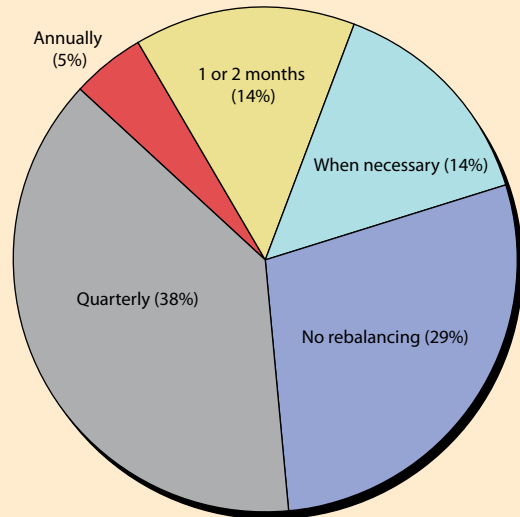


Figure 17: Frequency of Rebalancing among all funds (n=21)



fund with the highest fees had a greater than 20% impact on net versus gross returns, whereas the CTF with the lowest fees had net returns only 1% smaller than gross returns. In 2005 the contrast is far more dramatic. The lower bound is comparable but the returns of two CTFs are dramatically impacted by fee charges because, in these instances, the funds performed poorly but maintained constant fees. There is no notable trend between consultants' versus managers' fees except towards the bottom of the table. While fees at the higher range alternate between consultants and managers, the three funds with the lowest fees, and reduction in net returns, all use managers.

This study may not have fully captured passive investment fees. Eight of the responding CTFs allocate portions of their investments to mutual funds. In addition to any fee paid to a consultant, there are associated fund management fees that may also be paid and this would impact total returns.

Investment Restrictions

CTFs in all regions are almost evenly split on whether or not there are investment restrictions imposed upon them by either outside funders (often national governments) or fund boards. These restrictions pertain to asset management—mandates on asset and/or currency allocations, risk versus return limitations, etc. In each case there is a one-response differential between the presence or absence of restrictions.

In the Americas, seven do and six do not have investment restric-

Table 7: Rebalancing and Investment Returns

# of Funds	Rebalancing Frequency	2003–06 Avg. Total Return
1	As necessary	22.6%
2	Quarterly	17.0%
3	N/A	14.1%
4	Monthly	13.5%
5	N/A	12.2%
6	Quarterly	9.6%
7	As necessary	8.9%
8	Quarterly	8.8%
9	N/A	8.8%
10	N/A	8.4%
11	Quarterly	7.9%
12	Quarterly	7.3%
13	N/A	7.2%
14	As necessary	7.2%
15	N/A	7.2%
16	Quarterly	6.3%
17	Quarterly	6.1%
18	Monthly	4.7%

tions, while in Africa three funds have specific restrictions while four do not. The most common restriction mentioned was a limitation on the percentage of the funds that could be invested in equities. Among the African CTFs, other restrictions were regional—determining how much could be invested in or outside the country. Across all 21 CTFs, 10 do and 11 do not have investment restrictions.

Frequency of Asset Allocation Rebalancing

As was the case with the use of investment consultants, the preponderance of funds employ some form of asset allocation rebalancing. As Figure 15 demonstrates, nearly 70% of CTFs in the Americas rebalance at least once per year (six rebalanced on a quarterly basis and three did so every one or two months). Not surprisingly, the four that do not rebalance are the ones that have 95-100% of their assets in fixed income—there is nothing

to rebalance between. Consequently, all CTFs in the Americas that have an asset mix do rebalance.

In Africa, all but one CTF rebalances at least once per year and the one that did not rebalance has only 14% of its assets in equities. Therefore, there is a similar tendency for those with a significant mix of assets to rebalance their investments.

The rebalancing tendency across all 21 CTFs closely mirrors the Americas trend with 71% adjusting their asset mix at least one time each year. Among rebalancing CTFs, there is almost an even split among quarterly, monthly/bimonthly, and as-needed. Annual rebalancing was the minority option. As Table 7 indicates, it is difficult, based on the number of reporting funds, to draw clear conclusions about the frequency of rebalancing, or whether or not rebalancing occurs.





Figure 18: Investment Benchmarks Used in the Americas (n=13)

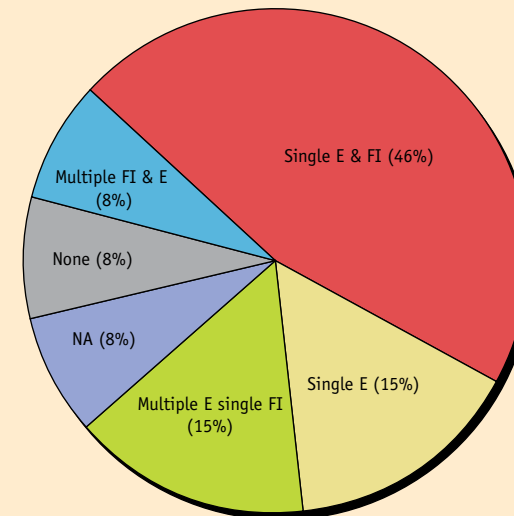


Figure 19: Investment Benchmarks Used in Africa (n=7)

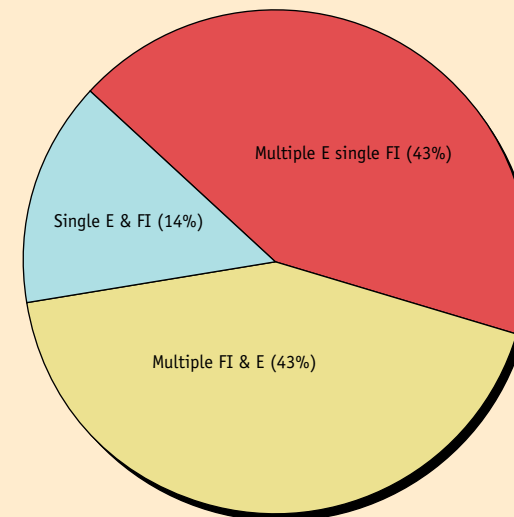
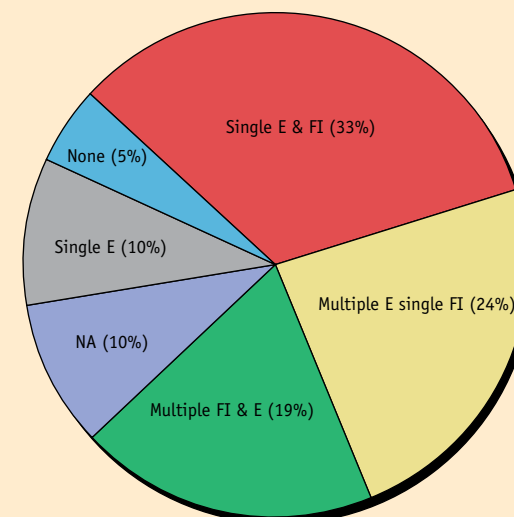


Figure 20: Investment Benchmarks Used across All Funds (n=21)



Types of Benchmarks Used

Respondents use a variety of equity (E) and fixed income (FI) benchmarks. In the Americas the Standard and Poor (S&P) 500 is the most frequently used equity benchmark (6 of the 13 funds), and the Lehman Aggregate Bond Index was most commonly used for fixed income investments (5 of the 13 funds). Nearly half of the Latin American CTFs used one equity and one fixed income benchmark (46%), followed by multiple equity and a single fixed income or just a single equity benchmark (15% for each). National indices were also frequently used for equities (29%) and fixed income (23%).

Every African CTF used the Morgan Stanley Capital International's (MSCI) World Index, and four of the seven used the S&P 500 to benchmark their equities. The JP Morgan Global Bond Index (57%) and Lehman Aggregate Bond Index (43%) were the most frequently used fixed income indices. Unlike their Americas counterparts, African CTFs tended towards multiple equity and fixed income benchmarks (43%). As frequently as the multiple equity and fixed income benchmarks, multiple fixed income and single equity benchmarks were used as well.

Across all 21 funds, nearly a third used a single equity and fixed income benchmark (32%) followed by multiple equity and a single fixed income benchmark.

It may be valuable to provide the raw data for this topic, because CTFs used a variety of benchmarks in addition to the options provided in survey question 14 (see Appendix 1, below). Moreover, it is instructive to include 2003-06 average return for the S&P 500 and the Lehman Aggregate Bond Index, two of the most commonly used indices by CTFs. Therefore, the following table lists all benchmarks provided by the respondents, their investment returns, and the S&P 500 and Lehman benchmarks. Once again, CTFs are ranked by returns and listed 1-17. Because CTFs have a mix of equity, fixed income, and other (typically preferred equity or hedge funds), a rough weighted average was also tabulated using the two indices as well as an average return of 11.9% for hedge funds.¹ This result is reported in the "Weighted Avg. Index Performance" column. A relatively low "Weighted Avg. Index Performance" indicates that a CTF has a greater proportion of its assets allocated to fixed income.

As described previously, the country-specific and total risk elements were also incorporated into this table and used to generate an average return minus total risk. This is then compared to the weighted average index performance in an effort to determine how risk-adjusted performance

1. The hedge fund statistic is from: www.businessweek.com/magazine/content/04_37/b3899105_mz070.htm.

compares to indices, taking into account the equity and fixed income mix.

Table 8 indicates that all but six CTFs not only have positive returns after subtracting their respective risk premiums but also outperform the asset mix-adjusted index. However, the other six CTFs are not doing as well. Five have positive risk-adjusted returns that are below the weighted index. One fund has a negative return after accounting for risk.

There is a wide variety of investment goals among all respondents. So much so that it did not make sense to disaggregate the responses by region because there would have been almost as many responses as respondents. For this reason, all 21 responses were pooled together in the following Figure. Overall, 17 of the 21 CTFs had some form of allocation target.

It is instructive to include seven category groupings (respondents could select more than one response in the survey question) rather than simply reporting total number of responses for each option. The two most popular responses (each selected by four funds) were interest, dividends, and capital gains, and not losing money and capital gains.

Organizational Responsibility for Key Investment Decisions

Fund boards are most active and have the most power in making key investment decisions such as hiring and firing investment managers, determining spending policy (whether or not endowment earnings, principal, or neither can be spent), asset allocation, and investment objectives. In only two instances does

another category hold more sway, and in each instance (asset allocation among African and across all CTFs) that category is the investment subcommittee—a subcomponent of the board. In fact, the investment subcommittee is the next most influential category throughout regions and decision-making considerations.

Interestingly, CTFs' executive directors (EDs) have relatively little say in these decisions. Only when hiring and firing managers among African CTFs do EDs approach the influence of general boards and their investment subcommittees. However, even in these two instances, the ED's influence is a distant second.

Similarly, investment consultants hold even less sway than do EDs. With the one exception of asset allocation among African CTFs, there is no instance where consultants influence decision-making more than the other parties.

Figure 22: Organizational Responsibility for Key Investment Decisions

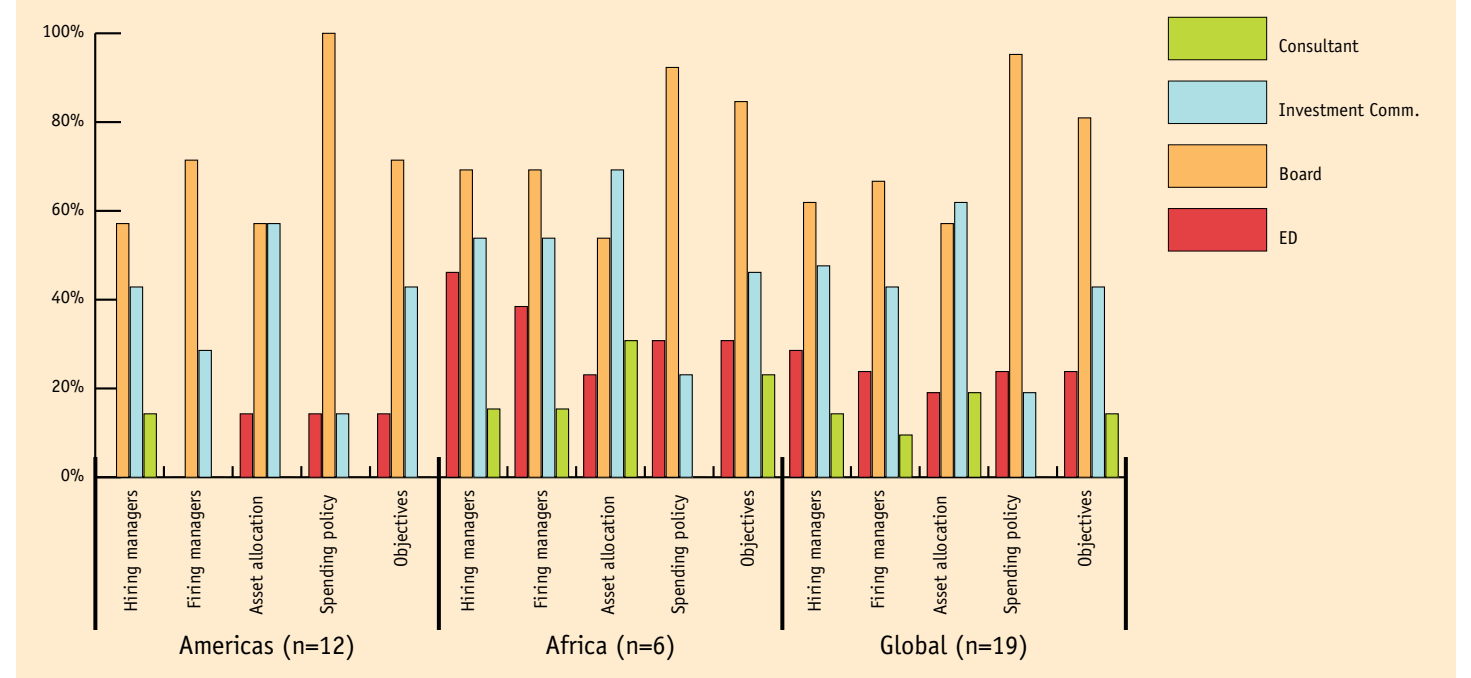
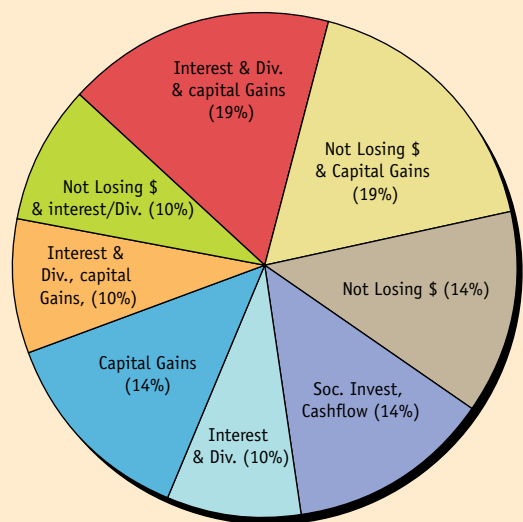


Table 8: Benchmarks and Investment Return Goals

# of Funds	Equity					Fixed Income					Total Return 2003-2006	Total Risk Premium	Total avg. Return Minus Total Risk	S&P 500 Return 2003-2006	Lehman Aggregate Bond Index 2003-2006	Weighted Avg. Index Performance
	S&P 500	MSCI World Index	EAFE	Other	N/A	Citigroup World Government Bond Index	JP Morgan (JPM) Global Bond Index	Lehman Aggregate Bond Index	Other	N/A						
1		X		RSA ALSI			X		RSA ALBI		22.60%	3.64%	18.96%	15.07%	3.80%	9.17%
2		X		JSE			X		ALBI		16.98%	3.36%	13.61%	15.07%	3.80%	9.11%
3				Local rates							14.08%	3.00%	11.08%	15.07%	3.80%	4.26%
4				Domestic Pension Fund					Domestic Pension Fund		13.50%	2.35%	11.15%	15.07%	3.80%	6.13%
5	X	X		Wilshire 4500 Index			X				12.19%	1.13%	11.06%	15.07%	3.80%	5.21%
6		X							JPM ELMI, JPM EMBI, JPM US Government Bond		9.56%	0.41%	9.14%	15.07%	3.80%	5.42%
7			X					X			8.90%	0.18%	8.72%	15.07%	3.80%	3.80%
8	X			IRT					LEI Sovereign, Pip Real		8.82%	1.13%	7.69%	15.07%	3.80%	5.59%
9									90-day DTF reference interest rate		8.76%	1.82%	6.93%	15.07%	3.80%	3.80%
10					X					X	8.41%	3.00%	5.41%	15.07%	3.80%	3.80%
11	X			Domestic stock market general index					National Private Pension Funds		7.93%	1.96%	5.97%	15.07%	3.80%	6.07%
12	X						X				7.32%	1.56%	5.76%	15.07%	3.80%	6.70%
13	X	X	X				X				7.20%	4.31%	2.89%	15.07%	3.80%	11.59%
14					X					X	7.18%	2.90%	4.28%	15.07%	3.80%	3.80%
15	X						X				6.26%	2.09%	4.17%	15.07%	3.80%	7.67%
16	X						X				6.06%	2.04%	4.02%	15.07%	3.80%	7.89%
17	X	X	X	Russel 1000, NAREIT			X				4.73%	2.88%	1.84%	15.07%	3.80%	10.29%

Figure 21: Investment Goals Across All funds (n=21)



CONCLUSION

This report is the first of what will be an annual effort, and for this reason there was much work involved in creating the survey, forming partnerships such as the one established with RedLAC, and educating potential participants about the value of their contribution. With this survey, a benchmark for CTF performance (2006) has been established, allowing the survey to trace changes in returns across time. These comparisons, along with comparisons to investment benchmarks, will demonstrate the effectiveness of these CTFs in creating a basis for sustainable financing.

Future surveys will build upon this one, using the experience from this year to modify and improve the survey and to increase the overall participation of CTFs. As CTFIS' purpose is better known, and as CTFs learn about and read this report, the response rates should increase beyond the 25 respondents we received this year (44% of total funds reached and 49% of funds, discounting those under development). The greater the number of responses the more robust will be our findings, and ultimately, the more useful this project will be for the CTFs.

This initial effort has attempted to calibrate CTFs returns in two ways, as described above. First, by accounting for country and equity risk premiums in order to compare "apples to apples," the study ensures that performance information is not artificially inflated by risk factors. After doing so, it appears that nearly two-thirds of respondents who provided sufficient data have achieved robust returns, outpacing both internal risks and benchmarks. Nonetheless, there is room for improvement, both for these 11 CTFs and for the six that have fallen short of the benchmarks and/or risk premiums.

It is the hope of this study that the information aggregated and analyzed above provides the beginnings of a methodology for assessing performance and adjusting practices where appropriate, to ensure enhanced returns going forward. With more respondents in the future, the breadth and depth of CTFIS' reach will be that much greater.



CONSERVATION TRUST INVESTMENT SURVEY (CTFIS)
Information from Calendar Year 2006

ORGANIZATIONAL DETAILS

Full Name of Organization _____
 Address _____
 Phone Number _____ Website _____

Primary Contact

Name _____
 Title _____
 Phone Number _____ Fax _____
 E-mail _____

Alternate Contact

Name _____
 Title _____
 Phone Number _____ Fax _____
 E-mail _____

Name of Person Completing the Survey

Name _____
 Title _____
 Phone Number _____ Fax _____
 E-mail _____

Copies of the final report should be sent to the following individuals:

Name _____
 Address _____

Name _____
 Address _____

Name _____
 Address _____

Name _____
 Address _____

Do you authorize your contact information to be shared among the CTFs that participate in this survey?

- Yes
- No

If so, please indicate the contact information to be used:

Full Name of Organization _____
 Address _____
 Name _____
 Title _____
 Phone Number _____
 Fax _____
 E-mail _____

BACKGROUND

1. How long has your fund been in operation?
 Years _____

2. What is your organization's legal structure: (check all that apply):

- NGO
- Trust
- Foundation
- Government Entity
- Limited Liability Corporation
- Other (please specify) _____

3. Under what legal instrument was your organization created (e.g. trustees act, charities act, etc.)?

4. Where was your organization incorporated?

- In the country where you operate (please specify) _____
- Another country (please specify) _____

FINANCIAL QUESTIONS

5. Please provide the following investment return information (please provide data for December 31 even if your organization is on a different fiscal year, and if you have data for years before 2004 we would welcome it):

Year	Market Value of Investments (as of December 31)	Total investment Return for the year before any fees
2006		
2005		
2004		
2003		
2002		
2001		
2000		

b. If you do not know your return on investment please provide the following:

Year	Market Value (as of January 1)	Additions	Withdrawals	Market Value (as of December 31)
2006				
2005				
2004				
2003				
2002				
2001				
2000				

6. Please provide your asset allocation on the following dates on December 31, 2006:

Asset Type	December 31, 2006	December 31, 2005
Equities – US		
Equities – Non-US international		
Equities – Domestic		
Equities Total		
Fixed income – US		
Fixed income – Non-US International		
Fixed income – Domestic		
Fixed Income Total		
Cash – US		
Cash – Non-US International		
Cash – Domestic		
Cash Total		
Other Assets:		
Real Estate		
Hedge Funds		
Natural Resources		
Private Investments		
Venture Capital		
Other (please specify): _____		
Total Other Assets		
Total Assets		

7. What would you say drives the Trust's investment decision-making?
- Not losing money
 - Interest and dividend income
 - Capital gains
 - Social investing
 - Other (please specify) _____

8. Have donors placed any restrictions on your investment practices (i.e. mandating asset allocation, currency/country limitations, risk vs. returns, etc.)?
- Yes
 - No

b. If yes, please specify what these restrictions are:

9. Does your organization have asset allocation targets?
- Yes
 - No

- b. If yes, what are they (please check all that apply):
- Equity
 - Fixed Income
 - Cash
 - Other Assets
 - Total Assets

10. How often does your organization rebalance its endowment portfolio to more closely approximate a target allocation:
- Quarterly
 - Bi-annually
 - Annually
 - Other _____
 - NA (there is no rebalancing)

11. What percentage of your investment assets are invested in index funds or passively invested? _____ %

12. Of your total endowment of stocks, bonds, cash, and other investments approximately what % of the total are in the following currencies:

_____ % National currency
 _____ % US dollar
 _____ % Euros
 _____ % Other (please list _____)

13. How much does the fund spend from its investment assets to support its programs and how is this amount determined?
- From traditional income (defined as total income including capital income, interest and dividends, and royalties). Please specify amount: _____
 - From a pre-set percent of the beginning year value of the endowment (_____%)

- From a pre-set percent of a multi-year average endowment value (_____%)
- A fixed dollar amount currently _____
- A discretionary amount (specify for the most recent year) _____
- Other (please specify) _____

14. What benchmarks does the fund use to measure performance of its asset managers?

- Equities
- S&P 500
 - MSCI World Index
 - EAFE
 - Other (please specify) _____

- Fixed income index
- Citigroup World Government Bond Index
 - JP Morgan Global Bond Index
 - Lehman Aggregate Bond Index
 - Other (please specify) _____

15. Does your organization use an outside consultant to provide advice or guidance?
- Yes (please specify _____)
 - No

16. What expenses did your organization pay in 2006 for investment management, advice, and custody, brokerage, and trust services (Please include all expenses incurred in the calendar year even if they were not paid until the next calendar year)?

Fee Types	2006	2005
Consulting fees		
Trust or custody fees		
Fees for money managers		
Mutual fund fees		
All other fees		
Do any investment service providers provide any services at no cost?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
If so, what were they?		

17. What services, if any, are provided by endowment fund manager(s)? (please check all that apply)
- Quarterly statements
 - Web access to account
 - Detailed statistical analysis of portfolio holdings
 - Investment education materials
 - Briefings for the Board
 - Choice of investment advisors
 - Other (please specify) _____
 - NA (no services are used)

18. Is your organization satisfied with the service being provided?
- Yes
 - No
 - NA (no services are used)

- a. If yes, please indicate the reason (check all that apply):
- Good investment performance
 - Reasonable/satisfactory fees
 - Good customer service
 - Responsive financial reports
 - Other comments/suggestions _____

- b. If no, please indicate the reason (check all that apply):
- Poor investment performance
 - High fees
 - Poor customer service
 - Inadequate financial reports
 - Other comments/suggestions _____

19. How often does the board or an investment committee interact with the fund's investment manager?
- Once a month
 - Once a quarter
 - Once a year
 - Other (please specify): _____
 - NA

20. Does the fund receive money from external sources?
- Yes
 - No

	Executive Director	Board	Investment Committee	Consultant
Hiring investment managers				
Firing investment managers				
Asset allocation decisions				
Spending policy changes				
Investment objectives				

21. What is total amount of funds received from local/national government entities, domestic/international NGOs, individuals, etc., in this calendar year? (Receipts may include gifts, grants, government funds, operating surpluses invested into the endowment, etc. Do not include additions of any endowment earnings from interest dividends, or capital gains from the endowment investments.)

\$ _____

22. What are your three largest sources of funding, and what percent of total funding did each one make up?

- Local government: % of total funding _____
- National government: % of total funding _____
- Domestic NGOs: % of total funding _____
- International NGOs: % of total funding _____
- Individuals (domestic): % of total funding _____
- Individuals (international): % of total funding _____
- Other (please specify) _____ % of total funding _____

23. Please list your organizations custodian (bank, trust company, or brokerage where assets are held).

24. Who at your organization is primarily responsible for the following:

GOVERNANCE QUESTIONS

1. What oversight does the fund board typically exercise over the endowment fund manager?

2. What contractual control does the fund have to hire/fire or change aspects of the way its endowment is being managed?

3. How many members are on your Board?
 - b. Of those members, how many would consider themselves knowledgeable about investments _____
4. If you have an Investment (or Finance) Committee, how many members serve?
 - b. Is this a Board sub-committee or is it independent:
 - Board sub-committee
 - Independent
 - NA (there is no such committee)
5. Are there are guidelines limiting risk taken in the portfolio?

6. Would you prefer an online or Word document survey in the future?
 - Online
 - Word document



LIST OF RESPONDING FUNDS WITH CONTACT INFORMATION

	Region	Organization name	Address	Contact Name	Title	Phone	Fax	E-mail	Website
1	Africa	TNS Foundation	P.O. Box 6776 Yaoundé Cameroon	Laurent Magloire SOME	Chairman, TNS Foundation Board			fondationtns@yahoo.com	
2	Africa	Bwindi Mghinga Conservation Trust (BMCT)	Bwindi House, Plot 4, Coryndon Road, P.O. Box 1064, Kabale Uganda	Geo Z. Dutki	Trust Administrator	256-486-424123	256-486-424122	dutki@bwinditrust.ug	www.bwinditrust.ug
3	Africa	Madagascar Foundation for Protected Areas and Biodiversity	Lot VX 13 Andrefandrova Antananarivo, Madagascar	Christian Ramarolahy	Executive Director	(+261 20) 22 605 13		cramarolahy@fondation-biodiversite.mg	www.fondation-biodiversite.mg
4	Africa	The Green Trust	Private Bag x2, Die Boord, Stellenbosch, 7613, South Africa	Thérèse Brinkcate	Manager	++ 21 888 2836	++21 888 2888	tbrinkcate@wwf.org.za	www.wwf.org.za; www.nedbankgreen.co.za
5	Africa	Eastern Arc Mountains Conservation Endowment Fund (EAMCEF)	Plot No. 30, Kingalu Road, P.O Box 6053 Morogoro - Tanzania	Francis B.N. Sabuni	Executive Director	+255 23 2613660	+255 23 2613113	eamcef@easternarc.or.tz	
6	Africa	Fondation Tany Meva	Lot I A I 1 bis Mabatobe 103 Antananarivo Madagascar	Fenosoa Andriamahenina	Executive Director	261 32 02 46 320	261 20 22 403 99	f.andriamahenina@tanymeva.org.mg	www.tanymeva.org.mg
7	Africa	Mulanje Mountain Conservation Trust (MMCT)	PO Box 139, Mulanje, Malawi, Africa	Mr Carl Bruessow	Executive Director	00 265 9 935 920	00 265 1 466 241	carl@mountmulanje.org.mw	www.mountmulanje.org.mw
8	Africa	The Table Mountain Fund							
9	Americas	Fondo para la Acción Ambiental y la Niñez (FPAA)	Carrera 7 #32-33 Of 2703, Bogotá, Colombia	Jose Luis Gomez	Executive Director	+571-285-3862	+571-245-4145	joselgomez@accionambiental.org	www.accionambiental.org
10	Americas	FUNBIO	Largo do Ibam, 01 6º andar Humaitá Rio de Janeiro RJ, Brasil	Daniela Lerda Klohck	Coordinator Knowledge Management Research Strategies	55 21 2123-5337	55 21 2123-5354	danielal@funbio.org.br	www.funbio.org.br
11	Americas	MAR Fund	17 Av. D 0-17, Zona 15, Colonia El Maestro, Guatemala 01015	María José González	Executive Director	(502) 2365 8985 5630 1386	(502) 2365 8985	mjgonzalez@marfund.org	www.marfund.org
12	Americas	Fondo para la Biodiversidad y Areas Protegidas (Patrimonio Natural)	Carrera 7 No 26-20 Oficina 1501	Fco Alberto Galán S.	Executive Director	57-1-2106002; 57-1-2106603	57-1-2106002; 2106603	agalan@patrimonionatural.org.co	www.patrimonionatural.org.co
13	Americas	Fundación Protección y Uso Sostenible del Medio Ambiente (PUMA) Contact: Master Capital, S.A. DE C.V	Rio Manzanares 321-4 Ote. Col. Del Valle Garza García N.L. 66220 México	Javier Mtanous Arocha	Asesor Financiero	(81) 86758750	(81) 86758751	javiermt@mastercapital.com.mx javier.mtanous@mgcapital.net	www.fundacionpuma.org
14	Americas	Suriname Conservation Foundation	Hofstraat 1, 4th floor Paramaribo Suriname	Leonard C. Johanns	Executive Director	+ 597 – 470155	+ 597 – 470156	johanns@sr.net	www.scf.sr.org
15	Americas	Foundation for the National System of Protected Areas Development (FUNDESNAPE)	Prolongación Cordero, 127 La Paz Bolivia	Sergio Eguino	Executive Director	(591 -2) 2113364	(591-2) 2433120	fundesnap@fundesnap.org	www.fundesnap.org
16	Americas	Fondo Ambiental Nacional	Avenida Amazonas N 34311 y Atahualpa Edificio Financiero Amazonas, Piso 9, Ecuador	Samuel Sangüeza Pardo	Executive Director	(593)-2-224-6020, 224-6116, 292-0501	593-2-226-2605	ssangueza@fan.org.ec	www.fan.org.ec
17	Americas	Fondo Mexicano para la Conservación de la Naturaleza, A.C.	Damas 19, San José Insurgentes, 03900, México, D.F.	Lorenzo José de Rosenzweig Pasquel	Executive Director	+52 5556119779 ext. 211	+5255 56119779 ext. 216	lrosenzweig@fmcn.org	www.fmcn.org
18	Americas	Environmental Foundation of Jamaica (EFJ)	1 B Norwood Avenue, Kingston 5, Jamaica West Indies	Joan Grant Cummings	CEO	876-960-6744	876-920-8999	Jgrantcumplings@efj.org.jm	www.efj.org.jm
19	Americas	Fondo Nacional Para La Conservacion De La Naturaleza (FONACON)	7a. Avenida 3-74, Zona 9. Edificio 74, Oficina 601 Guatemala 01009	Yvonne Ramírez	Ing.	(502) 23314773, 23394692	(502) 23314773, 23394692	fonacon@intelnet.net.gt	
20	Americas	Fundo Nacional do Meio Ambiente(FNMA)	Esplanada dos Ministérios, Bloco B 6º Andar70068-900 Brasília, DF, Brazil	Elias de Paula de Araujo	Director	55-61-3214-8323	55-61-3214-8321	elias.araujo@mma.gov.br	www.mma.gov.br/fnma
21	Americas	Protected Areas Conservation Trust (PACT)	#3 Mango St., Belmopan, Belize	Valdemar Andrade	Executive Director	(501) 822-3637	(501) 822-3759	valdemar@pactbelize.org	www.pactbelize.org
22	Americas	Profonanpe	Av. Javier Prado Oeste 2378, San Isidro (Lima 27), Peru	Humberto Cabrera N.		(51 1) 218 1097	(51 1) 218 1049	hcabrera@profonanpe.org.pe	www.profonanpe.org.pe
23	Americas	Fondo de las Américas del Perú (FONDAM)	Av. Javier Prado 5318La Molina, Peru	Juan Gil Ruiz	Executive Secretary	0051 4372727	0051 4372727	fondam@fondoamericas.org.pe	www.fondoamericas.org.pe
24	Asia	Arannayk Foundation	House-68, Road-1, Block-I, Bakani, Dhaka-1212, Bangladesh	Farid Uddin Ahmed	Executive Director	880-2-9873275 880-1713040583	880-2-9873248	farid@arannayk.org	www.arannayk.org
25	Asia	PNG mama Graun Conservation Trust (MGCTF)	P.O Box 107 Boroko, NCD 111, Papua New Guinea	Dr. Jane Mogina	Executive Director	(675) 3256041	(675) 3257026	moginaj@global.net.pg	



APPENDIX III

FUNDS THAT DID NOT RESPOND

	Region	Fund	Country	Status
1	Africa	TFCA Fund	Botswana	
2	Africa	Foundation for Environment and Development in Cameroon, Fondation pour l'Environnement et le Développement	Cameroon	
3	Africa	Fondation pour les Parcs et Réserves de Côte d'Ivoire	Cote D'Ivoire	Under development
4	Africa	Fund for Protected Areas	Gabon	Under development
5	Africa	Foundation for the Financing of Protected Areas	Ghana	
6	Africa	Ghana Heritage Conservation Trust (GHCT)	Ghana	
7	Africa	MEET	Malawi	Under development
8	Africa	Seychelles Island Foundation	Seychelles	
9	Africa	Protected Areas Trust Fund	Sierra Leone	Under development
10	Africa	Peace Parks Foundation	South Africa	Creating endowment
11	Africa	Table Mountain Fund	South Africa	
12	Americas	Fondo de las Americas/ Argentina	Argentina	
13	Americas	Fondo de las Américas – Chile	Chile	
14	Americas	Corporación ECOFONDO	Colombia	
15	Americas	FONAFIFO	Costa Rica	
16	Americas	Fondo Iniciativa para las Americas (FIAES)	El Salvador	
17	Americas	Fideicomiso para la Conservación en Guatemala (FCG)	Guatemala	
18	Americas	Haiti Environmental Foundation (FHE)	Haiti	
19	Americas	Fundación Hondureña de Ambiente y Desarrollo (Fundación Vida)	Honduras	
20	Americas	Forest Conservation Fund	Jamaica	
21	Americas	Dutch Caribbean Nature Alliance (DCNA) Trust Fund	Netherlands Antilles	
22	Asia	Micronesia Conservation Trust	Federated States of Micronesia	
23	Asia	KEHATI	Indonesia	
24	Asia	Lao Environmental Protection Fund	Laos	
25	Asia	Philippines Tropical Forest Conservation Fund	Philippines	
26	Asia	Foundation for the Philippine Environment	Philippines	
27	Asia	Vietnam Conservation Fund	Vietnam	This is a sinking fund and does not invest
28	Eastern Europe & FSU	Caucasus Protected Areas Foundation	Armenia-Azerbaijan-Georgia	
29	Eastern Europe & FSU	Biodiversity Conservation Fund of Kazakhstan	Kazakhstan	
30	Eastern Europe & FSU	Ecofund	Poland	
31	Eastern Europe & FSU	Foundation for Eastern Carpathian Biodiversity Conservation	Poland-Slovakia-Ukraine	
32	Eastern Europe & FSU	Socotra Conservation Fund	Yemen	

PHOTOS: Julie Larsen Maher/WCS
DESIGN: Joshua Krause/WCS

