

International forestry fund focuses on investor returns through full forest diversification

Early access to harvesting revenue to yield 46% gross of the purchase price for entire Scottish plantations

The International Forestry Fund, was launched in 2009. With targeted net returns of 7% to 10% per annum, it will harvest its semi-mature forestry assets in Scotland over the next two years.

Based on current rates this will yield the equivalent of 46% gross of its original purchase price. Speaking to over 80 delegates nationwide at an Irish Brokers Association (IBA) seminar, Trevor McHugh, managing director I.F.S. Asset Managers Ltd, who manage a total of more than €100m of forestry in Ireland for the Irish Forestry Funds and who are the forestry asset managers to the International Forestry Fund, stressed the importance of forestry as a part of any investor's portfolio.

Forestry has been proven over the last 200 years to provide stability for investors in times of uncertainty - but to really avail of all the benefits inherent in forestry as an asset class, species diversification is crucial to reducing investment risk and maximising those benefits. The strategy employed by the International Forestry Fund is based on the pure biological growth of

forestry combined with risk reduction techniques to enhance investor value. Rather than rely on a single species of tree in a single jurisdiction, the fund has a multi-species, multi-country approach.

This includes the most popular species in terms of global market demand. By ensuring that only those species with a proven end-use market are included in the fund's portfolio, the fund further protects its investors through its focus on diversification.

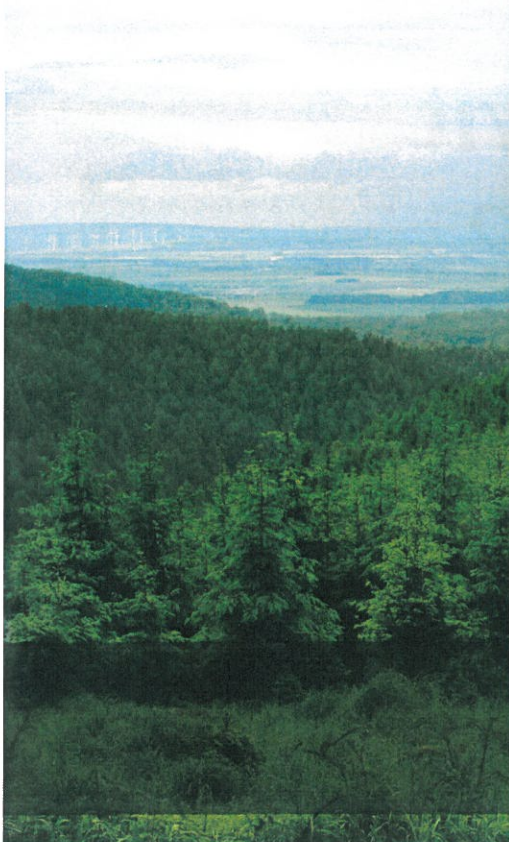
"Pure forestry investments that are focused on direct or group ownership of forest portfolios give investors access to a continually growing asset that has a low correlation with volatile stock markets", commented Mr McHugh. Noting that many of I.F.S. Asset Managers Ltd's 18,000 clients across the Irish Forestry Funds are actively looking for such options. According to Mr McHugh that many Irish investors have already chosen forestry as an asset class. Its appeal is increasing in Irish markets amid the backdrop of many global institutional investors, including the likes of Yale and Harvard, moving into this asset class.

"The International Forestry Fund has been designed to ensure that its forest portfolio is fully diversified across all areas, including species and end markets," Mr McHugh stated, while stressing that "pure forestry investments such as the International Forestry Fund allow investors to benefit from the low correlation that a growing asset such as forestry provides.

At the same time, the fund's approach to diverse land and forest ownership also allows it to focus on those end-markets that are performing well while the forests are allowed to continue to grow in other regions."

"One of the main benefits of forestry as an asset class is that harvesting can be postponed without any losses until prices increase. With a diversified tree species portfolio, the additional benefits are obvious i.e. harvesting of differing species can take place in different international jurisdictions where the prices are higher" added Mr McHugh.

The International Forestry Fund provides an opportunity for individual investors to share in an economically essential asset class through their self-administered and



Some Key Facts

- The International Forestry Fund, launched in 2009, is a professional fund incorporated in the British Virgin Islands and promoted by Helvetia Wealth (Liechtenstein) AG, who's European offices include Dublin, London, Liechtenstein and Zurich. It has secured the forest asset management services of Dun Laoghaire based I.F.S. Asset Managers Limited as a result of the 13 year track record of developing the Irish forestry funds which holds in excess of €100m Irish forestry assets on behalf of 18,000 private individual and corporate clients.
- A unit trust structure has been created by Independent Trustee Company Ltd (ITC) to allow Revenue approved tax exempt investors, e.g. SIPP, SASS, ARMF and ARFs to invest. To allow for the diversified biological growth of the forestry to deliver returns of 7% to 10% per annum for investors there is a five year lock in period
- By employing a pure biological growth strategy, the International Forestry Fund ensures that investors benefit from the low correlation between volatile bond and equity markets and forestry as an asset class which provides an excellent hedge against inflation. Timber prices have typically exceeded inflation for the past half century.
- The stable, predictable and competitive returns from forestry are attractive to both individual and corporate investors and there has been an upsurge of interest over the past two years in the level and intensity of investment. Harvard and Yale Universities have ensured that forestry is well represented in their endowment funds and have increased their exposure to this asset class by between 5% and 7% respectively.
- As energy from sustainable sources is high on the agenda of most countries, the demand for timber as a renewable energy source is increasing. In the UK, for example, legislation has forced electricity producers to co-fire fossil fuel with, among other sources, wood chip with a resultant impact on the demand and price achieved for early stage forestry thinnings.
- The species diversification of the International Forestry Fund's portfolio in Scotland, for example, includes 66% sitka spruce, 13.6% comprises diverse pine and larch species, 9.5% mixed broadleaf species and 10.9% open ground for access, bio-diversity, power-line way leaves and essential boundary buffer zones.

self-directed pensions and Mr McHugh stated that "the fund insists on complete land-ownership rights and control on behalf of its investors to ensure that it delivers on its target returns of 7% to 10% per annum."

World demand for timber is expected to increase by 60% over the next 25 years with most of that demand emanating from the emerging economies of China, India and Russia. This demand can only be met sustainably from managed plantations as the rate of illegal logging from tropical resources is diminishing and timber supplies from natural forests are being depleted.

The International Forestry Fund is committed to the concept of socially responsible investment through sustainable, certified and professionally managed forests.

The fund will continue to deliver superior returns to its investors by ensuring that the right mix of tree species is adhered to across the different jurisdictions in which it operates including Ireland, the UK and Central America. 