CONSERVATION TRUST
INVESTMENT SURVEY

FOR CALENDAR YEAR 2017

Cover photo contributed by Zdenka Piskulich, Asociación Costa Rica por Siempre

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

CONSERVATION TRUST INVESTMENT SURVEY

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Prepared in collaboration with the Conservation Finance Alliance, the Latin American and Caribbean Network of Environmental Funds (RedLAC) and the Consortium of African Funds for the Environment (CAFÉ).

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ACKNOWLEDGEMENTS

Photo contributed by Foto Natura, Seychelles Islands Foundation

The Conservation Trust Investment Survey (CTIS) project is produced by the Wildlife Conservation Society in collaboration with the Conservation Finance Alliance (CFA), a collaborative network of governments, multilateral agencies, NGOs, private companies, academic institutions and independent experts, connecting to address sustainable finance for issues and solutions in support of conservation. The Latin American and Caribbean Network of Environmental Funds (RedLAC) and the Consortium of African Funds for the Environment (CAFÉ) are key stakeholders and partners of the initiative.

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Photo contributed by Pete Oxford, Protected Area Trust, Guyana

PHOTO THANKS

Each year, we ask the conservation finance community to provide photos to illustrate the CTIS report. Once again, we are stunned and gratified by the generosity and talent of the many people who contributed photo offerings this year. Specific thanks to the following people and organizations for sharing their work with us:

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FOREWORD

Photo contributed by Charles Besancon

Without large new donations, inflation and the growing demand for conservation work will inevitably reduce the purchasing power of trusts that only invest in safe but low-yielding short-term financial assets, and will result in those trusts becoming irrelevant over time, sort of like a once rich family that fades away as their once-great assets become outdated.

Dear Fund Manager,

When we helped launch the CTIS we had no idea in just over a decade there would be nearly 100 trusts with over $1 billion assets in aggregate. There is a long journey still to travel but you are part of a great movement which is helping to save the landscapes of our natural world.

The purpose of the survey is to see how your peers are investing, share best practices and increase the returns of the conservation trusts generally.

2017's survey reveals that despite years of our lectures, the trusts (excluding sinking funds) have a still too large 63% in cash and bonds—and their allocation to stocks is still too low. Over long periods of time, cash and bonds usually return less than stocks—and often much less. This has certainly been the case in a massive way over the past decade, as can be seen in the bottom line of the chart below. Without large new donations, inflation and the growing demand for conservation work will inevitably reduce the purchasing power of trusts that only invest in safe but low-yielding short-term financial assets, and will result in those trusts becoming irrelevant over time, sort of like a once rich family that fades away as their once-great assets become outdated.

To this point let's review the returns of a few simple asset classes over the past 80 years:

ANNUALIZED RETURN

	Stocks	Treasury Bonds	T-Bills (cash)
1928-2017	11.5%	5.2%	3.4%
1968-2017	11.4%	7.2%	4.8%
2008-2017	10.3%	4.3%	0.4%

Part of your obligation as a steward, and part of your obligation as a board member or member of an investment committee, is to grow the long term value of your trust at least as fast as economic growth and inflation, which are the ingredients that affect wage rates; i.e., your future costs. When deciding about investments to own, the next 25 and 50 years are more important than the next five.

We have previously asked, "Given that the critical work of the conservation trusts will take place over decades, can trusts generate the needed returns to preserve the habitats entrusted to them, while still protecting against inflation, by holding 65% in bonds and cash?" The answer—it is unlikely. Conservation trusts should have an absolute minimum of 50% in equities and ideally 60% or 70% over time. If your trust doesn't own enough stocks, make a higher allocation to stocks and make a plan to get there.

Long-term returns are the ones that matter but you have to prepare to survive the bad times that inevitably come with investing in equities. First, that means being emotionally prepared for the sometimes dramatic declines in stocks you will experience. Second it means having enough in cash and short to medium term bonds to make annual withdrawals without having to sell stocks after they decline. Keeping up to 40% in cash and conservative bonds covers years of annual distributions, so you won't be forced to sell when stocks are down—which is when they have the brightest prospects for high future returns.

What to do today if you only have the trust average of 28% in equities? It can be difficult to buy stocks after the strong market of recent years. If the market does decline sharply, in the absence of a commitment to increase the allocation to stocks, inevitably some will argue "Let's wait until it stops going down"—resulting in your missing what is often a rapid and significant rebound.

Consider an endowment which invested in January of 2008 just prior to the onset of the financial crisis. By March of 2009, measured from its peak, the S&P 500 had declined by 57%. Many investors, unable to take the emotional stress of watching their portfolio drop in value day after day, sold, locking in huge losses. These investors missed the inevitable rebound in equities suffering a permanent loss of capital. Investors who looked 10 years out, stayed invested in stocks, and despite buying right before a historic decline, earned 10.3% per year through the end of 2017.

Short term safety must not be the driving consideration for an endowment which is going to exist for generations. If a portfolio's drops in value by 20% in year one, it says nothing about what the stock portion of the endowment will be worth in four years or eight years, let alone 20 years. The trust must balance the short-term pain that inevitably comes with investing in stocks with its long term need to grow the trust's value. If one of your conservation programs has a proven record of success the world over but is not guaranteed to demonstrate huge success in the first year, do you not do it?

Barton Biggs spent 50 years on Wall Street, was a professional student of markets and a prolific author. He had something of a fascination when it came to war, revolution and general chaos in the world leading to widespread wealth destruction. In his book Wealth, War and Wisdom Biggs examined the impact of World War II on investors. Biggs study led to his conclusion that the best way to protect wealth in times of conflict is to have 75% of your assets in stocks. History showed Biggs the best way to preserve wealth is to own businesses, run by individuals who learn, adapt and are incented to succeed in the face of uncertainty.

Unsurprisingly, Biggs found stocks in "stable' countries like the US, UK, Canada and Australia did much better than the loser countries of Germany, Japan, Italy and France. Yet he also discovered that stocks in the defeated countries did better than cash, bonds and inflation in those countries. Even in countries devastated by war, stocks were the asset to own. Why? Because they represent partial ownership stakes in real businesses that have the skills and market power to accommodate themselves to change and to generate income while raising prices along with inflation.

As the Wall Street Journal recently noted, "Owning stocks is mostly a winner's game. Since 1928, the stock market has risen on 54% of days, 58% of months and 73% of years. Over that time a $10,000 investment in US stocks in 1928 would have grown to $40 million."

Regarding the dilemma of when to invest cash in the market, legendary investor Peter Lynch directly addressed the 'I'll wait until it's safe' mentality: "Every day brings something different to worry about – inflation, recession, depression, natural disaster, war, market crash, and that bus when you cross the street. In the last 100 years, the market has seen it all and recovered. You can wait for the sky to fall or you can invest knowing it will happen, you'll get through it, and the market will too."

Far too many investors waste time on trying to time the stock market. Predictions about the economy, interest rates, and market returns are less reliable than flipping a coin. As James Monitor puts it:

> *Let's say you invest according to the following process: forecast the economy, forecast the path of interest rates, forecast the sectors which do well within that environment, and finally forecast which stocks will do well within that sector. Now let's assume you are pretty good at this and you are right on each forecast 70 percent of the time, which is massively above the actual rates of accuracy that we generally see. If you require all four forecasts to be correct, then you have just a 24% chance of actually getting it right.*

Even worse, predictions of what is going to happen in the (unknowable) future divert investors' attention from arriving at a proper allocation to stock and sticking to it.

The greatest investors of all time – Warren Buffett, Peter Lynch, and John Templeton among many others - don't try to forecast the stock market or make predictions. Divining an answer to the question "What do you think the stock market will do this year?" is time wasted. As Thomas Phelps author of 100 to 1 in the Stock Market wrote, "When experienced investors frown on gambling with price fluctuations in the stock market, it is not because they don't like money, but because both experience and history have convinced them that enduring fortunes are not built that way."

A highly respected firm, GMO, with $75 billion of assets under management and some of the best thinkers when it comes to asset allocation, makes a quarterly forecast for returns from various assets for the next seven years. In June of 2011, it projected 2.7% annual returns from large cap US stocks over the coming seven years. What were the actual returns? Large cap stocks returned 13.2%. If highly compensated, experienced market observers spending millions of dollars each year on models and forecasts can be so wrong why should we expect anyone to get it right?

To quote Charlie Bilello of Pension Partners, "The good news for the average investor is that they don't need to have an opinion on the next seven years in order to invest today. In fact, most would be better off in simply saying "I don't know" when asked which asset class will be the top performer. If they have the humility to admit those three simple words, they will be more inclined to build a diversified portfolio and stick with it over time. If they can do nothing else they will beat most of the forecasters and the "world class" investors by default and can spend the next seven years worrying about the many more important things in life than investment returns."

Whatever the markets may hold, the Conservation Trust Fund Investment Survey will continue to assist the wonderful work of conservation trusts around the world. We are proud play a small part along with you in protecting the most ecologically important and threatened areas of our natural world.

With our best regards,

Gregory Alexander

Acacia Partners

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

EXECUTIVE SUMMARY

Photo contributed by Charles Besancon

Conservation Trust Funds (CTFs) are private, legally independent institutions established to catalyze resources and provide stable, sustainable, long-term sources of funding for the protection and sustainable management of natural resources in areas of high biodiversity. CTFs typically encompass one or more endowments and/or sinking funds. Coupled with other financing mechanisms, CTFs use income from investments to provide a reliable source of support for management of protected areas, long-term investment in conservation programs and projects, and financing for indigenous communities. Many of the CTFs grow to become significant resource mobilization and grant-making institutions, effectively managing and disbursing funds from a variety of sources to support conservation and sustainable livelihood projects. To maximize their available resources for conservation funding, effective and prudent management of invested assets is critical to the success of the CTFs.

Since 2006, the Conservation Trust Investment Survey (CTIS) has been tracking the financial performance and investment strategies of CTFs throughout Africa, Asia, Eastern Europe, the Pacific, Latin America and the Caribbean. The Conservation Trust Funds described in this study manage endowment funds, sinking funds, revolving funds[1], or all three. The information reported in this study is based on a variety of investments denominated both in the local currency of the CTFs' home countries, and in international currencies, including US dollars and Euros. The investments range from those held almost exclusively in local banks or fixed deposits, to globally diversified investment portfolios managed by international investment firms.

In 2017 CTF nominal returns (mean and median) were about 11% overall by organization, with endowment returns at 7.4% (median) and 8.6% (mean) and sinking fund returns at 5.4% (median) and 6.7% (mean). When inflation is considered, the mean endowment return is 6.3% and the mean sinking fund return is 4%.

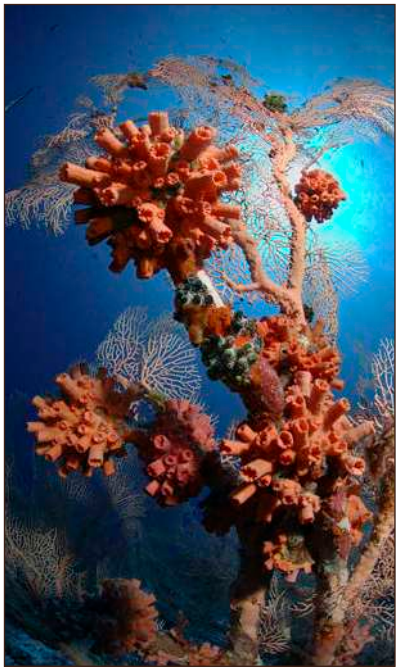
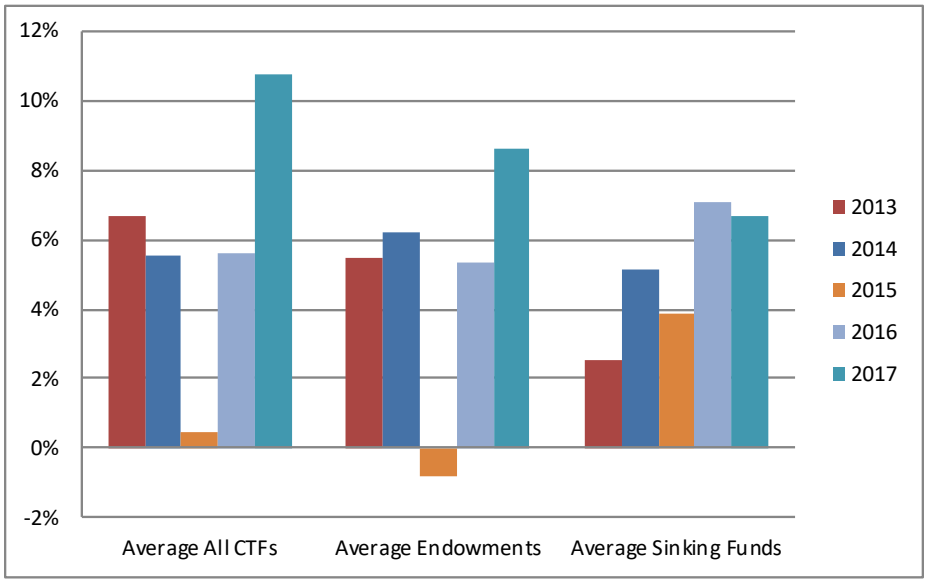


Photo contributed by Foto Natura, Seychelles Islands Foundation

[1] A revolving fund is one that is filled and depleted in a short time period, typically less than one year. Often these funds accommodate Payments for Ecosystem Services that are managed by a CTF to achieve conservation goals in collaboration with National Governments. Because these monies are not typically invested, they are not addressed in any depth in this report, but we have begun collecting limited data on them as they are important conservation financing mechanisms and show the breadth of financing mechanisms that CTFs are managing.

GRAPH 1: AVERAGE NOMINAL ANNUAL RETURNS, 2013-2017



2017 was a strong year for investment returns. The S&P 500 returned 21.8% for the year overall, compared to 11.96% in 2016 and 1.38% in 2015. The MSCI World Index, a measure of developed markets total equity return, had a return of 22.4%, 8.15% in 2016 and -0.32% in 2015. And in the bond market, the Barclays US Aggregate Bond Index returned 3.54%, up from 2.65% in 2016 and 0.55% in 2015.

The CTIS draws on the example of the National Association of College and University Business Officers (NACUBO) annual study of college and university endowment investment performance (the "*NACUBO-Commonfund Study of Endowments*"), and we look to recent NACUBO studies for examples of how other endowments performed in the same time period. As the NACUBO study reports on a June 30 fiscal year basis, the comparisons are not perfect, but provide useful references nonetheless. For fiscal year 2017 (ending June 30), the average return of participating university and college endowments was12.2%; in fiscal year 2016, the average return was -1.9%. While many of the participating institutions have significantly larger investment holdings than most of the CTIS participants, the performance by peer group is also helpful. For fiscal year 2017, the average return for endowments in the $25-$50M range was 11.7% (versus -1.6% the prior year) and in the under $25M range was 11.6% (versus -1.0% the prior year).[2]

Average asset allocation for endowment funds of CTIS participants was 37% equities, alternatives & other and 63% fixed income & cash, while the NACUBO institutions invested only 12% in fixed income and cash and the remainder in alternatives, equities, and other.

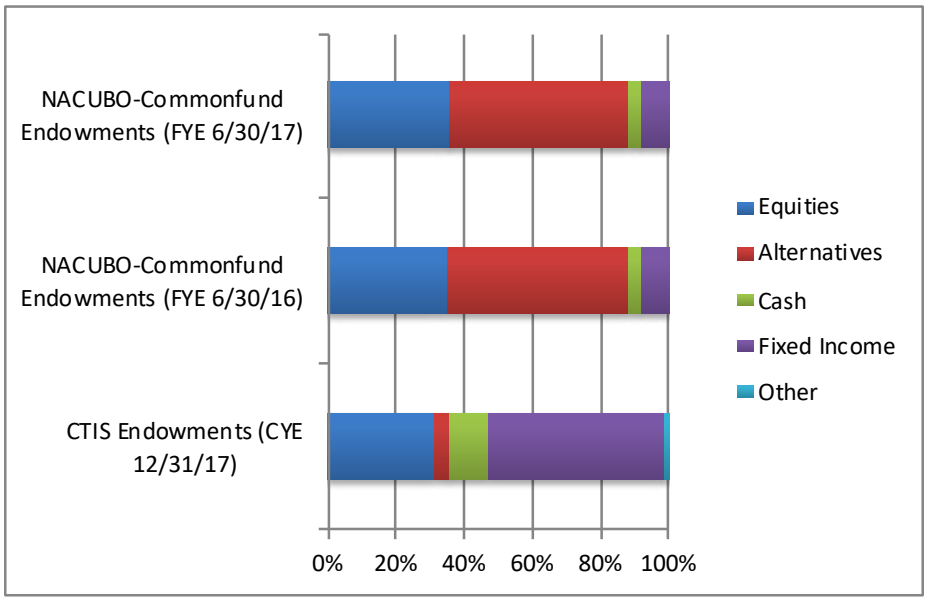
Photo contributed by Pete Oxford, Protected Area Trust, Guyana

Photo contributed by Margaret von Saenger, Natura Panama

Photo contributed by Charles Besancon

[2] *2017 NACUBO-Commonfund Study of Endowments (NCSE). www.nacubo.org*

GRAPH 2: CTIS 2017 ASSET ALLOCATION VS. NACUBO-COMMONFUND ENDOWMENTS



On a historical basis, three-year average CTF nominal returns for the period ending in 2017 were 4.7%, and the five-year average returns were 5.4%.

Thirty-three (33) CTFs participated in the study this year, including one CTF participating for the first time. The participating CTFs represent conservation efforts in 36 countries, on six continents, and range from small endowments protecting a single species in a specific ecosystem, to large national or regional institutions funding conservation efforts, supporting protected areas and conserving biodiversity throughout an entire country or for a transnational ecosystem or protected area. And, new this year is the addition of a global fund supporting conservation efforts around the world.

The 2017 CTIS study continues the comparative analysis by region. In 2017, the groupings generally reflect the three existing CTF networks: RedLAC in Latin America and the Caribbean, CAFÉ in Africa, and APNET in the Asia-Pacific region. However, not all participants in these regions are members of a network. Such regional analyses are possible due to the strong participation rates in each of these regions. In addition, three CTFs participate from Europe/Eastern Europe.

With funding from USAID, FFEM and MAVA through the CFA, and in collaboration with RedLAC and CAFÉ, WCS and the CFA have worked to expand, providing technical assistance and educational support to the CTFs and other CTIS audience members, building on the experience and success of the CTIS. The focus in 2017 has been on rolling out in-person investment management workshops for Trustees/Directors and senior staff of Conservation Trust Funds to help build knowledge and capacity in understanding investments as part of an effort to make this study more relevant and useable for CTFs. A longer-term project is to develop online modules, which will be made available to the CTF community.

Photo contributed by Zdenka Piskulich, Asociación Costa Rica por Siempre

Photo contributed by Pete Oxford, Protected Area Trust, Guyana

Photo contributed by Charles Besancon

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INTRODUCTION

Photo contributed by Foto Natura, Seychelles Islands Foundation

BACKGROUND

Conservation Trust Funds provide long term financing for management of protected areas, biodiversity conservation projects and sustainable development. The significant majority of the CTFs participating in this study are managed as private organizations, independent of government. They are generally capitalized by grants from donor agencies, governments, foundations, nonprofit organizations, individuals and corporations.

Since the establishment of the first CTF in the early 1990s, Conservation Trust Funds have proven to be highly successful in providing stable funding sources by effectively managing income from investments and leveraging those monies to secure grants and other funds for conservation projects, thus helping to conserve important biodiversity worldwide. As of this writing over 100 Conservation Trust Funds have been established or are in active stages of formation; most are still active while a few have wound down and closed or been absorbed into another institution. CTFs exist in Africa, Latin America and the Caribbean, Asia and the Pacific, and Eastern Europe, building on the structure and functional example of the early CTFs. Many of these CTFs have surpassed or are nearing two decades of continuous and successful operations and readily demonstrate the effectiveness of the CTF model. Recent years have seen growth in the number of regional Trust Funds, established to support protected areas or conservation goals that cross national boundaries, as well as the establishment of the Blue Action Fund, a global conservation trust fund focused on marine conservation. The regional networks (RedLAC, CAFÉ and APNET) offer opportunities for knowledge sharing, and several more focused partnerships among a smaller number of CTFs with shared interests have been formed to achieve investment, resource mobilization or programmatic goals.

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

Conservation Trust Funds have used the income from endowment and sinking fund investments to support their administrative and operational needs, and provide grant financing for activities and projects that are consistent with their mission and objectives. Moreover, the CTFs have leveraged their finance and administrative capability to catalyze additional funding for projects, through traditional fundraising as well as the use of innovative financing mechanisms. While most CTFs were originally established to provide a source of reliable funding for the operating costs of managing protected areas, many

have become significant national institutions, with multiple effective mechanisms to

- Manage and disburse funds to support a variety of conservation activities;
- Bridge local knowledge and conservation needs at a country or regional level with funding from international organizations;
- Provide stable management of protected areas through periods of economic or political volatility;
- Provide funding for indigenous communities and sustainable income development projects;
- Initiate partnerships with the private sector to support sustainable business practices and to create innovative funding sources for conservation projects;
- Manage funds from Payments for Ecosystem Service (PES) schemes and other similar sources;
- Initiate long-term programs that provide sustainable payments beyond what is normal for short or medium term projects, for improved land management in support of biodiversity conservation;
- Provide permanence and stability to long-term conservation efforts; and
- Operate as advocates at national and regional levels for conservation actions, financing, and policies that support biodiversity

Photo contributed by Foto Natura, Seychelles Islands Foundation

Furthermore, while they are usually structured as independent legal entities, CTFs operate as collaborative partners with national governments, working to achieve national objectives under the Convention for Biological Diversity, the UN Sustainable Development Goals, the UN Framework Convention on Climate Change and other international conventions as well as national objectives.

This CTIS study is designed to provide information that can assist established CTFs in analyzing their investment strategies and to create a foundation upon which new or nascent CTFs can learn from the experience of others. In last year's study we have added a framework that CTF leaders can use to compare their CTF's investment performance to that of peers; this framework appears on page 19.

Photo contributed by Pete Oxford, Protected Area Trust, Guyana

OBJECTIVES

The main objective of this study is to report on the performance and present the investment strategies and approaches implemented by participating Conservation Trust Funds. A secondary objective is to serve as an educational vehicle to promote discussion about investment management approaches and concepts.

This report will focus on the following financial information gathered through surveys of each participating CTF:

- Demographics of the participating CTFs
- Investment returns
- Diversification strategies including asset and currency allocation
- Investment policies and management
- Use of investment professionals and typical fee structures

Photo contributed by Charles Besancon

METHODOLOGY

Photo contributed by Mirjam de Koning, Prespa Ohrid Nature Trust

SURVEY FORMAT, ORIGINATION

This report is designed to gather and present investment information from privately directed Conservation Trust Funds (CTFs) that manage endowments, sinking funds or revolving funds with the mandate to provide long-term financing for conservation and sustainable development. Creation of the CTIS drew on the experience of the Commonfund-National Association of College and University Business Officers (NACUBO) annual survey of the performance of US college and university endowments.

DATA COLLECTION

The survey for the calendar year ending December 31, 2017 was administered in two parts and emailed to all participating CTFs. Part 1, covering investment strategy and policy, was made available in MS Word as well as in an online (web-based) format. Part 2, covering investment returns, portfolio allocation and fees, was made available in MS Excel. The questionnaires were available in English, Spanish and French. The CTFs were encouraged, where practicable, to ask their external investment management professional to complete Part 2 of the survey. The CTIS Project Manager distributed the surveys directly to CTFs as well as through the Latin American and Caribbean Network of Environmental Funds (RedLAC) Secretariat, and the Consortium of African Funds for the Environment (CAFÉ) Secretariat. In total, direct requests for participation were sent to 56 organizations.

Photo contributed by Linda Sada

DATA INCLUSION

A total of 33 organizations completed all or part of the survey. Thirty-two (32) completed Part 1, Strategic Management and 30 completed Part 2, Financial Data. Responses to some questions have been removed at the discretion of the authors, where a response was incomplete or, in the authors' judgment, the response did not make sense in the context of the question asked.

CONFIDENTIALITY

The CTIS project is committed to maintaining the confidentiality of each participating CTF's data submissions in the published report. Contact information for each of the

participating CTFs is provided; however, all financial data are reported anonymously and we have taken steps to ensure that data cannot be tied to specific funds in the published study. The survey instrument provided the option for respondents to opt-in to a voluntary sharing of data with peers. Those respondents who elected to do so can have access to the data of the other CTFs that have given similar permission; this data access will be limited to the specific years in which they have opted-in. Those CTFs that declined to participate in this data sharing opportunity are included in this study; however their data will not be made available for peer comparison. Of the 33 survey respondents, 30 have elected to participate in the data sharing for 2017; three declined to participate.

FISCAL YEAR

All data and reporting are based on the calendar year 2017 ending December 31st unless noted.

RETURNS

All performance data (returns) are reported net of management fees and expenses. All returns are reported to the CTIS in the currency in which the CTF measures the fund's performance; when a portfolio contains returns in multiple currencies, the authors have converted to US dollars to report the weighted average return for the portfolio.

STATISTICAL VARIANTS

Survey participants were encouraged to answer as many of the questions as possible; however, not all respondents completed all questions. Therefore, the data tables in this report do not necessarily reflect a response from every participant. We indicate the number of respondents for a given table or graph with "n=" wherever possible.

ACCURACY

The data and conclusions in this report rely on information that is self-reported by the staff of Conservation Trust Funds and, where applicable, by the external investment management professionals hired by the CTFs and duly authorized to report financial data to the CTIS project on behalf of the participating CTFs. The authors have not independently verified the accuracy of the data submitted by the participants.

The Glossary has been developed to improve accuracy by ensuring that all participants are using the same terminology; it accompanies the CTIS questionnaire as a reference. The contents of the Glossary have been developed in partnership with the authors of the "Practice Standards for Conservation Trust Funds" to ensure consistency across projects and with other documentation and studies prepared by the Conservation Finance Alliance (CFA).

AVERAGE RETURNS

Following procedures used in the Commonfund-NACUBO study, average return values provided in this report are calculated as equal-weighted averages, meaning that each reporting CTF has an equal influence on the outcome of the average calculation, regardless of the size of the investments. This allows each individual CTF to compare its returns to those of other CTFs participating in this study. Organizational returns are based on the weighted average of returns for all funds reported by an institution. Fund returns reflect the returns reported by the CTF for a specific fund. Three- and five-year averages are calculated as compound returns.

Photo contributed by Charles Besancon

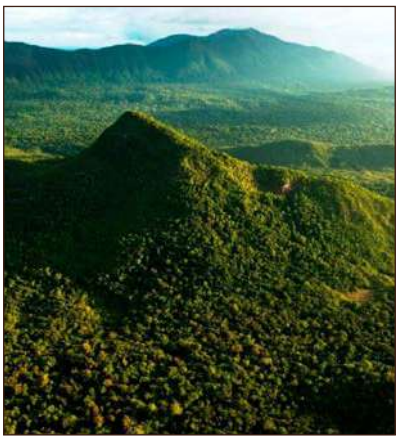

Photo contributed by Pete Oxford, Protected Area Trust, Guyana

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PARTICIPANTS

Photo contributed by Zdenka Piskulich, Asociación Costa Rica por Siempre

Conservation Trust Funds participating in this study manage endowments, sinking funds and revolving funds. Most of the CTFs are established as private foundations or trusts; many are established as Non-Governmental Organizations (NGOs) or have been incorporated as not-for-profit Limited Liability Corporations (LLCs) governed by charity or trust law. The CTFs are generally established in the country where they operate and are managed by a board of directors with members from both the public and private sectors. In some cases, the CTFs have been incorporated in third-party countries due to legal or financial constraints or administrative necessity; this is frequently also the case for regional CTFs supporting conservation work in multiple countries. The CTFs range from highly focused organizations that manage a single fund to support one protected area or species, to sizeable nonprofit organizations that manage and invest numerous funds on behalf of varied conservation objectives.

Thirty-three (33) CTFs participated in the CTIS study this year. Thirty-two (32) participated in Part 1 (organizational & strategic data) and 30 provided financial returns and portfolio allocations. In many cases, those that did not provide financial returns have recently begun investing or are still in the process of investing, and did not have returns to report.

In aggregate, this year's participating CTFs manage over $856 million USD. The CTFs manage endowments and sinking funds ranging from less than $1M (US equivalent) to nearly $140M.

Among those respondents that provided asset values, five have aggregate investments in excess of $50M (USD), 8 have investments between $20M and $50M, five have investments between $10M and $20M, and 12 have investments totaling less than $10M, as of December 31st, 2017.

African CTFs constituted 37% of the respondents. Latin American and Caribbean CTFs constituted 33% of the respondents; 21% came from Asia/Pacific CTFs and 9% came from Europe/Eastern Europe (see Graph 3).

Photo contributed by Lorenzo Rosensweig, Fondo Mexicano para la Conservación de la Naturaleza

GRAPH 3: PARTICIPANT DEMOGRAPHICS

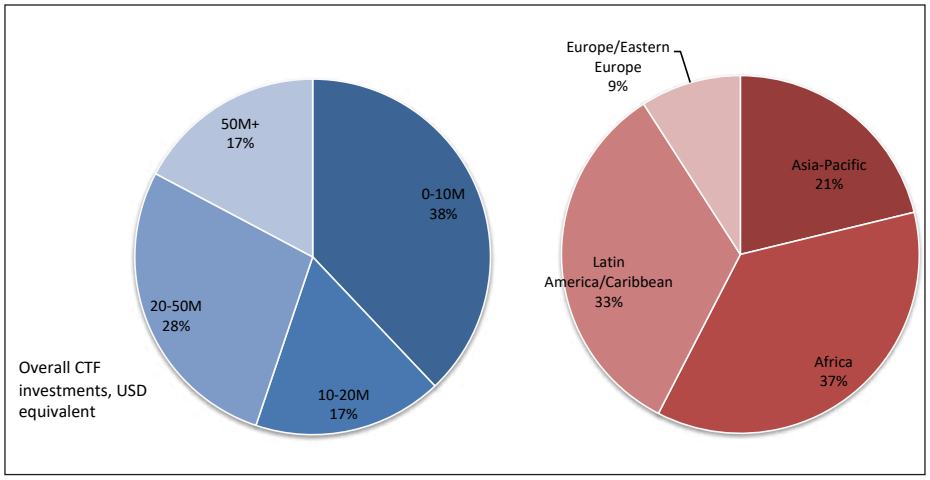


Photo contributed by Pete Oxford, Protected Area Trust, Guyana

ENDOWMENT AND SINKING FUNDS

The CTFs analyzed in this report manage endowment funds, sinking funds, or both.

An **Endowment fund** is a *sum of money that is intended to exist in perpetuity or preserve its capital over a long-term timeframe; an endowment's capital is invested with a long-term horizon and normally only the resulting investment income is spent, in order to finance particular grants and activities.*

A **sinking fund** is defined a *pool of monies that will spend down its capital within a designated period of time (e.g. 10, 20, 30 years). The entire principal and investment income is disbursed over a fairly long period (typically 10 to 20 years) until it is completely spent and thus sinks to zero.*

Both result in stable funding sources with long-term benefits, though endowments, as a more permanent funding source, can create additional benefits, including the ability to support ongoing activities over a longer period of time, to enhance community buy-in, to create payment systems that provide longer-term incentives for conservation results, and to form government and private partnerships. In some cases, a CTF can set up a sinking fund in tandem with a new endowment in order to provide the CTF with a source of guaranteed revenue for several years, while allowing the endowment to reinvest its returns to build a larger capital base. Typically, the expectation is that endowments will preserve purchasing power over time, meaning that at minimum they generate sufficient returns to keep pace with inflation. This ensures that future generations will enjoy the same economic benefits from the endowment as the current generation; this is known as "intergenerational equity." There is also an expectation that sinking funds, particularly when they are set up for 20-30 years, will be invested such that economic value (and therefore the ability to support conservation activities) is not lost to inflation.

Twenty (20) of the participating CTFs manage a single endowment or sinking fund, and 10 manage two or more funds. In total, the 33 participating CTFs are managing 59 investable funds; 45 of these are endowments, 13 are sinking funds, and one was reported as combined data. In addition, one of the CTFs reported that they manage two revolving funds.

It is worthwhile to note that the responding CTFs were asked to report their data in alignment with the definitions above, and for the most part seem to have

Photo contributed by Charles Besancon

Photo contributed by Charles Besancon

done so. In some cases, the responding CTFs may have, for reporting purposes, combined multiple endowments or sinking funds that are co-invested under the same investment guidelines, or, alternatively, parsed one endowment into multiple investment portfolios. This produces a small degree of confusion in the data, but the overall effect is minimal and the important distinction here, for analysis purposes, is that the data are clearly distinguished as "endowment" or "sinking fund" as this is vital for comparability. Strengthening the consistency of the data reporting remains an opportunity for continual improvement.

Photo contributed by Venkat Iyer, WCS

AREA AND AGE OF PARTICIPANTS

This report has compiled data from 33 responding CTFs. Ten (10) of these respondents have participated in the study in every year since 2006, providing the opportunity to analyze investment data over multiple years. Each year, new CTFs join the study (one this year), many of them newly established CTFs that have just begun investing. While CTFs rarely drop out of the study permanently, some do decline to participate in a given year due to time constraints or other issues.

The responding organizations range in age from two to 25 years since formation, with an average age of 14 years.

Africa

Twelve (12) African Conservation Trust Funds completed the survey this year; most of them are members of the Consortium of African Environmental Funds (CAFÉ). On average, the African CTFs participating in the survey are 14 years old, and those that provided financial data have average investments of $22.7M (USD equivalent).

Photo contributed by Foto Natura, Seychelles Islands Foundation

Latin America and Caribbean

Eleven (11) CTFs from the Latin America and Caribbean region completed the survey this year; all of these CTFs are members of the RedLAC network. On average, the Latin American/Caribbean CTFs participating in the study are 16 years old and those that provided financial data have average investments of $40.4M (USD equivalent).

Asia-Pacific

Seven (7) CTFs in Asia and the Pacific participated in the CTIS this year. On average, the Asia/Pacific CTFs participating in the study are 16 years old and those providing financial data have average investments of $16.4M (USD equivalent). In 2017, six (6) CTFs in the Asia/Pacific region formally established the Asia-Pacific Conservation Trust Fund Network (APNET) for the purposes of sharing knowledge and ideas.

Eastern Europe

There are currently three (3) participating CTFs registered in Europe. Two of these are operating in Eastern Europe/Central Asia, the Caucasus Nature Fund and the Prespa Ohrid Nature Trust (PONT). The third, the Blue Action Fund, is a global fund. Because there are only three (3) CTFs we do not break out this region for separate analysis; data from CNF, PONT and Blue Action Fund are included in all aggregate analyses.

Photo contributed by Pete Oxford, Protected Area Trust, Guyana

RESULTS AND ANALYSIS

Photo contributed by Lorenzo Rosensweig, Fondo Mexicano para la Conservación de la Naturaleza

An Approach to Comparisons and Benchmarking

The CTFs participating in this study are diverse – it is hard to find any two that share many characteristics, much less enough to construct a meaningful peer group of similar CTFs. Currencies, use of domestic vs global portfolios, and other factors create significant variability among respondents. Making comparisons requires a degree of sleuthing. We report the return data on multiple dimensions, and we encourage readers to use multiple data points to compare their CTF to others.

The following triangulation steps may be helpful in benchmarking your CTF to others:

1. Your CTF's overall organizational return is a weighted average of all returns reported for all of your funds. Compare it to the range of returns in Graph 5. Are you near the middle? High? Low? How do your returns compare to external benchmarks?
2. Use Table 1 to see how you compare to CTFs of a similar size
3. Look specifically at returns by fund type (endowment and sinking fund) in Graph 6 and Table 2. Are your returns within the interquartile range?
4. Using Table 4, compare how your endowment and/or sinking fund returns compare to others in the same region
5. Calculate your real return ((1+%nominal return) ÷ (1+%inflation), minus 1)[3]
6. Use Table 5 to compare your nominal and real returns to those investing in the same currency.
7. Using Graph 7 and Table 5, compare your real returns to the reported ranges. Does your positioning change?

OVERALL ORGANIZATIONAL RATES OF RETURN (NOMINAL)

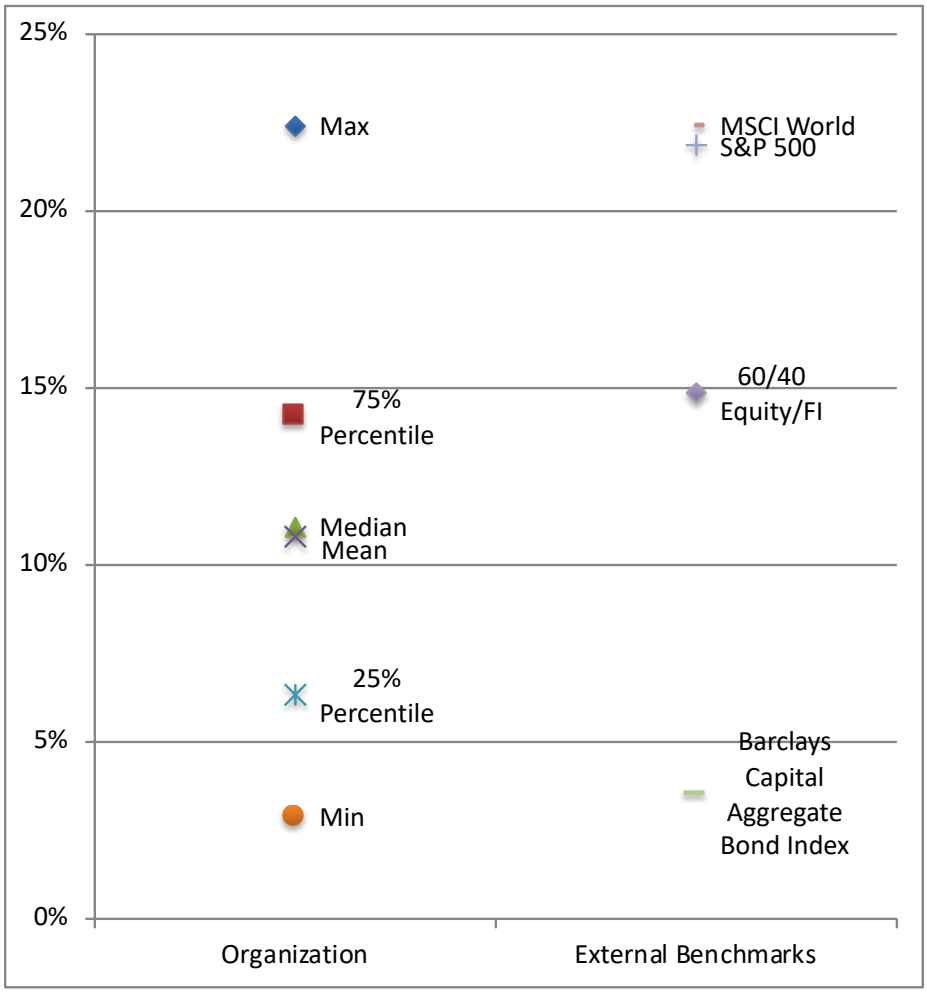
Organizational returns are the weighted average returns for all funds managed by a CTF. Nominal returns are the face-value returns that do not take inflation into account. Nominal organizational returns for 2017 were fairly high. The average was 10.4% and median was 11%. Organizational returns of 14 CTFs fell in the interquartile range between the 25th percentile of 6.06% and the 75% percentile of 14.11%; the close clustering around the mean and median values and the relatively small interquartile range suggests that while there is a wide range from minimum to maximum, the bulk of the returns are actually closely grouped.

It is important to note that these are nominal returns, not adjusted for inflation, and that they include a large number of funds invested in domestic currency fixed income where high returns may reflect a higher risk premium.

Photo contributed by Charles Besancon

[3] *A select list of inflation data, as reported by the International Monetary Fund, is included in the Annex.*

GRAPH 4: NOMINAL ORGANIZATIONAL RETURNS



In this year's data it appears that the largest CTFs also had the highest nominal organizational returns, on average, as shown in Table 1. While this may be due to access to better investment vehicles due to size, the CTFs in the $50M+ group had, on average, 30% of their portfolio in equities, typically global, which showed strong returns in 2017 and may have helped to drive those returns upwards.

TABLE 1: AVERAGE ORGANIZATIONAL RETURNS BY SIZE

Size (USD Equivalent) (n=35)	Avg. Org. Returns
0-10M	8.5%
10-20M	6.5%
20-50	7.8%
50M+	12.2%
Overall	8.2%

ENDOWMENT AND SINKING FUND INVESTMENT PERFORMANCE

Endowment and sinking fund returns, on a nominal basis, were relatively close to one another this year. Endowments had an average nominal return of 8.6% and a median return of 7.4%, compared to Sinking Fund average returns of 6.7% and median returns of 5.4% (Graph 6). In general, relative to Endowments, the Sinking Funds tend to be invested more heavily in fixed income products, and therefore did not get quite the same bump from equity returns as Endowments in 2017.

Photo contributed by Lorenzo Rosensweig, Fondo Mexicano para la Conservación de la Naturaleza

Photo contributed by Zdenka Piskulich, Asociación Costa Rica por Siempre

Photo contributed by Pete Oxford, Protected Area Trust, Guyana

GRAPH 5: NOMINAL ENDOWMENT AND SINKING FUND RETURNS

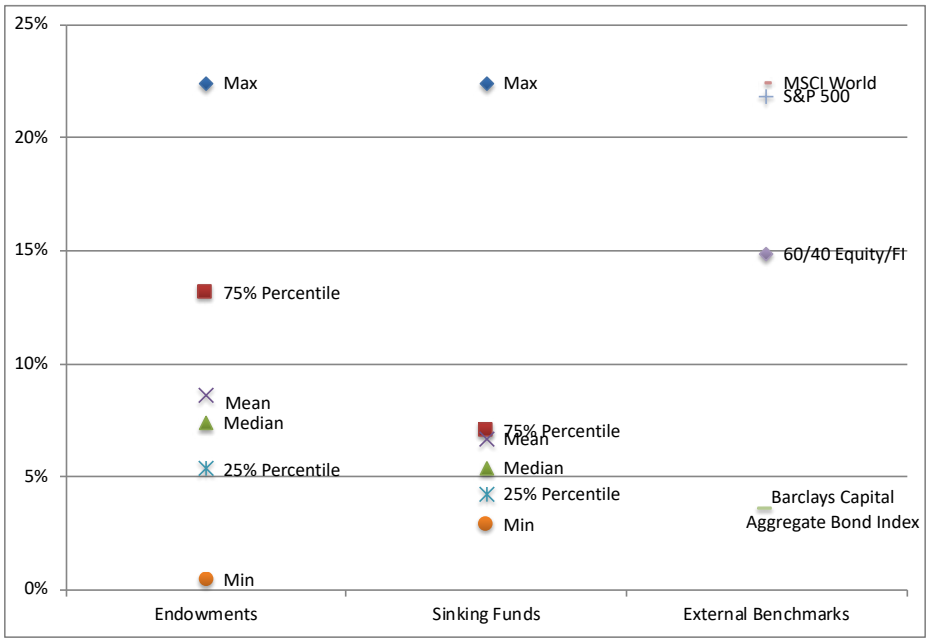


Photo contributed by Zdenka Piskulich, Asociación Costa Rica por Siempre

TABLE 2: ENDOWMENT VS SINKING FUNDS, NOMINAL RETURNS OVER TIME

	2015		2016		2017	
	Mean	Median	Mean	Median	Mean	Median
Endowment	-0.80%	-2.30%	5.32%	5.25%	8.6%	7.4%
Sinking Funds	3.85%	4.73%	7.08%	6.22%	6.7%	5.4%

BENCHMARKS & TARGETS

The responding CTFs manage a total of 60 funds: 46 endowments, 13 sinking funds, and one reporting combined data. Of these, 27 of these funds measure performance based on a target rate of return, i.e. an absolute benchmark, and 45 funds measure performance using relative benchmarks (note that some funds are counted twice as they use both targets and benchmarks to measure performance).

For those CTFs that established a target return to measure performance, the average nominal target was 7.43%. Twenty-three (23) funds provided us with both targets and actual return data; of these, 18 funds (78%) met or exceeded their 2017 targets, and five (22%) underperformed their targets.

As investment conditions or spending expectations change, CTFs may adjust their target returns up or down from one year to the next. Table 3 shows reported changes in the target returns.

Photo contributed by Mirjam De Koning, Prespa Ohrid Nature Trust

TABLE 3: CHANGES TO TARGET RETURNS

	2016 to 2017 (n=23)	2017 to 2018 (expected) (n=21)
% of CTFs that INCREASED the target returns	17.4%	4.8%
% of CTFs that DECREASED the target returns	21.7%	28.6%
% of CTFs reporting NO CHANGE in target returns	60.9%	66.7%

Forty-eight (48) of the funds measure performance using external benchmarks, typically a Forty (40) of the funds measure performance using external benchmarks, typically a publicly reported index. The benchmarks are generally selected to align with a particular segment of the portfolio; for example, the S&P 500 may be used to measure performance of US stocks, whereas the Barclays Capital US Aggregate Bond Index may be used to measure the performance of the fixed income portion of the portfolio. For portfolios invested in domestic equity markets, an index of that country's stock market is typically used.

The most commonly used general (non-domestic) benchmarks are (2017 returns in parentheses, where available):

Equity Total Return (i.e. includes dividends)

- MSCI World in USD (despite the name this index only includes developed markets) (22.4%)
- MSCI World in Euro
- S&P 500, measuring US stocks only (21.8%)
- MSCI All Countries World Index (ACWI), both including and excluding US
- MSCI EAFE (Europe, Australasia and Far East)
- MSCI Emerging Markets in USD
- MSCI Europe
- MSCI Japan
- MSCI Pacific ex Japan
- MSCI World Index, Excluding US
- MSCI World Small Cap Index
- MSCI World Minimum Volatility Index
- MSCI World Quality Index
- Russell 1000
- Russell 2500
- Russell 3000

Fixed Income

- Barclays Capital US Aggregate Bond Index (3.5%)
- Citigroup World Government Bond Index, excluding US, All Maturities
- Barclays Corporate High Yield Index
- Barclays Multiverse
- Barclays US Corporate
- Barclays US Treasury
- J P Morgan Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified (Latam)
- J P Morgan Emerging Markets Bond Index Global (EMBIG) Diversified
- J P Morgan Global Government Bond Index
- LIBOR (various time periods)
- US Treasury (various time periods)

Alternative Strategies

- National Association of Real Estate Investment Trusts (NAREIT) Index
- GS Commodity

In calendar year 2017, one of the participating CTFs reported nominal organizational returns that exceeded both the S&P 500 and the MSCI World; notably, though, that CTF is invested domestically in a country with high inflation in 2017, and its real (after inflation) return is a more modest 9.8%. Twenty-six (26) CTFs reported nominal organizational returns that exceeded the Barclays Capital US Aggregate Bond Index (BCABI).

Six (6) CTFs reported nominal organizational returns that exceeded a hypothetical portfolio

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consisting of 60% developed markets equity (measured by the MSCI World Index) and 40% US fixed income (measured by the BCABI). The returns of this hypothetical "indexed" portfolio would be 14.86%. This hypothetical portfolio is neither a perfect benchmark nor a recommended portfolio; it merely serves as a useful comparator.

It is important to note that the appropriate asset allocation for a CTF or a portfolio reflects a variety of needs, including but not limited to risk, liquidity, currency, and other strategic considerations. Therefore, there is no "one size fits all" optimal allocation that will work for all organizations, or that is preferable to another allocation. It is vital to determine the asset allocation that best aligns with the CTF's needs. The hypothetical benchmark portfolios provided here are for context and illustrative purposes only; they are not a recommendation.

Photo contributed by Rosa Montanez, Natura Panama

RETURNS BY REGION

Average nominal organizational returns for Africa, Asia/Pacific, and Latin America/Caribbean were 9.7%, 7.9% and 8.3%, respectively. Eastern Europe has too few data points to report separately.

Average nominal endowment returns by region ranged from 5.95% to 9.7%; average nominal sinking fund returns 7.6% in Latin America/Caribbean.

TABLE 4: AVERAGE NOMINAL ENDOWMENT AND SINKING FUND RETURNS BY TYPE AND REGION

Region	Endowment (Average Return)	Sample Size	Sinking Fund (Average Return)	Sample Size
Africa	9.7%	10		
Asia/Pacific	7.9%	10		
Latin America/Caribbean	8.7%	23	7.6%	9
Overall*	8.6%	45	7.22%	12

* Overall returns and sample size include Eastern European and Asia-Pacific Funds, which are not reported separately due to low sample size.

Photo contributed by Charles Besancon

IMPACT OF INFLATION/REAL RETURNS

All CTFs must factor inflation and currency risk into their investment decision-making. Inflation, referring to the increase in the prices of goods and services being purchased, can significantly affect the CTF's purchasing power in the country in which it operates. Investment returns must exceed inflation for the returns to produce real income to the CTF; this can be an added challenge for CTFs that invest solely or predominantly in their domestic markets inflation can be high and returns can be volatile year to year. Those CTFs that choose to invest offshore may find more investment opportunities and a less inflationary environment; however these CTFs must then monitor currency exchange rates (and/or hedge currency risk) to ensure their investment returns are preserved when converted to the domestic currency for spending. Off-shore investing may also produce a taxation issue, if appropriate tax exempt status has not been secured.

Endowments, in particular, need to consider the importance of intergenerational equity, i.e. the ability to ensure that future generations receive the same benefits from the endowment as current generations; this can only be accomplished by reinvesting returns equal to inflation on an annual basis. Some CTFs may decide, after careful analysis, that the immediate conservation needs are urgent enough to require immediate spending of all returns, rather than re-capitalizing for inflation. That does not mean that those CTFs are ignoring inflation; rather, that they are making an informed trade-off between near term

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spending needs and future spending needs.
Another reason for looking at real returns is that they can serve as a proxy, albeit an imperfect one, for risk-adjusted returns. In high inflationary environments, interest rates and investment returns have to be high enough to compensate for this risk. Again, this is not a perfect proxy, as there can be other causes of return volatility, but looking at real returns is one way to put some of the high returns from domestic investments in a larger context.

For purposes of this analysis, and in an attempt to simplify a complex topic, we will consider the relevant inflation rate for each fund to be the inflation rate (consumer prices) in the country where the fund's performance is measured, as reported by the International Monetary Fund. We asked the participating CTFs to provide information on what they used to measure inflation; to the extent possible, we use this information for our inflation analysis as well. When the information was not provided by the CTF, we compared the domestic fund returns to domestic inflation, and the returns of the funds invested in US or European markets to US or European inflation rates. This approach deliberately excludes the impact of currency exchange for offshore investments; to incorporate currency into the analysis would require too many assumptions about the timing of currency exchanges, liquidity decisions and the ability of each CTF to hedge currency risk.

Inflation rates for the reporting funds ranged from 1.1% to 15.3%, with an average of 2.59% and median of 1.40%. The nominal rate of return, adjusted for inflation, provides the real rate of return (see Glossary for formula). Thirteen (13) of 68 funds earned negative real returns in 2017. On average, incorporating inflation lowered the average returns for all reporting funds by 2.87%.

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

Photo contributed by Rosa Montanez, Natura Panama

GRAPH 6: COMPARISON OF 2017 NOMINAL AND REAL ENDOWMENT AND SINKING FUND RETURNS

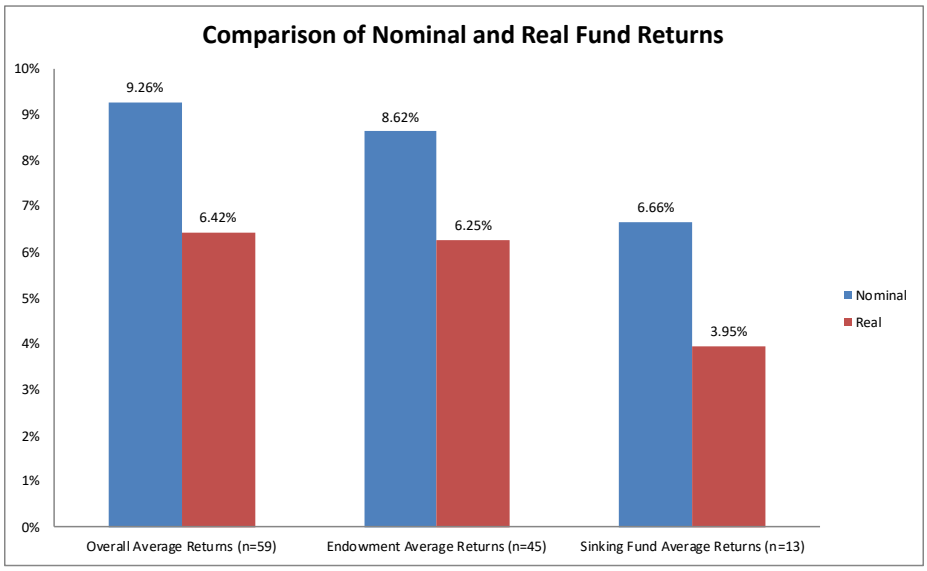


Photo contributed by Charles Besancon

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

TABLE 5: AVERAGE 2017 NOMINAL VERSUS REAL FUND RETURNS BY PRIMARY CURRENCY

Primary Currency	Average Nominal Returns	Average Rate of Inflation	Average Real Returns
Domestic (n=15)	8.25%	3.78%	4.48%
Domestic with Others (n=3)	-0.96%	3.2%	-4.16%
Euro (n=5)	6.84%	1.58%	5.26%
US Dollars (n=28)	9.44%	2.37%	7.08%
USD, with others (n=4)	14.68%	2.22%	12.46%
Mix (n=5)	5.08%	4.76%	0.32%

MULTI-YEAR RETURNS

While the data for any one year is interesting, when looking at investment results it is important to focus on multiple years of data since any one year can show unusual returns. Overall returns in 2015 were comparatively low; 2016 returns rebounded, and 2017 returns were higher yet, on average, which makes the three- and five-year averages important to consider. Multi-year data are available for 25 funds (20 endowments, 5 sinking funds) representing 24 CTFs; however four of the funds in the long-term data set did not provide data in 2017. Last year, we also took the opportunity to add to this analysis seven funds that have reported data for the last five years, and to remove four that are no longer providing data.

Photo contributed by Mirjam De Koning, Prespa Ohrid Nature Trust

Through the year 2017, the three-year average nominal return for all funds is 4.7%, and the five-year average nominal return is 5.38%. The three- and five-year averages are calculated as a compound annual growth rate. This is, effectively, the return that smooths out interim fluctuations and shows the effective return from the beginning of 2016 to the end of 2017 (for the three-year) and from the beginning of 2013 to the end of 2017 (for the five-year).

TABLE 6: THREE AND FIVE YEAR AVERAGE NOMINAL FUND RETURNS, THROUGH 2017

	Three-Year Average Return	Five-Year Average Return
Overall Average (n=25)	4.70%	5.38%
Sinking Fund Average (n=5)	4.18%	4.02%
Endowment Average (n=20)	4.83%	5.72%

With the benefit of returns data stretching back to, in many cases, 2007, we are able to see a picture of how returns have changed over time. Graph 8 illustrates the changes in the three-year average returns, for five three-year periods ending 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, and 2017.

Photo contributed by Charles Besancon

GRAPH 7: CHANGES IN THE AVERAGE THREE-YEAR RETURNS

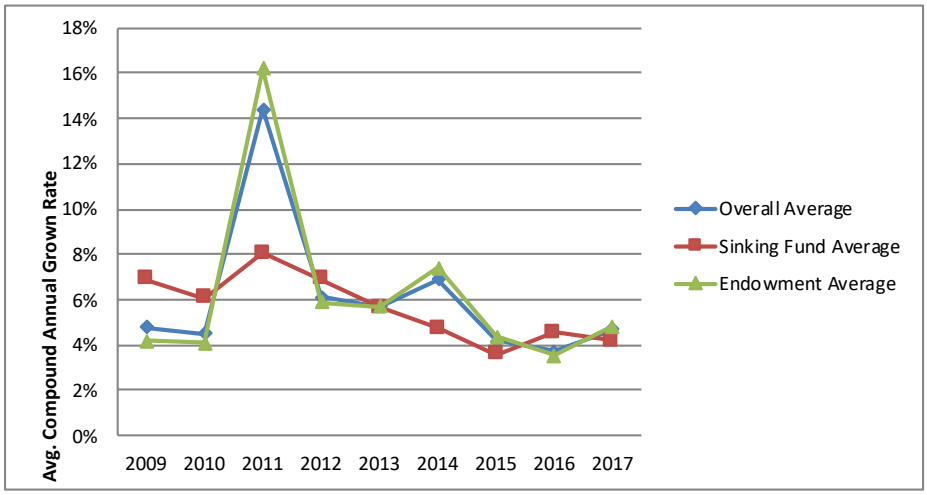


Photo contributed by Mirjam De Koning, Prespa Ohrid Nature Trust

GRAPH 8: AVERAGE ANNUAL NOMINAL RETURNS FOR MULTI-YEAR RESPONDERS, 2007-2017

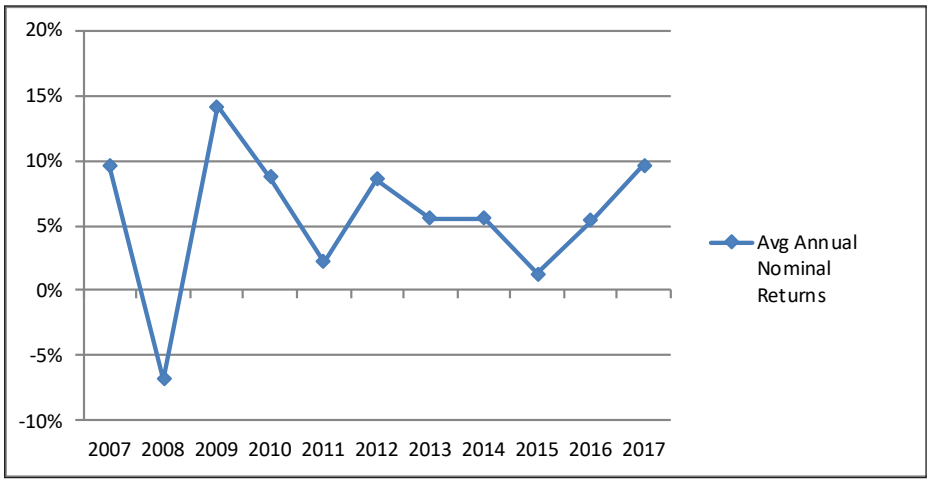


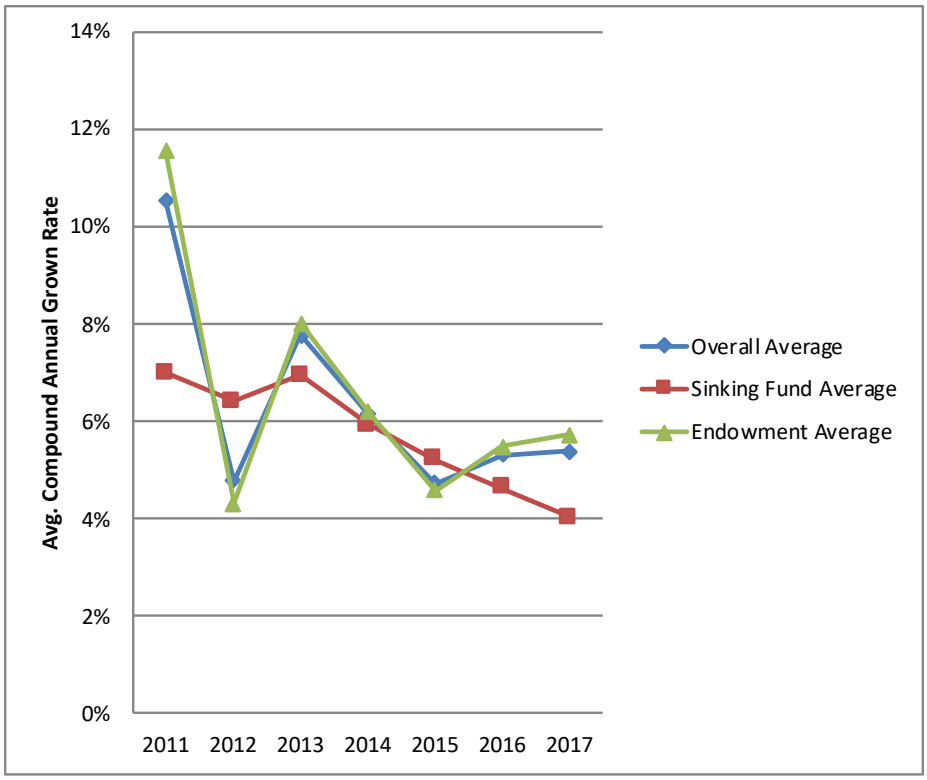
Photo contributed by Rosa Montanez, Natura Panama

TABLE 7: THREE-YEAR AVERAGE NOMINAL FUND RETURNS, OVER TIME

Three-Year Average Returns for the Period ending in	2010	2011	2012	2013	2014	2015	2016
Overall Average	4.51%	14.38%	6.12%	5.71%	6.88%	4.20%	3.74%
Sinking Fund Average	6.07%	8.05%	6.88%	5.65%	4.73%	3.60%	4.56%
Endowment Average	4.07%	16.19%	5.90%	5.72%	7.41%	4.36%	3.54%

Graph 9 provides the annual average nominal returns for the same set of 25 funds, going back to 2007 (where data are available). After a great deal of volatility from 2007-2009, we've seen relatively stable averages from 2009-2017, with an upward trend since 2015. This annual variation is smoothed out when looking at three and five-year average returns. In a forthcoming supplemental article, we will study in more detail the variation among different portfolio allocations over time, to try to identify any long-term trends in performance.

GRAPH 9: CHANGES IN THE AVERAGE FIVE-YEAR RETURNS



By 2013, the five-year average returns had dropped the generally poor market performance of 2008; a dip after 2015 has partially recovered although not fully to pre-2015 levels. Of particular note is the steady and continued decline in sinking fund average returns since 2013; sinking funds tend to be invested in fixed income instruments, and interest rates have been generally declining over that time period. While average endowment returns have generally stayed above 4%, it is important to note that these are nominal returns that do not account for inflation.

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INVESTMENT MANAGEMENT

Photo contributed by Charles Besancon

INVESTMENT STRATEGIES

In determining, and then implementing, their investment strategies, 30 (91%) of the survey respondents indicated that they have an investment policy document to guide investment decisions. Of the others, one said they do not have a policy, and two did not answer the question.

Conservation Trust Funds must balance a variety of factors in making decisions about their investment strategy. Typically, the investment policy must take into consideration a variety of factors, including

- Annual operating expenses and project funding needs (i.e. cash flow requirements)
- Long-term capital appreciation goals
- Various donor requirements and restrictions
- Economic conditions or potential for investment in domestic markets
- Size of the fund(s) and ability to access some investment vehicles
- Access to international investment opportunities, and/or legal constraints on off-shore investing
- Relevant inflation and the ability to maintain the real value of endowment funds over time
- Taxability of investment returns, where applicable

Most of the responding CTFs listed “maintaining real value of endowment” as the first investment priority, when asked to rank investment goals. Other investment priorities included growing the real value of the endowment, maintaining the nominal value of the endowment, interest and dividend income, and capital gains. Table 9 shows the number of CTFs that ranked each of the criteria as first, second or third priority.

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

TABLE 8: RANKING OF INVESTMENT PRIORITIES

Criterion	Number of CTFs Ranking First Priority*	Number of CTFs Ranking Second Priority*	Number of CTFs Ranking Third Priority*
Maintain Nominal Value of Endowment	5	9	0
Maintain Real Value of Endowment	15	3	5
Growing the Real Value of Endowment	6	3	9
Achieving a target income (interest and dividends)	5	7	7
Meet specific benchmarks	2	2	3
Achieving social or environmental impact with investments	5	1	0
Avoiding investment in specific companies or investments (negative screens)	2	1	0

* 30 CTFs responded to this question. Some CTFs ranked multiple criteria as first priority; as such, responses may exceed 30.

In addition, 85% of the responding CTFs indicated that they have a dedicated investment or finance committee focused on investment policy and oversight. The remaining CTFs indicated they do not have a formal committee or did not answer the question. Of those that have an Investment Committee and provided details (33 CTFs), the average size of the committee is five members.

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DIVERSIFICATION STRATEGIES

Managing risk in investments is generally achieved through diversification of investments. Fundamentally, diversification means holding multiple investments rather than just one. However, more broadly, there are multiple dimensions on which to diversify: asset type (e.g. equity versus fixed income versus alternatives like real estate or commodities); asset sub-type (industry, size, growth versus value); currency; location of investment; time horizon; and the underlying perceived volatility of the assets themselves.

In this report, we largely address three major areas of diversification – what type of assets, what currency are they held in, and where do they originate. In 2014, we changed the structure of the questionnaire to get at the distinction between what currency the investments were held in, and where the investments originated.

Photo contributed by Lorenzo Rosensweig, Fondo Mexicano para la Conservación de la Naturaleza

Currency

The CTFs participating in the study invest in a variety of currencies – for analysis purposes we group them according to which currencies they use to measure financial performance. Twenty-eight (28) percent of the funds measure financial performance in domestic or primarily domestic currencies, and 72% measure financial performance in foreign currencies, specifically US dollars or Euros. Fifty-four (54) percent of the funds managed by CTFs are measured in US dollar or primarily US dollar-denominated portfolios. Ten (10) percent of the funds are in Euro or primarily Euro portfolios and

28% are in exclusively or primarily domestic portfolios. Eight (8) percent of the funds are in a mix of currencies, with no single currency dominating.

GRAPH 10: PRIMARY CURRENCIES OF FUNDS

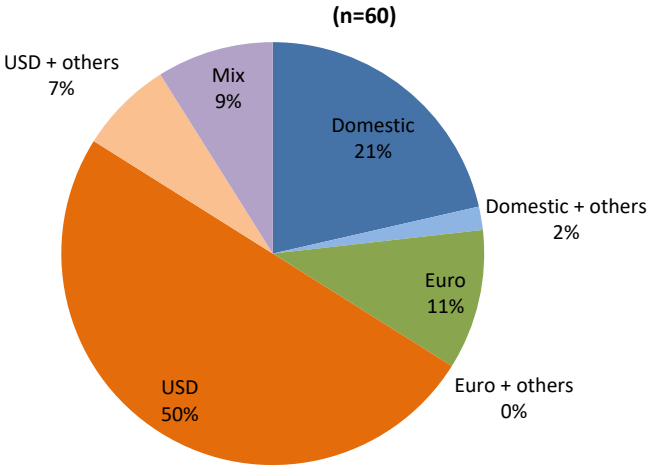

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

Asset Allocation

The CTIS questionnaire asks the CTFs to report the percentage allocation of their assets in four primary categories:

Equities, i.e. part ownership of a company. These may be further diversified by size of the company, industry, country/region of origin, and whether they are considered "growth" or "value" stocks. The CTIS questionnaire asks participants to report equity holdings by size, and by country/region of origin, as well as by the currency in which the investments are held. Most CTFs invest in diversified funds of equities, rather than individual securities

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

Fixed income (or bonds), i.e. a loan to a company or government for a specific term, at a specific interest (or "coupon") rate. Bonds are rated according to the risk of default, and the interest rate typically reflects that risk (i.e. companies or governments that are more likely to default will have to pay higher interest rates to borrow money). Fixed income investments can be diversified by type (government or corporate), country of origin, industry (if corporate), duration, rating, and other criteria. The CTIS questionnaire asks participants to report their fixed income holdings by type (national government, local government, corporate or other) and country or region of origin, as well as by the currency in which the investments are held. Fixed income strategies for participants vary: some CTFs are investing in diversified bond portfolios, while others are investing directly in individual fixed income securities such as Treasury bonds or other government products.

Cash, ie face value currency. The CTIS questionnaire asks participants to report their cash holdings by the currency in which it is held

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Alternatives are a broad group of assets encompassing a number of investment strategies and vehicles that are not, strictly speaking, either equities or fixed income. Examples of alternatives reported by CTFs include real estate (real property, either as direct holdings or in real estate funds), commodities (typically in funds), hedge funds, and private equity. The CTIS questionnaire asks respondents to indicate the percentage of their portfolios allocated to any of these strategies (or others), by country/region of origin and by the currency in which the investments are held.

Overall, the responding CTFs tended to weight their investments toward fixed income. Endowment funds relied on a more balanced portfolio, while sinking funds tended to

concentrate in fixed income. When combined, cash plus fixed income represent 67% of the overall average asset allocation, 64% of the average endowment allocation and 83% of the average sinking fund allocation.

By contrast, the average asset allocation in the 2016 NACUBO study for North American college and university endowments was only 12% fixed income and short-term securities & cash, with the remainder in alternative strategies, equities, and other. This is illustrated in Graph 11.

Photo contributed by Zdenka Piskulich, Asociación Costa Rica por Siempre

TABLE 9: AVERAGE ASSET ALLOCATION OF FUNDS

Asset Class	Overall Average (n=59)	Endowment Average (n=46)	Sinking Fund Average (n=13)
Equities	27.7%	30.6%	13.4%
Alternatives	3.6%	3.8%	3.3%
Cash	14.7%	11.5%	28.7%
Fixed Income	52.4%	52.1%	54.5%
Other	1.6%	2.0%	0%

GRAPH 11: CTIS 2017 ASSET ALLOCATION VS. NACUBO-COMMONFUND ENDOWMENTS

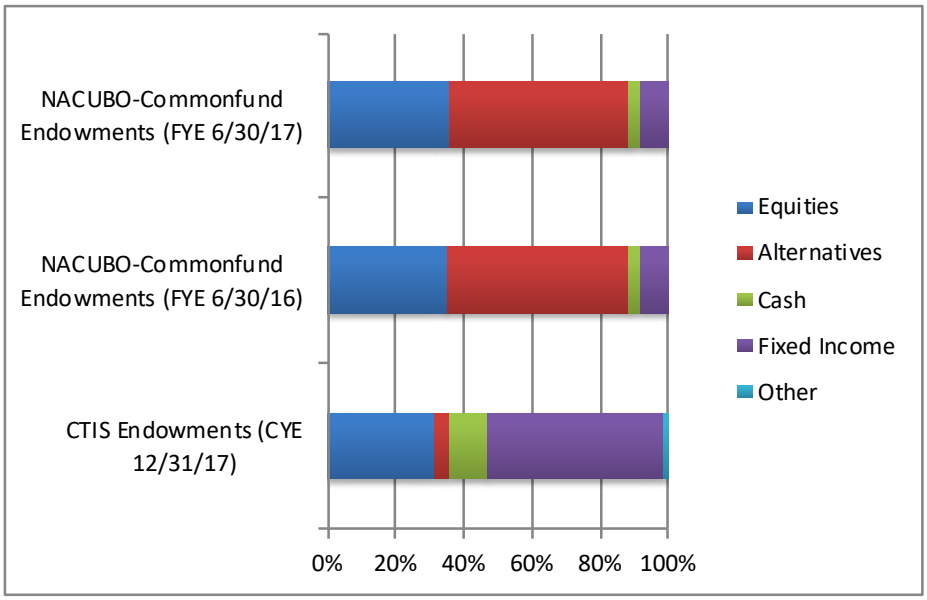
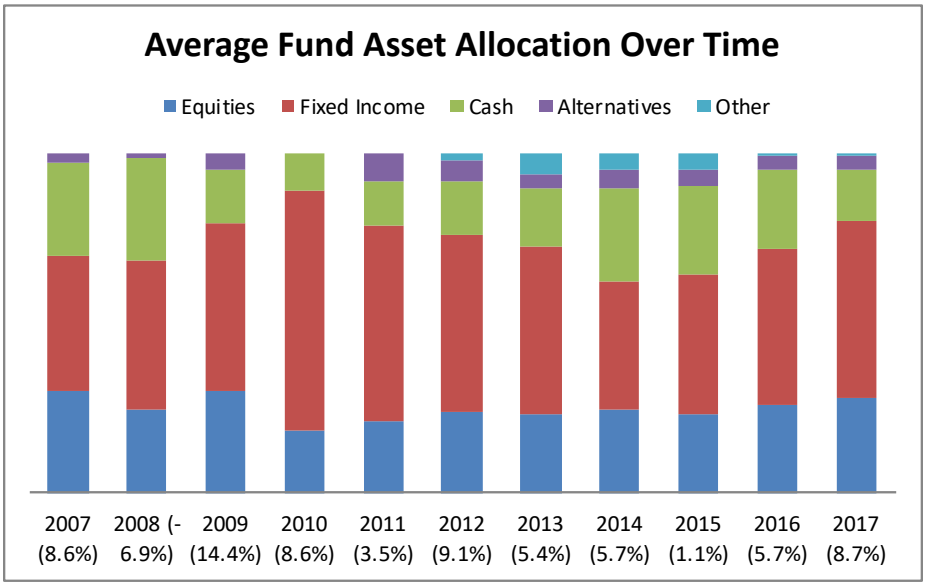


Photo contributed by Lorenzo Rosensweig, Fondo Mexicano para la Conservación de la Naturaleza

Over the last ten years, the asset allocations for the funds have ranged from 37 to 71% in Fixed Income and 18 to 30% in Equities, with as much as 30% of the average portfolio in cash. Graph 12 shows the average fund asset allocation from 2008-2017; average nominal investment returns for the funds in each year are noted in parentheses after the year. The growth in "other" reflects several types of investments used by a fraction of the CTFs that seem to defy typical asset classifications. These include preferred stock, investments considered "distressed" or "opportunistic," and subordinated debt. There is notably an increase in average fixed income and decrease in average cash allocation from 2016-2017, with very little change to the average equities.

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

GRAPH 12: AVERAGE FUND ASSET ALLOCATION OVER TIME



In addition to diversifying on asset class, investors can also diversify geographically, i.e. where the underlying assets originate. With the 2014 CTIS questionnaire, we asked for new information – specifically, in what geographies are the CTFs investing? The data in the table below sums up where the underlying invested assets are based. In other words, for example, are African CTFs investing in Latin America? Are Latin American/Caribbean CTFs investing in Asia? Note that this question is distinct from the currency in which the investments are held, which is answered in an earlier section of the report.

Photo contributed by Charles Besancon

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

GRAPH 13: LOCATION OF INVESTMENTS

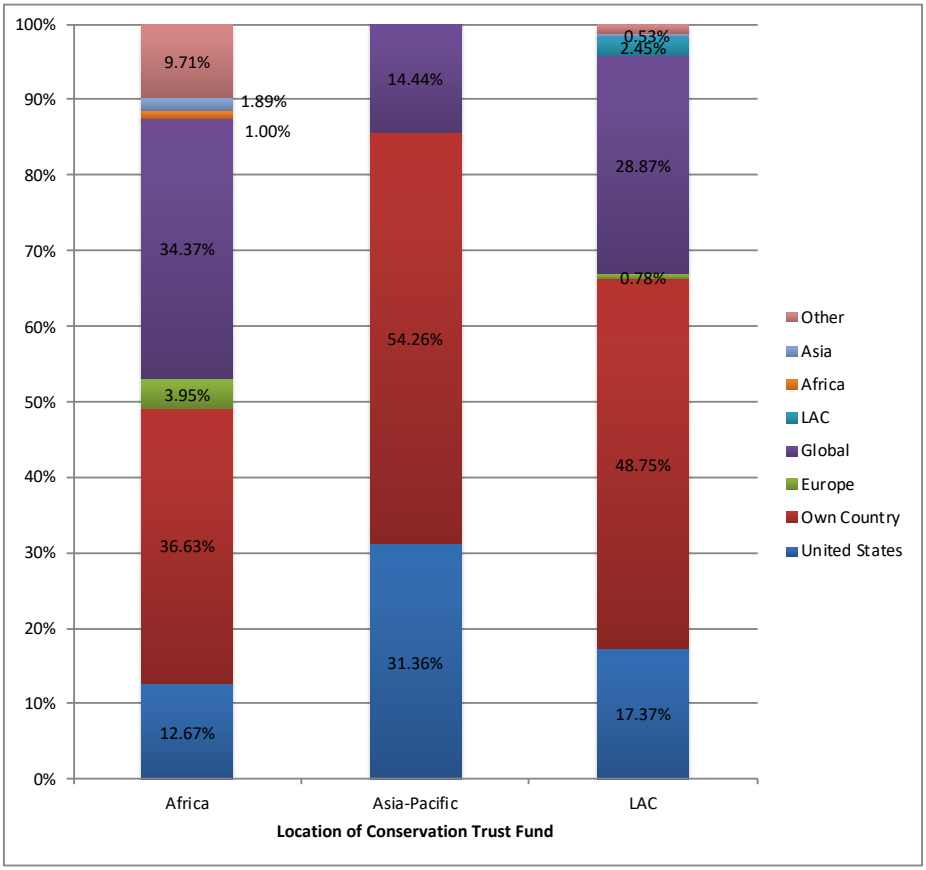


Photo contributed by Charles Besancon

* Eastern Europe does not have enough responses to break out separately. Note that for each region, the total investment allocation also includes the "Investments in Own Country" allocation for that region, e.g. Latin America/Caribbean investments would equal 42.95% (31.82% "Investments in Own Country" plus "11.13% Investments in LAC").

diversified. The Asia-Pacific CTFs, on average, are invested to a large extent in their own countries. The LAC CTFs are invested in their own countries as well as in other LAC countries, showing a regional preference. "Other," in most cases, indicated "Emerging Markets."

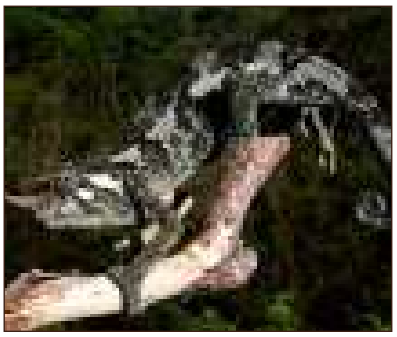


Photo contributed by Charles Besancon

Another way to look at diversification strategies is to understand how well the CTFs are diversifying on multiple dimensions. Of those 41 CTFs that provided data on asset allocation by asset class, by currency and by country/region of origin, 58% of the invested funds are well-diversified by asset class, are in a mix of currencies that includes a hard currency (usually US dollars or Euros) that is not the currency in which they make expenditures, and hold a global mix of investments. Another 32% of the funds are partially diversified, to varying degrees. These include funds that may be in a single asset class, but diversified within that asset class (e.g. holding corporate and government bonds) and invested in a global mix, or may be investing in their domestic (spending currency) but with a diversified asset mix of global investments. At the other end of the spectrum, 10% of the funds are invested in a single asset class, in both the domestic currency and in domestic investment products. The CTFs in this last category have a very high degree of risk exposure to their own countries' economies, especially when considering that they also make all their expenditures locally.

Photo contributed by Zdenka Piskulich, Asociación Costa Rica por Siempre

With the 2013 survey instrument, a new question was added to better understand why CTFs choose to invest domestically versus offshore. The question provided several options, with the instruction to check all that applied. The question was asked on a fund-by-fund basis; 13 respondents provided the following answers:

TABLE 10: REASONS FOR DOMESTIC INVESTMENT

Reason	Number responding
Legal prohibitions on converting currency for off-shore investing	4
Risk tolerance (feel more confident with domestic investments)	5
Do not have the experience/expertise/contacts to invest off-shore	0
Time horizon for investing and spending makes currency conversion impractical (sinking funds only)	0
Other	6

The six "Other" responses fell into three general categories:

- The fund has an off-shore counterpart, and is therefore the domestic component of a diversification strategy
- Domestic-only investment is specified in the fund's founding documents, investment policy or other governing documents; however, further rationale for why this is the case was not provided
- Preference for use of instruments only available domestically

Photo contributed by Zdenka Piskulich, Asociación Costa Rica por Siempre

INVESTMENT SERVICES

Types of Providers

In 2014 we revised our approach to this topic – rather than just asking which types of outside service providers the CTFs used, we modified the structure of the questions to better understand the types of functions that fall into investment management, whether CTFs handle these functions internally or outsource them, and if so, where, and what types of providers are being used.

The CTFs were asked about the following investment functions:

- Investment strategy and policy, asset allocation, selection of asset managers
- Asset management, i.e., making decisions about specific investment products or securities to buy or sell, and the timing of those transactions, within a specific asset class or sub-class and within the parameters of the investment guidelines
- Brokerage services, i.e., executing specific buy/sell transactions under client direction
- Custodial services provider i.e., holding assets in safekeeping and arranging settlement of any transactions (purchases, sales, dividends, foreign exchange, etc.)
- Performance attribution and measurement, cost control, risk analysis

Photo contributed by Seychelles Islands Foundation

For each of the functions except Custodial Services, the CTFs were asked if they perform the function internally (by Board, staff and/or Investment Committee), if they perform the function partially internally and partially through outsourcing, or if they outsource the function. Custodial services are by definition outsourced.
The responses are illustrated in Graph 14.

GRAPH 14: STAFFING MODELS FOR INVESTMENT FUNCTIONS

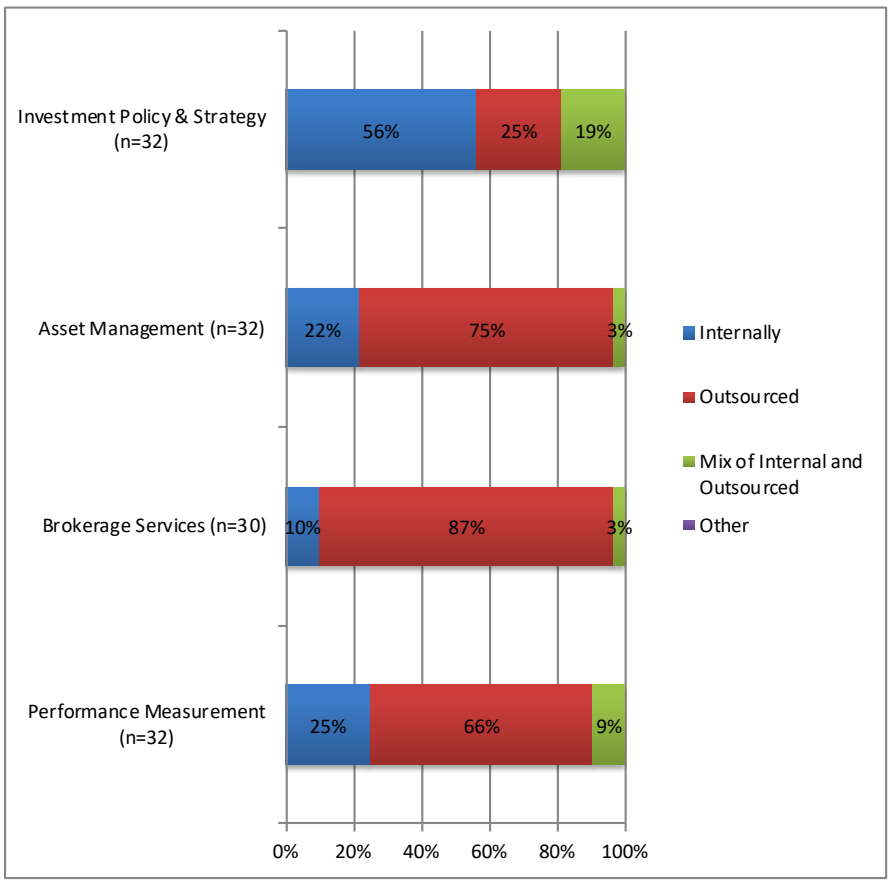
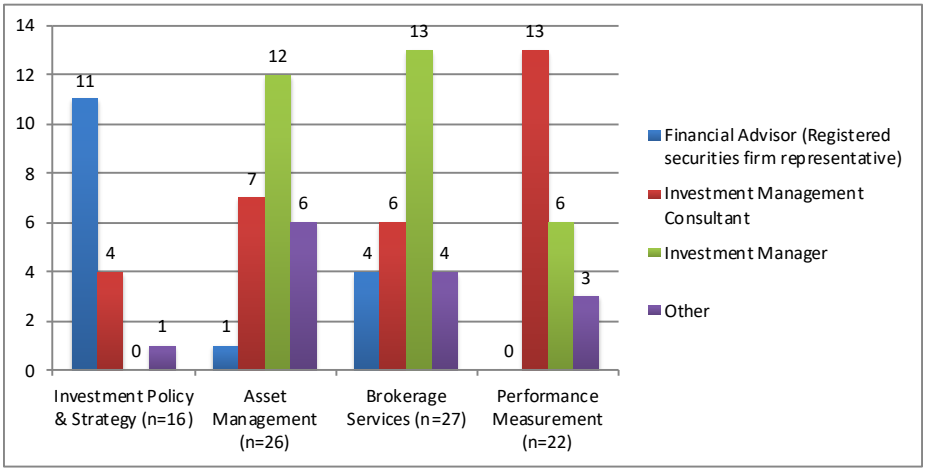


Photo contributed by Charles Besancon

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

For those CTFs that outsourced all or part of a function, the CTFs were asked what type of investment professional provided the services: Investment Management Consultant, Financial Advisors or Investment Managers (see Glossary for definitions).

GRAPH 15: TYPES OF INVESTMENT PROFESSIONALS



Typical Fees

For those CTFs using professional advisors, the typical fees average 0.55% for domestically invested funds, 0.64% for US-based advisors and 0.45% for European-based advisors. The data reported above was provided in Part 2 of the questionnaire, one that is frequently completed by investment professionals on behalf of the CTFs. We also ask the CTFs to explain the fee structures for their outside professionals in Part 1 of the questionnaire. Overall, the descriptions of fee structures were generally consistent between Part 1 and Part 2.

SPENDING RATES

As part of a comprehensive investment strategy and to enable the organization to plan for expenditures and project budgets, most CTFs develop a spending policy or spending rule to define a predictable income stream over a multi-year period. Rather than adjusting the annual budget to market fluctuations, many CTFs determine an expected rate of expenditure from the investment returns of the funds.

In developing a spending rule or spending policy, the CTF must consider its annual expenses for operating costs and grants (i.e. the operating budget) as well as its expectations for growing or maintaining the capital base of the fund, to increase capitalization or to maintain purchasing power over time relative to inflation. While some CTFs consider the spending rule on an annual basis, many look at a three- or five-year average to smooth any variability in investment returns.

Examples of actual spending rules reported by the responding CTFs include:

- 0% (CTFs seeking to build the capital base and therefore reinvesting all investment returns)
- 3.5-5% of the fund's principal
- Income from fixed income investments
- A set percentage (75-85%) of that year's returns

Among those reporting a time horizon for spending, seven CTFs use a five-year time horizon, seven use a three-year time horizon, twelve use an annual time horizon, and six use other methods.

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Photo contributed by Seychelles Islands Foundation

Photo contributed by Rosa Montanez, Natura Panama

RESOURCE MOBILIZATION

While Conservation Trust Funds frequently start out spending endowment income and sinking fund resources, usually the ultimate goal is that the organization will serve as a catalyst to attract other resources to support the conservation objectives. Indeed, some of the more established CTFs look at ways to diversify their revenue streams and have succeeded in attracting new sources of financing, while newer CTFs are developing their initial business plans to ensure a diversified revenue strategy, using multiple financing mechanisms to avoid over-reliance on any one source or type. As the CTFs have established successful public-private partnerships and demonstrated financial management capability and ability to innovate, they have often become effective catalysts for added conservation funding.

Twenty-seven (27) of the responding CTFs reported that they raised funds from sources other than investment returns in 2017. Of these, the most common sources of revenue were national governments, multilateral organizations, bilateral agreements, international NGOs, and foundations.

Of these, five used all or a portion of the newly raised funds to add to their capital base (either as endowments or sinking funds). As well, eight CTFs reported adding investment returns to their capital base.

Photo contributed by Rosa Montanez, Natura Panama

DONOR RESTRICTIONS & OTHER CONSTRAINTS

It is not uncommon for donors or the Board or investment committee to establish investment restrictions or prohibitions as part of the investment policy. Typically these constraints reflect concerns about investment risk, and are intended to prevent the CTFs from engaging in unduly risky investments. In other cases, CTFs may choose to exclude certain types of investments or industries because they do not meet social or environmental screening criteria.

Of the 31 CTFs that answered the question, 14 reported no donor-imposed restrictions. Of the 17 that indicated the existence of donor restrictions, they listed the following as representative examples:

- Requirement of a globally diversified portfolio
- Specific geographies, markets or currencies; may be a requirement for off-shore investment
- Specific asset allocation
- Specific risk restrictions, or specifications of acceptable risk ratings on investment vehicles
- Specific approved investment professionals, or required qualifications for investment professionals
- Must not invest in industries/markets that threaten the environment; other ethical investing criteria
- Conflicts of interest involving businesses owned or controlled by Board members
- Prohibitions on specific types of investments
- Donors have to approve changes in the investment policy

Some donor constraints are in effect during the initial formation of the fund, but lapse as the CTF graduates beyond the initial supervisory period by the donors. Often, the donors are part of drafting or approving the initial investment policy. In some cases, CTFs list not donor restrictions, but rather donor guidance for the investment objectives, such as:

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- Funds should be invested safely and generate high returns
- Investments should preserve purchasing power while funding annual environmental projects
- Funds should be globally diversified and generate a 5% return after inflation

Donors have also required the use of experienced professionals to manage investments.

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In addition to donor-imposed restrictions, of the 30 CTFs that answered the question, 24 indicated that their investment policies specifically prohibited certain types of investments, to ensure alignment with the mission or values of the organization, prevent negative impact to the CTF's reputation, and/or to manage portfolio risk. The following examples are representative of some excluded investments:

- Industries or investments that damage the environment, including:
    - Addressing whether companies have adequate environmental remediation or emission treatment practices
    - Trade and wildlife products regulated under CITES
    - Production or trade in or use of unbound asbestos fibers
    - Logging equipment for use in primary tropical forests that may have a significant impact on the environment
    - Mining equipment for use in primary tropical forests that may have a significant impact on the environment
    - Drift net fishing in the marine environment using nets in excess of 2.5 km in length
    - Production or trade in pharmaceuticals subject to international phase outs or bans
    - Production or trade in pesticides/herbicides subject to international phase outs or bans
    - Carbon-extractive industries
- Industries such as gambling, alcoholic beverages, tobacco, arms and military products, pornography, and nuclear energy
- Individual (non-managed) commodities and futures contracts
- Private placements
- Illiquid investments (e.g. partnerships with no exit)
- Options
- Private Non-registered limited partnerships
- Venture capital investments
- Derivatives
- Derivatives which increase portfolio risk
- Derivatives but hedging is permitted
- Short sales and margin investing
- Leveraged investments
- Private investments
- Real estate investments through real estate mutual funds
- Securities where the issuer has filed for bankruptcy
- Use of derivatives for speculative purposes
- Precious metals
- Commodities
- Equipment leasing
- Currency speculation other than normal hedging of a larger portfolio
- Mutual funds with an investment philosophy of market timing or chart reading

Photo contributed by Lorenzo Rosensweig, Fondo Mexicano para la Conservación de la Naturaleza

Photo contributed by Charles Besancon

- Emerging markets
- Hedge funds
- Any investments considered speculative by an experienced investor

Additionally, some investment policies specify

- Minimum bond ratings and allowable maturities
- Allowable currencies and/or number of currencies

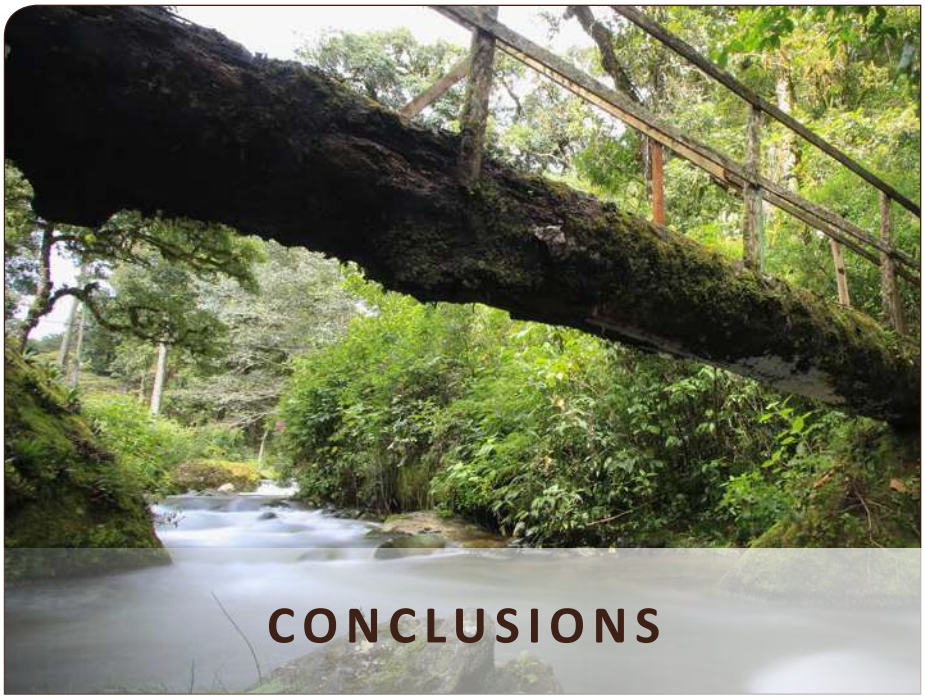
One question which bears further investigation is to understand to what extent, and via what mechanisms, the CTFs are verifying that their investments meet these requirements. While some excluded investments may be straightforward, others can be complicated to ensure without significant research on the part of the investment professionals. This is a question to be added to next year's questionnaire.

Several investment policies also make specific mention of ensuring investments follow laws of the host country, or of avoiding investments in money laundering ventures. While these statements may appear to be self-evident, there is often a value in stating them explicitly.

Photo contributed by Rosa Montanez, Natura Panama

Photo contributed by Ahmad Baihaqi, Yayasan KEHATI, Indonesia

Photo contributed by Foto Natura, Seychelles Islands Foundation



CONCLUSIONS

Photo contributed by Zdenka Piskulich, Asociación Costa Rica por Siempre

CTF returns in 2017 were fairly strong overall, reflecting strong global investment performance. Overall real returns were 5.6%

The goal of an endowment is to balance intergenerational equity, that is to say, to ensure that future generations receive the same benefits form the invested assets as current generations. It is therefore instructive to look back at recent years of real returns to see how the CTFs are doing.

TABLE 11: AVERAGE REAL RETURNS, 2013-2017

	2013	2014	2015	2016	2017	Five Year Average
Overall	2.15%	3.16%	-3.02%	2.86%	5.61%	2.15%
Endowments	2.82%	4.08%	-3.72%	2.93%	5.93%	2.41%
Sinking Funds	-0.51%	1.83%	-1.08%	2.98%	3.95%	1.43%

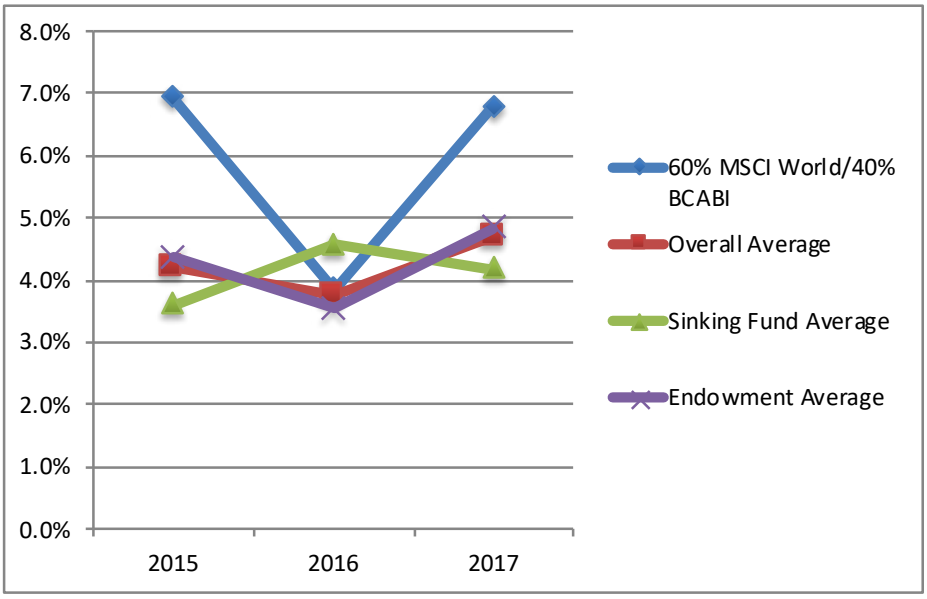
Overall, CTF endowments are producing real returns at just under 2.5%. Given reported spending rates that range from 3.5-5%, this suggests that CTFs, on average, are probably not recapitalizing to cover inflation. Long-term, this means the asset base will erode relative to future expenses, and the endowment will be of less economic benefit to the CTF. This may be a strategic decision, to prioritize current spending over future spending. However, it may also be due to failure to factor inflation into decision-making. The CTFs have the opportunity now to revisit their asset allocations and determine if they are adequate to ensure both current spending and long-term inflation protection for the coming years. Indeed, in the Foreword to this Survey, Greg Alexander encouraged CTFs to review their allocations and see whether an increase in equity holdings may be warranted, as these assets have the most long-term growth potential.

Photo contributed by Photo contributed by Venkat Iyer, WCS

For additional comparison, it can be interesting to look at the CTF returns over time, compared to a benchmark. Each year, we report the results of a hypothetical benchmark index portfolio consisting of 60% equity (measured by the MSCI World index, a developed

markets index) and 40% bonds (measured by the Barclays Capital US Aggregate Bond Index. This is neither a perfect benchmark nor a recommended portfolio; it merely serves as a useful comparator. Graph 16 shows the compound average returns for three three-year periods ending with the years on the x-axis. What we see is that the benchmark portfolio, on average over time, exceeds the average CTF nominal returns in most years.

GRAPH 16: THREE-YEAR AVERAGE NOMINAL RETURNS VERSUS BENCHMARK



While we don't currently have the data to provide this comparison on a real (rather than nominal) basis, we will attempt to explore this analysis in future work.

With the publication of the 11th CTIS study, we have accumulated a wealth of data. In the coming months, we will continue to mine this data for supplemental long-term analyses. An initial area of study will be to look at specific asset allocations to see how they have performed over time. Specifically, we will look at to what extent diversification strategies have helped overall returns, volatility of returns, and resilience to market fluctuations. We hope to complete this study in early 2019.

In 2015, the Conservation Finance Alliance and the CTIS project produced a study on possibilities for CTFs to pool together for various reasons, one of which was investment management. The rationale for pooling would be to lower fees (by increasing the combined asset base), to improve access to certain investment products, and to create efficiencies generally. As of 2017 there are several example of small investment pools among the CTFs, and it would be instructive to investigate how these pools may be realizing benefits relative to their non-pooled counterparts. There has been, from time to time, discussion of a much larger pool – further consideration of that option would need to start with understanding how the current pools are doing. The CTIS project will look into this question as time and resources permit.

Photo contributed by Zdenka Piskulich, Asociación Costa Rica por Siempre

Photo contributed by Charles Besancon

Photo contributed by Mirjam De Koning, Prespa Ohrid Nature Trust

GLOSSARY OF TERMS

Photo contributed by Lorenzo Rosensweig, Fondo Mexicano para la Conservación de la Naturaleza

Conservation Trust Fund (CTF) -- CTFs are private, legally independent institutions that provide sustainable grant funding for biodiversity conservation. They often finance part of the long-term management costs of a country's protected area (PA) system as well as conservation and sustainable development initiatives outside PAs. CTFs raise and invest funds to make grants to non-governmental organizations (NGOs), community based-organizations (CBOs) and governmental agencies (such as national protected areas agencies). CTFs are financing institutions rather than institutions that implement biodiversity conservation. Within one CTF there may be one or more than one fund.

Financial Advisor -- A Financial Advisor is a licensed sales agent or broker with a securities firm.

Endowment fund – a sum of money that is intended to exist in perpetuity or preserve its capital over a long-term timeframe; an endowment's capital is invested with a long-term horizon and normally only the resulting investment income is spent, in order to finance particular grants and activities.

Sinking fund – a pool of monies that will spend down its capital within a designated period of time (e.g. 10, 20, 30 years). The entire principal and investment income is disbursed over a fairly long period (typically ten to 20 years) until it is completely spent and thus sinks to zero.

Investment Management Consultant – A fee-based advisor operating under a non-discretionary arrangement who can provide guidance on portfolio theory, asset allocation, manager search and selection, investment policy and performance measurement. The role of the Investment Management Consultant is to provide independent advice, and the consultant's primary responsibility is to his/her client.

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Investment Management Consultants can help to review the performance of Investment Managers relative to the investment goals of the client, and may give the client advice on which investment managers to hire and fire.

Investment Manager – Specialists in managing a portfolio or investments in a specific type of asset, such as medium quality corporate bonds; large-cap value equities, or emerging market governments' debt. Mutual fund managers, portfolio managers and hedge fund managers are examples of this. Investment Managers act with their own discretion to buy and sell investments or hire other asset managers within the parameters specified by the investment guidelines.

Nominal Returns – The face value or reported return; this is typically the percentage change in the value of a portfolio or asset over a specific time period. For purposes of the CTIS, reported nominal returns are net of fees.

Real Returns – Nominal returns, adjusted for the effects of inflation. Real returns are calculated with the formula (1+ % nominal return) ÷ (1+ % inflation), minus 1.

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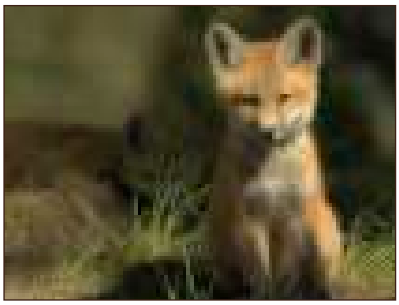

Photo contributed by Charles Besancon

Photo contributed by Foto Natura, Seychelles Islands Foundation

LIST OF PARTICIPATING CTFS

Africa

Country	Name	Contact Name	Email	Website
Benin	Fondation des Savanes Ouest-Africaines	Alfred Koffi Allogninouwa	koffialfred@gmail.com	fsoa-conservationtrustfund.org
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Cameroon, Central African Republic, Congo	Tri-National Sangha Foundation	Dr Théophile Zognou	theophile.zognou@fondationtns.org	www.fondationtns.org
Guinee Bissau	BioGuinee	Fenosoa Andriamahenina	sebioguine@gmail.com	
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Madagascar	Fondation Tany Meva	Claude Fanohiza	c.fanohiza@tanymeva.org	www.tanymeva.org.mg
Malawi	Malawi Environmental Endowment Trust (MEET)	Karen Price	karen@naturetrust.mw	www.meet.org.mw
Malawi	Mulanje Mountain Conservation Trust (MMCT)	Carl Bruessow	carl@mountmulanje.org.mw	www.mountmulanje.org.mw
Mauritania	Banc d'Arguin, and Coastal and Marine Biodiversity Trust Fund (BaCoMAB)	Ahmed Lefghih	ahmed-lefghih@bacomab.org	bacomab.org
Mozambique	Fundação para a Conservação da Biodiversidade (Biofund)	Luis Bernardo Honwana	Luis.honwana@gmail.com	www.biofund.org.mz
Seychelles	Seychelles Islands Foundation	Dr Frauke Fleischer-Dogley	ceo@sif.sc	www.sif.sc
Tanzania	Eastern Arc Mountains Conservation Endowment Fund (EAMCEF)	Francis B.N. Sabuni	eamcef@easternarc.or.tz	www.easternarc.or.tz

Asia/Pacific

Country	Name	Contact Name	Email	Website
Bangladesh	Arannayk	Farid Uddin Ahmed		www.arannayk.org
Bhutan	Bhutan Trust for Environmental Conservation	Dr. Pema Choephyel	choephyel@bhutantrustfund.bt	www.bhutantrust.bt
Federated States of Micronesia	Micronesia Conservation Trust	Willy Kostka	director@ourmicronesia.org	www.ourmicronesia.org
Fiji	Sovi Basin Trust Fund	Romas Garbaliauskas		
Indonesia	Yayasan Keanekaragaman Hayati Indonesia (Indonesian Biodiversity Foundation)	M.S. Sembiring	sembiring@kehati.or.id	www.kehati.or.id
Papua New Guinea	Tree Kangaroo Conservation Program	Lisa Dabek	Lisa.Dabek@zoo.org	http://www.zoo.org/treekangaroo
Philippines	Foundation for the Philippine Environment	Oliver Agoncillo	oagoncillo@fpe.ph	www.fpe.ph

Eastern Europe

Country	Name	Contact Name	Email	Website
Albania, Greece, Macedonia	Prespa Ohrid Nature Trust	Mirjam de Koning		www.pont.org
Armenia, Azerbaijan, Georgia	Caucasus Nature Fund	Geof Giacomini		www.caucasus-naturefund.org
Global Marine	Blue Action Fund	Markus Knigge		

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Latin America/Caribbean

Country	Name	Contact Name	Email	Website
Belize	Protected Areas Conservation Trust, Belize (PACT)	Nayari Diaz-Perez	ed@pactbelize.org	www.pactbelize.org
Bolivia	Fundación para la Conservación del Bosque Chiquitano	Roberto Vides Almonacid	fcbc@fcbc.org.bo	www.fcbc.org.bo
Brazil	Fundo Brasileiro par a Biodiversidade (Funbio)	Rosa Maria Lemos de Sá	funbio@funbio.org.br	www.funbio.org.br
Costa Rica	Asociación Costa Rica Por Siempre	Zdenka Piskulich	zpiskulich@costaricaporsiempre.org	www.costaricaporsiempre.org
El Salvador	Fondo de la Iniciativa para las Américas El Salvador (FIAES)	Jorge Alberto Oviedo Machuca	jorge.oviedo@fiaes.org.sv	www.fiaes.org.sv
Guyana	Protected Areas Trust	Geeta Devi Singh	guyanapat1@gmail.com	
Mexico	Fondo Mexicano para la Conservación de la Naturaleza (FMCN)	Lorenzo José de Rosenzweig Pasquel	lorenzo@fmcn.org	www.fmcn.org
Mexico, Belize, Guatemala, Honduras and El Salvador	Mesoamerican Reef Fund (MAR Fund)	María José González	mjgonzalez@marfund.org	www.marfund.org
Paraguay	Fondo de Conservación de Bosques Tropicales	Edmilce Mabel Ugarte Acosta	info@fondodeconservaciondebosques.org.py	www.fondodeconservaciondebosques.org.py
Peru	Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)	Alberto Paniagua Villagra	apaniagua@profonanpe.org.pe	http://www.profonanpe.org.pe
Suriname	Suriname Conservation Foundation (SCF)	Mrs Henna J Uiterloo LLB	surcons@scf.sr.org	www.scf.sr.org

Photo contributed by Rosa Montanez, Natura Panama

ANNEX

The following table shows select inflation (consumer price) data for 2017 as reported by the International Monetary Fund.

TABLE 12: INFLATION DATA 2017

Country or Zone	2017 Inflation Rate (consumer price)
Armenia	0.9%
Azerbaijan	13.0%
Bahamas	1.4%
Bangladesh	5.7%
Belize	1.1%
Benin	0.1%
Bhutan	3.4%
Bolivia	2.8%
Botswana	3.3%
Brazil	3.4%
Cameroon	0.6%
Colombia	4.3%
Costa Rica	1.6%
Cote D'Ivoire	0.7%
Ecuador	0.4%
El Salvador	1.0%
Euro	1.5%
Federated States of Micronesia	0.5%
France	1.2%
Georgia	6.0%
Guatemala	4.4%
Guinea Bissau	1.1%
Guyana	2.1%
Honduras	3.9%
India	3.6%
Indonesia	3.8%
Jamaica	4.4%
Madagascar	8.1%
Malawi	11.5%
Mauritania	2.3%
Mexico	6.0%
Mozambique	15.3%
Panama	0.9%
Papua New Guinea	5.2%
Paraguay	4.0%
Peru	2.8%
Philippines	3.2%
Suriname	22.0%
Tanzania	5.3%
Uganda	5.6%
United Kingdom (GBP)	2.7%
United States	2.1%

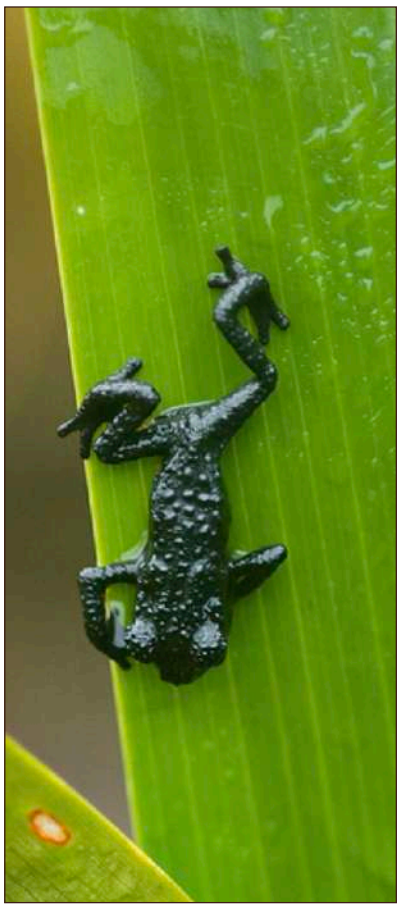

Photo contributed by Charles Besancon