

Investment Strategy – Environmental Legacy Foundation

ABN: 81452451350

This investment strategy has been adopted and implemented by the Directors of the Environmental Legacy Foundation

This investment strategy has been adopted by the Directors and will continue to remain in force indefinitely, or until the Directors resolve to replace it.

Objectives:

General Objectives

The objective of the fund is to:

- Ensure the growth and longevity of the fund to provide for environmental causes that Directors believe best meet the objectives of the Foundation.
- Ensure that an appropriate mix of investments are held by the fund to support these needs.
- Ensure the fund always has sufficient liquidity to meet all commitments.
- The foundation invests in funds that have a focus on companies which operate in an ethical and environmentally sustainable way.

Investment strategy

The funds objectives

The Directors aim to achieve a high level of return for the fund's assets. The objective is an average 5% real return (above the rate of inflation) assessed over a rolling 5-year time frame.

The foundation has a desire to invest only in funds and companies that operate in an Ethical and Environmentally sustainable way and ideally funds that are promoting the adoption of environmentally sustainable technology and projects.

The Directors have employed Natalie Martin-Booker, Managing Director, at Wealthpro Sunshine Coast to assist with the design and implementation of the portfolio. Kym Vivian, Senior Financial Advisor, Wealthmed Australia Pty Ltd Sunshine Coast is assisting with the ongoing management. The setting of the funds' asset allocation has been determined via a cash flow model.

The funds strategy

It is intended that the structure will generate income in the form of dividends, interest and distributions (managed funds) and is expected to generate capital growth over the medium to long term (5 years plus).

The range of assets available to the Directors for investment purposes are detailed in the following section.

Available investments

The fund may from time to time invest in income and growth assets. The Directors recognise that all classes of assets are available within Australia and from overseas. They are therefore not restricted from investing in these classes of investments anywhere in the world.

Income assets

Income assets include, but are not restricted to; cash, bonds, mortgages. These may be held directly, though unit trusts or syndicates.

These classes of investment assets are designed to generate income, they may or may not experience any capital growth. The principal risk of holding such investments is that the fund will not generate sufficient growth to achieve its overall objectives. The risk of not holding such investments is that the funds capital may decline in value.

If the fund were to realise (sell) from these classes of assets it is recognised that the volatility of the fund may increase.

Growth assets

Growth assets include, but are not restricted to; shares, property, derivatives of listed securities. These may be held directly, though unit trusts or syndicates.

These classes of investment assets are designed to generate capital growth, they may or may not produce any income. The principal risk of holding such investments is that the value of the investments may decline or be lost all together. The risk of not holding such investments is that the Directors may not achieve their objectives.

If the fund were to realise (sell) assets from these classes of assets it is recognised that the investments may outperform other assets and that the fund has lost its opportunity to benefit from such performance.

Listed income securities

Listed income securities are debt instruments issued by companies and are listed on a stock exchange. The Directors understand that as these investments are listed there is the potential for some capital gain or loss on the value of the security, however their primary purpose is to generate income. The Directors also acknowledge that the risk of the debt is linked to the health of the company offering the security. The Directors understand that if the underlying company experienced financial difficulty there is the possibility that the company may default on interest payments.

The Directors understand that these investments are not risk free, however to clarify potential uncertainty, it is the Directors view that for asset allocation purposes listed income securities are included in the category of 'income assets'.

Diversification

The Directors recognise that diversification of the funds assets is an appropriate strategy for reducing market risk. However, the Directors also recognise that growth investments will generally recover short term falls and outperform interest-based assets over the long term (5 years plus).

The Directors are prepared to make tactical investment decisions in terms of asset allocation and investment selection. The Directors are therefore willing to invest up to 100% of the funds capital into either interest assets or growth assets depending on their views of investment markets at that time.

Irrespective of the allocation to specific classes of investment assets, the Directors understand the need to diversify across individual investments. The Directors also recognise that under diversification may result in loss in the event that a particular investment failed.

However, over diversification may result in a reduction in performance. The Directors understand that as you increase diversification in a market the performance will correlate closer to the performance of that market index.

Target Asset Allocation

It is the intention of the Directors to operate within the following asset allocation.

Asset Type	Minimum	Maximum	Target
Australian Equities	0.00%	80.00%	40.00%
Australian Fixed Interest	0.00%	80.00%	15.00%
Cash	0.00%	100.00%	5.00%
Direct Property	0.00%	100.00%	0.00%
Foreign Cash	0.00%	50.00%	0.00%
International Equities	0.00%	60.00%	35.00%
International Fixed Interest	0.00%	50.00%	5.00%
Listed Property Securities	0.00%	60.00%	0.00%
Mortgages	0.00%	20.00%	0.00%
Other Assets	0.00%	20.00%	0.00%
Total			100.00%

Liquidity

The Directors understand that the fund is a separate legal entity and is therefore responsible for meeting its financial obligations. The Directors also understand that the fund is generally prohibited from borrowing money, therefore any expenses and liabilities must be paid from the assets of the fund in a timely manner. The Directors define a liquid asset as one which can be converted to cash within 5 working days. The Directors resolve that there will always be sufficient liquid assets within the fund to meet its current and future financial obligations as they emerge.