

BUSINESS THAILAND

Should you be thinking of jumping on the green wagon?

I have often asked myself what is the one thing that would make me and most investors acutely aware and keenly protective of the environment?

A small proportion of us are already but most of us have in the past and currently continue to invest in the type of shares that are destructive to the outer environment and to human health (tobacco and alcohol shares to name just two)

Ethical investments are not new. Back in 1984 Friends Provident was the first company to launch an ethical investment and investors have profited from that fund since.

I guess what I'm trying to say is to make money out of protecting the environment is almost a guarantee of compliance. I may sound cynical but I think big companies will continue to pollute rivers and let toxins float into the air as long as they make profits.

Government regulations may be in place but did that ever stop destruction of anything?

It is obvious to most intelligent people that force never works. Look at Iraq.

Encouraging people to conform, with the added incentive of profit, in my experience, always works

So when approached by Touchwood Managed Forestry to take a look at an asset class that was not only environmentally friendly but also contributed to stopping the destruction of our precious rainforests and in addition assist portfolio construction with a non correlated product, I was interested in listening.

Touchwood say "Forests are being consumed faster than they can grow creating exceptional opportunities for forest assets to increase in value. Demand for timber is forecast to exceed supply for the foreseeable future.

Timberland has long been regarded as one of the lowest risk assets available whilst also

proving to be amongst the best performers, combining low volatility with consistent long term returns and is regarded by some experts as superior to bonds, equities and real estate.

Since records began in 1960 timberland has returned an average of 14% a year compared to stock market returns for the same period of 12% In addition the price of timber has risen 3% a year above inflation for more than 100 years. Trees grow an average of 6% annually.

Asian tropical timber "Agarwood" has been highly valued for producing scented oil, fragrant incense and medicines for thousands of years. It has long been used in Chinese medicine to remove bad energy promote blood flow and to relieve asthma and rheumatic symptoms. In the Middle and Far East agar oil and incense is used in many ritual ceremonies.

Strict controls have been imposed on the harvesting of Agarwood.

Only certified plantation grown Agarwood, can be traded internationally. The retail price of premium grade agar oil can exceed US\$300,000 per kilogram. Demand and price for lower grade wood used for incense and medicine are also high. Agarwood scented perfumes, soaps and other personal products are further expanding the market for Agarwood.

Touchwood employs local people and expertise at their plantation in Thailand to ensure maximum results are achieved. A patented process developed over 10 years by US scientists is used to induce the formation of Agarwood to ensure the projected harvest is achieved.

In Thailand it also helps to stop illegal logging while providing local communities with high technology and high value sustainable income alternatives to traditional farming. Replanting trees positively contributes to both the local

environment and the control of climate change worldwide.

The Touchwood Group is publicly listed on the Colombo stock exchange and has more than 15,000 clients with 400,000 trees in 24 plantations covering thousands of acres worldwide."

Normally this column appeals to expats with money in foreign banks who will always want to know the details of their proposed investment.

With this investment you can actually go and see your trees and watch them grow you can look for your tree numbers.

Here's how it works.

Land is provided under a lease for a period of six years.

Target growth rates will produce a log 50 to 100Kg per tree within a maximum of six years. At this age the Aloeswood log can return a harvest of 200 Thai Baht per kg. of log artificially inoculated.

Touchwood provide all management services which include clearing, planting, fertilizing, pruning, roads, vehicles and building maintenance plus felling and sale of the harvest at 6 years.

It is a difficult task to explain everything in an article like this. If, however, this is for you go to www.touchwood.co.th for full details

Suffice to say here it is a six year investment with a US\$ minimum of 1,700 deposit and an annual payment of 170 making a total US\$ investment of 2,550. Expected return after 6 years US\$ 6,054

For the serious investor a deposit of US\$57,260 with 5,726 annual payment making a total investment of US\$ 85,890 and a projected return of US\$242,105

Next month back to normal offshore.

Let me know what you think to david.thrifty@yahoo.com