

**Report of the ECF Investment Committee
from April 2009 to March 2010**

Purpose

This paper briefs Members on the work of the Environment and Conservation Fund Investment Committee (ECFIC) from April 2009 to March 2010.

Background

2. Under Section 5 (1) of the ECF Ordinance, the Secretary for the Environment (SEN) shall be the Trustee of the fund. According to Sections 6(1) and 6(2) of the ECF Ordinance, the trustee may invest any moneys of the fund in such investments as he may consider appropriate and may employ any professional person or financial institution to advise him on any matter arising out of or in connection with investment. The ECFIC was thus established in 2008 with the following terms of reference:

- (a) To set policies for investment of the ECF; and
- (b) To monitor the local and overseas investment of the ECF.

Summary

3. Two meetings were held on 3 February 2009 and then on 19 January 2010. As the fund was initially set up for financing environmental projects, its purpose is not for investment in high risk financial products to achieve high returns. The investment objective is thus to maximize the return on investments within a conservative risk profile consistent with ECF's overall risk tolerance and ensure sufficient liquidity to meet the cash flow requirement of ECF.

4. After reviewing the investment result of the available ECF's funds, the ECFIC decided at the second meeting that the Secretariat would start opening investment and custodian accounts and, if the yield of investment opportunities met the criteria of target rate of return, consideration will be given to start investing in bonds after a further review in the second half of the year.

5. The ECFIC also agreed to participate in the trial for the paperless meeting approach.

Advice Sought

6. Members are invited to note the report of the ECFIC.

**Secretariat, Environment and Conservation Fund Committee
March 2010**