

## **Tree Improvement and Forest Management in the Evolving Landscape of Forest Land Ownership**

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Timberland ownership in the United States has evolved over the last twenty-five years as traditional forest products companies have divested timberland to provide capital to improve their manufacturing facilities, to pay down debt, or to provide shareholder returns. Institutional ownership of timberland has accelerated due to these divestitures and passage of the Employee Retirement Income Security Act (ERISA) of 1974. The ERISA laws encouraged institutional investors to diversify away from traditional fixed-income securities and led them first to invest in stocks and commercial real estate. Timberland ownership provided yet another opportunity for diversification improving the risk-efficiency of a mixed-asset portfolio without sacrificing returns. Timberland investments are long-term, in nature, and are attractive to pension funds and institutional investors as they have a long-term investment perspective. Management of these investments is also governed by the ERISA laws which protect the assets of these funds through its fiduciary provisions. The fiduciary must act solely in the interest of the fund with the exclusive purpose of providing benefits.

Hancock Timber Resource Group (HTRG) was established in 1985 and became the first Timber Investment Management Organization (TIMO) dedicated to manage timberland investment portfolios. Since that time, approximately twenty TIMOs have been established and two timberland Real Estate Investment Trusts (REITS) have been formed. While each of these organizations share a common interest in investing in timberland assets, their approach to managing this investment can be quite different. The HTRG philosophy of timberland investment, which includes involvement with cooperatives, research, technology transfer, genetic improvement, and intensive silviculture will be presented to provide the tree improvement community a better understanding of HTRG's unique approach to timberland investing and our commitment to tree improvement, forest management, and research.

Hancock Forest Management conducts the day-to-day forest management with the goal of improving overall returns, reducing cost, and improving alignment of interests. Intensive forest management is an integral part of the investment strategy and routinely boosts investment performance. HTRG's business model incorporates applied forest cooperative research, such as tree improvement, to guide sound silvicultural investments, which provide increased investor returns.

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