



Q&A with Fiera Comox

Building Long-Term Value Through Global Timberland

For LGPS investors seeking long-term value, diversification and resilience, timberland offers a compelling real asset opportunity.



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Set against constrained global supply, rising demand for sustainable building materials and the need for inflation protection, global timberland can play a strategic role in portfolio construction.

Jeff Zweig, Partner, Vice Chair & Head of Natural Capital at Fiera Comox, outlines how disciplined asset selection, active management and a strong focus on sustainability can support durable returns and long-term outcomes aligned with the objectives of the LGPS.

Could you outline Fiera Comox's timberland strategy and the core attributes you look for in a high-quality Timberland asset?

Our timberland strategy is predicated on building a diversified portfolio of high-quality, privately-owned timberland assets globally. Central to this is our focus on timberland properties which demonstrate a history of production, which are located in stable geographies and where the forests are predominantly softwood. With these attributes, we believe the strategy is

undoubtedly “core” from a risk perspective. That being said, we take an own and operate approach, leveraging the deep industry experience of the Fiera Comox team to improve economic and sustainability outcomes. The value-add initiatives through this active management make the strategy ‘core plus’ from a returns perspective.

This value-added approach to timberland management is a key differentiator, made possible by our team members’ decades of industry expertise. Collectively, the Fiera Comox team has acquired over one million hectares of timberland and deployed several billion dollars in the asset class. A number of the team’s senior leaders were previously key executives at one of North America’s largest timberland companies and together have decades of experience running timberland operations. This ‘boots-on-the-ground’ capability underpins how we price, manage and grow assets to generate additional value for our investors.

The bench strength of the team has also supported the development of our approach to sustainability across all aspects, from planning to operations to responsible land stewardship, health & safety and community / Indigenous relations. Investors in this asset class rightfully desire transparency and clear reporting of financial, environmental and social outcomes, making this an absolute priority for the strategy. It is of note that the strategy’s sustainability attributes are aligned with the European Sustainable Financial Disclosure Regulations.

Why should LGPS investors consider Timberland as a strategic allocation, and how does it contribute diversification and long-term portfolio resilience?

Timberland is a fundamentally attractive asset class. There are long-term, secular tail winds underpinning growing demand, while global supply will remain constrained for the foreseeable future. The amount of timberland available to produce wood products is constrained by regulation, conservation and urban development. Growing cycles are measured in decades meaning that supply expansion over the short to mid-term is bounded. Conversely, demand is expected to continue to grow due to persistent housing shortages necessary to meet urbanisation and population growth. Further increasing demand is the trend towards use of renewable building products such as wood to displace less sustainable products like concrete, steel and plastics. Finally, recent additional demand has come from wood’s carbon-



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sequestering properties which has the result of effectively “absorbing” timber supply that would otherwise be available to produce wood products.

For LGPS investors in particular, the land-centric nature of timberland functions as an intrinsic store of value, providing stability and diversification over the long-term. This is beneficial to portfolio construction as it can offer a high degree of downside protection, especially in volatile periods. In addition, timberland has a low correlation with other asset classes as well as being a demonstrable hedge on inflation. It follows that risk-adjusted portfolio returns, as measured by the Sharpe ratio, can be improved measurably by including timberland as part of a broader allocation to private real assets.

With a value-added approach to timberland, the right manager can provide access to further value generation, while providing long-term value resilience.

How do you ensure that the forests you manage deliver measurable sustainability outcomes?

When timberland is managed responsibly, it serves as a sustainable, long-term source of biological products that

humans need. Wood products range from building materials like dimensional lumber and plywood, to furniture and flooring, to hygiene products, to clothing, to even food additives. In addition, productive forests also function as a highly efficient form of carbon capture and storage as carbon dioxide is sequestered and 'locked into' the organic material.

Provided the above is respected and forests are sensitively restocked, responsible forestry helps address climate change – particularly when wood products are used as a substitute for more carbon-intensive resources like concrete, steel and plastics.

All of our investments are certified by an internationally recognised authority (FSC or SFI). For each timberland property, we apply a proprietary Sustainable Timberland Framework to assess five critical focus areas: biodiversity and ecosystems; climate change; silviculture practices; Indigenous peoples and communities; and health and safety. Measuring and tracking these focus areas, and attaining certification by internationally recognised standards, keeps sustainability central to asset management and drives continuous performance that can be transparently evaluated and reported to our investors.

Of these, the relationship between a timberland asset and the local community is something we pay special attention to. One example in our current portfolio is our partnership with Ngāi Tahu, the largest iwi (Māori tribe) on the South Island of New Zealand, where we are actively working together to deliver strong financial returns while ensuring that our forest management practices are aligned to the values of the Indigenous landowner.

What influence do global trade dynamics, tariffs and regional supply-demand trends have on Timberland returns, and how do you manage these risks and opportunities?

The current market is characterised by evolving global trade policies, including the impact of tariffs and regional supply-demand dynamics.

During periods like these, timberland has typically proven to be particularly resilient. Timberland managers like us – with diversification across end-markets (domestic and export) as well as by operating geography – are better insulated from volatility arising through changes to global trade policy.

This also dovetails with our view on structural tailwinds that support the forward case for exposure to timberland. Ultimately, constrained supply and growing demand in major markets makes for a positive outlook and helps to absorb short-term impacts of changing trade relations. Active management is equally (if not more) important as, through deferred harvests, timber can continue to 'grow on the stump' until a more favourable price environment comes into view.

That advantage – optionality as to when to harvest timber and collect cash yield - has influenced why we structured our strategy as an open-ended, evergreen vehicle, optimising returns for investors in the process.

How do you align interests with local forestry managers and operating partners?

Our active management approach prioritises working closely with our local management teams and property managers. Our decades of global practical knowledge of "on the ground" forestry operations allows us to effectively supplement local expertise to generate financial and sustainability outcomes that align with the interests of our investors.

Is Timberland currently underrepresented in LGPS portfolios, and why is public pension capital particularly well suited to asset class?

I would say it is underrepresented in many LGPS portfolios. Not because the benefits that I've described aren't known, but because there may be a misperception that the asset class is difficult to access and navigate – and because multi-continental coverage in a single portfolio is rare.

With the right partner, exposure to timberland can enhance LGPS risk-adjusted portfolio returns while providing true diversification of value and risk. Recurring cash yield can also provide an ongoing return on capital to investors, allowing LGPS portfolios to meet ongoing liquidity needs while investing in structurally critical assets which can in turn benefit from the scale and flexibility of capital which LGPS are well-positioned to deploy. At the same time, timberland investments are particularly suited for investors which can allocate "patient capital" to the asset class. I believe LGPS have an inherent alignment of horizon with timberland and a desire to see their capital generating both financial and positive social & environment outcomes that the asset class aims to deliver.

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