

Regulatory Story

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Company	Ceres Agriculture Fund Limited
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26 October 2009 Ceres Agriculture Fund Limited - Interim Management Statement

Ceres Agriculture Fund Limited ("Ceres", the "Company" or the "Fund"), a Guernsey domiciled, Authorised Close-ended investment scheme established to invest in an actively managed portfolio of exchange-traded agricultural commodity contracts and derivatives, managed by FourWinds Capital Management ("FourWinds"), today issues its Interim Management Statement for the period from 1 July to 30 September 2009 (the "Period").

Performance during the Period

Overall Ceres was down (-1.94%) for the Period. Performance during the Period was positively impacted by short term fundamental traders in live cattle as well as discretionary technical traders focusing across all four agriculture complexes (grains, fibers, tropicals and livestock). However, these gains were offset by losses incurred by the less than ideal timing and implementation of medium to long term grain trades by certain traders, which focused on relative value differences between corn and soybeans as well as directional lean hog trades.

The estimated unaudited net asset value ("NAV") per ordinary share as at 30 September 2009 was US\$1.01.

The contribution by sector during the Period was as follows:

Grains	-0.56%
Fibers	-0.12%
Tropicals	-0.18%
Livestock	-1.08%

During the Period, agriculture markets tested the conviction of fundamentally driven traders. Many commodities, such as corn and coffee, moved in wide price ranges due to uncertain variables such as weather, global demand and the value of the U.S. dollar, all of which led to erratic prices during the Period. Bearishness persisted in the grain complex as traders tried to bide time and manage risk around strategies until the much anticipated U.S. fall harvest came to fruition. In the tropicals complex, sugar remained the highlight trade and was able to reach a 30 year high, although price decreases in the second half of September enticed previously bullish traders to take profits.

Entering the month of July, the grain markets had to digest the bearish news provided by the June 30th United States Agriculture Department ("USDA") acreage and ending stocks reports. This, coupled with benign weather, caused the grain markets to trend lower, especially in new crop contracts. New crop corn prices lost 6.7% and soybean prices lost 5.8%. During this Period fundamental traders used macro driven rallies as an opportunity to sell new crop corn and soybeans in anticipation of the potentially large U.S. harvest.

Long term strategies in the livestock complex proved to be unsuccessful due to financial investment money flows that supported lean hog prices during the second part of the Period despite continued bearish fundamentals. Live cattle prices benefited from a small 3.7% increase due to the sharp drop in corn values and diminished cattle placement numbers. Livestock producers and traders alike have found the whole of 2009 to be challenging times as high cost of production figures have resulted in negative profit margins for the production sector, which in turn has resulted in herd liquidation and changes in production methods. These dynamics have ultimately impacted pricing across the curve structure in the livestock markets which has made for a difficult trading environment for relative value livestock traders.

Tropicals and fibers were by far the most bullish agriculture commodities during the Period as supply deficits and poor crop weather forced market participants to build risk premium into the futures market. Sugar prices surged 31% due to the below average monsoon rainfall in India and news that the country would produce 7 million tons less sugar cane in the 2009/2010 crop year than anticipated demand. Cocoa prices climbed 21% and coffee prices gained 9% due to supply worries and concerns over the upcoming Ivory Coast harvest.

Cotton prices increased 15% as yield projections decreased for the fall crop forcing traders to become even more bullish as seeded cotton acres were already down significantly from last year.

During the Period, price action across commodities was very much two sided in terms of market sentiment and price direction as the DJ UBS Agriculture Index gained 0.81%. Although prices moved along with specific fundamentals during the majority of the Period, it was the re-initiation of the lower trending U.S. dollar and the sharp rally in both the energy and metals markets, specifically gold and copper, that put the focus back on the macro driven trade. A renewed optimism over fresh global demand for raw materials brought increased open interest in agriculture commodities and forced traders to pay closer attention to money flows as we approach the end of the year.

Latest estimated NAV

The unaudited estimated NAV per ordinary share of the Company as at 16 October 2009 (as announced on 23 October 2009) was US\$0.99.

Administration update

On 3 August 2009 the Company announced that there was a change in the entity to which its administrator, HSBC Securities Services (Guernsey) Limited (the "Administrator"), delegates the provision of administration services to the Company.

Earlier this year, HSBC Securities Services (Isle of Man) Limited, to whom the Administrator had previously delegated the provision of administration services to the Company, informed the Company that it intended substantially to transfer its operations. In consequence, with effect from 31 July 2009, the Administrator has delegated the provision to the Company of all administrative functions, except those of a corporate secretarial nature, to HSBC Securities Services (Ireland) Limited, which is also an affiliate of the Administrator.

Discount control mechanism/ strategic review

On 21 September 2009, the Company announced that it intended to conduct a review of strategic alternatives, including a restructuring of the Company, to improve liquidity for shareholders and to address the issue of the discount to net asset value at which the Company's ordinary shares trade. The Company intends to discuss alternatives, and their possible tax implications, with major shareholders in the coming weeks and to take legal, financial and tax advice.

The statement confirmed that the Company expects to make a further announcement before the end of November.

Performance since admission to trading

A summary of the monthly performance of the Company since its ordinary shares were admitted to trading on the London Stock Exchange in November 2007 is set out below.

Date	NAV	Ceres Performance (USD Share Class) (Net)	DJ-UBS AG TR Index
Dec 07	1.02	2.00%	7.86%
Jan 08	1.03	0.98%	6.61%
Feb 08	1.06	2.91%	16.21%
Mar 08	1.04	-1.89%	-16.05%
Apr 08	1.05	0.96%	1.98%
May 08	1.05	0.00%	-1.83%
Jun 08	1.09	3.81%	14.92%
Jul 08	1.07	-1.83%	-10.58%
Aug 08	1.07	0.00%	-4.57%
Sep 08	1.05	-1.87%	-15.75%
Oct 08	1.04	-0.95%	-16.48%
Nov 08	1.04	0.00%	-4.44%
Dec 08	1.04	0.00%	5.64%
Jan 09	1.03	-0.96%	-1.39%
Feb 09	1.02	-0.97%	-7.89%
Mar 09	1.02	0.00%	5.73%
Apr 09	1.03	0.98%	4.92%
May 09	1.05	1.94%	11.46%
Jun 09	1.03	-1.90%	-9.69%
Jul 09	1.03	0.00%	0.72%
Aug 09	1.01	-1.94%	1.77%
Sep 09	1.01	0.00%	-1.65%

Performance Statistics:

	Ceres	DJ UBS AG TR
Average Monthly Return	0.05%	-1.01%
Largest Monthly Return	3.81%	16.21%

Largest Monthly Loss	-1.94%	-16.48%
Comp. Annualised Return	0.54%	-11.47%
Percent Winning Months*	64%	50%
Sharpe Ratio (5%)	Negative	Negative
Standard Deviation	5.56%	33.00%
Maximum Drawdown	-7.34%	-46.82%
Months in Max Drawdown	15	19
Months to Recover	In progress	In progress

* Positive months or flat

Breakdown by sector:

Grains	56%
Fibers	5%
Tropicals	8%
Livestock	30%
Cash	1%

Breakdown by strategy:

Discretionary Trading	95%
Systematic Trading	4%
Cash	1%

Trade horizon allocation:

Short term	30%
Medium term	49%
Long term	20%
Cash	1%

Further Enquiries

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Important Information

This Interim Management Statement has been produced solely to provide additional information to shareholders of the Company to meet the relevant requirements of the U.K. Listing Authority's Disclosure and Transparency Rules. It should not be relied upon by any other party for any other purpose. The information in this statement has not been audited.

The Company is a Guernsey domiciled Authorised Closed-ended investment scheme pursuant to section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and rule 6.02 of the Authorised closed-ended Investment Schemes Rules 2008.

The information related to the Company included in this statement is provided for information purposes only and does not constitute an invitation or offer to subscribe for or purchase shares in the Company. This material is not intended to provide a sufficient basis on which to make an investment decision. All investments are subject to risk. An investment in the Company should be regarded as long term in nature and is suitable only for sophisticated investors, investment professionals, high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts, in each case, who can bear the economic risk of a substantial or entire loss of their investment. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decisions.

The information contained in this statement relating to the DJ AIG Agriculture Index has been sourced from published information. Such information had been accurately reproduced from the source materials and, as far as the Company is able to ascertain from information published in respect of the Index, no facts have been omitted, the omission of which would render the reproduced information inaccurate or misleading.

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