

Ceres Agriculture Fund

Monthly Report : August 2008

Monthly Performance:

| | |
|---------|------|
| August* | NAV |
| 0.00% | 1.07 |

* As of August 29th, 2008

Performance since inception (NAV per share):



Risk Return Indicators:

RETURNS:

| | Ceres |
|-------------------------|--------|
| Average Monthly Return | 0.75% |
| Largest Monthly Return | 3.81% |
| Largest Monthly Loss | -1.89% |
| Comp. Annualised Return | 9.44% |
| Percent Winning Months | 78% |

RISK:

| | |
|------------------------|-----|
| Sharpe Ratio (5%) | N/A |
| Standard Deviation | N/A |
| Maximum Drawdown | N/A |
| Months in Max Drawdown | N/A |
| Months to Recover | N/A |

Monthly Performance:

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|-------|-------|--------|-------|-------|-------|--------|-------|-----|-----|-----|-------|-------|
| 2007 | | | | | | | | | | | | 2.00% | 2.00% |
| 2008 | 0.98% | 2.91% | -1.89% | 0.96% | 0.00% | 3.81% | -1.83% | 0.00% | | | | | 4.92% |

Monthly review:

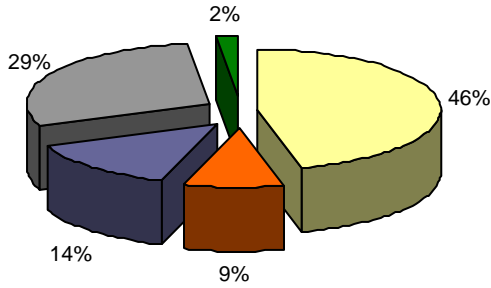
Due to conflicting fundamentals, US dollar strength and a continued retreat from commodity investments, the DJ Agriculture index lost -4.57% in August. Ceres traders excelled at capital preservation while implementing new medium to long term strategies at attractive levels.

- **Corn** prices lost -3.3%. However, the significant trading range of \$1.195 per bushel resulted in a sharp decline in open interest of 12.9%. Moderate weather and above trend line yield optimism for the 2008 crop consistently added pressure on prices.
- **Soybean** prices experienced extreme convulsions during the month, ultimately losing -4.6% but more significant was its trading range of \$1.7150 per bushel. While fundamental traders were bullish, future soy prices deteriorated due to soybean crop conditions. Additionally, a tight balance sheet caused too many uncertain risks that were prevalent to allow traders to configure strategies in the market.
- **Wheat** prices were essentially flat across all varieties during August. Large price swings were constant as Chicago endured a \$1.52 per bushel trading range. Higher prices were ultimately met with heavy selling as bearish global supply fundamentals continued influencing downward price direction.
- **Live Cattle** prices gained 5.7% as rebounding cash values and a moderately bullish cattle on feed report supported prices across the curve. **Lean Hog** prices declined -14.9%. This drop further defined the contango formation across the curve. Prices crashed after record high pork cut-out values began to falter due to historically high futures prices combined with the beginning of seasonally bearish fundamentals. This sharply lowered the nearby Oct08 and Dec08 contracts.
- **NY Cocoa** was essentially flat in August gaining 0.2% however, **London Cocoa** gained 7.8%. Both have maintained strong YTD performances up 40.7% and 57% respectively. The continued deleveraging in NY resulted in a 12.5% decrease in total open interest and London witnessed a fractional decline of -0.3%.
- **Arabica Coffee** gained 1.8% increasing its premium over **Robusta** which lost 4.7% on the month. Both groups of coffee are now in a contango formation due to Robusta nearby losses. Arabica was supported by continued belief that the harvest will not meet expectations.
- **Cotton** lost -5.8% on the month as bullish fundamentals were of little interest to large speculators unwinding macro commodity investments. Cotton prices were pulled down with the crowd losing -3.7% of total open interest. As traders remain optimistic about future price, the contango increased across the curve which led Dec09 to trade at a strong premium. This is due to drastic reductions in carry outs and loss of U.S. acres in the upcoming year.
- **No. 11 NY Sugar** lost -8.4% during August, further defining the contango. Active pre-roll spreading of the Oct08 vs. Mar09 spread further supported the Mar09 contract on a relative basis. Similar to cotton, the bulls are optimistic that 2009 will produce a better foundation to employ strategies, but for now, bearish supply fundamentals are driving nearby price action.

Past performance is not an indicator of future results.

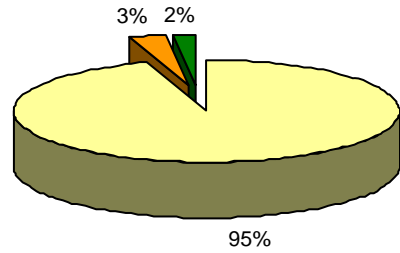
Ceres Agriculture Fund: Portfolio Breakdown

Breakdown by sector:



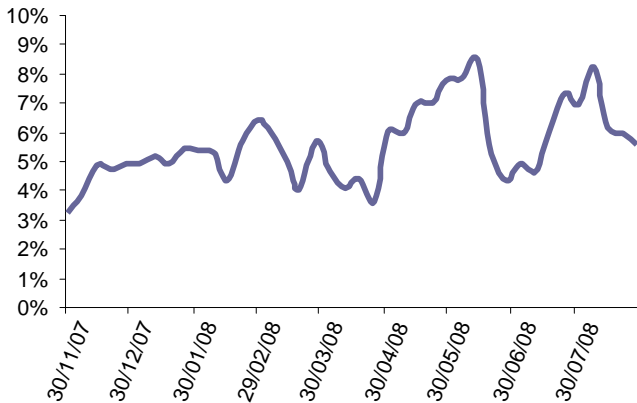
■ Grains
 ■ Fibers
 ■ Tropicals
 ■ Livestock
 ■ Cash

Breakdown by strategy:

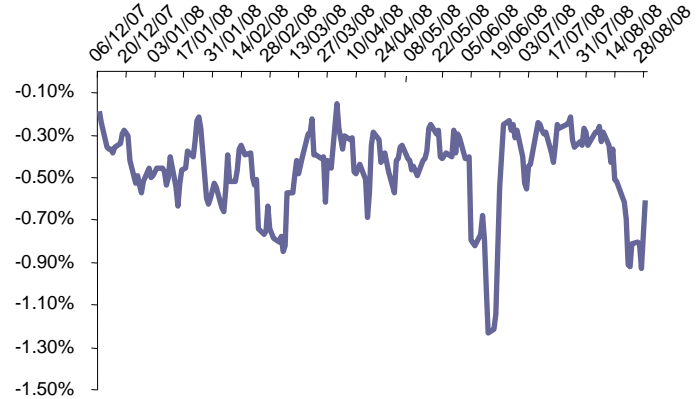


■ Discretionary trading
 ■ Systematic trading
 ■ Cash

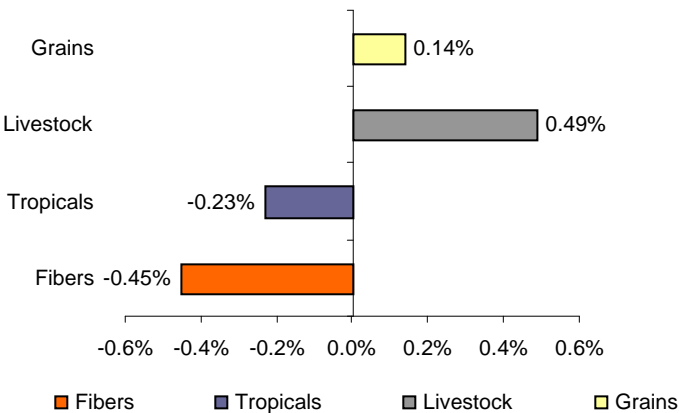
Margin to equity:



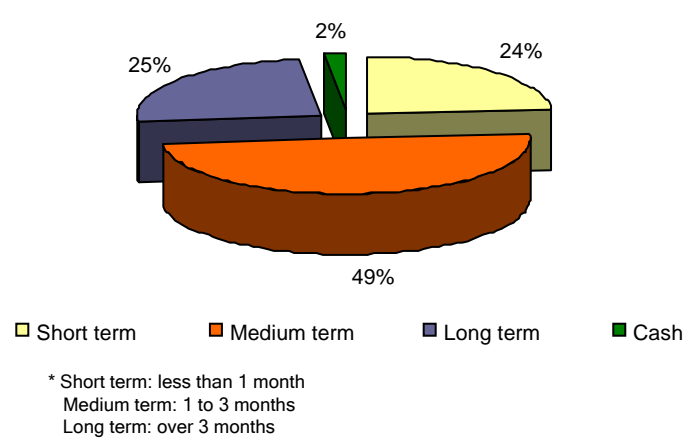
VaR (1 day; 95%) changes:



Contribution by sector (during the month):



Trade horizon allocation *:



Profile and Summary of Terms:

| | |
|------------------|--------------|
| Inception Date | 27/11/2007 |
| Lock up | None |
| Management Fees | 1.5% |
| Performance Fees | 20% |
| High Water Mark | Yes |
| Hurdle rate | 8% per annum |

| | |
|--------------------|-------------------------------------|
| Domicile | Guernsey |
| Investment Manager | FourWinds Capital Management |
| Fund Administrator | HSBC Securities Services (Guernsey) |
| Auditor | Ernst & Young |
| Broker | Landsbanki Securities (UK) Ltd. |
| Bloomberg ticker | CROP LN <Equity> |
| ISIN Codes | GG00B28B2R95 |