

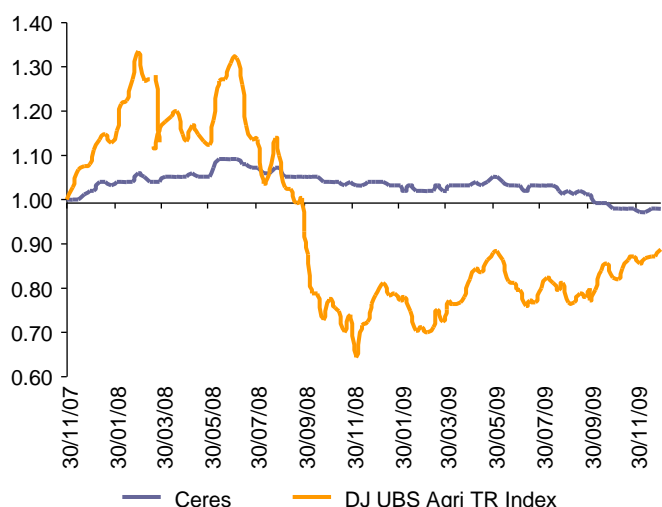
# Ceres Agriculture Fund

## Monthly Report : December 2009

Monthly Performance: December\* NAV  
0.00% 0.98

\* As of December 31<sup>st</sup>, 2009

### Performance since inception (NAV per share):



### Risk Return Indicators:

	<u>Ceres</u>	<u>DJ UBS</u> <u>AG TR Index</u>
<b>RETURNS:</b>		
Average Monthly Return	-0.08%	-0.47%
Largest Monthly Return	3.81%	16.21%
Largest Monthly Loss	-2.97%	-16.48%
Comp. Annualised Return	-0.97%	-5.46%
Percent Winning Months *	64%	56%
<b>RISK:</b>		
Sharpe Ratio (2%)	Neg.	Neg.
Standard Deviation	5.61%	31.30%
Maximum Drawdown	-10.09%	-46.82%
Months in Max Drawdown	18	22
Months to Recover	N/A	N/A

\* Positive months or flat

### Monthly Performance:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<u>2007</u>												2.00%	2.00%
<u>2008</u>	0.98%	2.91%	-1.89%	0.96%	0.00%	3.81%	-1.83%	0.00%	-1.87%	-0.95%	0.00%	0.00%	1.98%
<u>2009</u>	-0.96%	-0.97%	0.00%	0.98%	1.94%	-1.90%	0.00%	-1.94%	0.00%	-2.97%	0.00%	0.00%	-5.76%

### Monthly review:

During the year the investment committee agreed to implement two variations to the investment model with the aim of increasing portfolio volatility and as an expected output, increased returns. These were firstly to reduce the number of traders from over twenty to eleven and secondly, within the Fund's investment guidelines, to allow two of the traders to implement their agriculture trades with agriculture-related commodities for hedging purposes.

In December, DJ UBS AG TR Index gained 1.44%. Agriculture markets performed erratically throughout the course of the month. Uneven conditions were viewed normally as traders were already anticipating this type of year end action. The meat complex along with tropical commodities such as sugar and cocoa attracted strong money flows from mid-month on, as traders decided to get a head start on pre-positioning for the New Year. Other commodities such as soybeans and wheat faced a liquidating environment. Traders, having adjusted to a new normal in terms of market volatility, are going into 2010 more optimistic outlook than one year ago.

- **Corn** prices were up 2.9% as an estimated 500 million bushels of corn were left un-harvested due to the persistent cold and snowy weather across the central US. Support was also offered from speculative participants pre-positioning for expected 2010 index fund rebalancing.
- **Soybean** prices lost 2% as prices ranged widely throughout the month due to conflicting factors. On one hand, ideal South American crop forecasts continued to provide bearishness while solid export movement and a weak USD helped support prices on breaks. Fundamental traders plan to enter the year de-levered due to anticipatory money flows that could skew fundamental price direction during the first few weeks of 2010.
- **Wheat** prices in Chicago lost 4.6%, 4.3% in K.C. and 4.3% in Minneapolis as a real lack of significant fundamental news created low volume choppy holiday trade which influenced price direction during the final few weeks of the year.
- **Live Cattle** prices gained 3.6% as cattle bulls scored mild victories by way of higher cash trade and an optimistic November cattle on feed report produced by the USDA. This report came in below analyst predictions showing a 1% decline in feedlot supplies and an 8% drop in placements. Traders however remain cautious on the beef demand side, as continued high unemployment numbers and the general weak U.S. economy currently do not support substantial increases in beef consumption.
- **Lean Hog** prices gained 11.9% as strong pork demand from the packing community incentivized by positive margins helped boost nearby futures prices. The December quarterly inventory report is a fundamental piece that traders plan to focus on closely going into 2010. The report estimated total market hog inventories at the 2nd largest levels on record. Additionally, the herd liquidation that was thought to have taken hold during 2009, did not occur to the extent that analysts had anticipated, as Sep-Nov farrowings and pig crop size came in larger than expected.
- **NY Cocoa** prices gained 2.3% and London Cocoa gained 5.1%. Prices faded during the month as choppy trade combined with a 30% year over year increase in Ivory Coast deliveries during the first 11 weeks of the marketing season pressured values lower.
- **Arabica Coffee** prices lost 4.1% and Robusta settled down 1.8% for the month. Arabica and Robusta faced little fundamental news that could help combat end of year fund liquidation and speculative pre-positioning that is characteristic for the 2nd half of December. Traders focused on 2010 index fund rebalancing efforts and used this as an opportunity to deleverage going into the holidays.
- **Cotton** prices quietly rose 6.9% as prices were able to reach levels not seen since September 2008. Traders continued to buy the trend amidst a positive demand outlook for 2010.
- **No. 11 NY Sugar** prices gained 22.1% as traders piled into the market on upside technical breakouts. Much of the bullishness that drove prices through these significant levels was generated by continued harvest delays and yield loss out of Brazil caused by rainy weather. Traders took advantage of more than 3 months of declines to buy into a market that already has an incredibly tight supply.

Past performance is not an indicator of future results.

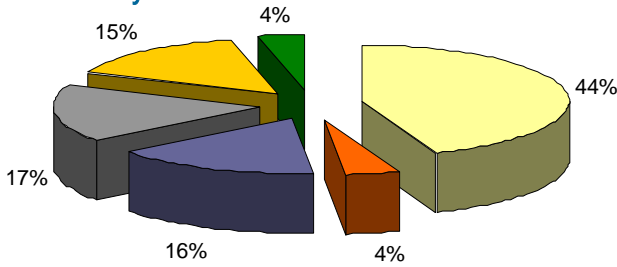
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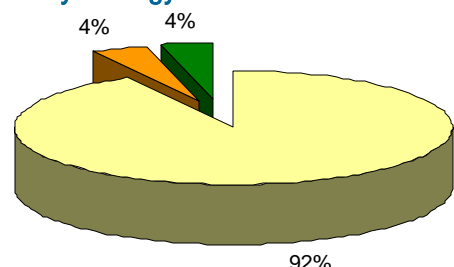
# Ceres Agriculture Fund: Portfolio Breakdown

## Breakdown by sector:



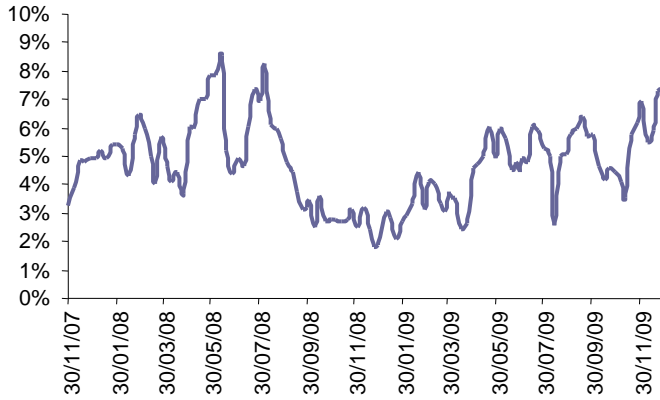
Grains Fibers Tropicals Livestock Other Cash

## Breakdown by strategy:

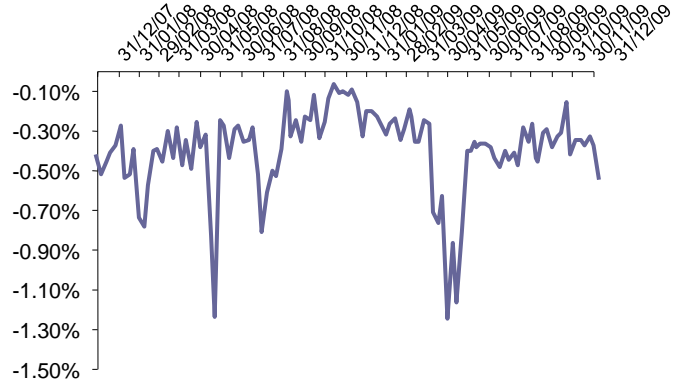


Discretionary trading Systematic trading Cash

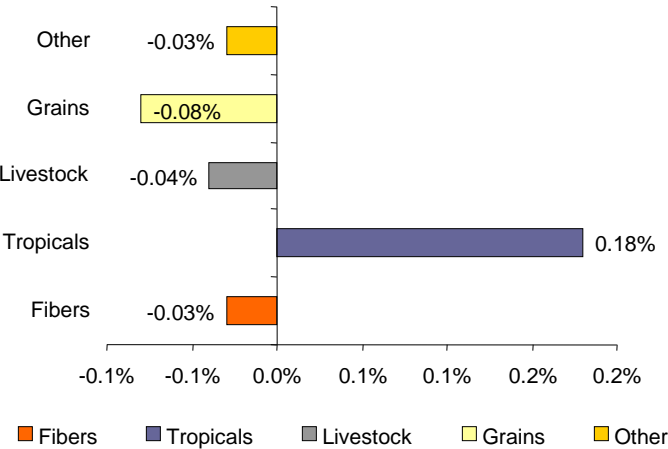
## Margin to equity:



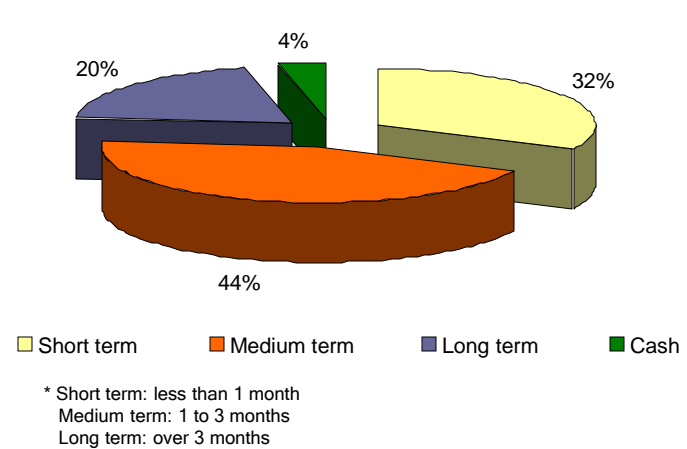
## VaR (1 day; 95%) changes:



## 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	Centkos Securities plc
Bloomberg ticker	CROP LN <Equity>
ISIN Codes	GG00B28B2R95

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