

Regulatory Announcement

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Company [Ceres Agriculture](#)
TIDM CROP
Headline Publication of Prospectus
Released 08:49 21-Nov-08
Number 6523108

RNS Number : 6523I
Ceres Agriculture Fund Limited
21 November 2008

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This announcement is not a prospectus but an advertisement. Investors should not purchase or subscribe for any transferable securities referred to in this announcement except on the basis of information in the prospectus published by Ceres Agriculture Fund Limited on 20 November 2008 in connection with the Placing (as described therein) (the "Prospectus") and the admission of the ordinary shares in the capital of the Company to the Official List of the Financial Services Authority and to trading on London Stock Exchange plc's main market for listed securities (the 'London Stock Exchange') in connection with the Placing.

Ceres Agriculture Fund Limited ('Ceres' or the 'Company')

PUBLICATION OF PROSPECTUS IN CONNECTION WITH A
PLACING THROUGH A SERIES OF OFFERS

Ceres, the Guernsey domiciled, closed-ended investment company, managed by FourWinds Capital Management established to invest in an actively managed portfolio of primarily exchange-traded agricultural commodity contracts and derivatives and other agricultural commodity related investments is pleased to announce the publication of a prospectus in connection with the proposal to raise up to US\$250 million through a series of Offers of new ordinary shares, to be issued by way of a Placing. The Offers will take place in the period from January 2009 until November 2009.

The Company's primary rationale for the Placing is to grow the Company and enhance prospects for liquidity for Shareholders. Enlarging the Company will also mean that the fixed costs of operating the Company will be spread across a larger amount of assets. The net proceeds of the Placing will be invested by the Manager in accordance with the investment policy and objective of the Company and may be allocated among existing new Commodity Traders to take advantage of new investment opportunities and to utilise further capacity with Commodity Traders which the Manager has been able or is able to secure.

The Manager has negotiated on behalf of the Company capacity to invest further funds with various Commodity Traders with whom the Company currently has Managed Accounts and capacity to invest funds with certain additional new Commodity Traders.

The Company is targeting average annual returns of 12 to 18 per cent. per annum, net of applicable taxes and fees although in individual periods returns can vary. In the period from First Admission on 27 November 2007 to 7 November 2008 (being the date of the most recent recently published Net Asset Value prior to the publication of this announcement, as published by the Company on 18 November 2008), the unaudited estimated Net Asset Value per Share increased from US\$0.97 to US\$1.04.

Application for Admission of the Placing Shares to be issued pursuant to the Offers to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities will be made to the UK Listing Authority and the London Stock Exchange respectively in advance of the allotment of Placing Shares pursuant to the relevant Offer.

A regulatory information service announcement will be made in advance of any Offer of Placing Shares pursuant to the Placing confirming the specific details on the Offer.

Summary of investment policy

The Company's investment objective is to provide capital appreciation through diversified exposure to an actively managed portfolio of primarily exchange-traded agricultural commodity contracts and derivatives and other agricultural commodity-related investments.

The Portfolio will be diversified by agricultural Complex, by Trading Strategy and by Commodity Trader with the objective of providing sustainable returns and controlling volatility. The Company will invest in at least three different agricultural Complexes and will invest no more than a maximum of 50 per cent. of its Net Asset Value, at the time of acquisition, in any one agricultural Complex. There will be no predetermined limit on investment per commodity in any Complex and there will be no predetermined geographical limits.

Investment strategy

FourWinds Capital Management is the Manager of the Company with responsibility for the discretionary management of the Company's assets.

The Manager's strategy is intended to allow the Company to build a fully diversified agricultural commodities portfolio which is expected to maximise net returns while seeking to control volatility and limit downside risk exposure.

The Company's assets comprise mainly agriculture commodity contracts and derivatives and other agricultural commodity-related investments. These assets are held mainly within proprietary Managed Accounts operated by specialised Commodity Traders selected by the Manager. Managed Account balances are invested by Commodity Traders using a variety of primarily arbitrage-based and other Trading Strategies.

By focusing on active commodity investment strategies, the Company seeks to distinguish itself from passive agriculture investment vehicles and offer access to a broader universe of active agriculture investment strategies. The Directors believe that this strategy will generate long term risk adjusted capital appreciation for Shareholders.

Competitive strengths

The Company invests in a diversified basket of Grains, Tropicals, Fibers and Livestock. This mix of largely uncorrelated Complexes is used as part of the risk management of the Portfolio.

The Manager currently works exclusively in the commodities and natural resource-related real assets sectors. The Manager conducts research, designs customised risk management tools and structures portfolio allocation tools that are specific to the particular characteristics of those asset classes. The commodities team at the Manager is experienced in commodity and commodity-focused investments, including agricultural commodities and the Manager's team has managed the Zephyr Commodity Fund since inception in 2004.

Directors

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities. The Directors are Hans-Willem van Tuyl (Chairman), Martyn Henley-Roussel, Howard Myles and Kimberly Tara. All of the Directors are non-executive directors and the majority of the Directors are independent of the Manager. Kimberly Tara, as an officer, shareholder and employee of the Manager, is treated as being non-independent.

The Manager

The Manager, FourWinds Capital Management, is a Cayman Islands exempted company with subsidiaries in England and Wales and the United States and offices in Boston, London, Geneva and Hong Kong.

The Manager focuses on the development of, and risk management of, investment vehicles for commodities and real assets. The Manager currently has three other funds under management, namely Aqua Resources Fund Limited, Phaunos Timber Fund Limited and the Zephyr Commodity Fund.

The Placing

The Company is proposing to raise up to US\$250 million through a series of Offers comprising the Placing, of which up to US\$190 million is to be undertaken by the Manager as Placing Agent with any remainder to be placed by any third party Placing Agent which may be appointed by the Company. As at the date of this announcement, the actual number of Placing Shares to be subscribed under the Placing is not known.

The Offer Period for the First Offer is expected (subject to the Directors resolving otherwise at their sole discretion) to open on 19 January 2009 and close on 30 January 2009. Thereafter Offer Periods are expected

(subject to the Directors resolving otherwise at their sole discretion) to occur on a quarterly basis in April, July and October 2009. Subject to the Directors resolving otherwise in their sole discretion, the Offer Period in April is expected to open on 17 April 2009 and close on 30 April 2009 and the Offer Period in July is expected to open on 20 July 2009 and close on 31 July 2009. The last Offer Period (subject to the Directors resolving otherwise at their sole discretion) is expected to open on 19 October 2009 and close on 30 October 2009.

Whether or not Placing Shares are to be issued in respect of any Offer Period will be determined by the Directors in their absolute discretion in light of demand for such Placing Shares.

The Placing Price of each Placing Share issued in respect of any Offer Period will be determined by the Directors and will be equal to at least the estimated unaudited Net Asset Value per Share published immediately prior to the close of the relevant Offer Period adjusted to allow for the costs and expenses of the Placing. Any premium to the NAV per Placing Share at which Placing Shares are issued in respect of any Offer Period will be used to meet the costs and expenses of the Placing and will then accrue to the benefit of existing Shareholders.

Copies of the prospectus have been submitted to the UKLA Listing Authority and are available for inspection at:

UKLA Document Viewing Facility
The Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
Telephone 0207 066 1000

The prospectus is also available on the Company's website:
www.ceresagriculture.com

Copies of the audited financial statements for the period from 17 October 2007 to 29 February 2008 have been published today and are available on the Company's website as shown above.

Further enquiries:

FourWinds Capital Management, Investment Manager and Placing Agent

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Disclaimer

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This announcement does not constitute or form part of any offer or invitation to issue or sell or any solicitation of any offer to purchase or subscribe for, nor shall it (or any part of it) or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefore. The distribution of this announcement and other information in connection with the listing and the placing in certain jurisdictions may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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the United States, Canada, Australia or Japan.

In particular, this announcement is not an offer for sale of, or a solicitation to purchase or subscribe for, any securities in the United States. No securities of the Company have been, or will be, registered under the US Securities Act of 1933, as amended, (the 'Securities Act') and securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. There will be no public offer of the securities of the Company in the United States.

The Company is a Registered Closed-ended Investment Fund pursuant to the framework introduced by the guidance document issued by the Guernsey Financial Services Commission (the "GFSC") dated February 2007. Placing Shares may not be offered directly to the public within Guernsey, such public being defined in the Guidance Document as being any person not regulated under any of Guernsey's financial services regulatory laws. Neither the GFSC nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

Forward-looking statements

This announcement contains 'forward-looking' statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as 'believes', 'expects', 'may', 'will', 'could', 'should', 'shall', 'risk', 'intends', 'estimates', 'aims', 'plans', 'predicts', 'continues', 'assumes', 'positioned' or 'anticipates' or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors or the Company concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which it operates.

These forward-looking statements and other statements contained in this announcement regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company. Such risks and uncertainties could

cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this announcement speak only as of the date of this document. The Company and BDO Stoy Hayward LLP expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules of the FSA.

This announcement does not constitute a recommendation concerning the Placing. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. Information in this announcement or any of the documents relating to the Placing cannot be relied upon as a guide to future performance. Potential investors should consult a professional advisor as to the suitability of the Placing and the Placing Shares for the individual concerned.

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The definitions used in this announcement are the same as those contained in the Prospectus dated 20 November 2008.

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