## CONTENTS

### SECTION 1: INVESTMENT MANAGER INFORMATION
- 1.1 Contact Information  
- 1.2 Company Overview  
- 1.3 Ownership  
- 1.4 Organisation  
- 1.5 Operational Risk  
- 1.6 Business Continuity Plan  

### SECTION 2: FUND INFORMATION
- 2.1 Fund Details  
- 2.2 Fees  
- 2.3 Liquidity  
- 2.4 Service Providers  
- 2.5 Fund Administrator  

### SECTION 3: DATA OVERVIEW
- 3.1 Fund Assets  
- 3.2 Capacity Management  
- 3.3 Fund Performance  

### SECTION 4: INVESTMENT TEAM & STRATEGY
- 4.1 Fund Manager  
- 4.2 Investment Team  
- 4.3 Investment Research  
- 4.4 Investment Policy  
- 4.5 Investment Philosophy  
- 4.6 Investment Universe  
- 4.7 Investment Process  
- 4.8 Portfolio Construction  
- 4.9 Sell Discipline  

### SECTION 5: EXECUTION & TRADING

### SECTION 6: PORTFOLIO RISK MANAGEMENT

### SECTION 7: OPERATIONS, INVESTOR SERVICING & REPORTING
- 7.1 Operations  
- 7.2 Valuation & Dealing  
- 7.3 Reporting  

### SECTION 8: COMPLIANCE, LEGAL & ANTI MONEY LAUNDERING
- 8.1 Compliance  
- 8.2 Anti-Money Laundering Policy  
- 8.3 Legal
1. INVESTMENT MANAGER INFORMATION

1.1. Contact Information

<table>
<thead>
<tr>
<th>Company name:</th>
<th>Eclectica Asset Management LLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>6 Salem Rd, London, W2 4BU</td>
</tr>
<tr>
<td>Main Telephone:</td>
<td>+44 (0)20 7792 6400</td>
</tr>
<tr>
<td>Fax:</td>
<td>+44 (0)20 7792 6401</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:info@eclectica-am.com">info@eclectica-am.com</a></td>
</tr>
<tr>
<td>Website:</td>
<td><a href="http://www.eclectica-am.com">www.eclectica-am.com</a></td>
</tr>
<tr>
<td>Name of contact:</td>
<td>Joe Rouncefield – UK / Maria Johansson – non UK</td>
</tr>
<tr>
<td>Title of contact:</td>
<td>Investor Relations</td>
</tr>
<tr>
<td>Email/ Tel No of contact:</td>
<td><a href="mailto:joe@eclectica-am.com">joe@eclectica-am.com</a>/ +44 (0)20 7792 6420</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:maria@eclectica-am.com">maria@eclectica-am.com</a>/ +44 (0)20 7792 6423</td>
</tr>
</tbody>
</table>

1.2. Company Overview

Eclectica Asset Management was founded in 2005 by Hugh Hendy and four of his partners who were with him at Odey Asset Management. It was established to acquire the management contract for The Eclectica Fund, a global macro hedge fund established in October 2002 by Hugh Hendry. Today, it also manages two Eclectica branded UCITS funds: The Eclectica Agriculture Fund was launched in June 2007 and the Eclectica Absolute Macro Fund was launched in December 2009. A second hedge fund, The Eclectica Credit Fund was launched in August 2010. The company has also managed a long only European equity mandate (since October 2005) on behalf of a third party.

Type of company/entity: Limited Liability Partnership
Date and place of incorporation: 30 March 2005, England & Wales
Registered number: OC312442
Domicile: London, UK
Subsidiaries/Branch Offices: None

Which regulatory authority is the company registered with? UK FSA
Date of Registration: 6 June 2005
Registration Number: 430991

Individuals registered with the same authority in relation to the company’s registration:

Hugh Hendry, Paul Taylor, Paul Bramley, George Lee, Espen Baardsen, Adam Sutton, Tim Arengo-Jones and Eoghan McDonagh.

1.3. Ownership

Describe the firm’s ownership structure, name of its owners and their role within the firm?

The company is fully controlled by its partners.

Short background of principals:

Hugh Hendry – Founder Partner, CIO
Hugh is the principal portfolio manager and leads both the investment thinking and research teams. He has 20 years investment experience with Baillie Gifford, Credit Suisse Asset Management and Odey Asset Management. Hugh graduated in 1990 with a joint honours BA in accounting and economics from the University of Strathclyde and has regularly published research papers for practitioner and industry journals.

Paul Taylor – Partner, CEO
Paul is responsible for the management of firm-wide activities. Prior to joining Eclectica Paul was the Chief Investment Officer and co-founder of Lodsworth Capital Management. Before that Paul was a

**George Lee - Partner, Portfolio Manager**
George is head of equity research and manages the Eclectica Agriculture Fund. Prior to the establishment of Eclectica, George worked at Odey Asset Management, where he trained as an analyst, having graduated in classics from Cambridge University in 2000.

**Paul Bramley - COO**
Paul manages the operations and finance functions within Eclectica and is compliance officer for the firm. He is a qualified chartered accountant and corporate treasurer, having begun his career with Arthur Andersen in 1984. Paul has over twenty five years’ experience in financial services, including CFO and COO roles in investment banking and asset management. Prior to joining Eclectica, Paul was COO of Matrix Group’s Asset Management division, overseeing £3.5bn under management. Paul has an MA in classics from Oxford University.

**Espen Baardsen – Partner, Head of Macro Research**
Espen is co-manager of the Eclectica Fund and has been managing the macro positions within the portfolio since 2007. He joined Eclectica Asset Management from Voltrex Ltd where he was a hedge fund analyst. Espen has a degree in Social Sciences and Economics from the Open University.

**Tim Arengo-Jones – Partner, Trader**
Tim is responsible for trading of listed securities and overseeing the trading function and assists the fund management team in portfolio monitoring and risk analysis. Tim joined Eclectica in 2005, prior to which he worked at Odey Asset Management from 2000 to 2005. Tim graduated with a degree in Economics from the University of Bristol in 1999.

**Simon Batten - Partner**
Simon was the firm’s CEO from inception until 2010, at which time he withdrew from his day-to-day responsibilities. Simon remains a partner of the firm and is available on an ad hoc consultancy basis. Prior to joining Eclectica, Simon was joint CEO of Odey Asset Management.

### 1.4. Organisation

**How large is the firm in terms of full time individuals?**

23 full-time personnel (partners & employees)

Who are the key principals and how are the key-man issues addressed and managed?
The key decision makers within the business are the six operational partners. Hugh Hendry has the responsibility for the management of The Eclectica Fund. Management of the Firm’s UCITS products is shared by Hugh Hendry and George Lee.

Operationally Paul Taylor is the Firm’s CEO and Paul Bramley, the Firm’s COO.

Investors will be notified in the event of significant organisational changes, for example the departure or incapacitation of any key individuals. The Fund employs a very liquid investment strategy and investors have the opportunity to redeem on a monthly basis upon seven days notice.

What are the average years of professional experience in business management team?

Average of 10 years.

What has been the turnover rate among the firm’s personnel?

Since Eclectica was founded in 2005, four analysts have joined. One returned to New Zealand for family reasons and another relocated to Turkey for similar reasons. Two execution traders joined and left. The first returned to his previous employer to manage his own hedge fund, the second did not meet our expectations.

Where do the primary trading, research and portfolio management activities take place?

All activities are managed out of the London office.

Are outside representatives or consultants used for any activities?

- Throgmorton maintain the group’s management accounts.
- Matsco Solutions provide IT support.
- ACA Consulting provide compliance consultancy services.
- Third parties are used for marketing purposes.

Please provide details of the appointed legal counsel and auditors:

- Schulte Roth and Zabel are legal counsel.
- Ernst & Young are auditors

Number of portfolios/ accounts managed by the Firm: 6

<table>
<thead>
<tr>
<th>AUM ($m at 1 October, 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Eclectica Fund</td>
</tr>
<tr>
<td>The Eclectica Credit Fund</td>
</tr>
<tr>
<td>CF Eclectica Agriculture Fund</td>
</tr>
<tr>
<td>CF Eclectica Absolute Macro Fund</td>
</tr>
<tr>
<td>Segregated Accounts</td>
</tr>
<tr>
<td>Total Assets managed/ advised by the firm:</td>
</tr>
</tbody>
</table>

Oldest continuously active account: The Eclectica Fund (2002)

Largest current account: The Eclectica Fund ($503m)

1.5. Operational Risk

How does the company define operational risk?

Operational risk is the risk of loss due to a failure of Eclectica Asset Management’s internal control systems, policies and procedures. This includes oversight of its third party service providers and counterparties.
Does the company have an operational risk management framework? Does the framework consider how the company identifies, assesses, monitors and controls operational risks?

Formally this is encompassed within the annual Senior Management Arrangements, Systems and Control (SYSC) review. This analyses the risks the firm has and its governance arrangements. Practically, the CEO and COO have primary responsibility for monitoring operational risk and together form the Compliance and Prudential Committee which meets quarterly to review day-to-day compliance monitoring, control issues and so on.

Operational Risk for Outsourced Functions

Are service level agreements in place between the company and its outsourced services providers?

The firm has SLAs in place with all fund administrators, Throgmorton and Matsco.

Does the company perform periodic reviews of the outsourced service providers?

Yes. Regular meetings are arranged with our service providers to ensure that issues are managed effectively and efficiently.

What ongoing assurance does the firm perform over the effectiveness of the controls at outsourced service providers?

In order to have complete confidence in the administrators we double check everything they do, including signing off valuations and financial statements.

1.6. Business Continuity Plan

Is there a separate IT department within the organisation?

No. IT resources are managed internally by the COO but day to day implementation is carried out by Matsco Solutions.

Does the company have a formal business continuity management plan?

Yes. The plan outlines contingencies for the loss of access to our office facilities and/or our key systems and data. It describes the decision making and communication leaders and provides instructions for employees to follow in the event of a disaster scenario. The COO and office manager also have key contact information for all employees and service providers.

What contingency plans do you have in terms of:

Back up systems:

The system is backed-up daily with one of 10 weekly tapes (10 dailies overwritten on a two week cycle), one of which is kept off site. In addition a monthly back up is taken on a separate tape (on a 12 monthly cycle) and kept off site. Furthermore, secondary servers, replicating all data in real time for file, email, Blackberry and Beauchamp, are kept in a separate secure off site location.

Describe the disaster recovery plan or other emergency procedures:

Paul Bramley, Hugh Hendry and Sheree Durrant will determine the action required and then contact staff to inform them how to proceed. In the event of the main servers failing or the server room being out of order Matsco would switch users over to the backup servers and work would continue seamlessly. In the event of the building being Short Term Disabled all key staff have access to Eclectica’s systems from home via a VPN. Many staff access the systems out of hours in this way and therefore this is a tried and tested method of providing continuity. In a short-term disaster scenario staff would be able to work from home until the building was back up or an alternate site found.

In the event of the Salem Road office servers being completely unavailable, secondary, back-up, servers for file, email, Blackberry and Beauchamp which are kept in a separate secure environment replicating all data in real time can be brought on stream immediately and accessed in the same way.
In the event of the building being Long Term Disabled the Short Term plan will cover us until alternative serviced offices can be brought on-stream and new hardware acquired. Initially any available staff home PCs and laptops may also be called upon.

2. FUND INFORMATION

2.1. Fund Details

<table>
<thead>
<tr>
<th>Legal Fund name:</th>
<th>CF Eclectica Agriculture Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Advisor:</td>
<td>Eclectica Asset Management LLP</td>
</tr>
<tr>
<td>Authorised Corporate Director:</td>
<td>Capita Financial Managers Limited</td>
</tr>
<tr>
<td>Fund Manager:</td>
<td>George Lee</td>
</tr>
<tr>
<td>Inception Date:</td>
<td>8 June 2007</td>
</tr>
<tr>
<td>Benchmark:</td>
<td>MSCI World</td>
</tr>
<tr>
<td>Launch Prices:</td>
<td>Class A: 100.00p/147.21€/261.81$c</td>
</tr>
<tr>
<td></td>
<td>Class C: 130.96p/165.49€/261.81$c</td>
</tr>
<tr>
<td>Base Currency:</td>
<td>£</td>
</tr>
<tr>
<td>Structure:</td>
<td>UCITS IV sub fund of CF Eclectica Funds</td>
</tr>
<tr>
<td>Dividends:</td>
<td>Accumulated</td>
</tr>
<tr>
<td>Financial Year End:</td>
<td>31 December</td>
</tr>
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</table>

Fund Identifiers

<table>
<thead>
<tr>
<th>SEDOL</th>
<th>ISIN</th>
<th>Bloomberg</th>
</tr>
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<tbody>
<tr>
<td>A £</td>
<td>B1XGDS0</td>
<td>GB00B1XGDS05</td>
</tr>
<tr>
<td>A €</td>
<td>B1XGDP7</td>
<td>GB00B1XGDP73</td>
</tr>
<tr>
<td>A $</td>
<td>B39WY94</td>
<td>GB00B39WY943</td>
</tr>
<tr>
<td>C £</td>
<td>B3B02F8</td>
<td>GB00B3B02F88</td>
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<tr>
<td>C €</td>
<td>B3B02P8</td>
<td>GB00B3B02P86</td>
</tr>
<tr>
<td>C $</td>
<td>B39WYQ1</td>
<td>GB00B39WYQ11</td>
</tr>
</tbody>
</table>

2.2. Fees

| Initial Charge: | Class A: 0.5% |
| | Class C: 0.1% |
| Annual Management Charge: | Class A: 1.75% |
| | Class C: 1.25% |
| Anti-Dilution Levy: | Up to 0.75% on transactions over 5% of NAV. |

2.3. Liquidity

| Minimum initial investment: | Class A: £5,000/€ or $ equivalent |
| | Class C: £2,000,000/€ or $ equivalent |
| Minimum subsequent investment: | Class A: £500/€ or $ equivalent |
| | Class C: £10,000/€ or $ equivalent |
| Dealing: | Daily at 12 pm |

2.4. Service Providers

Administrator: Capita Financial Administrators Limited
Ibex House
42-47 Minories
London, EC3N 1DX
Tel: 0870 607 2555
Fax: 0870 607 2550
Please state the Total Expense Ratio of the Fund per year for each of the past three years

2008  
Class A: 1.87%  
Class C: 1.38%

2009  
Class A: 1.88%  
Class C: 1.38%

2010  
Class A: 1.89%  
Class C: 1.39%

2011  
Class A: 1.88%  
Class C: 1.38%

Total Expense Ratio represents the total expenses of the Fund, excluding transaction costs, interest payable and expenses of a capital nature, expressed as a percentage of the average net assets during the accounting period.

2.5. Fund Administrator

Duration of the company's professional relationship with administrator

Since 1997.

Are there provisions in the fund documentation relating to indemnification of the administrator?

Yes; standard terms.

Have ongoing due diligence visits been conducted? If so, by whom and of what frequency?

CEO and Head of Operations attend monthly conference calls and ad hoc meetings with the administrator. As the Fund is regulated, the Depositary also keeps close monitoring of the activities of the Administrator.

3. FUND DATA OVERVIEW

3.1. Fund Assets

Total Strategy assets: $125 (at 1 October 2012) 

List the total assets of the fund’s assets over the past 12 months and their respective changes since inception:

<table>
<thead>
<tr>
<th>Month end AUM over the last 12 months ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul 10</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>155</td>
</tr>
<tr>
<td>Sep 11</td>
</tr>
<tr>
<td>205</td>
</tr>
</tbody>
</table>

What percentage of assets is represented by the largest investor?
Which channels are you marketing the fund?
Discretionary wealth managers, family offices, IFAs and multi-managers.

3.2. Capacity Management

What is the maximum capacity of your fund?
The Fund is not capacity constrained.

How will front/back office operations be affected in the event of significant increase in assets under management, and what measures will be taken?
The size of the Fund is unlikely to impact meaningfully on front/back office operations. Whilst at Odey, Hugh ran $1.3bn with a single analyst, trader and back office person. At Eclectica George and Hugh are supported by two equity analysts, two traders and three full time operational support staff.

3.3. Fund Performance

Historical performance since inception
Monthly and Yearly Performance % (Net Of Fees) A Share £

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
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</thead>
<tbody>
<tr>
<td>2012</td>
<td>3.2</td>
<td>1.4</td>
<td>-0.2</td>
<td>-3.2</td>
<td>-1.0</td>
<td>-0.4</td>
<td>1.0</td>
<td>-1.4</td>
<td>0.3</td>
<td>+1.6</td>
<td>+2.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>-3.0</td>
<td>-0.7</td>
<td>+0.2</td>
<td>-1.9</td>
<td>-1.8</td>
<td>+0.6</td>
<td>-0.3</td>
<td>-4.5</td>
<td>-11.2</td>
<td>8.6</td>
<td>-5.5</td>
<td>0.8</td>
<td>-18.1</td>
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<tr>
<td>2010</td>
<td>-2.6</td>
<td>7.9</td>
<td>4.8</td>
<td>-5.1</td>
<td>-7.1</td>
<td>-7.0</td>
<td>5.8</td>
<td>5.8</td>
<td>4.8</td>
<td>7.4</td>
<td>2.1</td>
<td>9.5</td>
<td>27.4</td>
</tr>
<tr>
<td>2009</td>
<td>-0.1</td>
<td>-2.4</td>
<td>-0.2</td>
<td>2.8</td>
<td>7.2</td>
<td>-6.9</td>
<td>2.6</td>
<td>3.7</td>
<td>1.9</td>
<td>-1.6</td>
<td>7.0</td>
<td>6.3</td>
<td>21.1</td>
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<td>2008</td>
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<td>13.2</td>
<td>-3.2</td>
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<td>-2.6</td>
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<td>-3.4</td>
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<td>18.9</td>
<td>-2.9</td>
<td>8.9</td>
<td>-34.6</td>
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<tr>
<td>2007</td>
<td>3.9</td>
<td>-2.2</td>
<td>-5.1</td>
<td>6.2</td>
<td>5.0</td>
<td>-4.6</td>
<td>11.3</td>
<td>14.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Monthly Return for ‘A’ €/$ & ‘C’ £/€/$ Shares: Please see our website: www.eclectica-am.com
Monthly NAVs: Please see our website: www.eclectica-am.com

Please explain any major factors affecting performance and draw downs (i.e. a manager change, a change in strategy etc.)

There have not been any major changes in personnel or investment strategy. Factors that may affect performance and draw-downs include general market conditions and the Investment Advisor’s ability to find trading and investment opportunities.

Is the fund performance audited?
The Fund is audited by Ernst & Young.
4. INVESTMENT TEAM & STRATEGY

4.1. CF Eclectica Agriculture Fund Manager

<table>
<thead>
<tr>
<th>Name:</th>
<th>George Lee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title:</td>
<td>Portfolio Manager</td>
</tr>
<tr>
<td>Year of Birth:</td>
<td>1979</td>
</tr>
<tr>
<td>Location of Manager</td>
<td>UK</td>
</tr>
<tr>
<td>Years at Eclectica</td>
<td>7</td>
</tr>
<tr>
<td>Investment Years Experience</td>
<td>12</td>
</tr>
<tr>
<td>Time as Lead Manager of this fund</td>
<td>5 (since inception)</td>
</tr>
<tr>
<td>Qualifications</td>
<td>CFA Charter Holder</td>
</tr>
</tbody>
</table>

4.2. Investment Team

How many investment professionals in the firm?

There are four investment managers and other investment professionals:
- Hugh Hendry – CIO (Partner)
- George Lee - Portfolio Manager (Partner)
- Espen Baardsen – Portfolio Manager (Partner)
- Adam Sutton – Portfolio Manager Trader
- Tim Arengo-Jones – Trader (Partner)
- Eoghan McDonald – Trader
- Robert Neukomm – Equity Analyst
- Henry Leventis – Equity Analyst
- Vladimir Vladimirov – Quantitative Analyst
- Thomas Roderick – Desk Strategist

Investment Team Experience

Average of Professional Experience: 8 years

How does the research team function?

George is supported by two other equity analysts in the day to day running of the Fund. The analysts have a dual function. Their primary responsibility is to respond to the current asset allocation decisions made by the portfolio managers and find stocks that provide the best exposure to those views. Second, they are responsible for generating stock specific ideas that are independent of the current portfolio and will therefore provide a non-correlated return. The analysts are also responsible for meeting with company management.

How are decisions made?

The principal fund manager works very closely together and communicate openly their thoughts on positions.

Who is authorised to make investment decision on the portfolio?

George Lee is ultimately responsible for making investment decisions on the Fund; Hugh Hendry, the firm's CIO is authorised to make decisions in the event of the lead fund manager's absence or incapacity.

What criteria is used to internally assess investment team members?

Managers are monitored continually but formally at the monthly performance review meeting. All members of the investment team are subject to an annual appraisal with the CIO, where they are judged on the quality and effectiveness of their research, their commitment and teamwork.

Please outline the remuneration policies for investment teams.
All of the Partners receive a profit allocation each year, based upon their economic interest in the business. Portfolio managers also receive a percentage of the management fees associated with their funds. Research analysts are awarded a discretionary bonus.

4.3. Investment Research

What proportion of research is generated internally?

100% or the core of our investment process stems from proprietary research conducted by our analyst team.

What outside sources are used?

Multiple external sources are drawn on, including materials produced by banks, brokers, boutique research companies, consultants and other vendors. In addition, extensive overseas travel and company visits are undertaken by the analyst team.

Describe your back testing of investment ideas?

We rigorously scrutinize our decisions and returns at a monthly investment meeting where the investment team analyse changes made to the portfolios over the prior month - including changes to the broader asset allocation of the portfolio to individual stock purchases or sales - are analysed to evaluate the effect they have had on the performance of the Fund. Control tests are also performed to discern how portfolios would have performed over the month had the changes not been made.

Have you published or commissioned any research/academic papers? No

4.4. Investment Policy

Investment Policy:

The investment objective of the Fund is to achieve long-term capital growth through investment in a diversified portfolio of global quoted equity investments that are involved in, related to, concerned with or affected by agriculture and farming related issues. The Fund may also invest in collective investment schemes and cash and near cash in the interests of achieving its objective of capital growth. The Fund may utilise currency hedging in the interests of achieving that objective.

There will be no predetermined orientation towards, or emphasis on, any particular industrial or economic sector.

4.5. Investment Philosophy

The Eclectica Investment style is a combination of non-consensual thinking allied to pragmatism and discipline and relentless focus on relative price trends.

Indices do not shape our investment approach; global macro insight, rigorous fundamental analysis and adherence to relative price trend do.

In practice, this results in demonstrable superior long-term performance characterised by low correlation with the benchmark index.

4.6. Investment Universe

Define the authorised universe of investible securities for the fund

The world of agricultural equities can be broken down into a series of themes, which very broadly break down as follows: land, infrastructure, farm machinery, crop nutrition, crop protection, seeds and protein.
4.7. Investment Process

Describe the typical flow of an investment idea from inception to a trading position:

The investment process starts with a top-down analysis formulated by an ongoing review of the macro economic environment. This determines the desired asset allocation. In addition, much consideration is given to determining the global economy’s most likely growth trend with a focus on identifying profit opportunities caused by economic disequilibrium.

On a monthly basis, we put all stocks globally through a proprietary process, where we rank them on the basis of relative strength against the broader stock market.

The resulting equity pool is then reviewed by our research team, who conduct thorough fundamental analysis on stocks that benefit most from the macro hypothesis. This involves detailed analysis of all available historical financials, in-depth industry and peer group analysis and company visits. The emphasis we will place on any specific analytical metric or ratio will vary depending on the prevailing market environment. Particular attention is paid to the enterprise value-to-sales ratio and the sustainable operating profit margin of a business as dictated by its capital intensity.

The purchase of new holdings can only be implemented after fundamental research and global macro analysis have been confirmed by the presence of relative momentum. Due consideration is also given to portfolio concentration, correlation and liquidity.

Detail where opportunities exist for adding value in the Fund

The Fund adds value from three sources. First, the Manager’s relative performance style ensures that the Fund can only invest in equities that demonstrate superior performance relative to the benchmark. Second, the Manager’s proven expertise in absolute investment provides a unique understanding of stock market risk and an ability to preserve capital value during extreme bear markets. Third, the Manager’s expertise in correctly appraising global macro trends allows for tactical asset allocation and a low correlation versus the investment universe.

4.8. Explain your portfolio construction process

The Fund typically holds between 60 and 100 positions. Broad asset allocation within the portfolio between the various agricultural themes will be set by the manager’s top-down view on the industry. The primary consideration when determining position size is the prevailing combination of analytical conviction and price trend confirmation. Due regard is given to liquidity factors, as a rule we like to be able to liquidate positions in one trading day.

4.9. What is the sell discipline on the fund?

First, feedback from the analytical team of a change in fundamentals would result in selling a holding.

Second, as described earlier, positions are only taken when we have received confirmation from the market. What this means is that we only own stocks that have a positive trend. Positions are systematically screened on a monthly basis for continued relative strength. All positions are reduced or sold should the prevailing positive trend be violated.

Third, individual holdings are further analysed using regression analysis with holdings trimmed when they become extended from their prevailing trend or increased when trading at the lower permissible deviation band to the existing trend. This is represented with reference to the twenty and forty month moving averages.

How do you invest new capital into the market?

The Fund’s existing weightings would tend to be maintained by investing new capital on a pro rata basis.
Have the strategy or trading processes changed over time due to capital flows?
No

Have you encountered position limit problems? If yes, please explain
No

Describe your cash management policy?
Excess cash is typically reinvested in short term Treasury Bills.

What features differentiate you from other managers?
Eclectica has a long track record of successful returns achieved against a back drop of unprecedented market fluctuations. In addition, as a boutique investment house, the owners of the business are the managers of the Fund. As such, they have a vested financial interest in the Fund’s ongoing superior performance.

What makes your strategy unique?
The Manager can point to a long and successful track record of displaying non-consensual and free thinking in portfolio construction.

What are the strengths/ weaknesses of your investment strategy?

**Strengths:** longevity of return, proven ability to identify early stage bull markets across different asset classes, a discipline to cut losing positions to protect against calendar year loss and low or negative correlation with the Fund’s benchmark.

**Weakness:** being early in identifying trend change can be a weakness as it opens up the possibility of higher volatility against the benchmark.

Briefly explain what you consider to be the main strength of your investment management organisation
Eclectica is genuinely different and offers truly independent thought. This is characterised by, amongst other things, the use of alternative research sources; the ability and conviction to display non-consensual thinking; and the willingness to deviate from the benchmark in portfolio construction whilst at all times imposing ruthless discipline in portfolio management. All this contributes to a portfolio that displays low correlation to other managers and the Fund’s benchmark.
5. EXECUTION & TRADING

Who is authorised to place orders on behalf of the fund?

All orders given by the Fund managers are managed by the traders (Tim Arengo-Jones and Eoghan McDonagh). Lists of authorised traders are sent to counterparties as part of the account set up process and updated as needed.

Is there clear separation of functions between front & back office?

Yes. The operations department cannot execute transactions and the trader cannot undertake or communicate trade matching or other operational responsibilities: all reconciliation functions, cash activity and final valuation decisions are managed by individuals that are independent to the front office.

How do you manage trade data and keep track of open positions? (Specify the system in use)

Portfolio Management System used is Beauchamp.

Is there an electronic feed to brokers, administrators & custodians and how is it used?

Electronic trade blotters are passed to the back office throughout the trading day. Traders maintain physical blotters as another record in the event of a checking query. Analysts cannot initiate trades without the portfolio manager’s sanction.

How are trading errors dealt with?

We have an established process to deal with such outcomes. First, an investigation would be undertaken to determine where the error occurred (i.e. was it our fault or the counterparty). Second, the Fund would be compensated. To date this has yet to occur.

Are trades reconciled to broker confirmations? How often?

Continuously and mechanistically.

Are cash positions reconciled? How often?

Cash positions are reconciled daily.

Is there a restricted list?

Yes. This is managed by the compliance dept.

Does the company make use of ‘soft dollars’?

Soft dollars are not utilised for long only funds.

Does the firm or advisor have any relationship which may affect its trading flexibility, e.g. associated broker/dealer?

No
6. PORTFOLIO RISK MANAGEMENT

Do you have a risk manager?

Hugh is responsible for risk. He is analytically supported by Tim Arengo-Jones and Nick Green who provide ad hoc, daily, and formal monthly proprietary risk analyses.

Do you use external risk monitoring? If so, who, and why that particular one?

No, n/a.

How do you manage liquidity of positions?

Liquidity is measured based on the average daily traded volume of the previous 30 days. Typically we like to keep holdings below 1/3 of the average volume.

Which systems/software is used in your middle office?

Beauchamp, Bloomberg, Omgeo

What are the portfolio limitations?

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<th>Maximum %</th>
<th>Targeted %</th>
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<tr>
<td>Other collective vehicles</td>
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<td>No target</td>
</tr>
</tbody>
</table>

*Maximum stock: 10% provided that the sum of those investments exceeding 5% does not exceed 40% ** There are no other restrictions on the portfolio in terms of geographical or sector exposure.

Does the fund use derivatives?

The Fund is permitted to use derivatives for EPM. **What is the fund’s maximum exposure geared and un-g geared?**

100% NAV

Can the fund employ leverage?

No

What is the funds hedging policy?

Currency hedging is used for the purposes of EPM.

How is currency exposure managed?

Currency exposure is managed by the portfolio manager. The Fund is benchmarked against an unhedged index and therefore we monitor currency exposure in relation to exposure of index as well as the general ‘macro’ outlook for individual currencies. At the discretion of the manager, we might use currency forwards to hedge back non-base currency exposure into base currency.

What controls are in place to ensure adherence to the mandate?

Portfolio valuations are monitored on a daily basis for any deviation from the mandate by the operations team. Additionally this is monitored by third party administrator & trustee.

How many positions does the fund typically hold?
The Fund typically holds between 60 and 100 positions.

How is position size determined?
The size of a position will depend on several factors. The first consideration is liquidity; given our strict sell discipline we need to be able to get out of positions quickly. We will often take relatively small positions and build them as they move in our favour; i.e. we get stronger market confirmation. Finally we will be happy to take larger positions in high conviction/low risk ideas, following our regression analysis and 20/40 month moving average deviations.

Discuss position and stop-loss limits and their management
Portfolios are also reviewed monthly and are subject to a proprietary value-at-risk model. We do not employ price stops on individual holdings. Instead, price regression analysis is used to identify when positions are overbought and oversold. Individual positions are reduced when the price is trading more than two standard deviations away from the current trend.

How often are these limits applied? When were their peaks observed?
Constant application from Feb 2008.

How do you adjust your risk capital allocation when there is significant increase in equity due to trading profits?
Trading profits are usually booked as the position moves in our favour. Given our trading disciplines and the use of regression analysis, as stocks move in our favour they necessarily carry a greater risk and are usually reduced.

What has been the Fund’s annual turnover since inception?

- At 31 December 2008: 47.96%
- At 31 December 2009: 347.21%
- At 31 December 2010: 143.38%

Calculation method:

\[
\text{(Purchase of securities + Sales of securities) - (Subscription of shares + redemption of shares)}
\]

\[
\text{(Average fund value over 12 months x 100)}
\]

Outline counterparty risk policy
Bank of New York Mellon (BNY) is custodian and trustee for the Fund. All the assets of the Fund including cash are ring fenced and segregated from assets of BNY and assets of other funds. Any cash above modest thresholds is reinvested in short term Treasury Bills.
7. OPERATIONS, INVESTOR SERVICING & REPORTING

7.1. Operations

How is your firm organised to handle trading, portfolio accounting, administrative and compliance operations?

The Operations team managed by Paul Bramley consists of four individuals who are responsible for trade support and fund administration. Trading execution is managed by Tim Arengo-Jones. Compliance activities are overseen by Paul Bramley – there is a regular Compliance & Prudential meeting attended by the CEO and Head of Operations, where operational, procedural, legal, and regulatory and compliance issues are reviewed.

What people and systems/computer resources are employed for these purposes?

The operations team have access to the internal portfolio management system (Beauchamp) and hence are able to construct and run a wide variety of reports to assist daily fund administration. Additionally Bloomberg terminals are available in order to check market information.

How do you manage trade data and keep track of open positions? (Specify the system in use)

The company’s Beauchamp portfolio management system electronically stores all of the company’s trade files on a daily basis. All positions are reconciled daily.

Is there an electronic feed to brokers and administrators, and how is it used?

Yes. Trades are matched on trade date with brokers via Omgeo CTM. All trades are sent to administrators and custodians via automatic FTP from the Beauchamp system at various times throughout the day.

Is there an insurance policy for operational risks? If yes, describe the nature of covered damage.

No.

7.2. Valuation and Dealing

Who calculates the NAV?

The administrator, Capita Financial Administrators Limited

Please describe the nature and frequency of cross–checking cash and portfolio holdings between the fund manager, accounts and back office

Valuations and cashflow records are received daily from Capita Financial and are reconciled electronically against Eclectica’s records on a daily basis.

What time is the NAV calculated?

Daily at midday.

If the base or share-class currency differs from that of the fund’s underlying assets, when is the valuation point?

Non-base (Sterling) share classes are computed at the exchange rate prevailing at the point of valuation.

What time is the NAV available?

COB each day.
Do you make any adjustments to the NAV valuation received from your source? If yes, please explain what kind in terms of:

No

What is the dealing frequency and what is the order-cut of time?

Daily. Cut off time is 12 pm.

How long does it take for subscriptions and redemptions to settle?

T+4

7.3. Reporting

Can fund performance (NAV) be transmitted to us electronically on a regular basis?

Yes

Can the prospectus/offering memorandum be transmitted to us electronically?

Yes

List all reports and correspondence usually sent to clients

Each month, a fund factsheet is sent to investors via email.
8. COMPLIANCE, LEGAL & ANTI MONEY LAUNDERING

8.1. Compliance

Who is responsible for compliance in the firm?

Paul Bramley

Does a dedicated compliance team exist? Does the company maintain a written compliance manual?

The Compliance and Prudential Committee oversees management of the legal and compliance responsibilities. The committee also manage production of updated Compliance Manuals.

When was the manual last updated?

April 2012

What are the firm's employee own account dealing procedures?

Pre-approval and completion of a ‘PA Dealing form’ is required for all corporate securities including equities, bonds, and all related derivatives. Dealing in EAM funds also requires pre-approval. Employees are required to file quarterly holdings reports and request that their brokers send duplicate contract notes to the attention of the Compliance Officer. Compliance keeps all PA Dealing forms and matches them against employee brokers’ confirmations and quarterly statements. The Compliance & Prudential Committee reviews staff dealings on a monthly basis.

Does the company have a regular compliance monitoring programmes?

Yes. A Compliance Monitoring Calendar is used to ensure that monthly, quarterly and annual monitoring tasks are completed. Additionally, the Operations team will perform daily checks to ensure the funds comply with their respective mandates and the UCITs rules. In addition ACA undertake a quarterly compliance review.

8.2. Anti-Money Laundering Policy

Confirm that the company has established Anti-money laundering (AML) procedures in order to ensure compliance:

Yes

Please advise who your AML officer is:

Paul Bramley

Elaborate on the procedure to ensure compliance with AML policies including details of any training provided to employees:

Compliance with firm AML policies is reviewed formally annually and presented for discussion at Board level. All employees are provided with a copy of the firm’s Compliance Manual, which describe firm policies, and are given initial training on AML on joining. Front line marketing personnel are given additional periodic training.

Please provide a summary of your AML procedures:

Eclectica Asset Management has the following controls in place in order to counter money laundering:

- Customer identification
- Record Keeping
- Reporting of suspicions
- Staff awareness & training
As a wholesale firm, EAM's absolute number of clients is correspondingly low and it is the responsibility of the Fund's administrators to carry out identification and document checks on the underlying investors. Their procedures are reviewed as part of the annual review.

8.3. Legal

Are there or have there been in the last ten years, been any criminal, civil, regulatory or administrative proceedings against (i) the investment Manager of any of its principals or (ii) the Investment Product or any of its directors any similar such matters including reparations, arbitrations and negotiated settlements? If so, please provide details

No

Is there any material, criminal, civil or administrative proceedings pending or threatened against the firm of any of its principles, or have there been any such matters?

No

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