

Commodities: Market Review

Performance Update: 2008 - 2010

2008 Year in Review

For almost every investment sector, 2008 proved to be a year of exceptional turbulence and disappointment.

- **Credit crisis triggered market deterioration that ultimately led to acute shortages of liquidity and sharp reductions in interbank lending, which put additional pressure on credit markets**
- **Liquidity constrains due to poor availability of credit, prevented farmers from financing the optimum level of fertilizers and insecticides to enhance yields**
- **Fears of decreased demand and massive investor deleveraging forced many agricultural commodity prices below their cost of production**

The long run of economic good fortune came to a dramatic end in 2008, with commodity markets suffering an unprecedented economic earthquake of evaporating demand and steep price corrections.

The credit crisis actually began in earnest in the second half of 2007. In 2008 it morphed into a new and more severe phase that devastated the international financial and banking sectors, a development that affected all business. The collapse of Bear Stearns and Lehman Brothers—two highly respected New York-based investment firms — as the catalyst to the credit crisis. As these triggered a sudden and significant deterioration in market conditions and confidence that ultimately led to acute shortages of liquidity and sharp reductions in interbank lending, which put additional pressure on credit markets. As global equity markets plunged in the final months of 2008, governments and central banks in the major world economies intervened to support both the markets and individual financial institutions.

Commodities

On the commodities front, Barclays Capital (London) noted 2008 as a year of "fear and shock" as markets wound down. The London Metal Exchange's nonferrous price index, for example, was in near free-fall in the fourth quarter, dropping 39%. From January to December the index fell a full 50%, including an eye-opening decline of 61% from its high for the year, recorded in March*.

Metals

In metals, the Commodity Research Bureau (Chicago), which tracks domestic prices for copper scrap, lead scrap, steel scrap, tin, and zinc, mirrored the LME index with its own 50% drop. Finally, ISRI's steel scrap price reference indicator and its recovered paper price indicator recorded declines of 44% and 79%, respectively, in 2008.**

Agriculture

Throughout the history of grain markets there have been many 2-5 year cycles in supply and a few demand surges, but the Bush induced ethanol craze gave fund managers, farmers and speculators all they needed to rally grain prices to epic levels. Yet there is that nagging thing called history repeating itself that everyone seemed to forget in 2008. Whether it was the new oil era or the permanent grain demand from growing alternative fuel needs, the market felt there was no upside limit. History showed these spikes ended in a furious selling spree, and this move was different. Rice exploded to epic highs in 2008 as a global shortage and panic squeezed prices in this thinly traded markets.

The overwhelming trend in the meats sector in 2008 was its locked-in correlation to grains. Fair as it may be since grains, used for feed, rose in price to historic levels. Coffee had its ups and downs in 2008, only to fall to the commodity liquidation.

In 2008, the cocoa rally took off when funds started buying into the global demand theory for cocoa, as gourmet chocolate rapidly became the next big trend in 2008. Cocoa was at historic highs only seen a couple of times in history and there was little fundamental or technical rationale for it to stay there for very long. Cocoa remained as a great play for throughout the year going into 2009, as Put premiums continued to drop.

Energy

Weak demand and growing inventories weighed down energy prices, and the sector fell nearly 20% in December**. However, crude actually rallied more than 25% from its low on Christmas Eve as tensions between Israel and the Palestinians escalated into military action. This helped push crude oil to new highs (end of 2008 into 2009) as mounting evidence that OPEC nations aimed to reduced their quotas. While demand remained weak there was evidence that low gasoline prices brought drivers back to the roads .

Commodities: Market Review (2008)

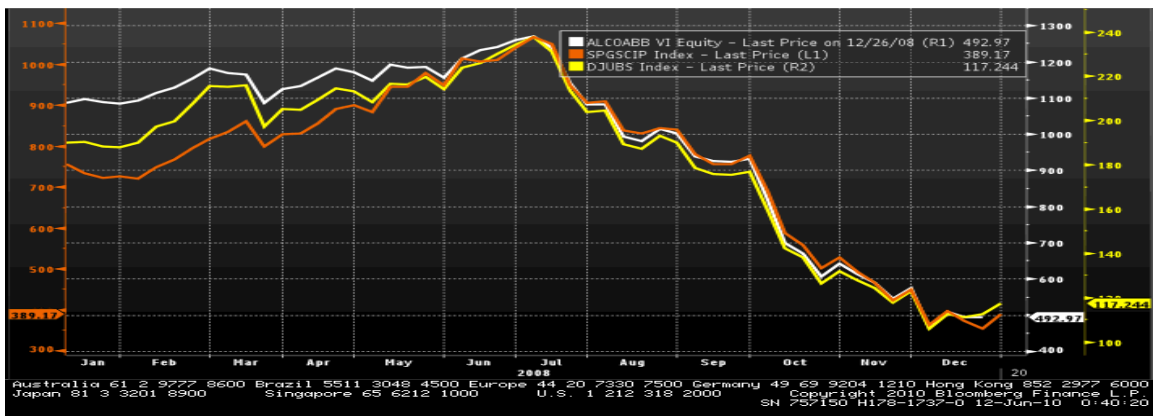
Performance Summary

- We had a bearish outlook on crude oil in the early part of the year based on deteriorating fundamentals in US economy. This hurt the Fund (although our view was eventually vindicated) as crude continued its upward march to almost \$150 per barrel in mid-2008.

Aliquot Commodity Fund (\$USD – Institutional Class I Share)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	3.59%	7.36%	-5.89%	3.79%	0.46%	8.92%	-12.85%	-7.98%	-12.41%	-26.55%	-10.38%	-8.68%	-49.81%
2007	0.85%	1.69%	-0.06%	0.56%	0.26%	1.39%	1.55%	-2.97%	5.64%	4.40%	-2.47%	0.33%	11.41%
2006						-0.75%	123%	0.95%	-2.10%	-0.63%	1.78%	-1.80%	-1.38%

The data denotes simulated performance of Aliquot Commodity Fund share class I net of management fees, performance fees and expenses based on actual performance of Aliquot Commodity fund share class B from May 31, 2006 to June 30, 2007. From July 1, 2007 to December 31, 2008, The data denotes actual performance net of management fees, performance fees, and expenses of Aliquot Commodity Fund share class I. Past performance is not a guide to future returns.

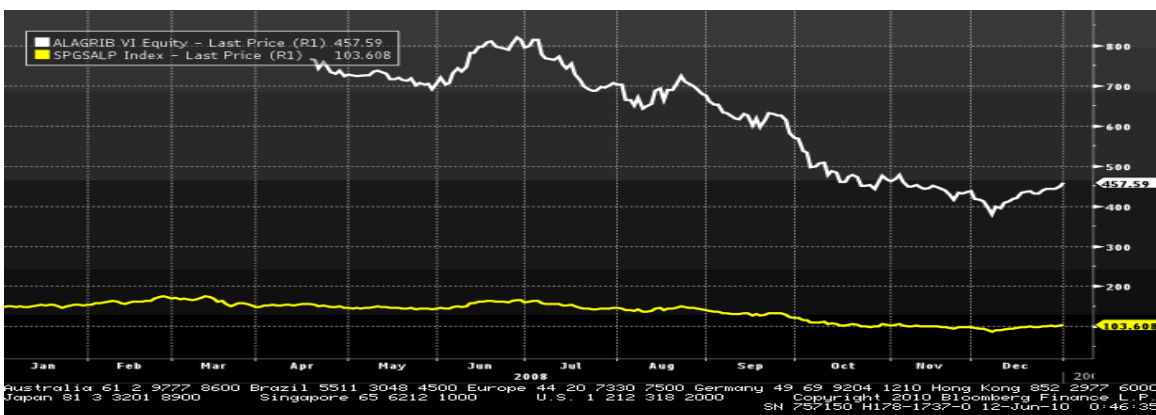


Source: Bloomberg – Data refers to actual data of Aliquot Commodity Fund – USD (Class B – Entry Fee)

Aliquot Agriculture Fund (\$USD – Institutional Class I Share)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	4.55%	10.50%	-12.45%	-10.6%	-2.28%	12.56%	-11.35%	-3.71%	-15.52%	-18.70%	-5.45%	4.97%	-35.95%
2007	-1.33%	3.03%	-6.35%	-10.2%	3.49%	0.78%	3.56%	2.74%	10.15%	-6.30%	2.68%	4.40%	15.70%
2006	1.36%	-0.05%	-4.61%	-0.33%	12.8%	1.26%	-2.11%	-1.67%	-0.82%	6.81%	4.93%	-1.01%	4.62%

The data denotes simulated performance of Aliquot Agriculture Fund share class I based on S&P GSCI Agriculture and Livestock Total Return net of the TER from December 31, 2005 to April 30, 2008. The TER is based on an AUM of 100 million and excludes any possible marketing expenses. Subsequently the data denotes simulated performance of Aliquot Agriculture Fund share Class I net of management fees, performance fees and expenses based on actual performance of Aliquot Agriculture Fund share class B since May 1, 2008. Past performance is not a guide to future returns.



Source: Bloomberg – Data refers to actual data of Aliquot Agriculture Fund – USD (Class B – Entry)

Commodities: Market Review (2009)

2009 Year in Review

The year was a mixed one for commodities filled with both highs and lows as some sectors continued on a slow and steady recovery phase whilst other areas of commodities showed extreme volatility in light of the bleak economic data and low demand.

- **Signs of economic recovery continued in the United States and Eurozone**
- **WTI crude prices declined slightly as inventories remained high, while distillate products rallied**
- **Base metals largely advanced on Chinese import strength, while precious metals outperformed on dollar weakness and investment demand**

Fundamentals continued to reassert themselves in individual commodities as the economic recovery slowly progressed and investors returned to the markets. Temporary pull-backs and price contractions continued across the energy and agriculture sectors.

Commodities

Commodities advanced broadly during the month of November as the economic recovery continued to manifest in OECD economies. Though admittedly starting from depressed levels, significant improvement in both the US and the countries that make up the Eurozone helped lift commodity prices. US Housing statistics improved dramatically, jobless claims dropped and further improvement in consumer confidence was seen. Led by Germany and France, purchasing managers in the Eurozone reported increased activity and both business and consumer confidence improved.

Metals

In metals, Gold to silver, palladium to copper, metals surely grabbed the headlines last year and rightfully so. Gold was higher by 24%, silver by 48%, palladium by 116% and copper a whopping 139%*. Prices of copper, even at their highs, were a far cry from their 2008 highs but if the global recovery continued and the infrastructure build picked up, this market could have had further upside. Gold started the year off high and only got more expensive as the year progressed trading to an all-time high in the first week of December. Silver was not viewed as a precious metal but also as an industrial metal which contributed to its amplified volatility. Silver's appreciation in 2009 was not impressive enough. Platinum on the other hand, was on a track, with virtually every 7-12%* correction being bought.

Agriculture

In agriculture, corn was a tale of two stories: farmers planted what looked to be the second largest crop in history, however the problem was the crop went in late due to inclement weather and we had one of the latest harvests in three decades. Prices have bounced almost \$1 off their lows and after a mild correction was expected*. As for the soybean crop, they too went in late, but as opposed to supply being the story in 2009 it was more the considerable demand for soybeans out of China that was the main price driver. Soybeans had a much larger trading range on the year with prices for the most part moving in a \$3 trading range between \$8 and \$11 on the year*. The record high prices in wheat in 2008 did their job by causing farmers around the globe to shift more acres into wheat to prevent a re-occurrence of the 2008 price spikes. The high was made last year right at the end of May and after that prices traded lower until they bottomed in the Fall and started to creep higher. Since then, wheat had been trading range bound as a result wheat had not seen the movements other Ag's had seen in 2009. All in all the year, was a good one for commodities but it was a tough act to follow as the market posed some challenges.

In softs, 2009 marked a 30-year high in cocoa, a 29-year high in sugar, a freeze in Florida carried OJ to a 2 year high. Value investors loved sugar because although 2009 saw a major price increase, sugar traded double its price. For several years the US planted smaller and smaller cotton crops. Cotton enjoyed a steady rise in price, after bottoming early in the year and went on to trade from a low (under 50 cents) to a high of around 75 cents; a move of 50%. .

The Livestock market, was like watching paint dry in 2009. As feeder cattle trend was sideways from Q1-Q3, but around September prices started to taper off losing 12% until mid-December when prices rallied 7%*. Going into 2009 the hog market had 2 bearish factors - surging supplies and a sharp drop in export demand and because of these, prices started the year on a sour note losing virtually 30% before they bottomed in mid-August*. As things started to improve in the economy and supply & demand constraints started to normalize, prices caught a bid and throughout the rest of the year found their way back to almost where they started in 2009.

Commodities: Market Review (2009)

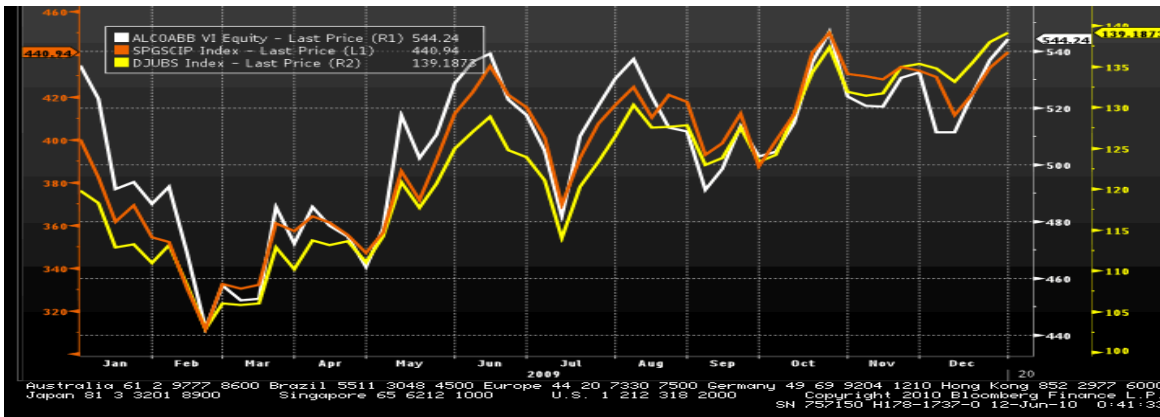
Performance Summary

- The Fund remained cautious through most of 2009 and were thus underexposed to the market and in particular the industrial metals complex where we underestimated the impact of Chinese stimulus.

Aliquot Commodity Fund (\$USD – Institutional Class I Share)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	-7.3%	-5.78%	2.94%	-1.76%	4.80%	-3.33%	3.97%	-3.21%	17.1%	3.09%	2.52%	16.3%	7.96%
2008	3.59%	7.36%	-5.89%	3.79%	0.46%	8.92%	-12.85%	-7.98%	-12.41%	-26.55%	-10.38%	-8.68%	-49.81%
2007	0.85%	169%	-0.06%	0.56%	0.26%	139%	155%	-2.97%	5.64%	4.40%	-2.47%	0.33%	11.41%
2006						-0.75%	123%	0.95%	-2.10%	-0.63%	178%	-180%	-1.38%

The data denotes simulated performance of Aliquot Commodity Fund share class I net of management fees, performance fees and expenses based on actual performance of Aliquot Commodity fund share class B from May 31, 2006 to June 30, 2007 and from November 1, 2009 to December 31, 2009. From July 1, 2007 to October 31, 2009. The data denotes actual performance net of management fees, performance fees, and expenses of Aliquot Commodity Fund share class I. Past performance is not a guide to future returns.



Source: Bloomberg – Data refers to actual data of Aliquot Commodity Fund – USD (Class B – Entry Fee)

Aliquot Agriculture Fund (\$USD – Institutional Class I Share)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	-4.36%	-8.12%	2.94%	-0.45%	10.00%	-8.55%	-0.51%	-2.32%	-0.54%	5.25%	5.63%	-100%	-3.63%
2008	4.55%	10.50%	-12.45%	-10.6%	-2.28%	2.56%	-11.35%	-3.71%	-15.52%	-18.70%	-5.45%	4.97%	-35.95%
2007	-133%	3.03%	-6.35%	-10.2%	3.49%	0.78%	3.56%	2.74%	1.15%	-6.30%	2.68%	4.40%	15.70%
2006	136%	-0.05%	-4.61%	-0.33%	128%	126%	-2.11%	-167%	-0.82%	6.81%	4.93%	-101%	4.62%

The data denotes simulated performance of Aliquot Agriculture Fund share class I based on S&P GSCI Agriculture and Livestock Total Return net of the TER from December 31, 2005 to April 30, 2008. The TER is based on an AUM of 100 million and excludes any possible marketing expenses. Subsequently the data denotes simulated performance of Aliquot Agriculture Fund share Class I net of management fees, performance fees and expenses based on actual performance of Aliquot Agriculture Fund share class B since May 1, 2008. Past performance is not a guide to future returns.



Source: Bloomberg – Data refers to actual data of Aliquot Agriculture Fund – USD (Class B – Entry)

Commodities: Market Review (2010)

2010 Year in Review

Commodity price moves remain vulnerable to the changing landscape of risk appetite, movements in financial markets and fragile sentiment. Greek sovereign debt concerns had been high since January, but in May it blew up into a Eurozone crisis as the fears over fiscal policy spilling over into the Eurozone nations.

- **Fears over Greece and the Euro's sustainability drove commodity prices to 6 month lows**
- **Gold continued to shine, being one of the very few assets to register positive performance**
- **Silver and platinum underperformed gold in May as both were negative for the month, as both metals came under pressure from rising debt concerns and possibility of a crippled economic recovery**
- **Industrial metal prices fell in sympathy with global equity markets as the Eurozone fiscal policy measures prompted concerns over future economic growth and the viability of the Euro**
- **Natural gas is the only one standing out having rallied by 10.74% month-end, rising to a three month high***
- **Crude oil posted minor changes in prices as it remained near USD ~\$74 a barrel, on renewed concerns over China's growth prospects as the world's second largest energy consumer***

Commodities broadly retreated at the start of the year, as doubts over the strength of the recovery and a stronger dollar caused a round of profit taking and price reversals in the second half of the month. Grains suffered the worst as a sector as we saw sharply lowered corn, soybeans and wheat prices.

In January, WASDE report showed strong production levels – much higher than anticipated and production increases from South America also contributed to falling prices. Soft commodities were up as a sector due to a large rally in sugar prices (up 10.95% for the month)*, but cotton retreated significantly and coffee and cocoa gave back some recent gains. Concerns over China's liquidity restrictions added to the slowing commodity demand driving prices down.

In February, momentum began to pick up in support of positive investor sentiment. Commodities advanced broadly across all sectors except for soft commodities. The rally was supported by the rise in gold, oil and grains. The sharp drop in the dollar and mixed economic data made commodities more attractive, helping push up prices in gold in comparison to January. The notable fall in soft commodities over the month was due to a decline in sugar prices from India's sugar production increase leading to a surplus of well over 5%. Cocoa fell on weak demand as the ICO reported cocoa bean processing was down by 6.6%.* Coffee fell on the predictions that Brazil's output for 2010 will be up, but losses were moderated by predictions that even with increased production, supply will not be sufficient to meet demand. The cotton sector was up by 17.5%, the lone outperformer of the sector on strong Chinese cotton imports, and the USDA increase in export expectations and decrease in carry out estimates*. The energy sector was up for the month by 6.9%. Natural gas continued on a decline as supplies remained ample; natural gas has since fallen by 5.5% in February*. The Livestock sector was up by nearly 3.9% as expectations of strong export demand drove up prices*. Base metals helped generate returns in light of the sector's positive performance of 5.64%, mostly attributed to rebounding of nickel and copper*. Overall base metals continued to benefit from Japan's factory output rise of 2.5% in January over December's year-end figures.

A strong rebound in the US dollar, lingering concerns on sovereign risk in the euro area and mixed US macroeconomic data have all affected the trajectory of commodity price movements in March. Global demand developments in the oil and base metals markets with a heavy emphasis on the prominent role China has been playing in the demand recovery. Chinese monetary policy tightening remains a key uncertainty for sentiment towards commodities. We have seen from recent data the growing evidence suggesting the biggest recovery will be taking place in base metals. The latest data for aluminum, copper, nickel, zinc and lead show global consumption growing at a double-digit pace while other data such as inventory trends, physical premiums and production are supportive. Grains continued on a bearish trend ahead of 2010-11 planting intentions. From a supply perspective, Corn stocks were up 10.6% from a year ago, and the largest amount of crops were planted since 1987 (roughly 2.5% higher than 5 year average)*. The Energy sector is up by 3.76% for the month as well as Oil, with Crude breaking the resistance of a sideways trend and finishing the month at 83.76% for a gain of 4.69%. Natural Gas finished the month down by -19.06% on a continuous storage supply. Soft commodities, finished the month down by -15.37%*. Sugar prices continued to dwindle on the back end of low prices and over production. Coffee was up by 3.77% on continued demand from Asia and speculative buying. Livestock also finished on a positive streak up by 3.8% as expectations of strong demand prevail. We remain optimistic that performance will improve in Q2.

Commodities: Market Review (2010)

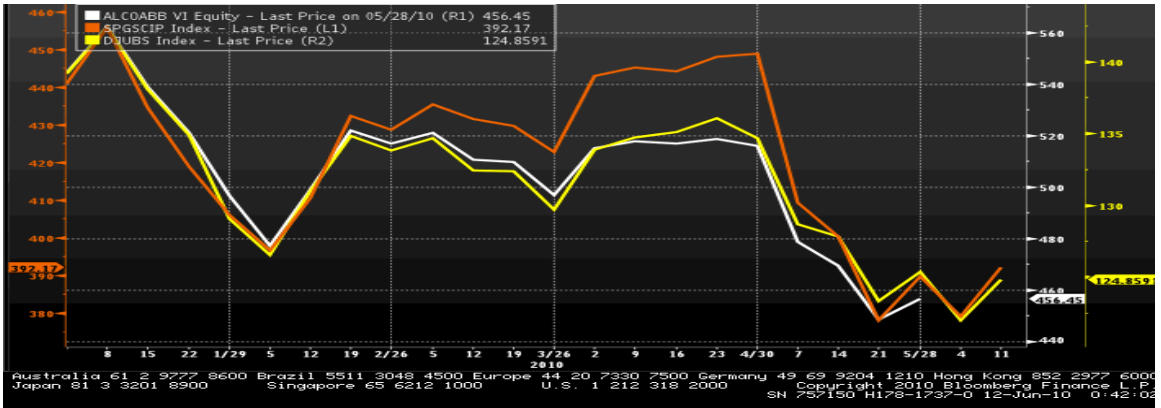
Performance Summary

- Our outlook remains positive on the agricultural complex hurt us as exceptionally good weather condition in US pushed down grain prices
- Overall, the Fund was negatively impacted by sudden plunge in sugar price early in the year

Aliquot Commodity Fund (\$USD – Institutional Class I Share)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	-8.53%	4.40%	-1.22%	1.68%	-11.26%								-14.89%
2009	-7.13%	-5.78%	2.94%	-1.76%	14.80%	-3.33%	3.97%	-3.21%	1.71%	3.09%	2.52%	1.63%	7.96%
2008	3.59%	7.36%	-5.89%	3.79%	0.46%	8.92%	-12.85%	-7.98%	-12.41%	-26.55%	-10.38%	-8.68%	-49.81%
2007	0.85%	1.69%	-0.06%	0.56%	0.26%	1.39%	1.55%	-2.97%	5.64%	4.40%	-2.47%	0.33%	11.41%
2006						-0.75%	1.23%	0.95%	-2.10%	-0.63%	1.78%	-1.80%	-1.38%

The data denotes simulated performance of Aliquot Commodity Fund share class I net of management fees, performance fees and expenses based on actual performance of Aliquot Commodity fund share class B from May 31, 2006 to June 30, 2007 and from November 1, 2009 to December 31, 2009. From July 1, 2007 to October 31, 2009 and since January 1, 2010 the data denotes actual performance net of management fees, performance fees, and expenses of Aliquot Commodity Fund share class I. Past performance is not a guide to future returns.

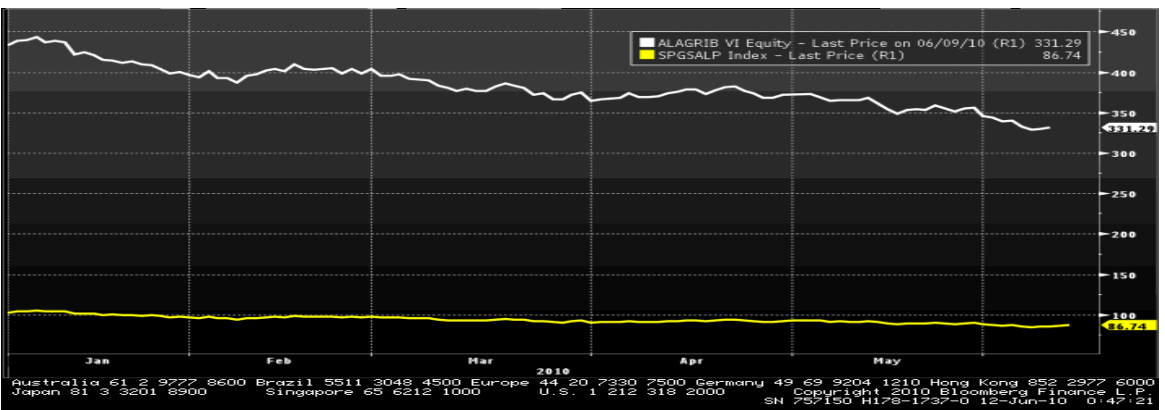


Source: Bloomberg – Data refers to actual data of Aliquot Commodity Fund – USD (Class B – Entry Fee)

Aliquot Agriculture Fund (\$USD – Institutional Class I Share)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	-8.47%	2.11%	-9.67%	2.27%	-6.81%								-19.54%
2009	-4.36%	-8.12%	2.94%	-0.45%	10.00%	-8.55%	-0.51%	-2.32%	-0.54%	5.25%	5.63%	-1.00%	-3.63%
2008	4.55%	10.50%	-12.45%	-1.06%	-2.28%	12.56%	-11.35%	-3.71%	-15.52%	-18.70%	-5.45%	4.97%	-35.95%
2007	-1.33%	3.03%	-6.35%	-1.02%	3.49%	0.78%	3.56%	2.74%	10.15%	-6.30%	2.68%	4.40%	15.70%
2006	1.36%	-0.05%	-4.61%	-0.33%	1.28%	1.26%	-2.11%	-1.67%	-0.82%	6.81%	4.93%	-1.01%	4.62%

The data denotes simulated performance of Aliquot Agriculture Fund share class I based on S&P GSCI Agriculture and Livestock Total Return net of the TER from December 31, 2005 to April 30, 2008. The TER is based on an AUM of 100 million and excludes any possible marketing expenses. Subsequently the data denotes simulated performance of Aliquot Agriculture Fund share Class I net of management fees, performance fees and expenses based on actual performance of Aliquot Agriculture Fund share class B since May 1, 2008. Past performance is not a guide to future returns.



Source: Bloomberg – Data refers to actual data of Aliquot Agriculture Fund – USD (Class B – Entry)

This document is intended only for professional investors and financial advisers. This document is not directed at or intended for the use of the general public and is not for distribution in Singapore.

The material on these pages is provided for information purposes only; it is not an invitation to invest. Income from investments may fluctuate and investors may not recoup the amount originally invested. Please refer to the relevant funds Confidential Explanatory Memorandum for detailed information and/or seek relevant professional advice before making any investment decision. This document contains forward-looking statements concerning the financial condition, results of operations and businesses of Castlestone Management. Such statements, expressed or implied, are based on management's current expectations and assumptions, which may change without notice, and are no guarantee of future results, performance or events. This document does not constitute an offer or solicitation to sell shares in any of the funds mentioned, by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Persons interested in acquiring funds should inform themselves as to (i) the legal requirements in the countries of their nationality, residence, ordinary residence or domicile; (ii) any foreign exchange controls; and (iii) any relevant tax consequences. Selected retail fund share classes may include an administration fee, which is not paid to the Investment Manager.

Castlestone Management Limited is authorized and regulated by the Financial Services Authority in the UK.

Castlestone Management Limited is authorized by the Financial Services Board in South Africa.

Castlestone Management Inc. is regulated by the British Virgin Islands Financial Services Commission.

Castlestone Management's funds are registered as restricted recognized schemes with the Monetary Authority of Singapore for distribution to institutional and accredited investors.