

Managing Commodity Equities at CAAM

September 2008



Questions to our specialists



Anne Ruffin
Head of Global Thematic
Equity Team
& CAAM Funds Global Resources
Portfolio Manager

“
Active allocation between the 3 main groups of hard commodities is key to benefit from opportunities in each phase of the economic cycle
”

Anne Ruffin

What are your current views and convictions regarding commodity markets?

Gold and other precious metals, energy, materials and agricultural products are exposed to booming demand especially from emerging markets. Those markets are catching up with developed countries from economic and demographic points of view, thus facing growing industrialization and massive consumption. In parallel, supply is weakened by several factors, explaining the pressures on commodities prices.

Investing in commodity-related equities is an excellent opportunity for investors to benefit from the long-term growth potential of companies positively impacted by increasing prices.

How do you capture this growth potential in CAAM Funds Global Resources?

We have developed a deep knowledge of our investment themes thanks to a worldwide coverage of commodity-related equities markets and intensive team work.

We believe that active allocation between the three main groups of hard commodities is key to benefit from opportunities in each phase of the economic cycle. Our strategy is to prefer leveraged stocks aiming to outperform world indices during economic expansion periods (base metals, steel, chemicals...), while favouring defensive stocks during economic slowdowns (gold, integrated energy ...).

This approach has already been successfully tried and tested in a French-domiciled fund and we are now implementing it in CAAM Funds Global Resources.



Nicolas Fragneau
CAAM Funds Global Agriculture
Portfolio Manager

“
We aim to select stocks that are pure players, being fully exposed to the agriculture theme
”

Nicolas Fragneau

What about agricultural equities?

Aside from short-term opportunities offered by the recent dramatic price appreciation in soft commodities, we believe that the situation is likely to last as it is mainly driven by demographic trends. This is why we prefer to invest in equities unlike those who set up short-term directional plays on trends in prices.

How do you build CAAM Funds Global Agriculture investment universe?

Our investment universe comprises over 1500 stocks, covering both developed and emerging markets. We aim to select stocks that are pure players, being fully exposed to the agriculture theme. Unlike other investors, we focus on upstream activities in the agricultural value chain, such as crop, livestock, equipment, irrigation, etc. We have decided to exclude downstream sectors such as food processing and food retailing for which the rise in the price of agricultural products translates into higher costs rather than higher profits.

CAAM Funds Global Agriculture invests in approximately 60 stocks which reflect our strongest convictions and benefit from both quantitative and qualitative filters and a rigorous control of volatility.

Managing commodity equities at CAAM

A solid and consistent expertise, outcome of 10 years+ experience in managing commodity equities portfolios.

Crédit Agricole Asset Management (CAAM) believes that investing in equities related to both hard and soft commodities is the best way to benefit from the new opportunities offered by these investment themes.

To meet this objective, CAAM's approach is based on three key premises:

- **Equities rather than futures**

By investing in commodity-related equities, CAAM taps the growth potential of the commodity markets without being highly correlated to short-term speculative positions associated with commodity derivatives. This approach provides better control of the portfolio's volatility while reflecting more closely the fundamentals of the companies involved in these markets.

- **Purity of the investment themes**

By favouring investments in commodity producers, who are positively impacted by rising market prices, CAAM is able to closely follow the physical commodity markets and thus, preserving the purity of the portfolio's investment themes.

- **A theme, not a sector**

Unlike futures which are merely a directional bet on the price of the underlying commodity, equities offer the opportunity to invest in the entire value chain related to one or several commodities without any sector bias.

This thematic approach enables CAAM to build highly diversified portfolios which are not wholly contingent on the prices of the commodities, as the overall performance of the companies plays an important part in the valuation of stocks.

CAAM's commitments

- A clearly stated investment philosophy
- Resolutely active and convictions-based investment process
- Contribution of every expert of the team to the stock-picking process in order to manage cross-sector investment themes
- Rigorous risk control



Benefit from the growth potential of both hard and

Emerging countries are the driving force of world commodity markets, both on the supply and the demand sides. As a result of limited surplus capacities, booming industrialization and increasing prosperity, especially in China and India, natural resources are facing a strong imbalance between supply and demand.

In the absence of immediate solutions to increase production, this imbalance is reflected in the prices and offers numerous long-term opportunities for investors wishing to diversify their portfolio and benefit from buoyant investment themes.



Launch date: March 2008

Reference indicator:
MSCI World

CAAM Funds Global Resources

Active and fundamental management, seeking long-term capital growth by investing in companies related to gold, energy and materials

CAAM Funds Global Resources offers investors an attractive vehicle combining the benefits of three complementary hard commodity investment themes

GOLD

and precious metals (silver, platinum, diamonds...)

- A diversifying investment as gold prices are weakly correlated to other asset classes
- Traditionally considered as a safe haven that offers protection against inflation and a hedge against US dollar depreciation
- Prices boosted by strong demand for jewelry (80% of gold consumption) in China and India

ENERGY

(natural gas, oil, oil services and uranium sectors)

- Long-term growth sustained by prospect of higher oil prices due to geopolitical tensions and the difficulty of replacing reserves in a context of natural depletion and underinvestment by OPEC
- Access to energies of the future as developed countries are diversifying their sources of energy via nuclear power and renewable resources

MATERIALS

(mines and metals, chemicals, steel, paper and forest products)

- Indispensable investment for global economies and global companies
- A dynamic theme supported by M&A: as commodities become increasingly strategic for countries, major players are buying assets to build global positions

ential soft commodities

Launch date: March 2008
Reference indicator:
MSCI World



CAAM Funds Global Agriculture

Active and fundamental management within the global agriculture universe, to benefit from the growth potential of a secular investment theme

CAAM Funds Global Agriculture offers investors the opportunity to benefit from the growth potential of an innovative and transverse investment theme

A cross-sector theme investing in three main areas, upstream of the agricultural value chain:

- Crop (i.e. cultivation or production of agricultural commodities: cereals, fruits, vegetables, ...)
- Livestock (i.e. breeding activities, sheep, bovine or poultry industries)
- Support for the entire industry (machinery, infrastructure, biotechnology, irrigation, ...)

Strong demand due to demographic and economic factors:

- Population expected to rise to 9 billion in 2050 according to the UN
- Increasing incomes leading to changing diet patterns, with greater meat consumption and causing a multiplying effect on the meat and grain industries
- Expansion of biofuels

Numerous supply constraints weighing on agricultural production:

- Decline of agricultural workforce
- A worldwide decrease in arable land
- Soil degradation due to human action (agricultural and industrial)
- Climate change (global warming and water scarcity)

Historical roots

CAAM's investment team benefits from a deep knowledge of the agricultural theme owing to Crédit Agricole Group privileged relationships with agricultural producers.



CAAM Funds Global Resources & CAAM Funds Global Agriculture

Key Information	
Management Company	Crédit Agricole Asset Management Luxembourg S. A.
Investment Manager	Crédit Agricole Asset Management
Custodian	CACEIS Bank Luxembourg
Cut off for dealing times	Luxembourg Dealing days before 2pm (Luxembourg time)*
Frequency of NAV calculation	Daily

CAAM Funds Global Ressources			
	Classic (C)	Institutional (I)	Classic (S)**
Reference Currency of the sub-fund	USD		
Share categories ISIN codes	Acc: LU0347594136 Dist: LU0347594219	Acc: LU0347594482 Dist: LU0347594649	Acc: LU0347594300
Minimum initial subscription	None	USD 500 000***	None
Maximum initial charge	4.50%	2.50%	3.00%
Annual management fee	1.60%	0.90%	2.00%****
Maximum administration fee	0.45%	0.25%	0.45%
Performance fee	None		
Maximum conversion fee	1.00%		
Maximum redemption fee	None		

CAAM Funds Global Agriculture						
	Classic (C)	Classic (C2)	Classic (C3)	Institutional (I)	Institutional I (10)	Classic (S)**
Reference Currency of the sub-fund	USD					
Reference Currency of the class	USD	EUR	EUR	USD	EUR	USD
Hedging	—	Yes	—	—	Yes	—
Share categories ISIN codes	Acc: LU0347595026 Dist: LU0347595299	Cap: LU0347595612	Acc: LU0370201419	Acc: LU0347595455 Dist: LU0347595539	Acc: LU0370201500	Acc: LU0347595372
Minimum initial subscription	None		USD 500 000***		None	
Maximum initial charge	4.50%		2.50%		3.00%	
Annual management fee	1.60%		0.90%		2.00%****	
Maximum administration fee	0.45%		0.25%		0.45%	
Performance fee	None					
Maximum conversion fee	1.00%					
Maximum redemption fee	None					

Not all share sub-classes and, as the case may be, share categories are registered for sale in all countries. Investors may contact CAAM Luxembourg for further information.

* Or, as the case may be, an earlier cut off time applicable by the relevant distributor.

** Only for distributors authorised by Board of Directors.

*** Or equivalent in another currency.

**** Including a distribution fee amounting 0.40%.

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Subscriptions in the Sub-Funds will only be accepted on the basis of the Sicav's latest complete and simplified prospectuses and its latest annual and semi-annual reports that may be obtained, at the registered office of the Sicav or at its local representative. The name of the local representative may be obtained at the Sicav's registered office.

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