

Colonial First State Launches Global Soft Commodity Share Fund

Media release

Colonial First State Global Asset Management (CFSGAM) announced today it has launched a Global Soft Commodity Share Fund (“Fund”) providing investors with exposure to companies that are involved in the production, distribution, marketing and trading of soft commodities.

Open to both retail, with a particular emphasis on self managed super funds (SMSF), and institutional investors, the Fund is seeking to take advantage of the investment opportunities emerging from the rapid change in the dynamics driving global agribusiness.

Managed by Renzo Casarotto, Portfolio Manager and Skye Macpherson Co-Portfolio Manager the Fund’s objective is to provide long-term capital growth through investing in a diversified portfolio of companies in the global soft commodity sector, which are primarily traded on regulated markets.

“We believe that investing in companies involved in helping to produce more food will deliver strong returns for this sector over the medium to long-term. The soft commodity sector offers investors the potential for portfolio diversification and exposure to companies in a growing sector.

“From an investment perspective, the culmination of rising demand and constraints on supply of soft commodities opens up a number of opportunities,” Ms Macpherson said.

The Fund invests globally in companies involved in the production, processing, distribution and marketing of soft commodities (such as grains, meat, fish and forestry products) as well as the suppliers of services and inputs to these companies (such as fertiliser, crop protection and seeds).

The Fund aims to deliver strong long-term returns by investing in agribusiness companies forming a concentrated portfolio of a minimum of 20 stocks and no more than 75 stocks.

Tracking a custom benchmark¹, the Fund’s portfolio will select from a universe of 400 companies across seed, fertilizers, crop protection, equipment services, farming operations, technology and forestry industry sectors.

The Fund’s key aim is to remain diversified across geography, sectors and market capitalisations and to maintain a consistent low-risk investment policy. The investment team seeks companies that they believe are able to drive profit growth through increasing production volume, while maintaining conservative balance sheets and healthy margins.

¹ The Global Soft Commodity Share Fund will be managed against both the DAXglobal Agribusiness index (75%) and the S&P Timber and Forestry index (25%).

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Mr Casarotto said the attractiveness of a global soft commodity portfolio also provides investors with geographical and crop diversification that will reduce the risk of being exposed to one climate region. While the demand for soft commodities is increasing, declining arable land on a per capita basis, water scarcity and climate events means we need to improve our productivity, efficiency and levels of mechanisation to meet the rising demand.

“At CFSGAM we have a positive long-term view of the soft commodity sector, supported by the structural change in demand from rising populations and growing wealth in developing countries leading to higher protein diets. The supply response is constrained predominately by land and water availability.

“We have a team of specialist investors that aim to take advantage of market inefficiencies with our global approach and extensive programme of company and asset visitations.” said Mr Casarotto.

The launch of the Australian Fund follows successful fund launches in both Asia and Europe.

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Notes to media:

About Colonial First State Global Asset Management

Colonial First State Global Asset Management is the consolidated asset management division of the Commonwealth Bank of Australia Group, one of the largest financial institutions in Australia. Colonial First State Global Asset Management is Australia's largest manager of Australian sourced funds, employing more than 200 investment professionals.

At 31 December 2009, Colonial First State Global Asset Management managed more than A\$149 billion across a diverse range of asset classes including Australian and global shares, short term investments, fixed interest and credit, property securities, direct property, global resources, unlisted infrastructure and listed infrastructure securities.

Colonial First State Global Asset Management has been a signatory to the principles of the United Nations of Responsible Investment since March 2007.

The principles are an initiative developed by institutional investors in conjunction with the UN Environment Programme Finance Initiative and the UN Global Compact.

The UN PRI provide a framework for including environmental, social and governance (ESG) issues in investment decisions. Colonial First State Global Asset Management undertakes to utilise the framework provided by the UN PRI in aligning our investment processes with the objectives of our investors.

By embracing the Principles, Colonial First State Global Asset Management believes it can achieve better long-term investment returns for our clients.

Biographies

Renzo Casarotto, Senior Portfolio Manager

After graduating, Renzo Casarotto joined Prudential as a Graduate Trainee. Following two years as a Graduate Trainee he became Prudential's Resource Analyst and then their Senior Resource Analyst. After six years in Resources he became Prudential's Asian Equities Portfolio Manager, managing the Asian equities component of Prudential's offshore investments.

Renzo then joined Nomura Asset Management as a Senior Portfolio Manager managing the Australian Equities portion of a number of Pacific Basin mandates as well as contributing to asset allocation within the Pacific Basin portfolios.

Renzo joined Colonial First State's Global Resources Team as a Senior Portfolio Manager in February 2006.

Skye Macpherson, Analyst

Skye Macpherson joined Colonial First State in January 2000, and moved into her role as Analyst in the Global Resources team in November 2005.

Skye originally worked in the finance department as a fund accountant while completing her final year of university. She then moved into an analyst role in the Investment Markets Research team gaining experience in economic analysis and across the broader investment categories of the business. She then moved to the London office to join the Information and Research team where she managed the team responsible for all investment communications for the First State International business.

Skye holds a Bachelor of Agricultural Economics from the University of New England, Armidale where she won the University Medal. She also holds a Graduate Diploma in Applied Finance and Investments specialising in Investment Analysis from the Securities Institute of Australia. Skye is a CAIA charterholder.