ASTON HILL GLOBAL AGRIBUSINESS TRUST

Q1 2011

UPDATE COMMENTARY

Economic Outlook

Agriculture equities outperformed the broader market throughout the first quarter of 2011. In the market run up, prior to the crisis in the Middle East and the natural disaster in Japan, the S&P 500 Index returned approximately 6.8% while a basket of large agriculture stocks returned approximately 13.7%. As the overall market sold off into March and oil spiked up over $105/barrel, agriculture stocks returned approximately 4.3% while the S&P 500 lost all of its gains for the year.

We believe that in an environment of rising oil prices and geopolitical tensions, investors are well served to have exposure to the agriculture sector. According to BMO Capital Markets, agribusiness equities have historically outperformed the S&P 500 by an average of 24% during past periods of rising oil prices, particularly when caused by geopolitical events. While overall equity returns likely will be volatile in the current geopolitical environment, investors maintaining exposure to agriculture related equities should indeed be well served.

The long-term secular themes for owning agriculture exposure continue to be very sound. The expanding middle classes in China, India and Brazil continue to demand changes to dietary habits; predominantly grain-based diets are being replaced by meat-based diets. With global population growth expected to increase from 6.7 billion today to 9.1 billion by 2050, an extra 3 mouths will need to be fed every second in the next 40 years. Compounding the demand side further is the rising popularity of biofuels as an alternative to fossil fuels. On the supply side, total world grain supplies remain critically tight. In 2011, grain production needs to increase by 5% to avoid a further decline in already low global grain stocks. Looking longer term, the situation is compounded further as it takes 10 kilos of plant protein to produce just one kilo of animal protein. In other words, growing a field of cows is much more energy intensive than growth a field of corn or wheat.

Global Agribusiness Trust Outlook

The Aston Hill Global Agribusiness Trust ended the first quarter with cash weighting of approximately 9%. Cash was strategically raised in early February to as high as 14%, ahead of the broad market selloff. Since that time, the Fund has been actively investing into the market. The Fund maintains core holdings in certain agriculture equities and then actively trades around those names. Names we have added to include **AGCO, Bunge**, and **ADM**. We have taken new positions in **Cervus Equipment Corp** and **Agrium**. We like the fundamentals in the protein space and have actively been adding exposure to **Sanderson Farms, Tyson Foods**, and **Pilgrims Pride** (bonds). **Fernonia**, the African palm oil plantation, remains the largest equity position with the Fund and we are

1-416-362-4999
1-866-404-4999
www.astonhill.ca

actively managing this legacy exposure. While the initial investment is effectively locked up until 2013, liquidity events do occur and the Fund is proactively reducing its position to more manageable levels.

We remain focussed on owning best-in-class companies across the agriculture complex. The Fund continues to heavily weight the market leading companies with upstream exposure to the agriculture value chain. The Fund will vary weightings to fertilizers and other inputs and will actively rotate in and out of names based on valuations versus the market and versus one another.

Source: Aston Hill Asset Management

AstonHill ASSET MANAGEMENT

1-416-362-4999
1-866-404-4999
www.astonhill.ca