

Thesis Product Update

April 2011

Fund in Focus: Sarasin Agrisar

A recent Thesis purchase has been an exposure to the agriculture sector via Sarasin Agrisar. The world food and agricultural industry is estimated to account for over 10% of global GDP and there is a growing need to address the supply/demand imbalance for an expanding world population, especially in Asia and Africa. The UN expects the global population to keep growing at over 60m each year for the foreseeable future and as the calorie intake per person increases, the demand for more meat, fish, cereals, vegetable and dairy products intensifies. This demographic growth is making a demand on the agri industry to get smarter, producing much more from a finite land resource whilst at the same time, using less fresh water. We therefore believe that independent of the wider global economy, there are obvious drivers for this long term investment theme with limited correlation to existing global selections.

Sarasin are well established as managers of global thematic equity funds and have access to the comprehensive resources of their ultimate parent company, Dutch AAA-rated food and agribusiness co-operative, Rabobank. The fund seeks investments within the global universe of agriculture stocks which encompass both the production and consumption of food; Sarasin refer to this as "from field to fork". The fund has no formal constraints in relation to growth, value or geographic bias; it is a pure stock-picking fund where the underlying holdings must have characteristics which Sarasin believe will drive earnings growth and long term share price performance, whilst being aware of the social and moral dilemmas inherent in their investment universe. The current portfolio reflects the diversity of the investment opportunities available with positions held in companies manufacturing or producing farm machinery, sustainable timber and timber products as well as seeds, feeds and fertilisers. Also included are companies engaged in food production, plant science and crop protection, aquaculture and land finance. Soft commodities may occasionally be held short term to preserve value.

Feeding a growing and more affluent world is a major challenge and will require a massive investment in technology, products and machinery designed to increase crop yields as well as services to deliver, process and assure quality food products - all of which we believe provides a real investment opportunity for our clients.

The Sarasin Agrisar fund already features as a core holding in our Optima Growth, Balanced, and Income funds and will be used within our Personal Investment Portfolio models to gain exposure to this sector.

Junior ISA announced by HMRC

Although details might change over the coming months, HMRC has announced intentions to launch Junior ISAs from the 1st November this year.

Aimed at those children who don't already have a Child Trust Fund (the former Government's saving vehicle for new born children that was launched in 2005), a Junior ISA will be available to non-Child Trust Fund holders born after the 3rd January 2011 or under 18s born before September 2002.

Like 'adult' ISAs, Junior ISAs will offer both a cash option as well as a stocks and shares option. The maximum contribution will be a combined amount of £3,000 each tax year. Similarly to adult ISAs this limit will increase in line with inflation each year.

Subject to this overall investment limit, family and friends will be able to contribute to a child's Junior ISA although only a parent (or someone with parental responsibility) will be able to take out a Junior ISA on behalf of an eligible child. The main difference with their predecessor the Child Trust Fund is that there will be no Government contributions to a Junior ISA.

The Government intends to publish its final regulations for Junior ISAs in July this year and we await the outcome of this to understand the requirements for Thesis to become a possible provider of such investments.

New tax year, new ISA limits

Last month we advised readers of our own arrangements for accepting ISA subscriptions before the close of the 2010/11 tax year. This month we remind you that the new ISA limit increases to £10,680 for the new tax year of which a maximum investment of £5,340 is allowable into a Cash ISA.

Optima Fund Factsheets

Details of the performance and other information of the entire range of Optima Funds can be found on our website.

Factsheets are available to download for each of the following funds:

- Optima Growth Fund
- Optima Cash Fund
- Optima Bond Fund
- Optima Balanced Fund
- Optima Multi Asset Strategy Fund
- Optima Income Fund

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