The following expresses the opinions of Aventis Asset Management, LLC. Such opinions are intended solely as general market commentary and do not constitute investment advice or a guarantee of returns. Past performance is not necessarily indicative of future performance. Commodity trading is speculative and involves substantial risk of loss.
**Aventis - Overview**

**Diversified commodity trading advisor**
trading highly liquid commodity futures and options on futures

**Objective**
- Deliver strong returns in bull or bear markets
- Perform when opportunities are great
- Conserve capital when opportunities are lacking

**Strategy**
- Maintain highly liquid trading positions
- Trade in a discretionary manner, i.e., will go long or short in response to situation, opportunities, shifting fundamentals
- Focus in on five commodity sectors (grains, energy, softs, meats, metals) where expertise in fundamentals is critical

**Approach**
- Use supply-and-demand analysis of fundamentals in specific markets to capitalize on profitable trading opportunities
- Seek out relative value, directional and short-term trading opportunities
- “Wade in” to major trades to control risks while gradually ratcheting up potential rewards
- Manage all trading with a strict focus on risk management

**Trading Edge**
- Rigorous fundamental research
- Strong network of contacts in cash market - hedgers and traders
- 30+ years of successful trading experience in cash and futures markets
Consensus view of small surpluses
So why aren’t stock days increasing?

[Bar chart showing stock days and price from 1990 to 2015]
Miners and smelters in agreement on surplus

Source: Wood Mackenzie, Aventis Asset Management
Chinese real & apparent consumption

Chinese stock change
Global surpluses have been larger than consensus view.

**Bigger surpluses**

**Rising stock days**
Last year’s surplus emerges on exchange through this year

Source: Bloomberg
Weight of surplus too heavy for prices

Source: Bloomberg
LME Commitment of traders report – fundamentals at work?

Source: Bloomberg, Aventis Asset Management
Dollar strength has provided a negative backdrop.

Source: Bloomberg, Aventis Asset Management
Oil – fundamental driver or driven by same dynamics?

Source: Bloomberg, Aventis Asset Management
Costs played a role in supporting prices but are a moving target

Source: Wood Mackenzie
Volatility decreased as volume increased

Source: Bloomberg

Volatility

Volume
Who did what?

- Fundamentals told us what the price should be
- Traders took us there – though not in a straight line
Dodd Frank Act signed into law in 2010

Banks withdrawing from commodities
- Barclays, JP Morgan
- Goldman Sachs, Morgan Stanley? Fed Board member Daniel Tarullo hopes so

Is it better to have more competition or less?

Is it better to do business with highly regulated publicly listed companies or opaque private and thinly regulated ones?

Futures pricing on LME is transparent. Options far from it
## Balance and outlook – update

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<th>2012</th>
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Source: Wood Mackenzie, Aventis Asset Management
Summary

- Prices to trade to $6250 on average in 2015 from $6862 last year
- Priced upside weighed towards H2
- Risks skewed to upside
- But, need more clarity on China, Europe