

S U N A R E S

SUSTAINABLE NATURAL RESOURCES FUND





INVESTMENT OBJECTIVE

SUNARES is an actively managed fund that offers an important alternative to the majority of equity and index funds. The fund invests in companies outside of the financial arena and concentrates on those sectors we think are entering a durable structural uptrend. These include areas such as agriculture, energy, alternative energy, food, water, forestry, raw materials and precious metals.

KEY POINTS

- No exposure to the financial sectors
- No derivative exposure
- No currency hedging
- No performance fee

WHAT DO WE MEAN BY SUSTAINABLE?

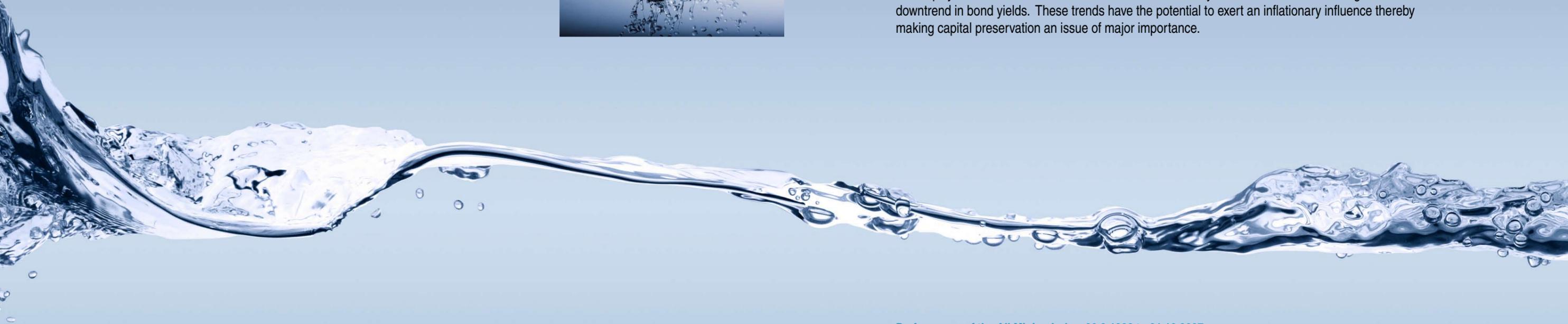
Sustainable development fulfils our current needs without restricting the ability of successive generations to maintain and improve their own lives.

However, for SUNARES the concept of sustainability is not solely confined to managing earth's natural resources, as the fund will also focus on the long-term sustainable purchasing power of the invested capital.

THE INVESTMENT CASE

The 20th century saw the biggest increase in the world's population as a result of industrialisation, medical discoveries, agricultural advances and the humble refrigerator (a great life saver). Indeed, the world's population has tripled in 72 years and the rate of increase is rising. The global population is expected to plateau, but not before we see growth from 6.7 billion to over 9.4 billion people (estimated by 2050).

This presents the world with some very difficult choices in terms of managing this growth, given the resources at our disposal. The headlines already talk of peak oil production and global warming as a consequence of human actions, and there are increasing tensions between the major powers as they battle to control the world's limited resources. A global decline in oil supplies would be devastating in itself but we are also confronted with the need to produce more food – which, in turn, focuses attention on the availability of useable water.



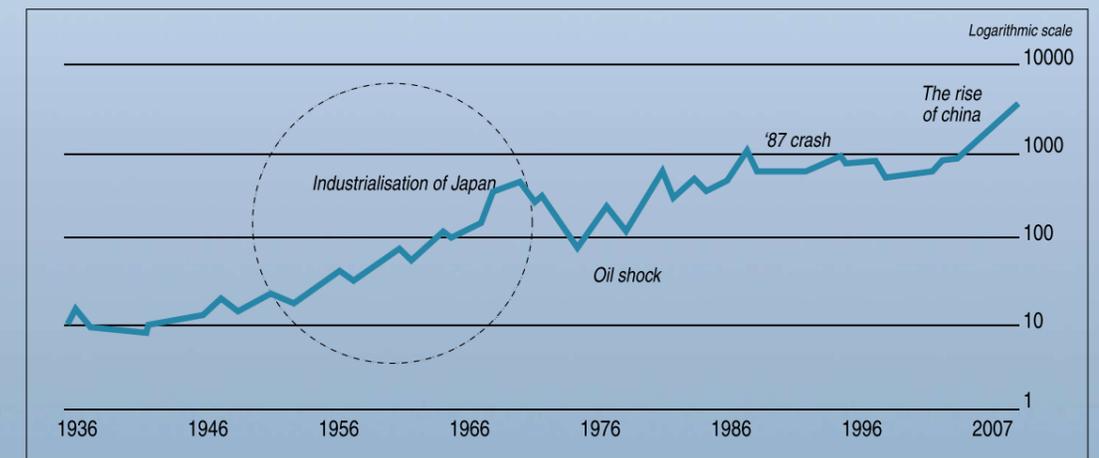
At the same time there is a strong “bull case” that supports an ongoing boom in the development of infrastructure in emerging economies such as China and India. This echoes the Marshall Plan implemented in Europe after the 2nd World War – or perhaps more closely the industrialisation of Japan – and will help to drive the current market for global equities. Furthermore, the desire of countries such as China, Japan, Russia, Taiwan and Norway to enhance the returns on their growing foreign exchange reserves underpins the demand for global equities and commodities.

This equity bull market coincides with the current commodity boom as well as a maturing multi-decade downtrend in bond yields. These trends have the potential to exert an inflationary influence thereby making capital preservation an issue of major importance.

Each person requires between 1,800 and 2,300 kcal per day and each calorie takes about 1 litre of water to produce. This means that each person’s daily diet requires 2,000 to 3,000 litres of water, with an additional 2 to 3 litres for drinking and between 20 and 300 litres for general domestic use. More people means greater pressure on water supplies. In addition rising wealth is leading to changes in diet with more meat, vegetables and milk being consumed. These foodstuffs require many times more water to produce than traditional staple diets. Greater urbanisation places enormous pressure on local water sources with the demand for water becoming increasingly focused in these built up areas.

Solutions to these and other problems are needed in order for mankind to live in a sustainable fashion and companies will play a major role in this challenge.

Performance of the All Mining Index 30.9.1936 to 31.12.2007



Source: S&P/ASX

Past performance is not necessarily a guide to future performance.

INVESTMENT PHILOSOPHY

The search for balance and the changing nature of yin and yang

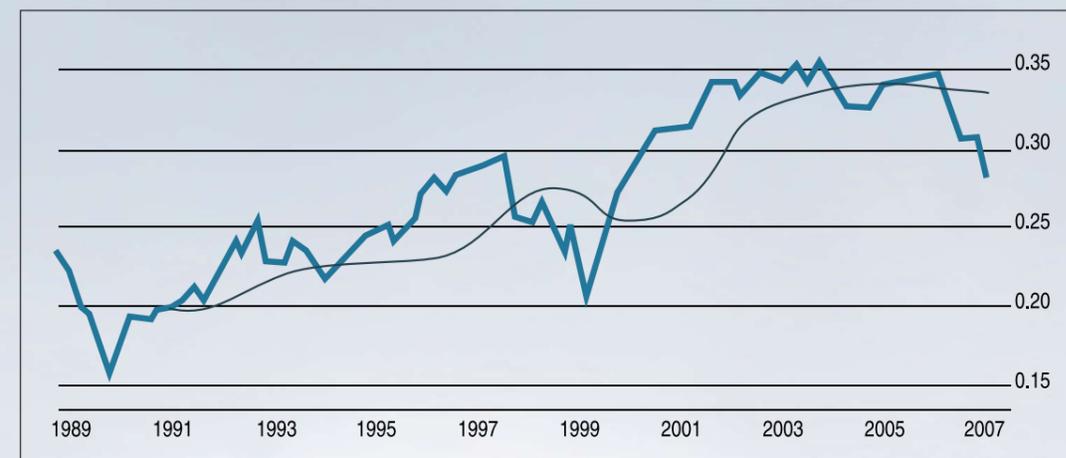
SUNARES divides the investment world into two parts similar to the Chinese principles of yin and yang, with yin as the shaded side of the mountain representing the elements of earth and water (otherwise known as the female aspect) and yang as the sunny side of the mountain representing the elements of fire and air (also known as the male aspect).

SUNARES has been founded on the belief that the natural balance that normally exists between these four basic elements has become distorted and temporarily lost, with the yang sectors (industries associated with fire and air) dominating.

Since coming off the gold standard in 1971, the financial sector has seen an enormous expansion of the 'fiat money' system, essentially enabling money to be created out of thin air. This shift in monetary policy has resulted in an unprecedented over-investment in financials and derivatives. This imbalance is entering a corrective phase, as evidenced by the implosion of the US sub-prime mortgage market and the ensuing credit crisis.

S&P 500 Financial Index relative to the S&P 500 Index 29.9.1989 to 31.12.2007

Support line has been broken with a trend-break to the downside.



Source: Bloomberg

Past performance is not necessarily a guide to future performance.



By emphasising only the yin (female) industries and sectors (such as energy, commodities, water, agriculture and food) and avoiding the yang (male) industries, such as the financial sector (as well as companies with financials as the main contributor to earnings) SUNARES seeks to avoid the turmoil in the financial and derivatives industry. SUNARES therefore aims to outperform over the long term.

It is our opinion that we are witnessing a major economic shift that will be recognised by very few and followed by even fewer. Investors have grown used to strong performance derived from certain sectors and are unwilling to entertain new thoughts about how markets will develop. Traditionally, markets tend to reward only a small number of investors – often those who adopt a contrarian stance by spotting opportunities that are ignored by the majority.

Much of the market's gains have been based on paper – banks have delivered exceptional performances over the past two decades. Indeed, a look at the S&P500 index demonstrates just how important the financial sector has been. The expansion of the financial sector is coming to its zenith and the shift to real assets is underway.

For these reasons, branches of the economy principally associated with the yang elements will be specifically excluded from the fund's investment universe. For example, the financial industry (air) and the defence industry (fire) will be excluded on this basis. Furthermore the fund will not make use of derivatives.

The current management of economies by Governments and Central Banks has led to a decline in the purchasing power of money (inflation) and one of our aims is to try to combat this important loss of wealth. Historically, one important means of protecting wealth has been through investments in raw materials, precious metals and a wide variety of commodities, all of which are connected to the SUNARES themes of earth and water.

We invite you to join our search for market balance.





INVESTMENT PROCESS

The investment objective of the Fund is to achieve long-term capital growth through investment in a diversified portfolio of global quoted equities. The main goal, therefore, is to identify companies with the best and brightest prospects and aim for optimum yield with the minimum of risk.

PORTFOLIO CONSTRUCTION

The fund adopts a global approach to investing. There is no intention to track indices or to mirror industrial or company weightings, as the goal of SUNARES is to seek out the best individual investment ideas around the world. Derivatives will not be used at any time.

As a means of reducing risk the fund can hold elevated amounts of cash when appropriate.

CURRENCY EXPOSURE

SUNARES will not hedge currency exposure as this forms part of the policy of avoiding the use of derivatives. However, strong currencies depend on healthy economic fundamentals and these developments will be monitored closely in order to seek out the optimum currency mix for the fund. Investors should be aware that investments denominated in currencies other than the base currency are subject to fluctuations in exchange rates, which can result in lower returns and a drop in the value of the assets held by the fund.

HOW DO WE CHOOSE OUR INVESTMENTS?

Our approach is a combination of fundamental, technical and market sentiment analyses. We also emphasise relative values of a company and the quality and sustainability of growth and dividends, as well as the firms' contribution towards a renewable and sustainable world.

Favoured sectors include water, food & agriculture, forestry, raw materials, precious metals and energy producers (including alternative energies). In addition to these important industries, the fund can also invest in other industrial, transport or high-tech fields where the advisors consider that they are making a significant contribution to our environment.

Active management and a disciplined approach to selection are used in order to minimise single-stock or concentration risk.

STRATEGIC ASSET ALLOCATION

Stock screening: Identification of the appropriate universe of stocks is an ongoing and evolving process through which we define a shortlist.

Rigorous analysis: encompassing the technical outlook (charts etc), stock price momentum, fundamentals (price earnings ratio, dividend yield, book value, peer group comparison, alpha (projected excess return), analyst forecasts, trading fundamentals (director buying or selling, company share buy backs etc) and the importance of strong management. We also look for new technologies that can improve current industrial practices.

A top-down approach for SUNARES will consider the development of trends in raw material prices, interest rates and currencies. Long-wave and cyclical analysis of the global economy, commodities, climate and weather patterns are highly relevant to understanding the future direction of markets.





THE FUND'S INVESTMENT UNIVERSE

Enterprises that are principally engaged with the planet's natural resources – or that contribute to improving the efficient use of these resources.

The areas of water, agriculture, forestry, food in all its forms (from raw material to finished products), energy, alternative energy, raw materials and precious metals are all part of the fund's focus.

Water: purification and treatment, irrigation, desalination, infrastructure, waste management.

Agriculture: crop yield enhancement, seed technology, farm equipment, food delivery and handling, fertilizer technology.

Forestry: lumber & wood products, log trading, fibreboard, pulp & paper, wood adhesives, sawmills, woodland environmental science and technology, wooden constructions.

Food & Beverages: food and beverage manufacturing and processing, food service industry, distribution, distilling, packaging and retailing.

Energy: solar, wind, hydroelectric, geothermal, tidal, biofuels, CO2 capture & storage, battery technology and fuel cells, waste-to-energy, oil, natural gas, nuclear power.

Raw materials: aluminium, copper, coal, iron ore, lead, nickel, tin, zinc, molybdenum, uranium, rare earth and industrial minerals.

Precious metals: gold, silver, platinum, palladium, rhodium, iridium

MARKET POTENTIAL

It is clear that there is a growing global consciousness surrounding the issues of maintaining and preserving a healthy planet.

The current global imbalance, which has emphasised the fire and air industries such as finance, defence, derivatives and real estate, makes these sectors susceptible to weak performance and potential crisis. The issue of central bank economic mismanagement renders these sectors particularly vulnerable to setbacks.

SUNARES seeks to provide investors with an alternative to the majority of equity funds, many of which maintain substantial exposure to the financial sectors owing to the significance of these companies in the composition of benchmark indices.



STRENGTHS OF THE FUND

The SUNARES investment team offers a deep understanding of fundamentals, technical analysis, market behaviour and sentiment indicators, as well as decades of collective hands-on investment experience.

The fund advisors have decided to forego any performance or turnover fee and will be paid a straightforward management fee. This is not only an expression of faith in the future growth of the fund as a result of performance, but also a fair arrangement for investors.

FUND DETAILS

Luxembourg SICAV
Administrator: HSBC Trinkaus Investment Managers SA
Custodian: HSBC Trinkaus & Burkhardt (International) SA
Liquidity: Daily
Currency: Euro
ISIN: LU0344810915

Risk Warning

This document is directed at persons of a kind to whom the Fund may lawfully be promoted. This information does not constitute a solicitation or offer, or recommendation, to buy or sell any investment instruments, to effect any transactions, or to conclude any legal act of any kind whatsoever. This brochure may not be distributed in the United States nor may it be forwarded to US investors. An investment in SUNARES should be regarded as a longer term investment and is of a medium to high risk. This product is not suitable for all investors. The value of all investments and the income from them can decrease as well as increase and investors may not receive back the full amount invested. Investments denominated in currencies other than the base currency are subject to fluctuations in exchange rates, which can be favourable or unfavourable. In addition, investments in smaller companies may involve a higher element of risk as shares in such companies tend to be more volatile than their larger capitalisation counterparts. Potential investors should also be aware that past performance is not necessarily a guide to future performance.

The full and the simplified sales brochures, as well as the annual and semi-annual reports, are available free of charge from the following: in Germany, HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf; in Austria, Raiffeisenbank Kleinwalsertal AG, Walsersstraße 61, A-6991 Riezlern; in Luxembourg, HSBC Trinkaus Investment Managers SA, 1-7, Rue Nina et Julien Lefèvre, L-1952 Luxembourg and in Liechtenstein, Raiffeisen Bank (Liechtenstein) AG, Austrasse 51, 9490 Vaduz.

Issuer: HSBC Trinkaus Investment Managers SA, Rue Nina et Julien Lefèvre, L-1952 Luxembourg. As at 14.2.2008
This brochure has been printed on material drawn from sustainable sources.



THE SUNARES FUND ADVISORS

COLIN MOOR

Colin has been with Rometsch & Moor Ltd, a private asset management company located in the City of London, since July 1999 and has been responsible for investment management. He previously worked at UBS London for ten years as a director of the Private Banking Division.



UDO SUTTERLÜTY

Udo has been a senior investment manager at Raiffeisenbank Kleinwalsertal since 1998 managing five WALSER funds since 2002. He has established his own investment house, Sutterlüty Investment Management GmbH. Previously he worked at Creditanstalt BV Vienna as a Chief Trader for equities and derivatives, after working as a Market-Maker for Options and Futures at the OETOB Exchange for several years.

CONTACT DETAILS

Rometsch & Moor Ltd
Lloyd's Building
One Lime Street
London
EC3M 7HA
Tel +44 (0) 20 7626 3077
info@rometschandmoor.com

Sutterlüty Investment Management GmbH
Hub 734
A-6863 Egg/Vorarlberg
Austria
www.sutterluety-invest.at
mail: office@sutterluety-invest.at

