



Press Release

S&P Fund Services has assigned ratings to Craton Capital Precious Metals Fund and Craton Capital Global Resources Fund

London, 7 July 2011 – Standard & Poor's Fund Services announced today that it has assigned an A rating to Craton Capital Precious Metals Fund and an A rating to Craton Capital Global Resources Fund.

Both funds are run by global resource specialist Craton Capital, a small investment boutique, co-founded by mining specialists Markus Bachmann, Dr Joachim Berlenbach (since departed) and Doug Elish in 2003. Bachmann leads the Johannesburg-based investment team of five and leverages a network of consultants based around the world that he has developed over the years.

Bachmann has sole management of the Craton Capital Precious Metals Fund and shares the management of the Global Resources fund with oil & gas specialist Nathalie Han. The managers follow a research-intensive and fundamentals-driven strategy.

The Precious Metals fund aims to outperform the FTSE Gold Mines by 5-8% annually over a three-year rolling period through a focused portfolio of predominantly gold, but also silver, platinum and diamond mining stocks. Bachmann typically avoids the larger names within the FTSE Gold Mines index as he feels they are too correlated to underlying commodity prices and instead favours names further down the cap scale.

"Relative to other smaller-company gold funds, the track record is good and this, together with Bachmann's experience and the backing of a small but solid team, underpins the S&P A rating," says Peter Brunt, fund analyst, S&P Fund Services.

The Global resources fund aims to beat the composite benchmark of 25% MSCI World Metals & Mining, 25% MSCI World Energy, 25% MSCI World Materials and 25% DJ UBS Commodity annually over a three-year rolling period. Bachmann and Han face few constraints when constructing the focused portfolio of 30-40 stocks, but both are experienced managers and take a sensible approach to diversifying risk.

Research for both funds is primarily in-house and shared across the team, with pragmatic use of quant screens and industry analysis. Ultimately, however, investment decisions are based around their DCF modelling, targeting companies trading below their NAV.

Both funds tend to invest further down the cap scale, where the team feels it can add the most value over the long term. This can lead to significant volatility in performance over the short term but over the long term has reaped rewards.

"Initial relative returns of the Global Resources fund have been very strong and this, together with the managers' experience and the backing of a small but solid team, underpins the S&P A rating," says Brunt.

Markus Bachmann, Fund Manager, Craton Capital adds: "We are confident that our consistent, diligent and disciplined investment approach will continue to produce good returns for our investors over time. With an experienced team, boasting both financial and technical expertise, we are able to identify interesting and undervalued investment opportunities across our funds".

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