

News release

8 May 2006

Last week was another week of records for the commodities markets. Gold reached a fresh 25 year peak on Friday, while Copper touched an all time high

ARE YOU THE TYPE TO GET CAUGHT IN THE HYPE?

The jury remains out as regards the sustainability of the commodities boom, but latest analysis from online fund ratings provider moneyspider.com reveals that of the seven commodity-based funds available in the UK market, with total assets of some £2.3bn invested, just two have a track record of more than three years, (see table below).

Over the last three years alone, five funds have been launched by known and lesser-known fund management groups, keen to cash in on the commodity-fuelled boom. The numbers are of course tantalising, with gold prices up 127 per cent since their lows in 2001, copper up 300 per cent and oil from \$25 USD a barrel in 2001 to more than \$72 today, an increase of 188 per cent¹. But Bill Ross, Managing Director of **moneyspider.com** remains circumspect. “We are experiencing a bull run not witnessed since the 1970s, but investors need to heed a degree of caution.”

Ross is quick to point out that unlike the tech boom, which was built on valuations of future cash flow projections, the commodities extravaganza does have more substance to it, in the supply and demand story - in particular from China and India’s burgeoning 2.4 billion populations.

“Commodities have become the latest and greatest investment fad”, says Ross. “But unlike the technology boom of the early 2000s, the commodities boom is built on increased demand from emerging economies such as China, India and Eastern Europe. At the same time supply has been restricted due to environmental concerns or from high risk political areas such as Latin America and Russia. As the living standards of the Chinese and Indians increase, so too does their demand for raw materials, metals and energy. To put it into context, in less than a decade, China has moved from being the world’s 20th largest oil consumer to being the second biggest.”

Ross concluded:

“Whether this will be a 10 year super cycle, as some have claimed, or not, remains to be seen. But in the meantime, our advice to investors is to beware of getting caught up in the hype. The moneyspider.com Rating scores are excellent for all commodity based funds right now, but history has shown that what goes up like a rocket eventually falls like a stone. Investors would be wise to keep a regular check on these funds to ensure that they are alert to the point at which they start to come off the boil, and when they may need to consider moving their money.”

cont../2

¹ Source: Bloomberg, 5/5/06

Last week was another week of records../2

***moneyspider.com* Ratings**

Gold/Commodities/Resources funds

Fund name	Launch Date	1 year return %	3 year return %	5 year return %	moneyspider.com Rating	moneyspider.com Score %
CF Ruffer Baker Steel Gold O	1/10/2003	113.7208			A*	98.9290
JPM Natural Resources A	1/06/1965	101.7247	337.9169	393.3283	A	98.6643
S&W Nucleus Global Gold & Resource	3/12/2004	109.5079			A*	98.3910
Merrill Lynch Gold & General	7/04/1988	130.5661	169.3326	406.1538	A	97.0207
CF Junior Oils Trust	20/09/2004	96.3223			A*	95.7080
First State Global Resources A	27/10/2003	83.6170			A*	92.9690
Investec Global Energy I	29/11/2004	76.5013			A*	92.3610

Source: ***moneyspider.com***/Financial Express, as at 3/5/06.

* Provisional rating allocated as no 3 or 5 year record.

If you would like to discuss *moneyspider.com* in more detail, please contact:

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Last week was another week of records../3

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The **Moneyspider Rating®** is produced by converting a sophisticated **proprietary algorithm of 34 computations** into a % score, calculated to four decimal points, which is then ranked into one of 5 easy-to-understand ratings - **from A (highly rated) to E (very poorly rated)**. The Rating is calculated against a daily information feed, provided by financial services data collector and solutions provider, Financial Express.

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Sector ranking: *comparison with all other funds in the same sector (based on the sector definitions used by the Investment Management Association)*

All Funds ranking: *comparison with all 2,000 or so Unit Trusts and OEIC funds available to UK investors*

FTSE 100: *comparison of the total return of the fund with the total return of the FTSE 100 index, providing a consistent benchmark for each fund, and*

Cash: *comparison of the fund's performance with the return from an equivalent amount deposited in a 90 day access account.*