

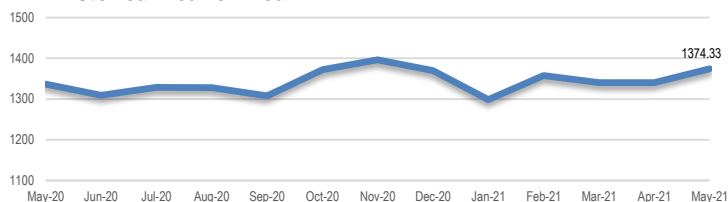
Portfolio Manager's Commentary

Transient inflationary pressure, due to the post-covid opening of the economy, does not seem to be impacting the market as central bank rhetoric (at least in the US) is focusing on unemployment. The year-on-year core PCE price index is reading +3% in April, a 29-year high, and is still acting as a tailwind to the gold market (up 7.6% against the USD in May and flat YTD). The latest employment numbers were below market expectations and reassured the market that the US economy is not overheating but at the same time growth prospects for China<sup>10</sup> and the European block seem very promising. The growth in Copper demand is increasingly coming from outside China with another strong month for base metals. Worth mentioning that Green infrastructure projects in the US and Europe are of the order of magnitude seen in China a few years back and is believed to be the source of the 'new secular bull market in commodities'. Commodities is more and more seen as the inflation hedge of choice, uniquely decorrelated with Equities and Bonds markets which should be benefiting from raising rates even if QE tapering is not expected to start before early 2022. Oil market remains in a deficit while OPEC+ is waiting for an inventory normalisation before increasing quotas, with production taking some time to adjust compared to the large increase in demand under post-covid normalisation. The next few months could have the market squeezing price as shale response appears to be slow (with limited pressure on the back-end of the curve). The earlier than expected restart of negotiations with Iran last month had made its ramp-up in exports just a question of timing. The marginal capacity between OPEC+, shale and Iran will probably have the market rebalance itself lower in Q3 / Q4. Given the high price of oil, compliance to cuts by the cartel will probably be harder to enforce. Higher coal and emission prices have helped lift global gas prices significantly for the past 2 months. With corn, about twice the price it was 1 year ago, it is no surprise that planting progress is ahead of expectation. Elasticity of supply on corn may surprise the market as prices show great incentive for farmers to rotate to corn whenever they can. China rhetoric on trying to control price had just the effect of increasing short term volatility. Over the longer term, lower old crop inventory and higher exports does warrant some caution but the market is expected to be balanced with an overbought position not justifying the high price of corn where it stands. Corn volatility reached a new high with an intra-month rally up to 732 \$/bushel finishing the month around 600\$/bushel (17% lower) but still 35% up year to date. Soybean followed the same type of regime although less extreme. Weather will be very important in the next few weeks given that a lower expected crop would put the market in deficit. There was no cohesion across sectors in volatility moves throughout May, except maybe that no sector saw drastic changes. It is slightly down in the equity sector (VIX down from 18.61% to 16.76% and Vstox down from 20.63% to 19.09%) in line with a healthy consolidation in equity prices. It is also down in the agricultural sector after overheated underlying prices have been mean-reverting (from 22% to 20% for soybean and 46% to 37% for corn). For precious metals on the other hand, the market has grown more nervous as the underlying prices continue their uptrend and are getting close to January highs, translating into a moderate increase in implied volatility (from 11% to 13% for gold and from 25% to 30% for silver). The market also showed more signs of nervousness in crude amid the correction in underlying prices, with implied volatility up (from 32% to 37%).

Performance Summary (May 2021)<sup>1</sup>

	6M	1Y	3Y	Inception
Annualized Return	-3.15%	2.80%	8.15%	2.58%
Annualized Volatility	11.97%	10.15%	10.73%	10.07%
Sharpe Ratio <sup>3</sup>	-0.26	0.28	0.76	0.26
Sortino Ratio <sup>4</sup>	-0.39	0.45	1.60	0.40
Worst Monthly Drawdown <sup>5</sup>	-5.19%	-5.19%	-5.19%	-6.50%
Max Monthly Run-Up <sup>5</sup>	4.57%	4.91%	11.09%	11.09%

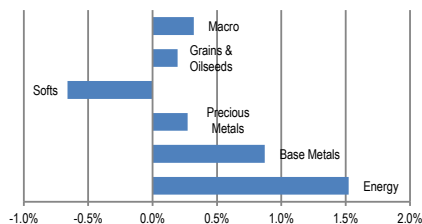
Historical Year on Year NAV<sup>2</sup>



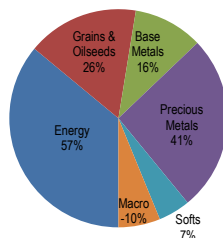
10-Year Historical Performance Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	2.92%	0.67%	1.79%	3.86%	-5.67%	-2.33%	2.41%	-0.29%	1.30%	1.44%	-0.85%	-1.21%	3.73%
2012	5.61%	1.17%	-4.91%	-1.45%	7.55%	-1.02%	-2.18%	0.56%	2.55%	-4.18%	-3.25%	2.23%	1.89%
2013	5.30%	-2.48%	-1.54%	1.62%	-0.08%	2.47%	1.97%	3.15%	-2.64%	0.45%	-3.81%	0.96%	5.08%
2014	-1.00%	0.58%	-0.99%	-0.83%	-1.52%	3.69%	2.09%	0.54%	3.48%	2.69%	1.27%	1.50%	11.92%
2015	0.94%	-1.30%	-4.82%	-2.61%	-4.02%	1.04%	4.46%	-2.56%	0.00%	-2.20%	2.06%	0.57%	-8.50%
2016	1.75%	2.57%	-2.69%	-1.63%	0.34%	2.04%	3.08%	-0.08%	-3.41%	1.49%	1.51%	1.71%	6.63%
2017	0.06%	-0.91%	-3.35%	1.62%	-1.92%	0.25%	-2.34%	0.06%	-0.34%	1.20%	-1.94%	2.44%	-5.21%
2018	2.36%	-6.50%	0.03%	-1.20%	-2.36%	0.58%	0.82%	-2.90%	0.99%	-1.74%	4.48%	2.36%	-3.48%
2019	1.32%	5.31%	-1.56%	0.76%	-2.25%	0.95%	-0.72%	1.17%	-3.76%	0.21%	0.89%	5.61%	7.79%
2020	1.96%	-0.64%	11.09%	-2.21%	-0.71%	-2.05%	1.48%	-0.07%	-1.51%	4.91%	1.76%	-1.91%	11.96%
2021	-5.19%	4.57%	-1.29%	0.01%	2.52%								0.34%

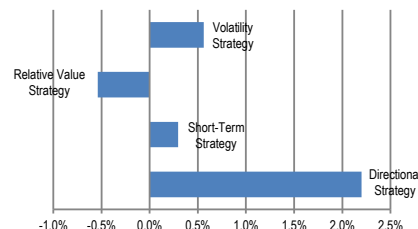
Sector Attribution<sup>6</sup>



Net Sector Allocation<sup>7</sup>



Style Attribution<sup>6</sup>



Last 12 Months' Allocation<sup>9</sup>

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Energy	12%	13%	26%	24%	12%	4%	6%	16%	34%	34%	47%	57%
Base Metals	2%	4%	2%	5%	12%	8%	11%	10%	9%	5%	11%	16%
Precious Metals	15%	40%	17%	8%	8%	1%	22%	15%	3%	-8%	17%	41%
Softs	4%	5%	16%	8%	15%	11%	6%	8%	15%	12%	-3%	7%
Grains & Oilseeds	-1%	6%	-3%	20%	15%	14%	15%	24%	21%	23%	26%	26%
Macro	23%	-21%	-30%	-12%	-3%	12%	-5%	-9%	-28%	-24%	-19%	-10%
Gross Exposure	204%	219%	248%	240%	256%	242%	202%	285%	351%	388%	413%	319%
Net Exposure	32%	69%	59%	66%	53%	39%	59%	64%	54%	42%	80%	138%

Disclaimer: Past performance is not necessarily a guide to future performance.

## Fund Details<sup>9</sup>

<b>Fund Name</b>	The Earth Element Fund Ltd ("the Fund")		
<b>Investment Manager</b>	The Fund is managed by Four Elements Capital Pte Ltd ("Four Elements"). Four Elements was incorporated on 14 October 2008 with USD 3.1mm working capital. The Company is headquartered in Singapore and is a Registered Fund Management Company (and an Exempt Financial Adviser) under the Monetary Authority of Singapore ("MAS").		
<b>Objective</b>	The Fund seeks to balance the quantitative and fundamental analysis to achieve more than 10% absolute return on the investment universe of 55 commodities across energy, metals and agriculture sectors. The Fund further seeks to control volatility to below 12% per annum. Both the performance and volatility objectives should be measured over a 2-3 year investment horizon.		
<b>Investment Style</b>	The Fund is a systematic commodity fund that executes through exchange traded futures and options. The Fund can go long and/or short commodities and has no long or short bias over a medium-long term horizon.		
<b>Leverage</b>	Total net exposure <200% (monthly average)	<b>Currency</b>	USD or EUR
<b>Fund Domicile</b>	Cayman Islands	<b>Fund Listing</b>	Dublin (ISE)
<b>Auditor</b>	Deloitte & Touche	<b>Administrator</b>	Apex Fund Services
<b>Liquidity</b>	Monthly (redemption notice by the 15 <sup>th</sup> calendar day)	<b>Prime Broker</b>	Societe Generale International Limited
<b>Representative in Switzerland</b>	ACOLIN Fund Services AG 6 Cours de Rive, 1204 Geneva	<b>Paying Agent in Switzerland</b>	Banque Heritage SA 61 Route de Chêne, CH-1208 Geneva
<b>Legal Counsel</b>	Simmons & Simmons (Lead) Rajah & Tann (Singapore) Maples & Calder (Cayman)	<b>Directors</b>	Lionel Semonin (MD, Four Elements) Michael Coleman (Director, Sandaire Singapore) Dermot Butler (Independent Director) Marc de Gunzburg (Founder, Alyeska Advisors)
<b>Hard Lock-Up</b>	No	<b>Soft Lock-Up</b>	Early redemption fee of 1% in first six months from Investment Date
<b>Fixed Fee</b>	1% p.a. (payable monthly)	<b>Performance Fee</b>	20% p.a. (payable annually)
<b>Hurdle Rate</b>	Yes (US T- Bills for the USD Class)	<b>High Water Mark</b>	Yes
<b>Fund AUM (as of 01 Jun 2021)</b>	USD 15.2mm	<b>Current Capacity</b>	USD 200mm
<b>Security Codes</b>	<u>USD Class:</u> Bloomberg Reuters CUSIP number ISIN number Valor code EARELUN KY equity 77775 Earth Element Limited G29086 108 KYG290861080 4870316	<u>EUR Class:</u> Bloomberg Reuters CUSIP number ISIN number Valor code EARELEN KY equity 77776 Earth Element Limited G29086 116 KYG290861163 4870284	

## Contact Details for Four Elements Capital

**Email:** info@4ecap.com

**Phone:** +65 6557 0578

**Fax:** +65 6557 0498

**Address:** 96 Robinson Road, #14-01 SIF Building, Singapore 068899

**Website:** www.fourelementscapital.com

## Notes to the Performance Report

1	Actual Performance	Returns are shown net of all fees and trading costs for the period since 08 Dec 2008
2	NAV	The lead USD non-management share class NAV was launched at 1000 on 08 Dec 2008
3	Sharpe Ratio	Annualized Excess Return / Volatility
4	Sortino Ratio	Annualized Excess Return / Downside-Volatility
5	Worst Monthly Drawdown & Maximum Monthly Run-up	The Worst Monthly Drawdown and Maximum Monthly Run-up considers only full calendar months of actual trading since Fund launch i.e. calendar months from 01 Jan 2009 onwards
6	Attribution	All attributions are shown on a net of fees basis and is estimated by Four Elements Capital.
7	Allocation Pie Chart	This shows the average net exposure to the various sectors over the month
8	Allocation	The red and green colours indicate where the EEF was short/unleveraged or long/leveraged respectively. The average allocation over a calendar month is calculated taking each rebalancing day into account for the sectors and the gross & net exposures. Exposures are calculated as the monthly average daily position. Gross allocation is calculated using netted product numbers.
9	Fund Details	Please refer to the Fund's Private Placement Memorandum for full details. Available upon request.
10	Proprietary Indices	Four Elements produces different reports on global macro with a focus on China, please contact us for more information.

Abbreviations	EEF	EEF stands for the Earth Element Fund Ltd
	Gross Exposure	Gross Exposure means the total gross notional exposure of the EEF hypothetical strategy or EEF
	Net Exposure	Net Exposure means the total net notional exposure of the EEF hypothetical strategy or EEF

## Distribution

In Switzerland shares shall be distributed exclusively to qualified investors. The fund offering documents, articles of association and audited financial statements can be obtained free of charge from the Representative. The place of performance with respect to shares distributed in Switzerland is the registered office of the Representative.

## Disclaimer

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