

Strong growth in Germany bolstered Sanning Capital

CEE stock worked off volatile period during November to finish near highs of the month as the official macroeconomic data did substantially help to the good mood. Major European indices all closed up at least 5 percent after the \$113 billion bailout of Ireland was announced. Bond yields in some of the more troubled European nations ticked higher as contagion fears continue to spread. After seeing a session low of 1.3064, the euro bounced back to the 1.3125 area. DAX gained 1.3%. Oil prices rose \$1.97 to \$85.73 a barrel. Gold for February delivery rose 0.3%, to \$1,367.50 an ounce. Silver gained 42.1 cents to \$27.19.

European Union nations agreed to give euro 67.5 billion (\$89.4 billion) in bailout loans to Ireland on Sunday. The fear is that with Greece and now Ireland shored up, speculative traders will target the bloc's other weak fiscal links, particularly Portugal. Business confidence in Germany IFO Expectations were 109.3 points in November, compared to 107.7 points in October, its sixth consecutive rise. It is the highest level since the country reunified in 1990 as Europe's top economy continued a strong recovery. US bedraggled labor market got a boost in November the initial jobless claims unexpectedly plunging 21,000 to 434,000, their lowest level since July. Geopolitical situation in North and South Korea did little to stop the buying on the dips. Temporarily, attacks focused global attention on the tiny island and sent stock prices down worldwide. In Central Europe, the Polish GDP for the third quarter rose 4.2%, beating the consensus of 3.6%, as well as did and the Czech GDP for the same period with 3.0% gain compared to the consensus of 2.5%. Widely follow ISE National 100 Index in Turkey dropped from 71,500 points to 64,000 points, or 5.4% down in November.

Sanning Capital portfolio has been surging of late. In November it hit a new all-time high 67.4% NAV € 1674.1 Best performers for the month were Kapsch which rallied 48% after winning the toll tender in Poland and the announcement of acquiring the MARK IV Company in the USA, with its unique position in our portfolio. Sanning's November's performance might resemble the one of April this year (63% returns since inception) which was followed by a 23% drop later in May. We strengthened the hedging strategies and risk-adjusted the allocation of the portfolio to lock in gains. Overall, Sanning Capital gained 9.3% this month, compared with the gain in DAX 1.3%, loss in the EU Enlarged -6.6%, or the S&P 500 denominated in euro gain of 8.2%. November's top performers were Kapsch +48.2%, MHP SA at 17.7% and Voestalpine +12.2%. On the other hand, OTP followed bad Hungarian macroeconomic situation and closed the month with a loss of -12.4%. Polish Energy Partners at also lost more than 9%. Sanning's performance in November includes the cash dividend of Banca Transilvania and Fondul Proprietatea, with 0.4% and 1.1% respectively. However, the main driver in the portfolio's performance is the bet on the strong rise in German economy as the powerhouse of Eurozone's economy, which may soon become the main decision maker in the global geopolitical tendencies.

Fund Data

Investment Style

SANNING CAPITAL is a bottom up equity fund based on fundamental research exploiting market inefficiencies in Central Europe. Sanning is unique in terms of its geographic focus. It is funded by the managers' own capital and private investors.

Fund Manager

Jan Pravda

Launch Date

02-Jun-09

Location

Prague, London

Fund Currency

EUR

Share Price

€ 1 674.1

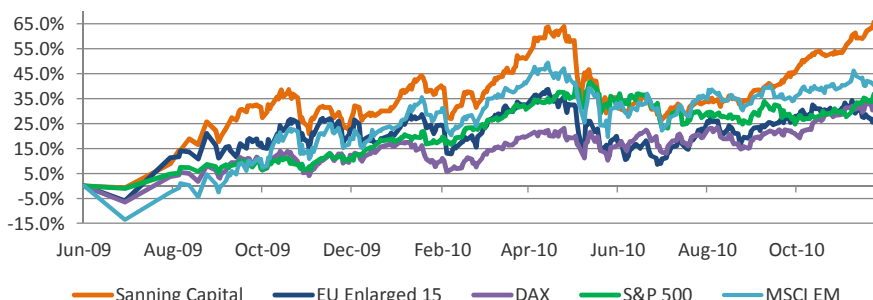
Performance Fee

20% HWM

Management Fee

2% p.a.

Fund vs. Indices



Cumulative Performance

Period	Sanning*	EU Enlarged	DAX	S&P 500**	MSCI
1 month	9.3%	-6.6%	1.3%	8.2%	2.1%
3 months	23.5%	1.7%	12.9%	12.1%	6.5%
12 months	36.7%	1.0%	18.9%	26.8%	21.5%
3 years	---	---	---	---	---
5 years	---	---	---	---	---
Since inception (2.6.2009)	67.4%	21.4%	30.1%	40.3%	41.6%

* Net off mgt fees, **S&P 500 Euro denominated

Further Characteristics

Beta relative to:			
EU Enlarged 15	0.50	Volatility*	45.8%
DAX	0.62	Alpha**	0.13
		* 3 years' annualized standard deviation	
		** Benchmark - EU Enlarged 15 Index	

Portfolio Analysis

Top 5 Holdings	Top 5 Countries	Top 5 Sectors
Kapsch 15.6%	Austria 27.3%	Financials 20.5%
Fondul Proprietatea 10.7%	Poland 15.1%	Technology 18.9%
PEP SA 8.9%	Russia 12.7%	Energy 15.7%
MHP 7.8%	Romania 11.8%	Food & beverages 13.5%
Semperit 5.8%	Ukraine 8.1%	Industrials 12.5%