

Market Commentary: July

In July markets continued to be volatile with the VIX trading in the range of 22.7-32.8. Economic data painted an ambiguous picture with weak US data: US Consumer Confidence at 52.9 vs. cons 63.3 and Jobless Claims at 454k vs. cons 465k, and strong German IFO Index which was sharply up at 106.2 vs. cons 101.6. Finally, the stress test on European banks calmed the markets down underlined by positive Q2 corporate data. In our region NWR's positive results were driven by higher coal prices for Q3 and KIT Digital's preliminary Q2 results with revenues 30% up Q-o-Q. Turkey confirmed its growth story with 11.7% GDP growth in Q1 and Poland released strong retail sales number at + 6.4% Y-o-Y.

Sanning has performed +3.6% compared to the Dax +3.1% and the EU Enlarged +10.5%. This is due to our cautious investment strategy to lock in profits and gauge market volatility through hedging. July's top performers in our portfolio were BGS Energy +19% and Voestalpine +13.8%. Conversely, CME closed the month 3.6% down and Albaraka Turk Bank -9.9%.

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 Managers

Jan Pravda
Katerina Zychova

Launch Date

2-Jun-09

Location

Prague, London

Fund Currency

EUR

Share Price

€ 1 334.4

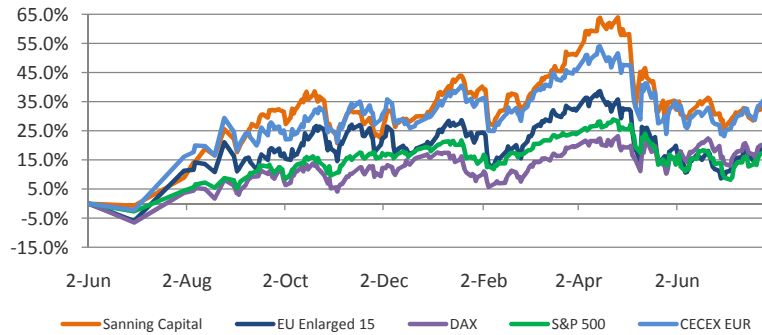
Performance Fee

20%

Management Fee

2%

Fund Performance



Cumulative Performance

Period	Sanning	EU Enlarged	CECEX EUR	DAX	S&P 500
1 month	3.6%	10.5%	10.0%	3.1%	5.6%
3 months	-15.5%	-8.4%	-7.6%	0.2%	-7.3%
12 months	22.5%	9.0%	17.5%	15.3%	11.4%
3 years	---	---	---	---	---
5 years	---	---	---	---	---
Since inception (2.6.2009)	33.4%	21.3%	36.5%	19.6%	16.4%

Further Characteristics

Beta relative to:			
CECEX EUR	0.55	Volatility*	30.7%
EU Enlarged 15	0.53	Alpha**	0.05%
DAX	0.66		

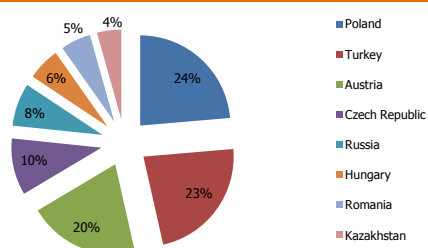
* 3 years' annualized standard deviation
** Benchmark - CECEXEUR Index

Portfolio Analysis

Top 10 Holdings

Kapsch	9.6%
Akenerji	9.3%
LPP	7.1%
Netia	6.6%
Semperit	6.4%
OTP	5.8%
Turkish Airlines	4.7%
Fondul Proprietatea	4.6%
Zhaikmunai	4.3%
Integra	4.2%

Breakdown By Country



Breakdown By Sector

