

Market Commentary: August

In August, markets were driven by poor US macroeconomic data including Initial Jobless Claims at 479k vs expected 455k and Existing Home Sales 3.83mm vs cons of 4.65mm. Germany showed again a positive tone and continued to be the best performing economy in Europe: Germany's 2Q GDP came at +4.1% vs cons of 2.6% and the IFO index at 105.2 vs. 104.3. In Central Europe, we saw the Polish and Czech PMI Manufacturing Index at 53.8 (previous 52.1) and 57.3 (previous 56.8), respectively. Overall, markets ended up negative on the month as VIX moved up from 22 to 27.2 confirming investors' nervousness and the shift from equities into fixed income and gold.

The H1 corporate results in Central Europe came out strongly: Semperit's Y-o-Y revenues were +16% up and KIT Digital's +33%. NWR posted net income of €129.6mm compared to a loss of €14.5mm last year. Kapsch's Q1 revenue was 92% up Y-o-Y. Turkish Akenerji, on the contrary, posted a significant drop in revenues of 28% on the back of surprisingly lower electricity prices and electricity demand in Turkey.

Sanning has performed 1.8% on a month, compared to the DAX -3.6%, the EU Enlarged -1.6% and the S&P 500 -4.7%. We have continued our cautious investment strategy in terms of hedging and keeping positions in low Beta stocks and select fixed income assets. August's top performers in the portfolio were Fondul Proprietatea + 14% and Turk Telekom+11.5%. Conversely, KIT Digital closed the month -12.2 % and Semperit -8.9%.

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

€ 1 356.0

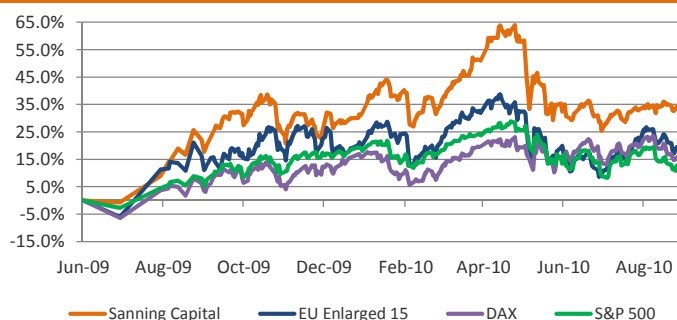
Performance Fee

20%

Management Fee

2%

Fund Performance



Cumulative Performance

Period	Sanning*	EU Enlarged	DAX	S&P 500
1 month	1.8%	-1.6%	-3.6%	-4.7%
3 months	4.9%	0.2%	-0.4%	-3.7%
12 months	11.0%	2.6%	8.4%	2.8%
3 years	---	---	---	---
5 years	---	---	---	---
Since inception (2.6.2009)	35.6%	19.4%	15.2%	11.1%

* Net of the mgt. fee

Further Characteristics

Beta relative to:

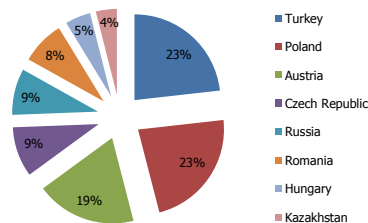
EU Enlarged 15	0.52	Volatility*	50.5%
DAX	0.66	Alpha**	0.08%
		* 3 years' annualized standard deviation	
		** Benchmark - EU Enlarged 15 Index	

Portfolio Analysis

Top 5 Holdings

Kapsch	9.8%
Akenerji	9.6%
Fondul Proprietatea	7.4%
PEP SA	6.7%
LPP	6.5%

Breakdown By Country



Breakdown By Sector

