

**Market Commentary: September**

In September the markets picked up the pace supported by some positive macroeconomic data from the US, including the Initial Jobless Claims at 451k vs cons of 470k and Existing Home Sales at 4.13mm vs cons of 4.10mm. In Central Europe, we saw the Polish Retail Sales (YoY) at +6.6% vs cons of +5.3% and the Czech 2Q GDP at 2.4% (YoY) compared to the 1Q GDP at 2.2% (YoY). In Turkey, the 2Q real GDP reached +10.3% YoY vs cons of +8.6%. The VIX dropped to 23.3 from 27.2 pointing to investors' more optimistic outlook. The Gold price broke the magic point of 1,300 \$/t oz which makes one think that the Golden Bubble might be coming.

On the corporate side we observed Turkish Airlines continue their strong performance while extending the number of flights from 5,500 to 10,000 and completing the order of 90 aircrafts by 2012. KIT Digital has completed their Czech acquisition of Brickbox. Elsewhere, Franklin Templeton Investments have been awarded the mandate as the Fund Manager and the Administrator of Fondul Proprietatea. We saw increased trading volumes in the name predominantly driven by the SIFs.

Sanning has performed +7.6%\* this month, compared to the DAX +5.1%, the EU Enlarged +6.2% and the S&P 500 +1.1%. We have continued our conservative investment strategy due to the uncertain macro climate. September's top performers were KIT Digital +27.5% and Turkish Airlines+20.6%. Kapsch contributed to 1% percent of Sanning's September's performance. Conversely, NWR closed the month -4.8% and Polish Energy Partners -3.7%.

\*Sanning's performance includes Banca Transilvania's and Fondul Proprietatea's dividends  
S&P 500 Euro denominated

**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**

€ 1 458.7

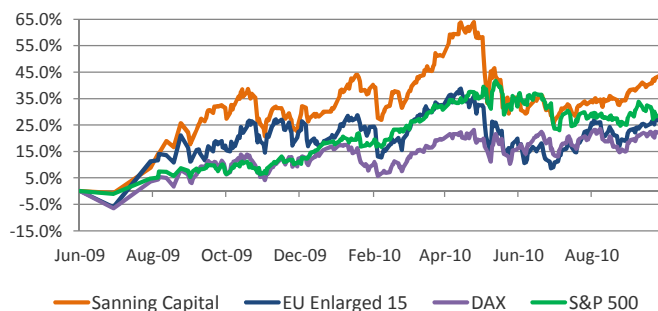
**Performance Fee**

20%

**Management Fee**

2%

**Fund Performance**



**Cumulative Performance**

Period	Sanning*	EU Enlarged	DAX	S&P 500**
1 month	7.6%	6.2%	5.1%	1.1%
3 months	13.3%	15.5%	4.4%	-1.6%
12 months	10.6%	9.1%	9.8%	15.8%
3 years	---	---	---	---
5 years	---	---	---	---
Since inception (2.6.2009)	45.9%	26.8%	21.1%	26.5%

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

**Further Characteristics**

Beta relative to:

EU Enlarged 15	0.52	Volatility*	48.8%
DAX	0.65	Alpha**	0.08%

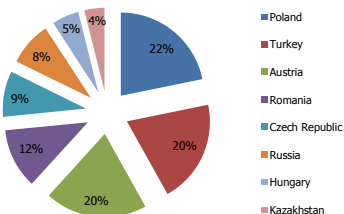
\* 3 years' annualized standard deviation  
\*\* Benchmark - EU Enlarged 15 Index

**Portfolio Analysis**

**Top 5 Holdings**

Fondul Proprietatea	10.9%
Kapsch	10.8%
Akenerji	9.3%
PEP SA	8.9%
Turkish Airlines	5.4%

**Breakdown By Country**



**Breakdown By Sector**

