

SANNING CAPITAL

CENTRAL EUROPEAN EQUITY FUND

2-May-11

Market Commentary: April

April 2011 was relatively quiet month for the financial markets as well as for Sanning Capital. In the beginning of the month Portugal joined Greece and Ireland in receiving bailouts from the European Union and the International Monetary Fund. Shortly after that, the European Central Bank increased interest rates by .25 percentage points, causing a rise of the euro to a 15-month high against the dollar. Otherwise, these two events did not affect the financial markets much as it was generally expected.

After S&P cut the U.S. ratings outlook to negative, panic broke out in the financial markets. When the markets calmed down, all important indexes not only recovered the initial losses, but also gained several percentage points. As far as we can see, the lowered rating outlook might serve as a catalyst to force both sides in Washington to compromise, which would certainly lead to better performance of the U.S. economy.

When it comes to our portfolio, our best performers this month were Koza Gold with 12.7% appreciation, followed by Kapsch with 6.3% and Uranium One with over 5%. On the other hand, bad performance of Mopol, MHP and Gazprom, which lost 10.6%, 8% and 6.7% respectively, and the fact that our portfolio still consists more than 40% from cash, have caused that the overall performance of Sanning Capital during April was slightly above zero.

*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 Manager

Jan Pravda

Launch Date

02-Jun-09

Location

Prague, London

Fund Currency

EUR

Share Price

€ 1 677.1

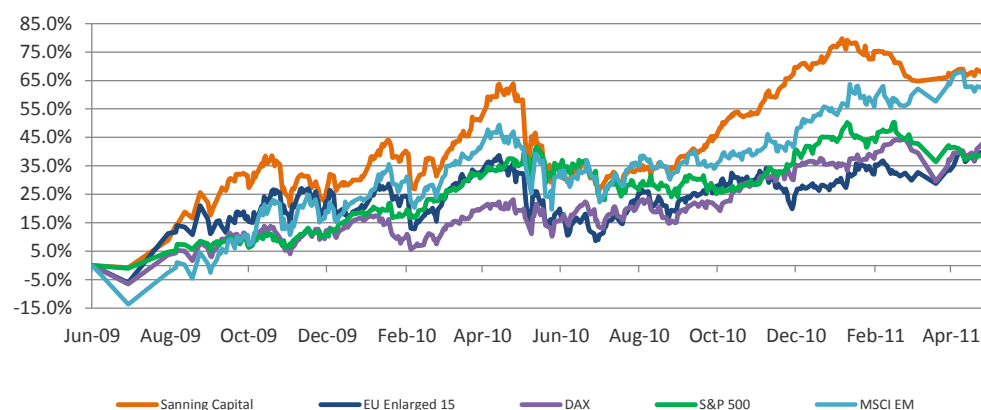
Performance Fee

20% HWM

Management Fee

2% p.a.

Fund vs. Indices



Cumulative Performance

| Period | Sanning* | EU Enlarged | DAX | S&P 500** | MSCI |
|----------------------------|--------------|-------------|-------|-----------|-------|
| 1 month | 0.1% | 5.6% | 6.5% | -2.1% | -1.9% |
| 3 months | -2.8% | 6.8% | 5.8% | -3.9% | 2.6% |
| 12 months | 6.2% | 6.5% | 22.5% | 3.2% | 12.7% |
| 3 years | --- | --- | --- | --- | --- |
| 5 years | --- | --- | --- | --- | --- |
| Since inception (2.6.2009) | 67.7% | 41.1% | 46.1% | 39.3% | 61.0% |

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

Further Characteristics

| Beta relative to: | | Volatility* | |
|-------------------|-------------|-------------|--------------|
| EU Enlarged 15 | 0.47 | Alpha** | 42.3% |
| DAX | 0.53 | | 0.09 |

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

Portfolio Value at Risk Analysis

| Top 3 Holdings | Top 3 Sectors | Top 3 VaR Sectors |
|-------------------------|------------------|-------------------|
| Kapsch 15.2% | Mining 26.7% | 4.1% |
| Sparkassen Immob. 11.3% | Financial 19.3% | 3.8% |
| PEP 9.1% | Technology 17.5% | 2.9% |