

The financial markets were moving in sideways regime throughout May. Intraday changes of traded indices CECEXT, DAX, S&P 500, etc. oscillated in the range of  $\pm 2\%$ , exceeding usual volatility. This volatility was caused by development of the situation in Greece, mainly the tensions between the view of ECB (who continues to resist restructuring of Greek debt) and the view of the EU governments who are admitting the need to restructure. When it comes to other important news, German government finally decided to continually shutdown all its nuclear power plants until the end of 2022, which is 28 % of the largest European economy's electricity production. Market sentiment during May 2011 was also negative because of weaker macro data from the US regarding debt and unemployment.

Sanning Capital's portfolio benefited this month by mostly staying in cash and engaging in a few selected equity positions and small derivative positions. Our best performer this month was Ukrainian sunflower oil producer Kernel with 10% profit. Towards the end of the month we began returning in the market by investing in utilities and food companies. Overall performance of the fund in May 2011 was -1.5 % which is 3 % better than the European indices.

\*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

€ 1 665.1

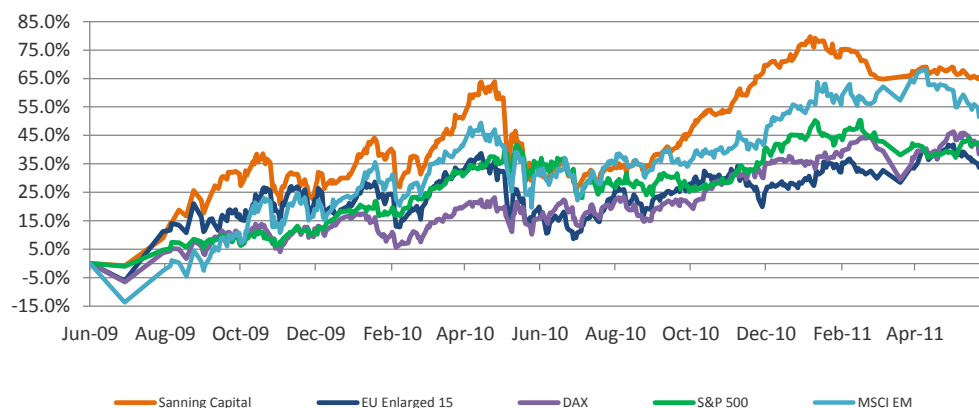
#### Performance Fee

20% HWM

#### Management Fee

2% p.a.

### Fund vs. Indices



### Cumulative Performance

Period	Sanning*	EU Enlarged	DAX	S&P 500**	MSCI
1 month	-1.5%	-4.5%	-4.7%	1.2%	-2.7%
3 months	0.1%	2.9%	-2.2%	-3.4%	-0.2%
12 months	23.0%	13.1%	20.4%	5.2%	19.3%
3 years	---	---	---	---	---
5 years	---	---	---	---	---
Since inception (2.6.2009)	<b>66.5%</b>	34.7%	39.2%	41.0%	56.6%

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

### Further Characteristics

Beta relative to:		Volatility*	Alpha**
EU Enlarged 15	<b>0.47</b>	<b>41.3%</b>	<b>0.09</b>
DAX	<b>0.52</b>		

\* 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	
Kernel	10.0%	Energy	9.0%		3.7%
Lyxor	1.0%	Financial	5.0%		3.5%
Verbund	1.0%	Agriculture	2.0%		2.8%