

In June, the development on the financial markets was mainly influenced by the continuing Greek debt crisis. Uncertainty was pushing the stocks down and neither the promises of EU politicians nor the approval of the austerity bill in Athens could stop it. The release of the last installment of 12 billion EUR was taken by the market as "buying time to avoid an immediate default". The second financial bailout is no different. It seems like the markets are preparing for the slow, well camouflaged, and postponed but already almost unavoidable Greek default. Based on our analysis, as much as 50% of the Greek debt would have to be written off to make the Greek finances sustainable. Therefore, this issue will not go away for years and warrants an adaptation of our investment strategy.

June was a very interesting month for the energy market. While Germany confirmed its commitment to shut down nuclear power plants by 2022, the electricity prices declined due to a 20% decline of emissions prices caused by an unexpected regulatory shock to the emissions market.

This effected small positions in utilities which we believe will recover in the near future. Otherwise the portfolio, still mainly consisting of cash, remained unchanged. This month again, we invested in volatility by entering into option contracts on various commodity and equity related positions which proved profitable.

*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

€ 1 630.6

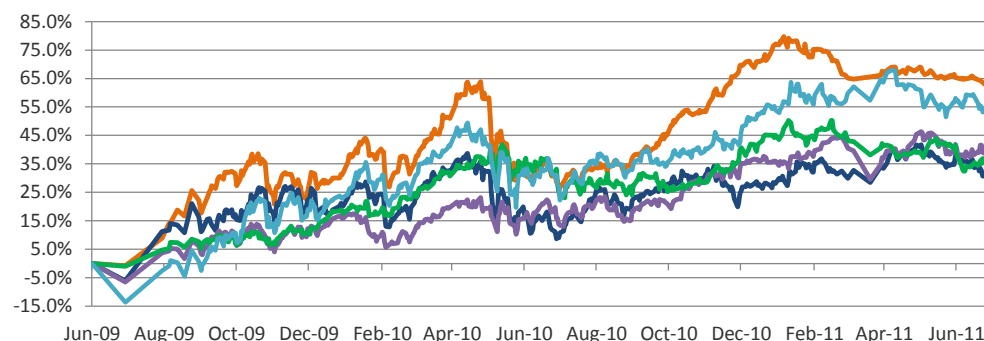
Performance Fee

20% HWM

Management Fee

2% p.a.

Fund vs. Indices



Cumulative Performance

Period	Sanning*	EU Enlarged	DAX	S&P 500**	MSCI
1 month	-2.1%	-1.7%	1.9%	-2.8%	-0.3%
3 months	-2.7%	-0.8%	3.4%	-3.6%	-4.8%
12 months	26.6%	20.7%	22.3%	6.7%	22.1%
3 years	---	---	---	---	---
5 years	---	---	---	---	---
Since inception (2.6.2009)	63.1%	32.5%	41.8%	37.2%	56.2%

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

Further Characteristics

Beta relative to:				
EU Enlarged 15	0.46	Volatility*	40.3%	
DAX	0.50	Alpha**	0.08	
		* 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
Gazprom Puts 89.2%	Precious metals 5.0%	4.3%
Silver Puts 14.6%	Financials 3.0%	3.1%
Pegas Nonwovens 1.0%	Cash 0.0%	2.9%