

Markets experienced losses and extreme volatility in the month of August. The main trigger was S&P downgrade of US credit rating from AAA to AA on 5th August. VIX index representing volatility reached 48, which was the highest value since March 2008. Another important event was Ben Bernanke's (FED chairman) speech on 26 th August in Jackson Hole, where investors expected introduction of QE3. Nothing specific was promised, though, therefore investors are focusing on next FED summit, which will take place on 20th – 21st September.

Our exposure to equities was partially mitigated by our position in gold and in put options for Milan FTSE MIB Index. This proved to be our best pick with 616% return. As a result, we ended this month with 6.6% loss, outperforming all our benchmarks in the region.

For the future we remain cautious with respect to possible bad news from both sides of Atlantic. Next Fed meeting might be important since new information about possible QE3 can be released. We are also cautiously expecting fresh news regarding public debts in US and Eurozone.

### Fund Data

#### Investment Style

SANNING CAPITAL is a bottom up fund based on fundamental research exploiting market inefficiencies in Central Eastern 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

2.6.09

#### Location

Prague

#### Fund Currency

EUR

#### Share Price

€ 1 532.9

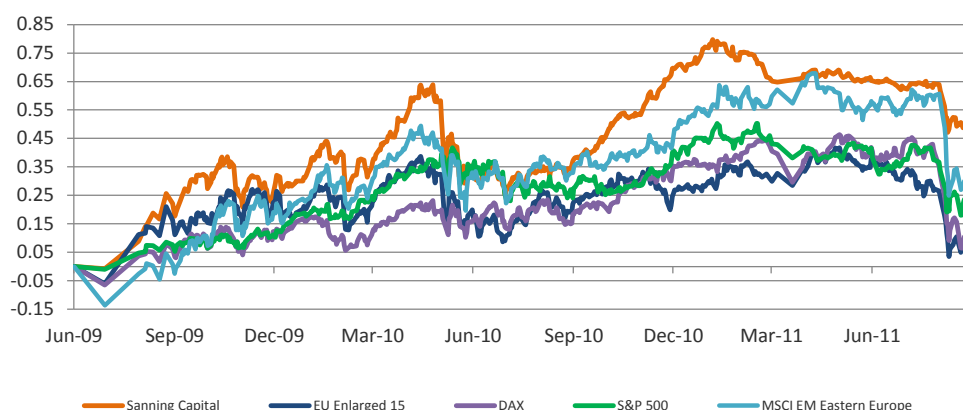
#### Performance Fee

20% HWM

#### Management Fee

2% p.a.

### Fund vs. Indices



### Cumulative Performance

Period	Sanning*	EU Enlarged	DAX	S&P 500**	MSCI
1 month	-6.6%	-11.2%	-19.5%	-7.0%	-13.8%
3 months	-7.9%	-16.2%	-19.2%	-9.3%	-11.8%
12 months	13.0%	-5.4%	-2.4%	2.3%	3.9%
3 years	---	---	---	---	---
5 years	---	---	---	---	---
Since inception (2.6.2009)	<b>53.3%</b>	12.9%	12.5%	28.0%	38.1%

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

### Further Characteristics

Beta relative to:			
EU Enlarged 15	<b>0.42</b>	Volatility*	<b>39.5%</b>
DAX	<b>0.43</b>	Alpha**	<b>0.21</b>
		* 3 years' annualized standard deviation	
		** annualized vs. EU Enlarged 15 Index	