

### Market Commentary: December

In December, the markets were focused on the upcoming EU top summit organized in the beginning of December. After the results of the negotiations were published, markets concluded that the results of the summit were not much different from all others – many words but no solution. The European stock markets, which still do not see the light in the tunnel, lost 4.4% this month. However, this was not the case of the US stocks. The S&P Index outperformed European peers (including us) by gaining 5.3% as a result of good macro indicators. Next EU summit is scheduled for the beginning of February 2012.

Moody's downgraded Belgium by two grades from Aa1 to Aa3 on December 19<sup>th</sup>, S&P downgraded Hungary by one grade to BB+ just two days later. Gold depreciated on the \$ 1600 level, but we remain long on this precious metal, because we believe it is a good hedging instrument.

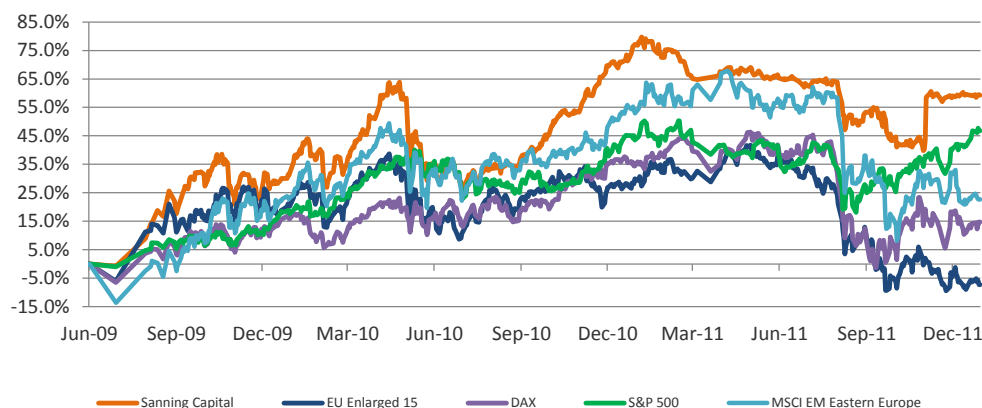
We remained very cautious this month and pursued mainly safe fixed income investments. This cautiousness resulted in outperforming European benchmark by 4.8% throughout the month and achieving positive result. Our view remains unchanged for the following months.

### Fund Data

#### Investment Style

SANNING CAPITAL LIMITED is a bottom up long short opportunity fund based on fundamental research exploiting market inefficiencies. While our original focus has been the convergence story in Central Eastern Europe, we have broadened our reach to all trades where we have a high likelihood of a unique insight including global technology and commodities.

### Fund vs. Indices



#### Fund Manager

Jan Pravda

#### Launch Date

2-Jun-09

#### Location

Prague

#### Fund Currency

EUR

#### Share Price

€ 1 592.2

#### Performance Fee

20% HWM

#### Management Fee

2% p.a.

### Cumulative Performance

Period	Sanning*	EU Enlarged	DAX	S&P 500**	MSCI
1 month	0.4%	-4.4%	-3.1%	4.6%	-7.2%
3 months	11.0%	-2.6%	7.2%	14.8%	5.7%
12 months	-10.1%	-28.6%	-14.7%	2.2%	-19.8%
3 years	---	---	---	---	---
5 years	---	---	---	---	---
Since inception (2.6.2009)	<b>59.2%</b>	-7.3%	14.7%	46.8%	22.7%

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

### Further Characteristics

Beta relative to: EU Enlarged 15	<b>0.44</b>	Volatility*	<b>39.5%</b>
DAX	<b>0.41</b>	Alpha**	<b>0.25</b>
		* 3 years' annualized standard deviation	
		** annualized vs. EU Enlarged 15 Index	