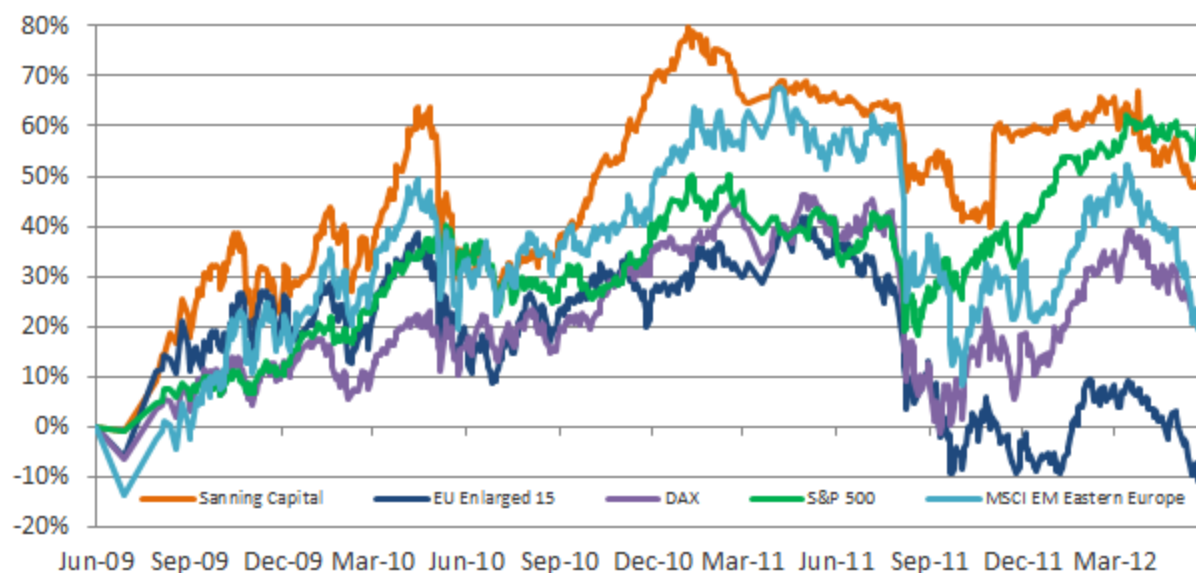


## **May– the month of Facebook**

Markets in May slid significantly and benchmarks such as EU Enlarged 15 and MSCI EM Eastern Europe experienced a two-digit loss of 12% and 13% respectively because of European financial and falling oil prices. After parliamentary elections in Greece the political parties were not able to agree on a government. After several attempts and discussions with the president they resorted to new elections on 17<sup>th</sup> of June. Similarly, In Romania, Victor Ponta was named the new Prime Minister, however we do not expect any significant political news effecting the positively the capital markets before the November 2012' regular elections. Apart from the European crisis, the biggest global news of the month was the IPO of Facebook. The offering was accompanied by an extreme media and market attention and delays in the beginning of trading caused by the overload of NASDAQ. We participated in the Facebook offering because of our technical understanding of the dynamics of the IPO process. We made a decent profit of 9% as we sold within the first minute of trading. By the way, our participation in the Facebook offering is characteristic of our increasing opportunism and need to look beyond Central Eastern Europe. This month we also made profit on shorting several western European Indices as we remain bearish on Eurozone. This month we went down by 4 % and thus substantially outperformed all comparable European benchmarks (DAX -7%, MSCI EM -13%, EU Enlarged 15 -12%).



Fund	Cumulative Performance					
Manager	Period	Sanning*	EU Enlarged	DAX	S&P 500**	MSCI
Pravda Capital	1 month	-4.1%	-11.7%	-7.3%	0.3%	-13.0%
	3 months	-8.9%	-15.5%	-8.6%	3.7%	-18.1%
	12 months	-9.7%	-34.1%	-14.1%	13.2%	-23.4%
Launch Date	3 years	---	---	---	---	---
2.6.09	5 years	---	---	---	---	---
Location	Since inception (2.6.2009)	61.3%	5.4%	25.6%	51.9%	39.7%
Prague	* Net off mgt fees, **S&P 500 Euro denominated					
Fund	Further Characteristics					
Currency	Beta relative to:					
EUR	EU Enlarged 15	0.43	Volatility*		38.1%	
Share Price	DAX	0.41	Alpha**		0.18	
€ 1 503.3			* 3 years' annualized standard deviation			
Performance Fee			** annualized vs. EU Enlarged 15 Index			
20 % HWM						
Management Fee						
2% p.a.						

**SANNING CAPITAL is a bottom up fund based on fundamental research exploiting market inefficiencies in Central Eastern Europe. Sanning is unique in term of its geographic focus. It is funded by the managers' own capital and private investors.**

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