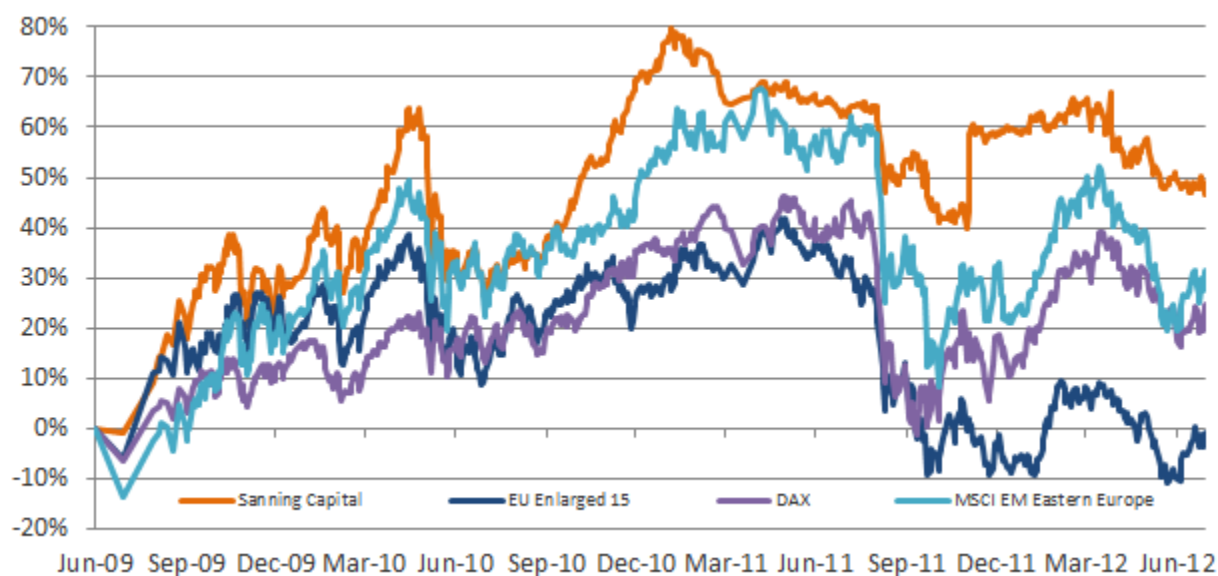


June - the month of Greek Elections and European Council Meeting

June 2012 was the month of two major events, the former were the Greek Parliamentary Elections on 19. June and the latter was the European Council Meeting at the end of the month. New Democracy of Antonis Samaras won the Greek elections with 30% followed by Tsipras' Syriza with 27%. Samaras formed a government within few days with Pasok and Democratic Left. Only a few days afterwards Samaras and finance minister Vassilis Rapanos announced they will not be attending the European Council Meeting due to health condition. Only a few days afterwards Rapanos resigned and Yannis Stournaras was appointed to take his place. While this may look positive in short term, we view this as maintenance of already bad status quo not leading to fundamental improvement in Greece. The European Council Meeting ended on a more optimistic note then previous summits and the media presented it as a victory of Spain and Italy and a defeat of Angela Merkel. The summit agreed on forming a banking union with centralized supervision by ECB and on that the ESM (which has not been formed yet) will be bailing banks out directly. While these are some steps forward, there were not enough details on these and nothing on fiscal union and Eurobonds. Surprisingly the markets responded with a steep rally where South-European Indices rallied around 6% on 29.6. Overall we remain cautious on the EU and continue to look beyond the EU neighborhood for opportunities. When it comes to our portfolio, we remained very cautious and stayed mostly in Fixed Income investments and a bearish view on the meeting's outcome which resulted in our slight underperformance of the market at the very end of the month. We went down by 2.4%.



Fund Manager	Cumulative Performance				
	Period	Sanning*	EU Enlarged	DAX	MSCI
Pravda Capital	1 month	-2.4%	9.4%	2.4%	8.4%
	3 months	-11.1%	-7.6%	-6.4%	-11.2%
	12 months	-10.0%	-25.1%	-13.0%	-16.0%
Launch Date	3 years	---	---	---	---
	5 years	---	---	---	---
2.6.09	Since inception (2.6.2009)	46.7%	-0.7%	24.8%	31.4%
Prague	* Net off mgt fees				
Fund Currency	Further Characteristics				
	Beta relative to:				
EUR	EU Enlarged 15	0.41	Volatility*	37.7%	
Share Price			Alpha**	0.15	
	DAX	0.40	* 3 years' annualized standard deviation		
€ 1 467.0			** annualized vs. EU Enlarged 15 Index		
Performance Fee					
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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