

A quiet month in Europe flavored with Berlusconi's comeback

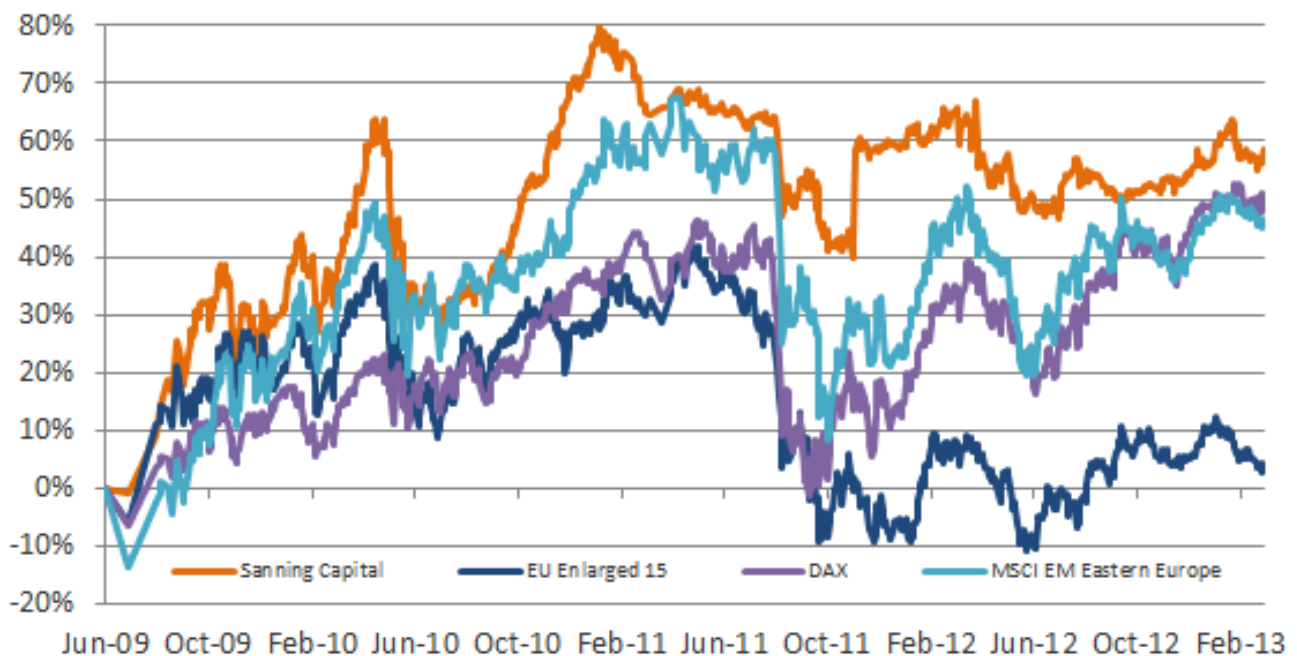
The beginning of February was a quiet period on the markets, the indices were flat in a wave pattern, gaining one day and losing other day. Significant news affecting all world markets came at the end of the month when the general elections in Italy took place. Italy got paralyzed after the results and possible mid-left coalition led by Bersani will not get Berlusconi's support in the Senate. The markets expected Bersani's win and rallied a few days before the elections followed by strong correction after the results were announced. The EUR lost 3% versus USD throughout the month also following the news from the elections.

Surprisingly and without any major political talks the Fiscal Cliff measures started to occur. The increase in tax rates and decrease in spending through sequestration takes effect. We think this issue will be heavily discussed later throughout the year and we do not expect any immediate reaction. In short term there will be limited response, mid-term, sequestration will cause a correction. Over the long term austerity and budget balance is good for the US.

We outperformed all major European indices gaining a 1 % where the indices ended the month in red numbers, DAX -0.4 %, MSCI EM -1.5 % and EU Enlarged -1.1 %.

Google remains one of our best picks together with Ukrainian poultry producer MHP. On the fixed income side we closed our position in NWR gaining an overall long term profit of 7 %. One of our least successful issues remain to be gold mining companies in Turkey, Armenia and Romania where the gold price behavior is very challenging to predict.

Fund vs. Indices



		Cumulative Performance				
Fund Manager	Jan Pravda	Period	Sanning*	EU Enlarged	DAX	MSCI
Launch Date	2.6.09	1 month	1.0%	-1.1%	-0.4%	-1.5%
Location	Prague	3 months	2.6%	-1.6%	4.5%	4.5%
Fund Currency	EUR	12 months	-3.9%	-3.5%	12.9%	-1.5%
Share Price	€ 1585.3	3 years	17.4%	-14.6%	35.5%	12.5%
Performance Fee	20 % HWM	5 years	---	---	---	---
Management Fee	2% p.a.	Since inception (2.6.2009)	58.5%	3.6%	50.5%	45.7%
		<small>* Net off mgt fees</small>				
		Further Characteristics				
		Beta relative to:		Volatility*	34.8%	
		EU Enlarged 15	0.39	Alpha**	0.14	
		DAX	0.36	<small>* 3 years' annualized standard deviation</small>		
				<small>** annualized vs. EU Enlarged 15 Index</small>		

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.

[follow on Twitter](#) | [Visit our website](#) | [forward to a friend](#)

Copyright © 2013 Sanning Capital Limited, All rights reserved.

Our address:

Sanning Capital Limited
 Opletalova 1417/25
 Prague 11000
 Czech Republic

[Add us to your address book](#)

[Subscribe to our mailing list](#) | [Unsubscribe from our mailing list](#)