

May 2014 – Calmer markets and low inflation in Europe

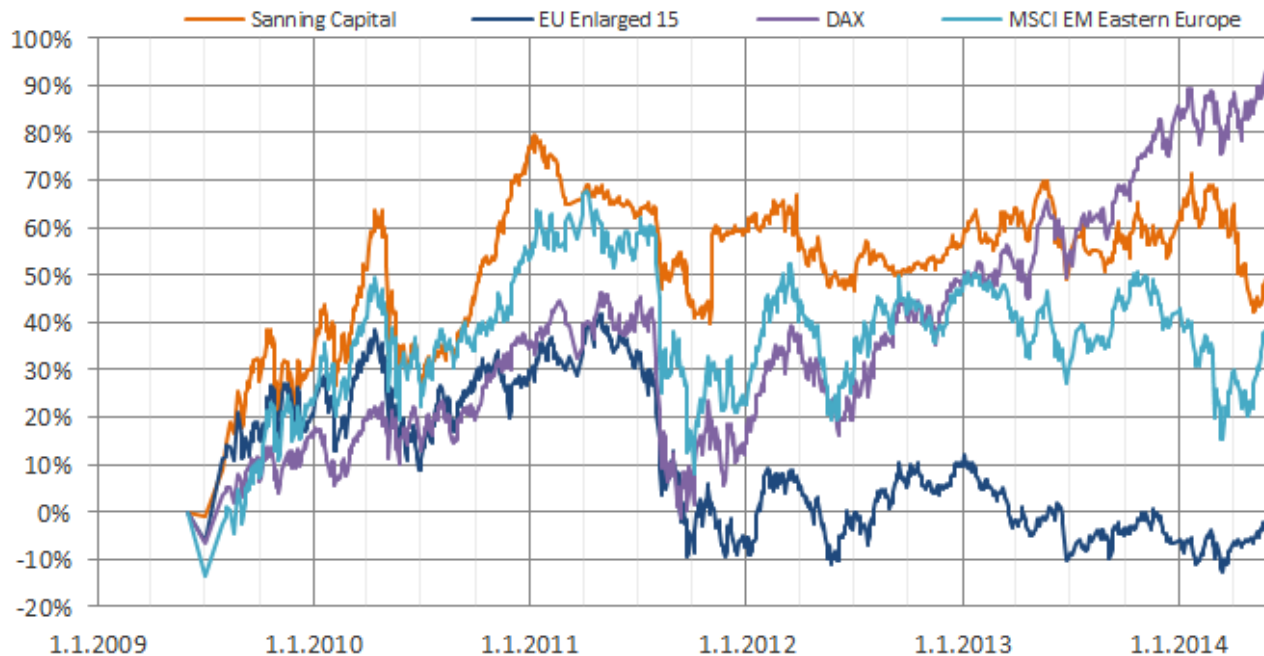
The Ukrainian tension did not escalate further and the country went through elections. The previous month's selloff stopped, markets calmed down and went sideways for most of the month. The US earnings season ended up also rather mixed - around 70% companies surprised positively on EPS, but only over 50% on revenue. At the end of the month, ECB president Mario Draghi signaled potential actions against low inflation in Eurozone. Steps like interest rates cuts, liquidity injection or possibly asset purchases are expected to be announced during June. This should be positive for stock and it already pushed markets up a little in the last couple of days.

For the month, we added 2.9%, outperforming EU Enlarged (+2.5%) and below DAX (3.7%). MSCI EM Eastern Europe outperformed exceptionally during the month (9.7%) mainly because of signs of improving Ukraine situation.

Among our best performing holdings were Redknee, Sunopta and Samsung. Redknee was driven by recent analyst upgrades, Samsung introduced a new wearable device and Sunopta surprised positively on earnings. We refreshed the value prospects of Sunopta, used recent price increase to take the profit and closed the whole position.

Our worst performing stocks this month were Enernoc, Novadaq and Lydian. Novadaq reported worse than expected earnings, but we already reduced our position before. Lydian was hit by gold price decline caused by easing global tensions and signs of US economy recovery.

Fund vs. Indices



Fund Manager	Cumulative Performance						
	Period	Sanning ⁽¹⁾	EU Enlarged ⁽²⁾	MSCI EM EU ⁽²⁾	DAX	S&P 500	Nasdaq
Jan Pravda	1 month	2.9%	2.5%	9.7%	3.7%	2.4%	3.4%
Launch Date	3 months	-10.9%	1.7%	2.7%	2.6%	3.4%	-1.5%
	12 months	-8.9%	-2.6%	-2.2%	19.1%	18.0%	22.8%
2.6.09	3 years	-9.9%	-29.8%	-14.5%	36.3%	43.0%	49.6%
	5 years	---	---	---	---	---	---
Prague	Since inception (2.6.2009)	50.0%	-3.2%	35.2%	93.4%	103.6%	131.0%
Fund Currency	Further Characteristics						
EUR	Beta relative to:			Volatility ⁽³⁾		19.2%	
Share Price	EU Enlarged 15			0.27	Alpha (vs EU15)		0.09
	DAX			0.20	Sharpe ratio		0.40
€ 1 500.45	(1) Net off management fees, gross off performance fees						
Performance Fee	(2) These two indices presented only to illustrate performance in 2009-2013, when focused on Central Eastern Europe						
20 % HWM	(3) Annualized standard deviation since inception						
Management Fee	2% p.a.						

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