

January - Month of Correction

First month of the year brought a correction of the global markets, caused by the following drivers: 1. economic data from China signaled contraction in manufacturing sector which impacted heavily on emerging markets, 2. rapid weakening of Turkish lira and Argentina peso, 3. FED continued with its tapering and decreased its stimulus by \$10 billion to \$65 billion per month, which was expected though, 4. US earnings season presented some worse-than-expected results which helped to trigger the correction. We see it as a natural and healthy follow up after the recent rally.

Despite the correction, we added 1.5%, outperforming DAX (-2.6%), EU Enlarged (-4.1%) and MSCI EM (-7.3%). The main reason was strong performance of shares like Novadaq or Arcam, which were resilient to market downtrend because of the strength of their business. Our focus on efficiency sector proved once again to be a viable strategy.

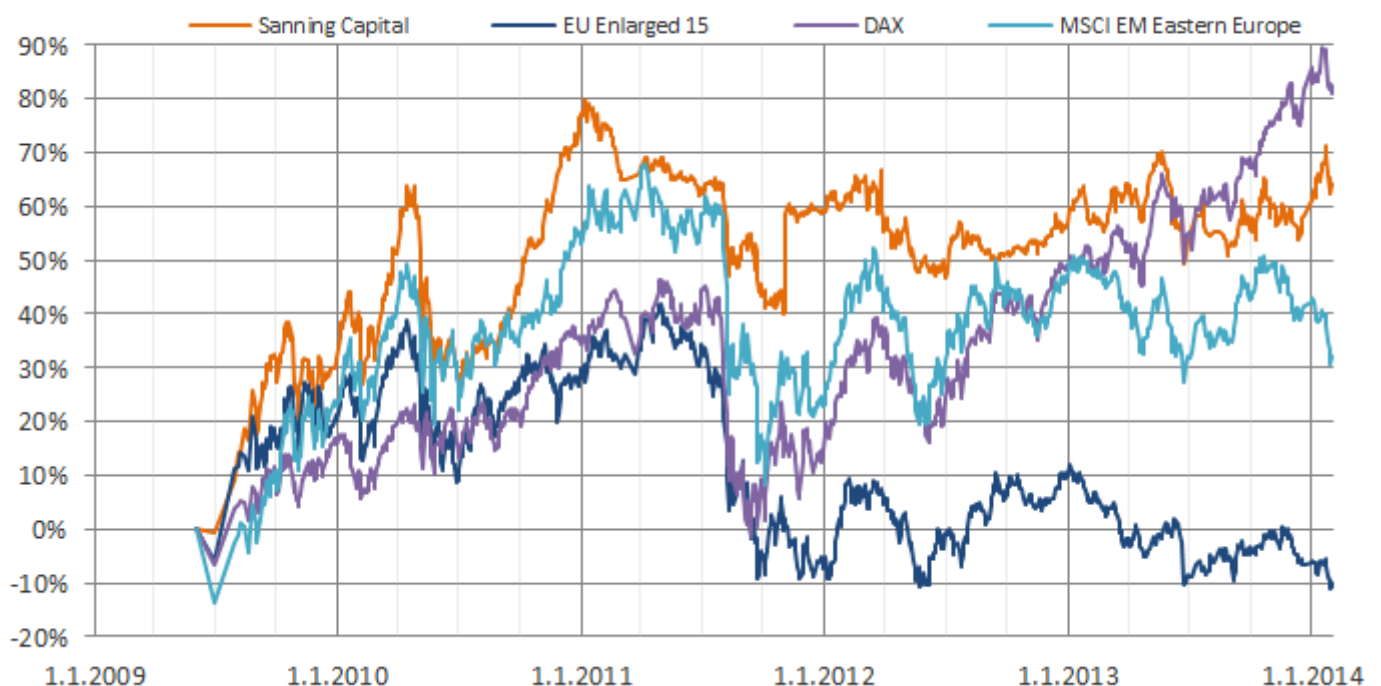
We also locked-in partial profits on recent strong performers like Google, Osram, Enernoc or Banca Transilvania, as they moved closer to our upside target. We closed our position in AVG, Amazon, Gazprom and Magnit, because of lower expectations for their upside potential and correctly escaping the emerging markets weakness in case of Magnit.

Current correction offered a good buying opportunity so we increased our position in the efficiency champions like Boeing, Volkswagen, Ford, eBay, Samsung, Sunopta and GT Advanced Technologies. Furthermore, we opened new positions in Apple, Best Buy, Intuitive Surgical, ABB and MHP, because of their attractive valuation and business strength.

On time, we completely eliminated our bond exposure to Ukraine as we don't see swift and elegant solution to the current political and economic situation coming in the near term.

Our January put options, which we wrote after stock corrections, expired so we gained the premium on all of them. We may continue writing put options on some of the shares that we like. During the correction we also borrowed about 10% of our capital believing that the correction will end.

Fund vs. Indices



Fund Manager

Jan Pravda

Launch Date

2.6.09

Location

Prague

Fund Currency

EUR

Share Price

€ 1 637.5

Performance Fee

20 % HWM

Management Fee

2% p.a.

Cumulative Performance

Period	Sanning ⁽¹⁾	EU Enlarged ⁽²⁾	DAX	MSCI EM EU ⁽²⁾
1 month	1.5%	-4.1%	-2.6%	-7.3%
3 months	2.3%	-8.8%	3.0%	-11.3%
12 months	4.3%	-14.2%	19.7%	-10.8%
3 years	-5.1%	-31.9%	31.5%	-15.3%
5 years	---	---	---	---
Since inception (2.6.2009)	63.7%	-10.1%	82.9%	43.7%

Further Characteristics

Beta relative to:		Volatility ⁽³⁾	19.4%
EU Enlarged 15	0.28	Alpha (vs EU15)	0.13
DAX	0.20	Sharpe ratio	0.52

⁽¹⁾ Net off management fees, gross off performance fees⁽²⁾ These two indices presented only to illustrate performance in 2009-2013, when focused on Central Easter Europe⁽³⁾ Annualized standard deviation since inception

SANNING CAPITAL LIMITED is an opportunity fund based on fundamental research focused on investments into publicly traded companies providing global improvements of efficiency and/or reduction of consumption of energy, capital and time. It is funded by the managers' own capital and several private investors.

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