

February: From Recovery to Ukrainian Crisis

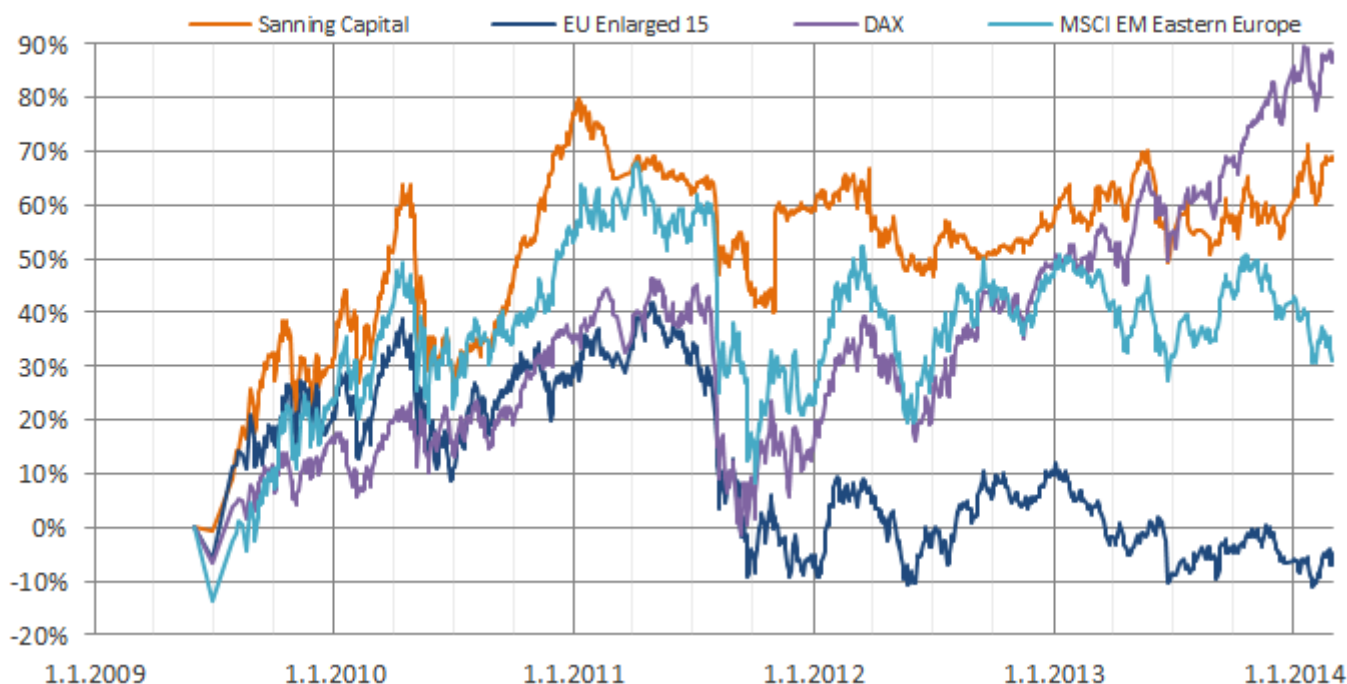
Our January view that the markets would recover from the January pull back, caused by FED's confirmation of tapering and decrease of stimulus by \$10 billion per month, was proven correct by S&P 500 rising above record closing to 1857 on Feb 24. This upswing lasted until mild profit taking took place in the US and until the crisis in Ukraine escalated on 23rd when Janukovich left the country. The crises caused the Ukrainian Hrivna and Ukrainian shares drop by more than 25%. Until end of the month, DAX and other indexes were mostly unaffected.

We added 2.9%, relative to EU Enlarged (5.8%), DAX (4.1%), and MSCI EM EU (-0.3%). Obviously, DAX and the EU Enlarged had an exceptionally good month signaling mild recovery of Europe as well as its periphery mainly Poland (however during the writing of this document, the EU Enlarged index dropped back down due to the Ukraine crisis). The MSCI EM EU, mainly Russia already suffered from the opening of the Ukraine crises.

We made profits on recent strong performers including Datawatch, Goodyear, Energulf. We closed our position in Apple, ABB with very mild profits in order to free capital for more dynamic opportunities. Our position in Arcam lost some 10% this month, but we stick with the company on the grounds of long term prospects. In the middle of the Ukrainian correction we started building positions in MHP, Eurasia Drilling and Avantardco as these companies exhibit a significant efficiency aspect and their shares experienced corrections of approximately 25%.

Our put options, which we wrote after correction, expired or produced good return. We may continue writing put options on some of the shares that we like. During the correction we also borrowed about 12% of our capital believing that the correction would end.

Fund vs. Indices



Fund Manager

Jan Pravda

Launch Date

2.6.09

Location

Prague

Fund Currency

EUR

Share Price

€ 1 684,4

Performance Fee

20 % HWM

Management Fee

2% p.a.

Cumulative Performance

Period	Sanning ⁽¹⁾	EU Enlarged ⁽²⁾	DAX	MSCI EM EU ⁽²⁾
1 month	2.9%	5.8%	4.1%	-0.3%
3 months	5.4%	-3.9%	-1.1%	-8.4%
12 months	6.2%	-8.2%	25.2%	-9.4%
3 years	1.3%	-26.7%	32.4%	-15.3%
5 years	---	---	---	---
Since inception (2.6.2009)	68.4%	-4.9%	88.5%	31.6%

Further Characteristics

Beta relative to:		Volatility ⁽³⁾	19.3%
EU Enlarged 15	0.28	Alpha (vs EU15)	0.13
DAX	0.20	Sharpe ratio	0.52

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