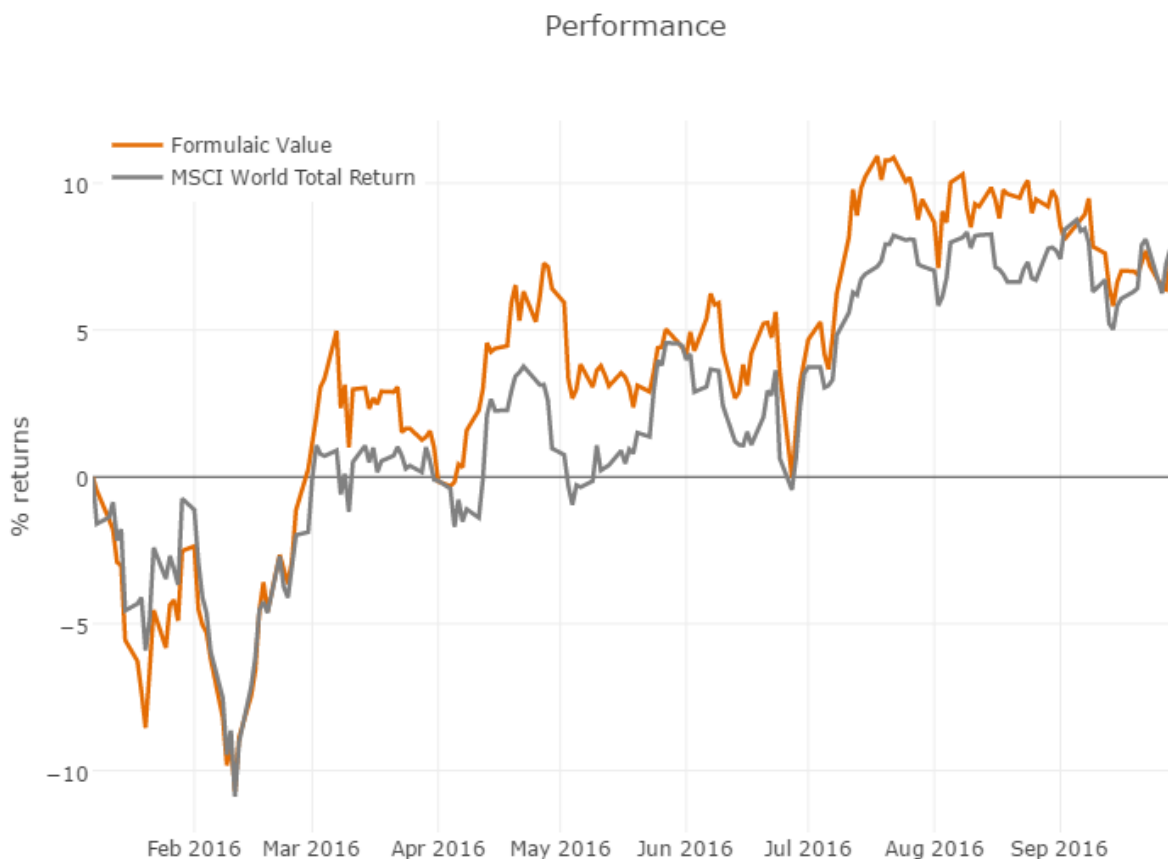


Q3 2016 - Short side initiated

In the past three months we successfully added short positions to our portfolio. The short side is not substantial at the moment (we are approximately 120-20 long-short), but we will strive to increase the short exposure over the time, since we consider it a strong potential source of future returns.

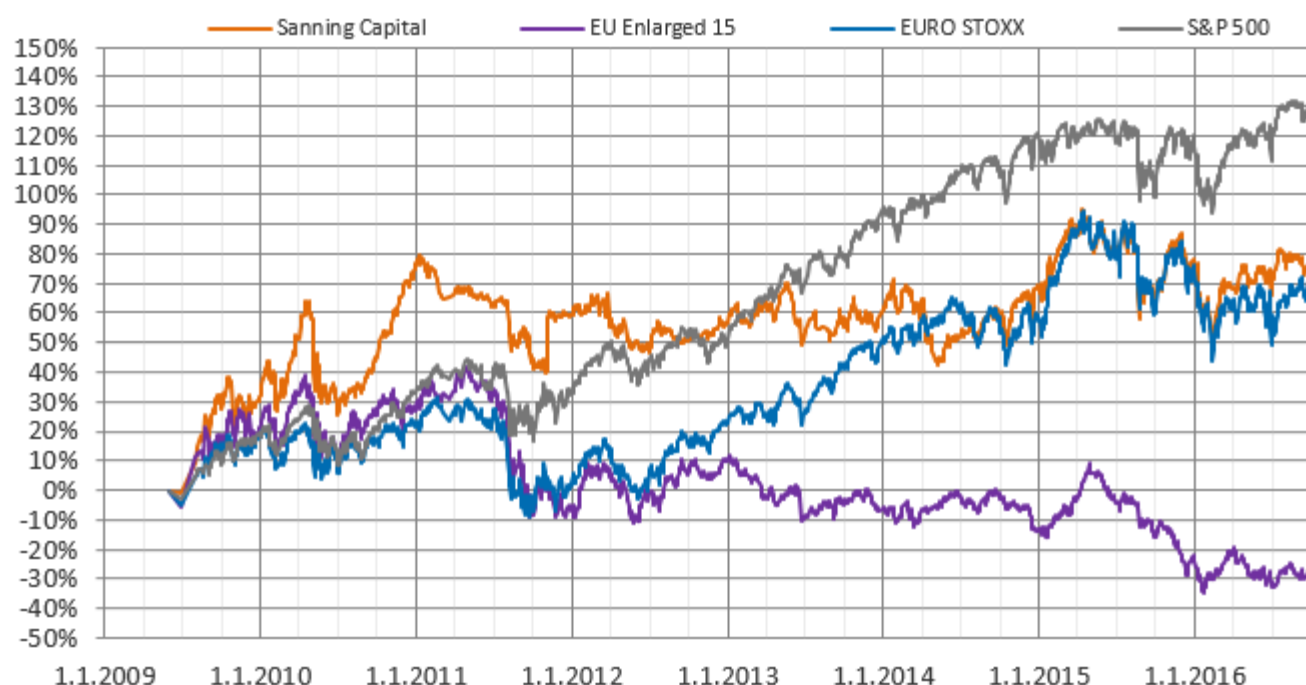
As we outlined in our last report, we merged North American and International Formulaic Value into a single strategy, creating a powerful unified instrument which encompasses entire developed stock markets universe. Consequently from now on, we will report only one curve. Accordingly, we adjusted our benchmark to MSCI World Total Return.

In 2016, year-to-date our strategy gained 6.7% only slightly lagging behind MSCI World index which returned 7.3%. It's however our duty to remind our investors and readers that it is not productive to look at relative performance in the short term or too frequently. Short-run performance says little about the ability of an asset manager since it is dominated by randomness.



Below, we present the performance table and curve for entire Sanning Capital fund going back to 2009.

Fund vs. Indices



Fund Manager

Jan Pravda

Launch Date

2.6.09

Location

Prague

Fund Currency

EUR

Share Price

€ 1,744.13

Performance Fee

20 % HWM

Management Fee

2% p.a.

Cumulative Performance

Period	Sanning ⁽¹⁾	EU Enlarged ⁽²⁾	EURO STOXX	S&P 500
1 month	-2.5%	-1.6%	-0.1%	-0.1%
3 months	1.3%	1.8%	6.5%	3.3%
12 months	5.1%	-18.2%	2.8%	12.9%
3 years	12.2%	-26.2%	19.3%	28.9%
5 years	21.6%	-26.3%	72.8%	91.6%
Since inception (2.6.2009)	74.4%	-29.8%	68.1%	129.5%

Further Characteristics

Beta relative to:		Volatility ⁽³⁾	18.4%
EU Enlarged 15	0.27	Alpha (vs EU15)	0.10
EURO STOXX	0.30	Sharpe ratio	0.39

(1) Net off management fees, gross off performance fees

(2) Presented only to illustrate performance in 2003-2014, when focused on Central Eastern 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 energy, capital and time consumption. It is funded by the managers' own capital and several private investors.

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