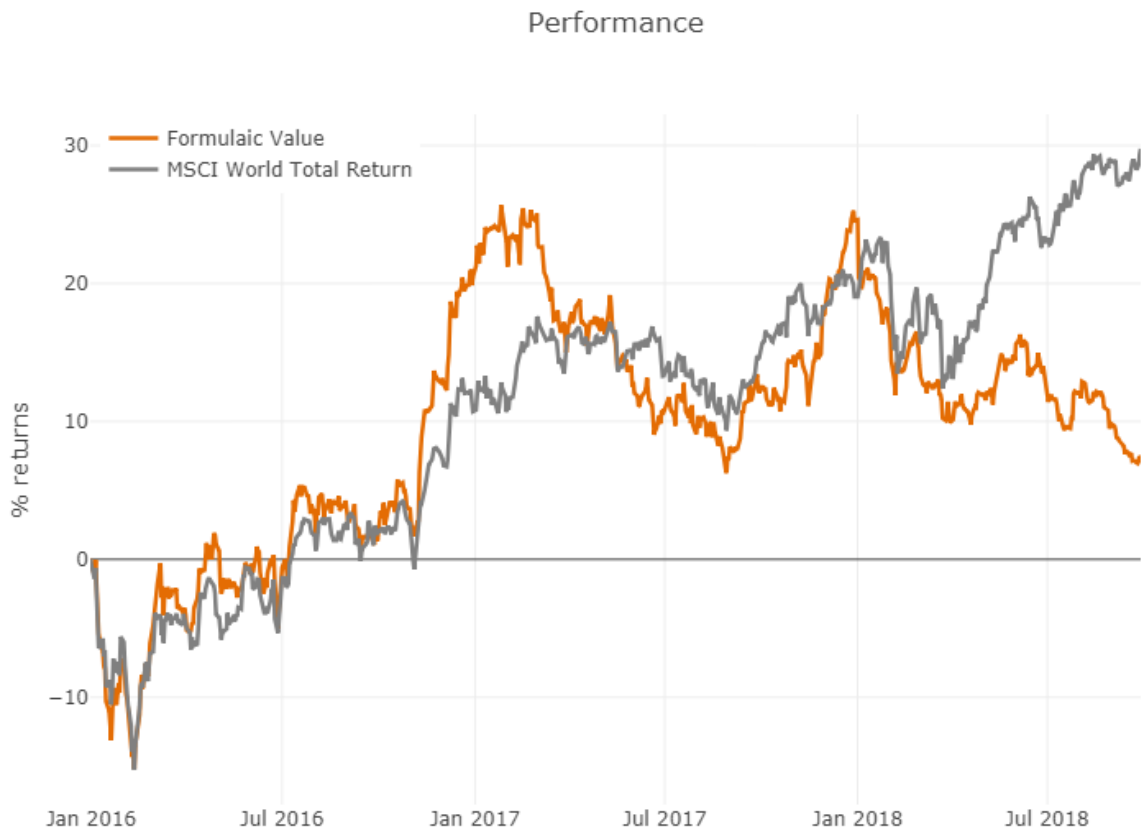


Q3 – Awaiting correction and working on strategy update

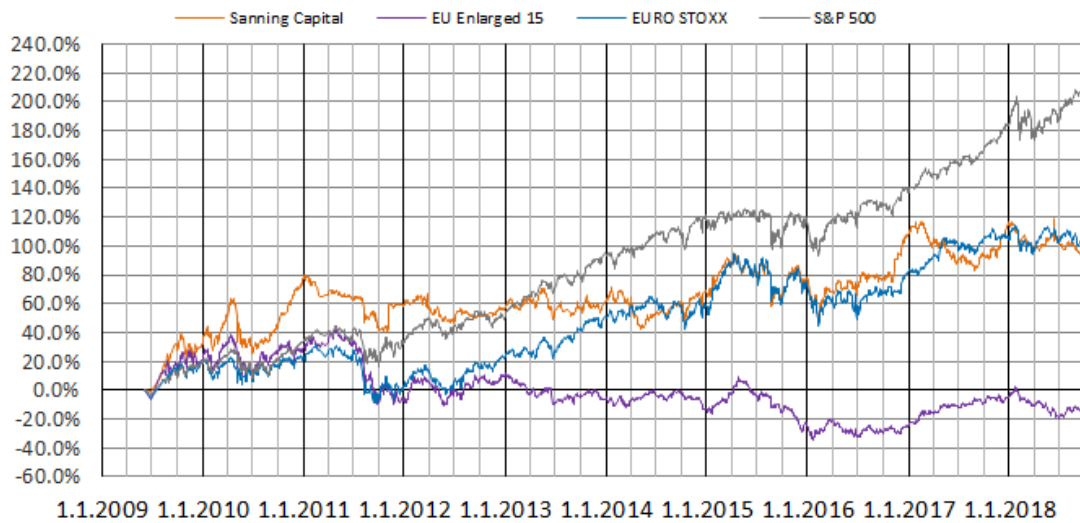
In the third quarter of 2018 our *Formulaic value* returned -4.15% versus [MSCI World Total Return](#) return of 5.5% (see graph below).

Part of the recent underperformance was driven by very strong performance of our benchmark (driven further by already expensive US tech sector) and associated underperformance of our US short positions as well as low return on bonds, into which we entered in the beginning of September. We remain convinced that given the high market valuations and our goal to very soon operate a market neutral strategy, it would be neither prudent nor consistent to stick with a very high long exposure until the very moment of launch.



Below, we present the performance for entire Sanning Capital fund since 2009.

Fund vs. Indices



Fund Manager

Jan Pravda

Launch Date

2-Jun-09

Location

Prague

Fund Currency

EUR

Share Price

€ 1,942.10

Performance Fee

20% HWM

Management Fee

2% p.a.

Cumulative Performance

Period	Sanning(1)	EU Enlarged(2)	EURO STOXX	S&P 500
1 month	-2.0%	0.3%	-0.2%	0.4%
3 months	-4.3%	8.5%	0.6%	6.9%
12 months	0.8%	-2.7%	-0.4%	15.7%
3 years	17.0%	3.0%	25.2%	51.8%
5 years	24.9%	-7.0%	45.3%	73.3%
Since inception (2.6.2009)	94.2%	-11.6%	104.8%	208.4%

Further Characteristics

Beta relative to:		Volatility (3)	27.1%
EU Enlarged 15	0.09	Alpha (vs EU15)	0.15
EURO STOXX	0.23	Sharpe ratio	0.46

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

✓ (2) Presented only to illustrate performance in 2009-2014, when focused on Central Eastern Europe

✓ (3) Annualized standard deviation since inception