



# Investor Fact Sheet

September 2008  
(final)



## Tera Capital Fund

### Fund Information

**Strategy:** Tera is a hedge fund of funds that invests in long equity hedge funds while maintaining a diversified portfolio by country, sector, size and strategy. Tera invests mainly in the CIS and Eastern Europe, with most investment currently in the Russian Federation.

<b>Date Formed</b>	April 2005
<b>Investment Advisor</b>	Altima Asset Management
<b>Fund Size</b>	\$3.3 M
<b>Currency</b>	US dollar
<b>Current Price (NAV)</b>	\$182.62
<b>Min. Investment</b>	\$100,000 (US) \$10,000 (non-US)
<b>Fees</b>	<b>Success fee only (20%)</b>
<b>Subscription</b>	Monthly
<b>Redemption</b>	Monthly, with 30-days notice
<b>NAV</b>	Monthly
<b>Administrator</b>	Maples Finance Limited
<b>Auditor</b>	Altschuler, Melvoin & Glasser
<b>Bank</b>	Bank of New York
<b>Legal Advisors</b>	Maples & Calder
<b>ISIN</b>	KYG8760X1034
<b>Eurekahedge ID No.</b>	15532
<b>URL</b>	<a href="http://www.altim.ru">www.altim.ru</a>

### Performance (net of fees)

Returns	Tera (%)	Index Avg (RTS, ROS, MSCI) (%)	AAM Russia L/E Fund Index <sup>1</sup> (%)
Monthly	-20.53	-23.10	-21.25
Year-to-date	-27.40	-45.53	-40.07
YTD Annualized	-41.10	-68.29	-60.10
Trailing 12 months	-21.80	-37.51	-35.01
Since Fund inception (Apr 05)	82.62	74.18	59.44
Annualized return (since Fund inception)	22.25	21.85	16.68
Annualized Stand. Dev. (since inception)	21.85	33.13	23.83
Sharpe Ratio <sup>2</sup>	0.90	0.58	0.60

### Investment Advisor's Assessment

#### Market

Along with all of the 42 major stock markets in developed and developing countries tracked by MSCI, the Russian markets fell sharply in September. Russian markets have now declined for four consecutive months. The aggregate P/E of the Russian market at the end of September was approximately 4 – the lowest since the market plunge during the months after the arrest of the chief executive of Yukos, Mikhail Khodorkovskiy in late October 2003. By mid December of that year, the RTS had fallen to 539, the probable support level if the RTS continues to drop.

One thing is clear: rationality and fundamentals have taken a back seat to fear and panic. P/E ratios have not been this low since the 1998 currency crisis – when it was not clear what direction Russia would turn or, for that matter, whether it would survive in its then-present form at all. There is no rationale basis for the prices we find today in the Russian market.

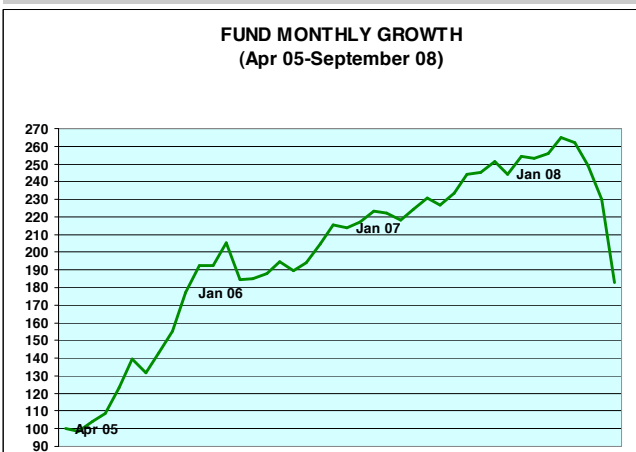
#### Fund

The Fund was down 20% in September, its worst monthly performance. Although once again the Fund exceeded its benchmarks, for the first time since the first year of its existence when it had not yet invested in many funds, it was a close race. A bit of analysis shows the reason why: in September, there was literally no place to hide – every sector, even every stock, fell sharply, regardless of its fundamentals. In such a strong downdraft, the Fund was, of course, also affected. Nevertheless, the Fund did comparatively very well during the tremendously difficult June-September period. While the index average fell 48.8% and the AAM Fund Index fell 39.8%, Tera fell 31.1%. Also, for obvious reasons, the Fund now holds the largest cash position since its inception.

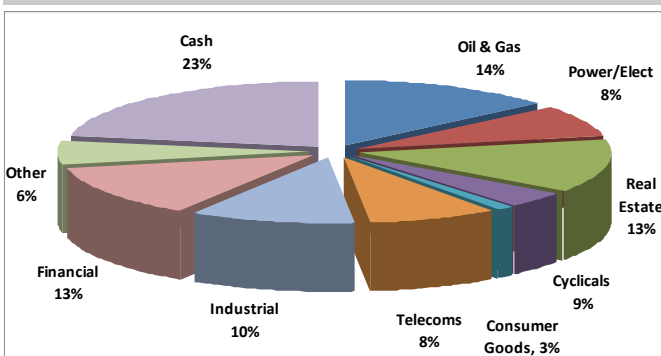
#### October First Look

As difficult as it is to believe, October looks to be even worse than September. October will clearly be the fifth consecutive month of declines on the Russian market and worldwide. Notwithstanding the Russian government's efforts to address the issues depressing the market, the major influences are not located within Russia's borders. Hedge fund redemptions, margin calls, concerns about commodities prices are all driving markets lower, in particular developing markets.

### NAV



### Sector Allocation



### Fund Awards



No 2 ranked fund of funds in **July 2008** (annualized perf.)



No 4 ranked fund of funds in **June 2008** (annualized perf.)

### Contact Information

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<sup>1</sup> Altima Asset Management created this index of Russia-focused long equity funds with at least a 3-year history to provide an appropriate benchmark.

<sup>2</sup> Risk free rate: 2.5%