



# Investor Fact Sheet

May 2010  
(final)



## Tera Capital Fund

Tera Capital Fund is the only Fund of Funds in the world which pays no fees other than a success fee  
No early investor in Tera saw the value of his investment fall below the amount invested at any time during the economic crisis

### Fund Information

**Strategy:** Tera Capital Fund is a Russian-focused fund of funds that invests in 5-8 funds (usually equity funds) that are diversified by sector, size, geographic focus and strategy.

<b>Date Formed</b>	April 2005
<b>Investment Advisor</b>	Altima Asset Management
<b>Fund Size</b>	\$3.6 M
<b>Currency</b>	US dollar
<b>Current Price (NAV)</b>	\$171.55
<b>Min. Investment</b>	\$100,000
<b>Fees/Expenses</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>German Tax Transparency Advisor</b>	PriceWaterhouseCoopers
<b>ISIN</b>	KYG8760X1034
<b>Eurekahedge ID No.</b>	15532
<b>URL</b>	<a href="http://www.altim.ru">www.altim.ru</a>
<b>Advisory Board</b>	<b>Michael Wallenberg</b> , SVP EFG Bank, Geneva <b>Bruce Bean</b> , Co-Chair ABA Russian Law Committee

### Performance (net of fees)

Returns	Tera (%)	RTS, MSCI & ROS Avg* (%)	AAM Russia Fund Index <sup>1</sup> (%)
Monthly	<b>(11.69)</b>	<b>(11.96)</b>	<b>(11.97)</b>
Year-to-date	1.00	<b>(8.34)</b>	0.12
Trailing 12 months	34.45	14.65	29.78
Since Fund inception (Apr 05)	71.55	57.58	69.87
Anlzd mnthly rtn (since Fund inception)	14.09	13.21	14.05
Annualized Stand. Dev. (since inception)	25.51	40.57	32.89
Sharpe Ratio <sup>2</sup>	0.45	0.36	0.33
Trailing 12 m Sharpe	<b>1.82</b>	<b>1.09</b>	<b>1.45</b>

\*RTS: (11.97)%, MSCI: (12.30)%, ROS (Crédit Suisse): (11.60)%

### Investment Advisor's Assessment

#### Russia

Once again, the events that had the biggest impact on Russia took place outside the country: the European debt crisis, which began toward the end of April and accelerated massively during May. Fundamentally, nothing has changed in Russia (except for the better), although the markets here have suffered along with every market in the world.

Finally, several analyses have appeared recently showing that emerging market debt, in particular that of Russia, is actually **safer** than US and other debt that was considered to be a historical safe haven. Whether one agrees with this analysis or not, it is a clear illustration of the growing credibility of Russia and other emerging market countries that such analyses are given a serious hearing.

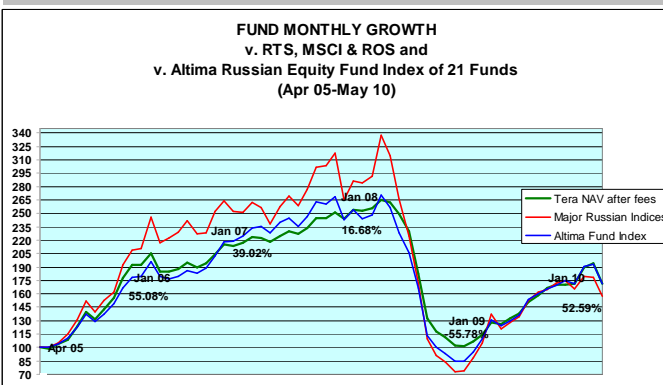
#### Markets

Every market in the world fell in May. The MSCI World Index fell 9.9%; the GSCI Commodity Index fell 11.2%. Like during the 2008-09 economic crisis, "there was no place to hide". As we have learned, the only time Tera does not seem to outperform Russian markets is when there is indiscriminate selling under such circumstances. Again, from our perspective, this is the **classic buying opportunity**. Fundamentally, nothing has changed in Russia or in most world markets. The IMF estimates that global growth may be reduced by 0.5% because of the European debt problems – while simultaneously raising overall growth estimates because of the ever-stronger recovery in the "real" economy. Thus, the projections of up to 2000 for the RTS – now an increase of approximately 50% -- still remain very much in effect.

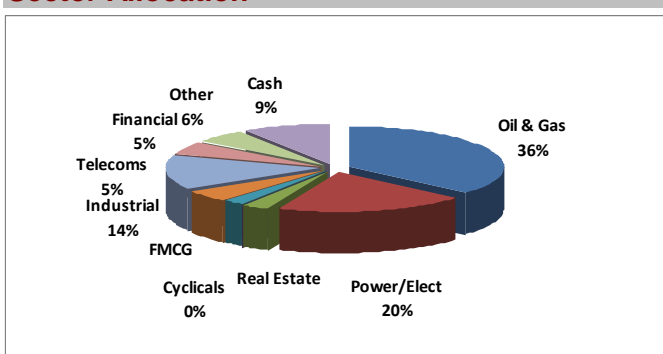
#### The Fund – 5 Years Old

This month marks the fifth year anniversary of the creation of Tera Capital Fund. It completed its first trade in May of 2005. As a result, we take a bit of space here to point out some interesting facts regarding the Fund:

### NAV



### Sector Allocation



<sup>1</sup> Altima Asset Management created this index of 23 Russia-focused equity funds created on or before May 2005 to provide an appropriate benchmark.

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

1) Tera has **never fallen more than the RTS** during negative months. (The RTS fell during 22 of those 60 months, falling a total of 209.2% (simply adding up the percentage monthly decreases), while Tera fell 19 of those months, with an aggregate percentage monthly decrease of 113.1%.)

2) Tera's **Sharpe ratio has never been lower** than that of the RTS, the benchmark average or the AAM Fund Index since inception.

3) Because Tera fell far less during the recent economic crisis than the major Russian stock indices and almost all Russian funds and, therefore, rebounded less, its "last 12-month" results had been skewed against it. Consequently, for the last six months, we had included results over the past 18, 24, 36 and 48 months. We have now removed those results as the distorting effects of the quick recovery have now largely disappeared and, as you can see from the figures on the top right of the first page, Tera simply outperforms its benchmarks at all levels, including over the past 12 months.

4) Perhaps most importantly, **at no time during the most recent economic crisis** did any **early investor in Tera see the value of his investment fall below the amount invested**, those early investors have now earned **16.66% annually** on their investment, **including the crisis**.

5) Finally, Tera had risen so much prior to May, the even with the may "Euro crisis", **Tera was still up YTD**, showing its on-going tremendous resilience.

#### May Performance

Tera performed in line with most funds and the major Russian fund indices in May. Again, when the prices of all stocks drop for reasons that have nothing intrinsically to do with the fundamentals of those stocks or markets, there is little opportunity for outperformance.

That being said, **Tera has still outperformed the major Russian index average by more than 9% and the RTS by more than 6% YTD.**

Cash doubled in May to 9%, in reaction to the sharp drop in equity prices. The power sector also jumped sharply, due to the addition of a sector-specific fund focusing on that sector, as well as a slight increase in allocations to that sector from two other funds. (All of those decisions were made for the same reason: some pending changes in the legal environment affecting electricity distribution companies that should significantly increase their profitability). All other sector allocations remained essentially unchanged.

#### Underlying Funds

May saw the full effects of the major rebalancing that Tera began in March. For the same reason that Tera was down about as much as the markets and most other funds, every underlying fund fell by an amount within 1.5 percentage points of the RTS – showing the very limited possibilities for outperformance.

#### Other Russian Funds

**Not a single other fund that we track was up** during the month of May. The major Russian index average, its three index components and all other Russia funds fell by almost the same amount. The worst-performing fund fell 24.3%; the best fell 1.5%, but the vast majority were down between 9% and 13%

#### June First Look

Late May and early June showed that markets were stabilizing, having more or less absorbed the impact of the "Euro crisis". We do not expect the decline to continue, but we also do not expect major growth as the markets settle down again. We would expect the Fund to be essentially unchanged for June.

#### Fund Awards



No. 1 ranked fund of funds for **March 2010**



No 8 ranked fund of funds for **2009**

#### Contact Information

Altima Asset Management  
Mr. Timothy Enneking  
+7 910 439 1486  
[te@altim.ru](mailto:te@altim.ru)

Maples Finance Ltd  
Ms. Teresa Solomon  
Tel.: 1 (345) 814 5801  
[investorservices@maplesfinances.com](mailto:investorservices@maplesfinances.com)