



# Investor Fact Sheet

October 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.

Date Formed	April 2005
Investment Advisor	Altima Asset Management
Fund Size	\$4.6 M
Currency	US dollar
Current Price (NAV)	\$190.39
Min. Investment	\$100,000
Fees/Expenses	Success fee only (20%)
Subscription	Monthly
Redemption	Monthly, with 30-days notice
NAV	Monthly
Administrator	Maples Finance Limited
Auditor	Altschuler, Melvoin & Glasser
Bank	Bank of New York
Legal Advisors	Maples & Calder
German Tax Transparency Advisor	PriceWaterhouseCoopers
ISIN	KYG8760X1034
Eurekahedge ID No.	15532
URL	<a href="http://www.altim.ru">www.altim.ru</a>
Advisory Board	Michael Wallenberg, SVP EFG Bank, Geneva Bruce Bean, Co-Chair ABA Russian Law Committee

### Performance (net of fees)

Returns	Tera (%)	RTS, MSCI & ROS Avg* (%)	AAM Russia Fund Index <sup>1</sup> (%)
Monthly	2.50	2.95	5.26
Year-to-date	17.39	2.14	10.00
Trailing 12 months	25.86	8.57	16.39
Since Fund inception (Apr 05)	99.39	75.60	86.64
Anlzd mnthly rtn (since Fund inception)	16.19	14.05	14.62
Annualized Stand. Dev. (since inception)	24.81	39.41	32.02
Sharpe Ratio <sup>2</sup>	0.55	0.39	0.38
Trailing 12 m Sharpe	1.27	0.36	0.73

\*RTS: 5.27%, MSCI: 4.90%, ROS (Crédit Suisse): 6.00%

### Investment Advisor's Assessment

#### Russia

The most significant news for Russia in October was that the United States, at long last, announced that it had resolved all of its issues with Russia and now backs **Russia's bid to join the WTO**. The IMF has estimated that this will add 0.5-1.0% to Russia's GDP annually beginning the first year after accession. The US also announced that it wanted to move Russia's entry forward on a "very fast timetable".

In a closely related announcement, the EU Trade Commissioner, Karel De Gucht, stated that the EU-Russian negotiations had resolved all but one point (Russian wood export duties), which he expects to be resolved soon. As a result, the EU expects "early entry" of Russia into the WTO, no later than the end of 2011.

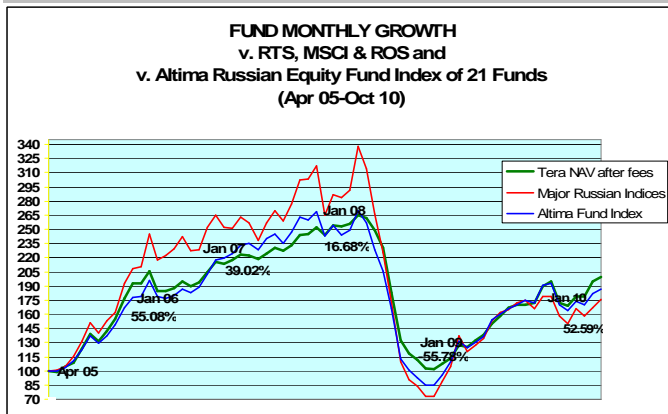
On a similar note, the OECD reported that the world's largest economies are diverging, with Brazil, India and China lagging and **Russia**, the US and Japan set to grow; the chances for a "second wave" have diminished.

A CNN Money link<sup>3</sup> contains a fascinating interactive projection of this dynamic for the 10 largest economies – and the 10 fastest growing economies – over the next 5 years based on IMF estimates. We highly recommend you take a few minutes to look at it (please click on the footnote below) and try various parameters. We include three relevant samples on page 2 of this Fact Sheet.

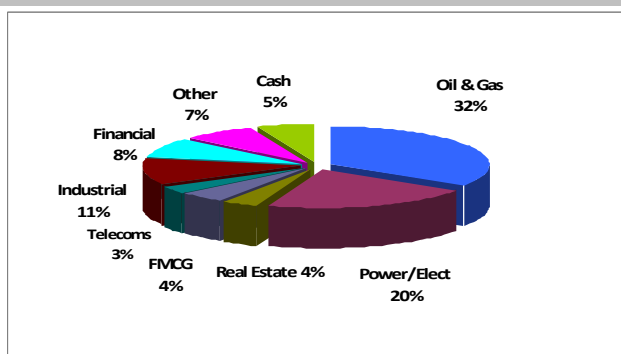
Some of the most striking data regarding Russia are that its GDP will increase 60% in the 5 years from 2010 to 2015 (from \$1.5 to \$2.5 trillion) and **GPD/capita will increase 75%** from \$10,522 to \$18,111. As IMF estimates have proven over the years to be conservative, these statistics bode very well for Russia.

On a comparative basis, the first and second charts below show Russia climbing from the 10th largest economy in the world in 2010 to the 8th in 2015. The third chart shows, in the middle of this period, how Russia will be the 5th fastest growing economy in the

### NAV



### Sector Allocation



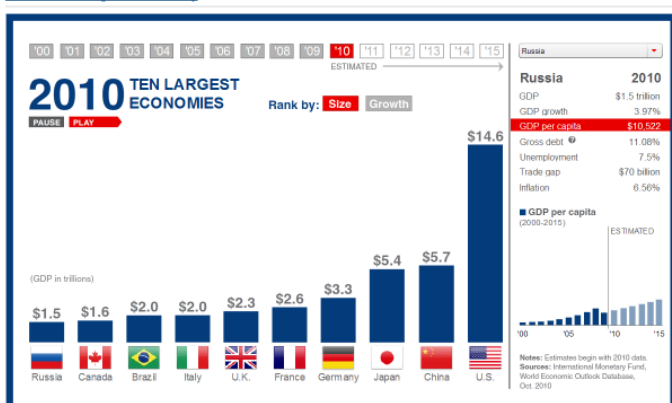
<sup>1</sup> Altima Asset Management created this index of 23 Russia-focused equity funds created on or before May 2005 to provide an appropriate benchmark.

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

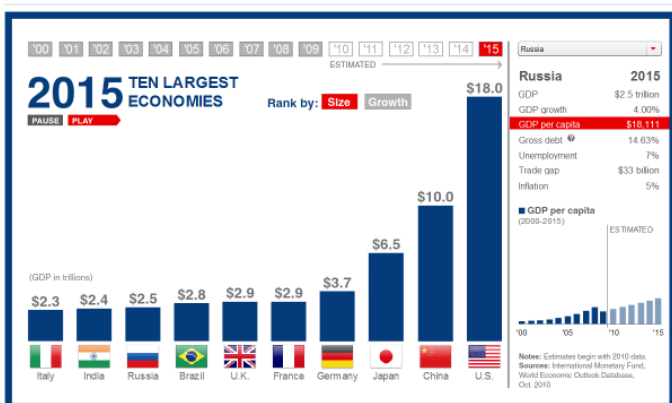
<sup>3</sup> <http://money.cnn.com/news/economy/q20/interactive/index.html>

world. In the meantime, the World Bank revised its growth forecasts for all major economies, but confirmed that Russia will grow a minimum of 4-5% for at least the next three years.

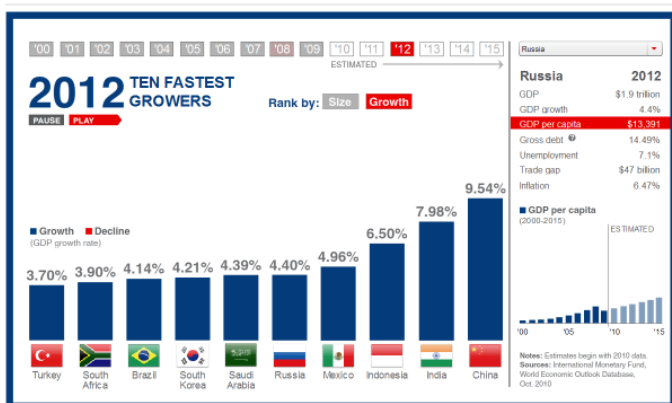
G-20: The new global economy



G-20: The new global economy



G-20: The new global economy



Using the same IMF data, Bloomberg calculated that the Group of Seven nations' share of the global economy will fall to less than 50% in 2012, further supporting the conclusion that developing markets will continue to outperform industrial nations.

The G-7 will generate less than 50% of global GDP by 2012, down from about 70% in the mid-1980s. By contrast, the Group of 20, which includes Russia, China, Brazil and India and which is rapidly becoming more important than the G-7, accounts for 85% of global economic output.

Russia's trade surplus increased to \$10.4 billion in September (October figures have not yet been released), up from \$8 billion in August. As a result, **Russia's foreign currency reserves reached \$499 billion** at the end of October, only 4% lower than the level they reached prior to the 2008-09 economic crisis.

In the continuing diversification of Russia away from Europe to Asia, Gazprom announced at a summit meeting of Russian President Dmitry Medvedev and South Korean President Lee Myung-bak that gas

deliveries to South Korea should equal those to major European buyers such as France by 2017 as deliveries to South Korea are increasing 15% annually.

In aggregate, while Europe will remain Gazprom's largest market for several years, deliveries to Asia will increase much faster and should equal those to Europe before the end of the decade.

In an important development for both **government efficiency and fighting corruption**, the Russian Communications and Press Ministry is seeking \$2.6 billion in next year's budget to help government agencies deploy systems that will allow citizens to get services through the Internet. Until now, there have been only limited e-government initiatives in Russia – and even those have enjoyed minimal success. However, efforts are accelerating considerably and are sure to eventually succeed, as this latest announcement shows. In certain regions, such as Tatarstan and in Ufa (the capital of Bashkortostan) major progress has already been achieved.

Also in addition, a new law will enter into effect next year that will prohibit one government agency from demanding documents from a citizen if that – or any other agency – already possesses those documents. While this may not sound like much, to those experienced working with Russian bureaucracies, this is a major step forward!

Also on the anti-corruption front, President Putin gave an interesting speech that made a valid point: "it takes two to tango" for corruption to be a problem. He encouraged companies to fight corruption themselves by not so readily agreeing to cooperate in what he called "gray and dark schemes". Importantly, he did acknowledge that "of course, the government sets the tone and formulates the rules and conditions" that foster corruption.

**Oil output** in Russia, the world's top crude producer, rose 4% to a **record 10.26 million barrels per day** in October as new fields went on stream on Sakhalin Island. October's oil output beat the all-time high of 10.16 million bpd just set in September. Saudi Arabia's production was steady last month at 8.3 million bpd.

On the **demographic front**, which received quite a bit of attention during Tera Capital Fund's recent "road shows" in the US and Europe, there were also interesting developments.

The **birthrate in Russia has begun to rise** and, as a result, the market for children's products is growing by 15% annually. The largest segment (44%) is clothes and shoes. Imports account for 65% of all sales; the market is now worth \$14.5 billion.

The recent optimism differs radically from demographic discussions of even five years ago, when concerns over the aging population and falling birthrate were so high that they were the main topics addressed in President Putin's 2006 state-of-the-nation speech.

There was a demographic spike in the Soviet Union between 1980 and 1987 and people born during that time will be at their peak reproductive age between 2007 and 2015. In 2009, the birthrate in Russia showed a 2.8% increase over the previous year and that trend is continuing. Putin noted in June that the birthrate had risen by 1.3% in the first four months of 2010 year alone.

The turnaround has been encouraged by the government's Maternal Capital program, which began at the end of 2006, under which a woman giving birth to a second child is eligible for a grant of approx. \$8,000.

Indexing has not increased that amount to \$11,400) – more than the average annual income in Russia.

The resulting boost to disposable income may explain another phenomenon noted in Russia since the beginning of the economic crisis: consumers have reduced spending on everything except children.

Russia's largest seller of children's goods is **Detsky Mir**, which has 130 stores in 68 cities. **Nestle** has the largest market share in Russia in the baby food market, with more than 25%. **Kimberly-Clark** opened a \$170 million plant just outside Moscow to produce Huggies disposable diapers in June.

#### Company News

**Metalloinvest**, the world's largest iron-ore company, announced 1H 2010 results that included a 47% jump in 1H profit (to \$510 million) and a 43% jump in sales (to \$3.3 billion). The company also became the world's largest holder of reserves, overtaking its Brazilian competitor, Vale. Metalloinvest's reserves were audited at 14.8 billion tons.

Metalloinvest more than doubled iron-ore concentrate output to 17.1 million metric tons, while steel production was stable at 3.1 million tons. The company expects iron-ore prices to increase as much as 33% by the end of 2011 due to increasing demand from China.

British lighting equipment producer **Abacus** announced plans in October for its Russian unit to build a plant in St. Petersburg in 2011 as the country prepares for the Olympics and an international Pacific summit. It manufactures lights and lighting structures for roads, parking lots, airports and sports facilities.

**Gazprom Neft** announced that net income in Q3 2010 increased 16% to \$865 million. Sales rose 5% during the quarter to \$8.34 billion.

**Mail.ru Group**, the largest single investor in Facebook, jumped 30% in London trading after raising \$912 million. It also disclosed that the Group and its current shareholders sold 32.9 million GDRs for \$27.70 each, at the high end of the \$23.70-\$27.70 offering range.

The offering was 20 times oversubscribed.

2010 Mail.ru revenue is on track to increase 51% this year, to \$301 million, while EBITDA is likely to increase 70% to \$104 million, according to Goldman Sachs.

**Rusnano** announced that the first solar power generating plant in Russia will be built close to the Black Sea. The plant, with a total output of 12.3 megawatts, will be built at the Kislovodsk Spa in the Stavropol region in southern Russia. The plant should be completed in 2012 using wafer-thin micromorphic solar cells developed by **Oerlikon Solar** of Switzerland which will be manufactured under license in Russia at a plant with an annual output of more than 1 million solar modules. Total investment will be \$658 million.

**Vyborgskaya Cellulose**, a pulp-and-paper maker, announced that it would start producing pellets for heat and electricity generation at its Vyborg plant by the end of 2010. The plant will eventually produce about 900,000 tons of pellets per year, making it the largest in the world. US producers currently supply most West European power stations, while most residential demand is supplied by European producers. The plant cost approximately \$100 million.

**O'Key Group**, Russia's third-largest food retailer, announced that its initial public offering raised \$420 million, part of which will fund expansion as the Russian economy recovers from the 2008-09 economic crisis.

O'Key and existing shareholders sold 38.1 million GDRs for \$11 each. The company will receive net proceeds of \$161 million to fund expansion and reduce debt. The sale valued the company at \$2.95 billion.

O'Key sales increased 21% to \$1.2 billion in 1H 2010 compared to 1H 2009.

**SUEK, OKG-6, Fortum, Inter RAO** and several other major energy companies signed the first capacity supply agreements, laying the groundwork for future investment into the Russian energy industry. The agreements offer the firms involved a guaranteed rate of return on the energy they produce with their new plants for at least 10 years. Other strong economic incentives include preferential treatment at long-term capacity auctions.

In exchange, the signatory companies will be expected to invest in a range of fossil fuel-fired generating assets within fixed deadlines over the next five to seven years, amounting to a generating capacity of some 25 GWt.

This is a key milestone in the Russian government's strategy to rely on private firms to expand the country's insufficient power generating capacity. It also explains Tera's investment earlier this year in a sector-specific fund in the power sector.

**Rosneft**, Russia's largest oil company, increased its target output growth for 2010 from 7% to 7.5% this year. In September, Rosneft raised its 2010 growth forecast to up to 6% from 4.5% from in 2009. Output may exceed 119 million tons in 2010.

For Q3 2010, the company posted net income of \$2.57 billion, up from \$1.16 billion in the same period in 2009. Revenue climbed 19% to \$15.5 billion.

In addition, the company spent about \$6.2 billion in the first nine months of 2010 and expects capital expenditure to total approximately \$9 billion for the full year.

**Madonna** is opening a chain of fitness centers around the world, including Russia, to be known as **Hard Candy Fitness** global gyms. The first locations in "major cities around the world" include Moscow.



Canadian auto parts maker **Magna** launched a new plant in Kaluga, with a total production area of 15,000 m<sup>2</sup>. The plant will manufacture bumpers and front-end modules

and will assemble radiator grills and instrument panel-beams.

Magna already has plants in St. Petersburg and Nizhny Novgorod but chose Kaluga to start the new factory because its major customers, the world's biggest carmakers, are also located in the region. The Magna plant will supply **Volkswagen, Skoda, Renault** and **Peugeot-Citroën**. The plant should reach full its capacity of 150,000 to 170,000 auto component kits per year by 2012. Magna's has invested over \$350 million in Russia to date, with significant additional investment scheduled.

**Aeroflot** concluded a two-year sponsorship agreement with the **New Jersey Nets** NBA team, which is owned by Russian oligarch Mikhail Prokhorov. This represents the first alliance Aeroflot has made with a professional sports team in the US.

The agreement was announced less than three weeks after the Nets and vodka company **Stolichnaya** agreed to a five-year alliance with the Barclays Center in Brooklyn, New York, where the team is scheduled to move in 2012.



### Markets

The major Russian indices performed very well in October. However, as we saw in July of this year, the advance was actually quite narrowly based, with blue chips increasing more than almost all other shares. It was also an unusual month in that, of the three Russian indices that make up our index average, the RTS, MSCI-Russia and the Crédit Suisse ROS index, the ROS outperformed the RTS (which it only does about twice a year) and the MSCI-Russia was also very close to the RTS index – all of which provides further evidence that Russia blue chip stocks did very well. However, most other shares did not advance as much, as discussed in the **“Other Russian Funds”** section below.

However, the most interesting aspect of the markets' behavior in October was summarized recently in an excellent Bloomberg article entitled **“World's Cheapest Stocks Getting Cheaper as Russian Profits Climb to Record”**. We attach the full article for your review,<sup>4</sup> but will quote one small part of it here: **“The Micex is valued at 6.8 times profit forecasts for the next 12 months, the lowest level among 59 world stock indexes tracked by Bloomberg and about half the global average of 12 times.”**

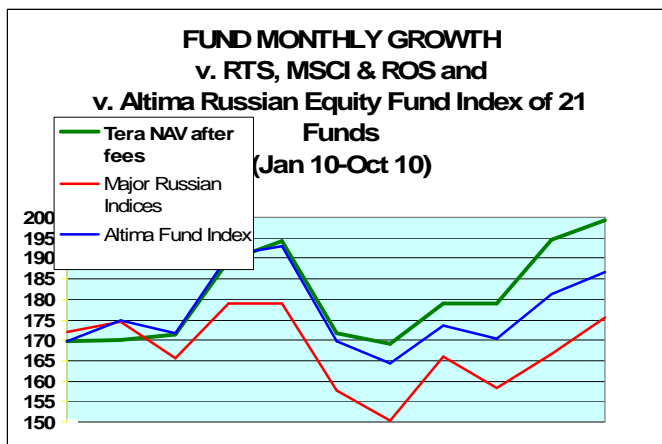
### October Performance

The Fund was up for the fifth month in a row – and for the 18<sup>th</sup> time in the past 20 months. After significantly outperforming Russian indices for the past two months (by over 6%), the Fund grew by 2.5%, just under half of the major market index average. However, its performance was almost identical to that of other Russian funds for the reasons discussed elsewhere. As we have seen once before, much of the index increase appears to have been highly concentrated in those relatively few stocks that make up the three major Russian fund indices. This is only the second time we have observed this phenomenon – although both times occurred this year, which may lead us to slightly rebalance the portfolio going forward if these two months show a new trend.

This notwithstanding, Tera's year-to-date performance remains excellent: outperforming the index average by 12% YTD and more than 23% over the past 12 months. It was only in October that all major Russian market indices reached positive territory, as the index average was -3.06% YTD at the end of September. Compared to other Russian funds, Tera is ahead of the AAM Russian Fund average by more than 7% YTD and 9.5% over the past 12 months.

Most significantly, Tera Capital Fund is again the **No. 1 performing fund of funds in the world**, out of 2,468 ranked by Eurekahedge.<sup>5</sup> Tera's 12-month Sharpe ratio

continued to improve – and to further distance itself from the indices and other funds: **1.27** compared to **0.36** for the indices and **0.73** for other Russian funds.



In terms of sector allocation within the Fund, there was a clear shift from oil & gas and industrials to financials and “other”. In this case, the change in “other” was due to a move into agriculture being pursued by certain underlying funds. If this trend continues, we will break agriculture out into its own category in our formal tracking.

Cash remained at 5%, but that is a bit misleading because 40% of that amount is held in **physical gold** by one of our underlying funds. There were small drops in real estate and the power sector.

### Underlying Funds

None of our underlying funds grew by less than 2% and one (the second-smallest, unfortunately) grew by just over 6%. There were no major investments in or reallocations among underlying funds during October.

### Other Russian Funds

The performance of other Russian funds was remarkably similar in October, ranging from just over 5% to just under 8%. Only one fund fell for the month and no fund grew by more than 6% – with the vast majority between 0.7 and 2.8%, although there were a number that matched the indices as well at 5%.

### November First Look

November has thus far been extremely indecisive with greater volatility than we've seen recently. The markets appear to want to climb, but the continuing fallout from the Euro debt crisis still weighs heavily on it. We continue to expect a solid end-of-year rally, which we expect to start in December. November should end on a positive note, although to what degree is unclear.

### Fund Awards

**EUREKAHEDGE**  
Hedge Fund Databases

No. 1 ranked fund of funds in the world YTD thru **October 2010**

**EUREKAHEDGE**  
Hedge Fund Databases

No 8 ranked fund of funds in the world for **2009**

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<sup>4</sup> You can also find it at: <http://www.bloomberg.com/news/print/2010-11-17/world-s-cheapest-stocks-getting-cheaper-as-russian-profits-climb-to-record.html>

<sup>5</sup> In this regard, we should note that two very late-reporting funds in September ended up with slightly better performance YTD than Tera, so Tera fell back from the No. 1 fund of

funds in the world YTD through the end of that month at the time September Fact Sheet was published to No. 3. It is possible that this could recur this month, depending on the performance of those funds and their timeliness in reporting results to Eurekahedge.

## Global Fund of Hedge Funds Database

日本語 (J版)



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### Top 10 tables

AUM Range  Min  Max   Oct  2010  --Geographical Mandate--  --Investment Strategy--   
 --Base Currency--  [top ten](#) | [bottom ten](#) | [Download in Excel Format](#)

Oct Returns	YTD Returns (Oct 2010)#
FMG (EU) China Fund A09 EUR 10.65	<b>Tera Capital Fund</b> 22.21
Commodity Value Chain Fund 8.60	Opus Trading SPC 19.50
Nashuk Partners LP 6.80	Nashuk Partners LP 19.05
Pentivm Quantitative Master Fund 6.40	Pentivm Quantitative Master Fund 17.87
Abbey Global LP 5.76	AAA Ações FIC FIA 15.08
Kenmar Global Agricultural & Softs Fund SPC Limited 5.75	BNY Mellon ARX Long Short FIC FIM 15.05
Guidance Capital Commodity Long Short Fund 5.04	Alpha Titans LP: Multistrategy 2x 15.04
Zephyr Commodity Fund - USD 4.98	Opportunity Partners LP 14.81
FMG (EU) Rising 3 Fund A EUR 4.73	FRM Sigma - Class D USD 14.31
Tredia Performance Fund Ltd 4.51	Patronus Invest SPC Enhanced Segregated Portfolio 14.19
Eurekahedge Fund of Funds Index 1.44	Eurekahedge Fund of Funds Index 2.97

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- REF  CTA
- SRI  130/30

For support please contact our help desk in Singapore on +65 6212 0925

# Bloomberg

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## World's Cheapest Stocks Getting Cheaper as Russian Profits Climb to Record

By Michael Patterson - Nov 18, 2010

Russian [stocks](#), the cheapest worldwide, are getting cheaper after the nation's companies posted record profits that topped analysts' estimates by the widest margin in emerging markets.

Micex Index [companies](#) reported combined earnings of 178 rubles a share (\$5.70) during the past year, the most since at least 2003 and 29 percent above the average of about 400 analyst estimates compiled by Bloomberg. The Micex is valued at 6.8 times profit [forecasts](#) for the next 12 months, the lowest level among 59 world stock indexes tracked by Bloomberg and about half the global average of 12 times.

While the Micex [advanced](#) 13 percent in the past year, its valuation tumbled 31 percent because Russian shares failed to keep pace with a surge in earnings estimates spurred by oil's rally above \$80 a barrel. Equity mutual funds in the world's largest energy exporter attracted less money in the past six months than funds in the other so-called BRICs -- Brazil, India and China -- as investors favored more expensive shares in faster-growing economies, EPFR Global data show.

"Russia really stands out as being cheap and attractive," said [Maarten-Jan Bakkum](#), an emerging-market equity strategist in The Hague at ING Investment Management, which oversees about \$100 billion in developing nations. "Investors will increasingly be looking for emerging economies that can still improve," he said. "For Russia, there should be some room for improvement."

'Out of Favor'

The Micex index climbed 1.2 percent to 1,552.21 at 6:45 p.m. in Moscow, with shares of OAO Sberbank and OAO Gazprom contributing most to the advance.

Russia's economic expansion will probably accelerate to 4.3 percent next year from 4 percent in 2010, according to October estimates from the International Monetary Fund.

China's growth will slow to 9.6 percent from 10.5 percent, while the pace in India will drop to 8.4 percent from 9.7 percent, and Brazil's expansion will decelerate to 4.1 percent from 7.5 percent, IMF forecasts show.

Russia has lagged behind the other BRIC nations in luring investors. [Chinese](#) equity mutual funds attracted about \$3.3 billion in the past six months, while Indian funds received \$1.3 billion and Brazil got \$1.9 billion, data compiled by Cambridge, Massachusetts-based EPFR Global show. Russian funds took in \$637 million, the data show.

## Earnings Surprises

“Russia remains relatively out of favor in an emerging markets context,” said [Lewis Kaufman](#), a money manager at Thornburg Investment Management, which oversees about \$65 billion in Santa Fe, New Mexico. “If we can sustain oil prices of \$80 to \$100, Russian equities offer a unique combination of cyclical and structural recovery potential.”

[Gazprom](#), Russia’s largest listed company, trades at 4.3 times 2011 profit estimates, compared with 10 times for [PetroChina Co.](#), the biggest Chinese energy company, according to data compiled by Bloomberg. The discount on the Moscow-based natural-gas monopoly to Beijing-based PetroChina has widened to 58 percent from 50 percent at the start of 2010, the data show.

[Sberbank](#), Russia’s largest lender, trades at a 60 percent discount to India’s [ICICI Bank Ltd.](#), compared with 38 percent at the end of 2009, according to price-earnings ratios compiled by Bloomberg.

## Tax Concern

“I find, opportunistically, Russia pretty interesting,” said [Jim O’Neill](#), who helps oversee about \$820 billion as chairman of Goldman Sachs Asset Management and coined the term BRICs in 2001 to describe the four biggest emerging markets. “It is structurally the weakest of the four but it’s not all as gloomy as people seem to be talking about,” he said. “If I look at the forward PE, for Russia it’s really cheap,” he said in an interview in London.

While Micex companies beat analysts’ estimates by 29 percent, earnings in the [MSCI Emerging Markets Index](#) surpassed forecasts by 5.7 percent, data compiled by Bloomberg show. Companies in the [Hang Seng China Enterprises Index](#) trailed projections by 2.4 percent, profits in India’s Bombay Stock Exchange Sensitive Index topped estimates by 7.7 percent and Brazil’s [Bovespa Index](#) exceeded expectations by 1.5 percent.

Analysts may be too optimistic in their outlook for Russian energy company profits because Prime Minister [Vladimir Putin](#)’s government is likely to raise taxes on the industry to help pay for increased spending ahead of the 2012 presidential election, [Alex Kantarovich](#), a strategist at New York-based JPMorgan Chase & Co., wrote in a Nov. 15 report.

## Transparency Discount

Energy companies account for about half of the Micex Index’s [capitalization](#), according to data compiled by Bloomberg. The sector’s low equity valuations are the main reason Russian shares appear cheap relative to the rest of emerging markets, said ING’s Bakkum.

Russian profits may be overstated because companies have been slow to write off the value of aging machinery and factories, [Kingsmill Bond](#), the London-based chief strategist for Troika Dialog, Russia’s oldest investment bank, wrote in a report e-mailed Nov. 3.

Stock valuations for some Russian companies already reflect the “lack of transparency” in the country’s financial disclosures, said Kaufman, whose [Thornburg Developing World Fund](#) has beat 97 percent of peers this year with a 25 percent gain.

The Micex index’s valuation discount of about 42 percent to the [MSCI All-Country World Index](#) of global shares compares with a 24 percent average gap since January 2006, according to price-earnings ratios compiled by Bloomberg.

## Magnit

Thornburg owns shares of Sberbank because of “massive” consumer [deposits](#) that make its funding stable and the potential for better-than-estimated loan growth, Kaufman said. Sberbank’s deposits amount to 77 percent of assets, compared with the 55 percent average for global [peers](#), according to data compiled by Bloomberg. The lender’s per-share earnings will probably surge 87 percent next year, four times the average gain for emerging- market financial companies, analysts’ estimates compiled by Bloomberg show.

[OAO Magnit](#), the Krasnodar-based food retailer, is another Thornburg holding, Kaufman said. While the stock is more expensive than the Russian equity market at 25 times analysts’ 2011 earnings estimates, it’s cheaper than Beijing-based supermarket operator [Wumart Stores Inc.](#), which trades at 30 times profit estimates, data compiled by Bloomberg show.

Magnit will grow earnings by 91 percent during the next two years, almost double the 51 percent growth projected for Wumart, the data show.

## ‘Cheapest Market’

[Gazprom](#) shares are poised to rally 34 percent in the next 12 months, according to the average of 10 analysts’ share-price estimates compiled by Bloomberg. The stock has retreated 7.8 percent this year, compared with a 2.3 percent gain for PetroChina.

Russia has the cheapest stocks among major developing nations, based on 10-year reported earnings, a valuation measure designed to adjust for economic cycles, [Jonathan Garner](#), the chief Asia and emerging markets strategist at Morgan Stanley in Hong Kong, wrote in a Nov. 8 report.

“It’s probably the cheapest market among global emerging nations,” said ING’s Bakkum, who recommends an “overweight” position in Russia. “A lot people are prepared to buy Russian assets.”

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