

30 March 2012
Monthly product sheet

Fund facts

Risk	High
Investment Manager	East Capital AB
Type	SICAV UCITS IV fund
Launch date	Class A (EUR & USD) 31.01.2007
Quotation	Daily
Benchmark	MSCI Russia Index Total Return (net)
Dividend	No
Management fee	Institutional 2%, Retail 2.5%
Subscription fee	Max 5%
Redemption fee	0%
Domicile	Luxembourg
Currency	EUR and USD
NAV per unit, Class A	86.12 EUR (30.03.2012) 87.97 USD (30.03.2012)
Total fund size	EUR 218m (30.03.2012) USD 291m (30.03.2012)
Number of holdings	66 (30.03.2012)
ISIN code Class A EUR	LU0272828905
ISIN code Class A USD	LU0272829119

Portfolio comments

After a strong performance over the first two months of the year, Russian equities lost some of those gains in March. The MSCI Russia index dropped 5.8% on the back of negative signals from China affecting the outlook for commodities. However, domestic risks receded and there was no general pattern in the market. Among the 10 largest holdings in the fund, six were down and four were up, with performance ranging from -11% to +9%.

Our largest holding, Surgut NG, gained 3.5% after reporting results removing uncertainty over its dividend yield on preferred shares, while Lukoil dropped 6.4% after releasing 10-year strategy with capex exceeding market expectations. Due to increased concerns over a potential tax hike, which may result in a 30% earnings drop, Gazprom declined 8.2%.

March was not the best months for financials, which outperformed at the beginning of the year. Sberbank's performance remains capped due to the coming overhang from the placement of a 7.6% stake despite strong FY2011 results, delivering an ROE of 28% on the back of loan growth of 35%. Among the smaller holdings, Bank St Petersburg reported weak results, performing significantly below consensus on the high provisioning charge, and the stock dropped 11.3%. We cut our exposure to Bank St. Petersburg at the beginning of the month in favour of Nomos bank, which outperformed the former by almost 9pp.

During the month, we decreased our exposure to Gazprom on tax risks, increased Sberbank on pre-placement weakness, and increased Etalon on valuation and KMG EP on a dividend hike lifting concerns over the usage of the company's cash.

Aim and investment strategy

East Capital's investment philosophy is based on a long-term perspective, fundamental analysis and active stock-picking, combining growth with value.

The East Capital (Lux) Russian Fund mainly invests in shares of companies exposed to growth in Russia and other former Soviet Union countries.

The fund's strategy is to buy shares in low-valued companies that are expected to be supported by long-term development trends, such as growth in domestic consumption and investment. In order to obtain the best exposure, the fund invests in a wide range of sectors and companies. Two thirds of the portfolio consists of large or medium sized companies. The fund can have up to 10% of its net asset value invested in a single issuer, with most holdings being under 5%. The fund has a low turnover rate.

Performance



- East Capital (Lux) Russian Fund Class A (EUR)
- Benchmark

Performance (%)	EC (Lux) Russian Fund Class A		Benchmark ¹	
	USD	EUR	USD	EUR
March 2012	-3.1	-2.3	-5.8	-5.0
YTD	25.1	21.7	18.6	15.3
2011	-29.1	-27.4	-19.4	-17.3
2010	29.3	38.9	23.8	33.0
2009	140.9	139.0	128.2	125.7
2008	-75.1	-74.2	-72.7	-71.6
Since inception	-12.0	-13.9	-8.4	-11.0

Risk Measures ²	EC (Lux) Russian Fund Class A			
	USD	EUR	USD	EUR
Volatility (%)	37	31	36	29
Sharpe ratio	1.0	1.1	0.9	1.1
Alpha (%)	27	27		
Beta (%)	1.0	1.0		
Tracking Error (%)	7	7		
Information Ratio	0.6	0.6		
Consistency (%)	61	61		

10 largest holdings

Company	% of the fund	1 M change	Sector
Surgut NG	9.8	0.1	Energy
Lukoil	9.3	1.4	Energy
Sberbank	8.6	0.1	Financials
Gazprom	7.6	-1.9	Energy
M.Video	4.8	-0.2	Consumer Discretionary
MRSK Holding	4.5	2.2	Utilities
Bashneft	3.4	-0.2	Energy
FESCO	3.4	0.5	Industrials
Transneft	3.2	0.3	Energy
Sistema	3.2	-0.3	Telecommunication Services

Sector weighting

Sector	% of the portfolio	% of the benchmark
Energy	44.6	59.5
Financials	17.4	15.3
Utilities	10.9	4.4
Industrials	8.1	0.0
Consumer Discretionary	6.9	0.0
Telecommunication Services	6.2	7.5
Materials	3.6	10.1
Consumer Staples	2.4	3.1

¹ RTS Index until 30.06.2010, MSCI Russia Index Total Return (net) from 01.07.2010.

² Risk measures of the funds and their indices are based upon monthly data from the latest 3 years. Sharpe ratio is based on an annual risk free rate of return of 3%.

For fund statistics about the other classes available, please visit www.eastcapital.com

Important notice

"The fund mentioned is a compartment of the East Capital (Lux) SICAV, an open-ended Luxembourg investment fund with multiple compartments organised as a "Société d'Investissement à Capital Variable, incorporated on 13 November 2006, with registered office 5, allée Scheffer, L-2520 Luxembourg. East Capital (Lux) SICAV is organised under Part I (UCITS) of the Luxembourg law of 17 December 2010 on undertakings for collective investment as amended, as a self-managed SICAV, for an unlimited period."

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The performance data do not take into account the commissions and costs incurred on the subscription and redemption of shares.

Before investing, please read the prospectus carefully. Full information such as the prospectus, the simplified prospectus, the articles of incorporation, the annual report, the semi-annual report and the portfolio movement can be obtained free of charge upon request from East Capital AB, Kungsgatan 30, Box 1364, SE-111 93 Stockholm, Sweden, from all the local representatives or information agents, or from our distributors.

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