



# Tera Capital Fund

## Investor Fact Sheet

August 2011  
(final)



Tera Capital Fund is the only Fund of Funds in the world which pays no fees other than a success fee  
**Based on Tera Capital Fund's performance and innovation, in July 2011, World Finance announced that Tera had won its prestigious award for being the most innovative fund of funds in the world**  
**According to Eurekahedge, Tera Capital Fund was the No. 2 performing fund of funds in the world in 2010**

### 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>	\$4.5 M
<b>Currency</b>	US dollar
<b>Current Price (NAV)</b>	\$187.13
<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 Fund Services
<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> (%)
<b>Monthly</b>	<b>14.35</b>	<b>15.12</b>	<b>13.88</b>
Year-to-date	10.78	7.63	12.99
Trailing 12 months	4.49	3.87	2.26
Since Fund inception (Apr 05)	87.13	80.31	80.90
Anlzd mnthly rtn (since Fund inception)	13.29	12.49	10.67
Annualized Stand. Dev. (since inception)	24.11	37.76	31.02
Sharpe Ratio <sup>2</sup>	0.45	0.37	0.26
Trailing 12 m Sharpe	<b>0.42</b>	<b>0.36</b>	<b>0.23</b>

\*Weight averaged, all series (currently 7) combined

\*\*RTS:(13.37%, MSCI: (21.80)%, ROS (Crédit Suisse): (15.12)%

### Investment Advisor's Assessment

#### Russia

August was an extremely difficult month, with concerns skyrocketing over the Euro debt crisis as the debt agreement to assist Greece was deemed by markets to be inadequate (and Greece's requirements much higher than initially perceived). There were no major events in Russia to counteract the bad news, so local markets moved in concert with world markets.

#### Russian Markets

Russian markets experienced their biggest drop since November 2008-January 2009 (depending on which of the three indices one uses as a baseline). The decline was across the board and not confined to any specific sector. In that, the drop was very similar to the 2008-09 crisis declines: there was no place to hide.

#### August Fund Performance

The Fund fell slightly less than the index average and slightly more than the AAM Fund Index, but the differences weren't material. Again, there was no discrimination among sectors, so Tera was not able to outperform as it usually does in down markets.

#### Underlying Funds and Sectors

All underlying funds were down significantly for the month: the minimum drop was 13%; the maximum 21%. The funds with the narrowest focus were in all cases down more than funds with a broader focus, which we rarely see. The month did show the advantage of diversification, however, as an investment in a single fund could have been very painful this month.

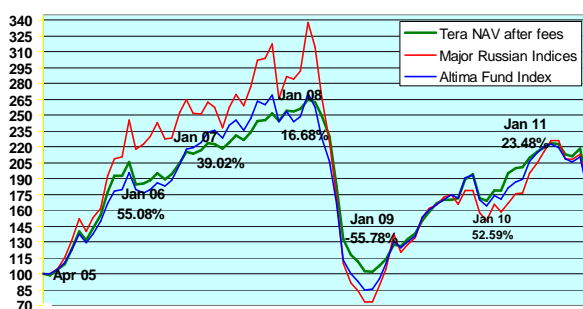
There were several changes in sector allocations during the month: cash increased for obvious reasons. Industrial increased by 5%, other (mainly agriculture) by 3% and FMCG 2%. Power, telecoms and financial all fell slightly.

#### Other Russian Funds

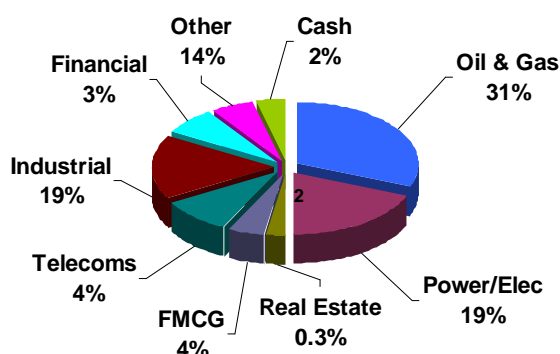
Every fund in the AAM Fund Index was down in August. The minimum decline was 2.5% (in a defensive fund

### NAV Performance

**FUND MONTHLY GROWTH**  
v. RTS, MSCI & ROS and  
v. Altima Russian Equity Fund Index of 21 Funds  
(Apr 05-Aug 11)



### Sector Allocation



<sup>1</sup> Altima Asset Management created this index of 21 Russia-focused equity funds created on or before May 2005 to provide an appropriate benchmark.  
<sup>2</sup> Risk free rate: 2.5%

which never moves by much and underperforms the overall market by a wide margin every year); the largest declines were 36% (by a usually very solid fund) and 27% (by a well known large fund). As pointed out above, for investors concentrated in single funds, August could have been an extremely painful month.

#### September First Look

September looks to be very little different from August – and this trend will continue until Europe develops a long-term approach to the Greek (and, more and more, the Italian) debt problem in which markets can believe. The June agreement has come to be viewed as totally inadequate and a partial default (however structured) by Greece is now viewed as inevitable. The only good news is that market declines in many ways are steadily pricing in a Greek default (in particular with respect to bank shares and the financial sector in general) which should ease its later impact. The decline in September looks to be at least on the same scale as the decline this month.

## Fund Awards



**Most Innovative Funds of Funds  
(for innovation and performance)**



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



**No. 2 ranked fund of funds  
in the world for 2010**



**No 1 ranked fund of funds  
in the world for 2005**

## Contact Information

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