



Tera Capital Fund

Investor Fact Sheet

August 2012
(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 February 2012 the Global Banking & Finance Review announced that Tera won its award as the most innovative fund of funds in Europe for 2011, Tera's second such award

Fund Information

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

Date Formed	April 2005
Investment Advisor	Altima Asset Management
Fund Size	\$4.5 M
Currency	US dollar
Current Price (NAV)	\$165.06
Min. Investment	\$10,000 (non-US); \$100,000 (US)
Fees/Expenses	Success fee only (20%)
Subscription	Monthly
Redemption	Monthly, with 30-days notice
NAV	Monthly
Administrator	Maples Fund Services
Auditor	Altschuler, Melvoin & Glasser
Bank	Bank of New York
Legal Advisors	Maples & Calder
German Tax Transparency Advisor	PwC
Lipper Tass/Thomson Reuters ID No.	96695
Bloomberg Ticker & ID	TERARUS KY, BBG0036S3HD0
Eurekahedge ID No.	15532
ISIN	KYG8760X1034
CUSIP/CINS	G8760X103
URL	www.altim.ru
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 ¹ (%)
Monthly	3.73	0.91	1.60
Year-to-date	4.63	(0.68)	1.80
Trailing 12 months	4.22	0.36	1.07
Since Fund inception (Apr 05)	165.06	156.51	150.13
Anlzd mnthly rtn (since Fund inception)	10.63	8.69	9.74
Annualized Stand. Dev. (since inception)	25.94	38.65	30.67
Sharpe Ratio ²	0.31	0.26	0.24
Trailing 12 m Sharpe	(0.24)	(0.33)	(0.44)

*Weight averaged, all series (currently 9) combined

**RTS: 0.90%, MSCI: 0.90%, ROS (Crédit Suisse): 0.92%

Investment Advisor's Assessment

Russia

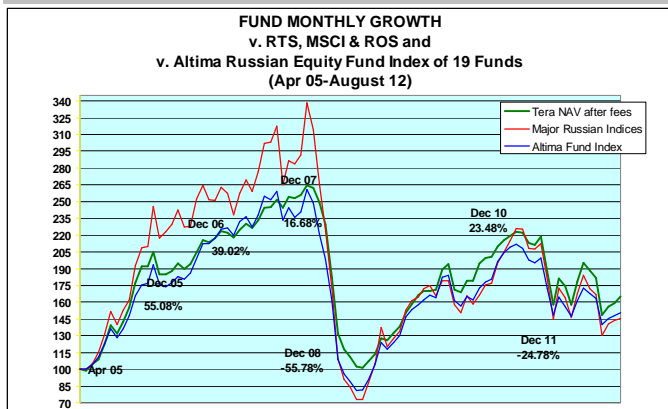
August was a relatively calm month on most markets, including Russia's, as the summer wound down. We did, however, recently hear an excellent quote on Russian business radio that extremely accurate and briefly describes the situation where the Russian domestic market continues to do extremely well while much of the rest of the world suffers – and seems to ignore Russia's success: *With respect to Russia, western media is hostage to its own stereotypes.*

Recent statistics illustrate this continuing trend:

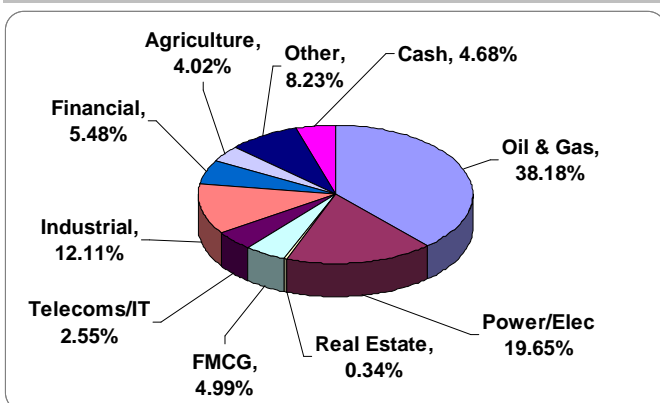
- 1) Russia posted a fiscal surplus equal to 4.7% of GDP in August and a 1.4% of GDP surplus for the first eight months of the year.
- 2) In August, unemployment fell to 5.2% – a post-Soviet record – from 5.4% where it had been for the prior three months
- 3) Russian inflation was 5.9% in August, up 0.3% from July, but down 1.5% from August 2011
- 4) After growing 4.5% during 1H 2012, the Russian government recently revised its official 2H 2012 forecast up to 3.5% from 3.4%
- 5) Russia is now expected to surpass Germany as Europe's largest auto market within 18 months; virtually every major automobile manufacturer in the world has announced plans to expand operations in – or into – Russia
- 6) Russia privatized an additional 7.6% of Sberbank for \$5.2 billion in a resoundingly successful offering that put 50% minus one share of the bank in private investors' hands

But not everyone is ignoring the obvious: billionaire investor Jim Rogers recently announced that, after more than 40 years with a negative attitude toward Russia, "a lot has been done in Russia in recent years" and that he now strongly recommended investing in the country. He

NAV



Sector Allocation



¹ Altima Asset Management created this index of 21 Russia-focused equity funds created on or before May 2005 to provide an appropriate benchmark.

² Risk free rate: 2.5%

recently accepted a position as a consultant to VTB, Russia's second-largest bank.

Russian Markets

August was again a relatively quiet month on Russian and global markets, except near the end of the month when optimism regarding Europe's ability to address its debt problems increased, sending most markets a bit higher.

All three of the major Russian indices in Tera's benchmark index were up almost exactly 0.9% – remarkable consistency due mainly to the lack of dramatic news and low turnover.

August Fund Performance

The Fund was up almost 4% in August, **significantly outperforming all major Russian indices and much better than the AAM Russia Fund Index.**

In fact, for a second time this year, **Tera's results were near their theoretical mathematical maximum:** of the more than 200 Russian-focused funds which Tera tracks, other than the underlying funds in which Tera has invested, **only one fund performed better than Tera's.** Consequently, YTD Tera is now up almost 5%, while **all Russian indices** (both in our benchmark average and taken separately) **are still down**, albeit less than 1%. The AAM Fund Index is up less than 2% in 2012.

Further, for the past 12 months, after being negative over that same period, Tera is now well into positive territory, at 4.63%³. By contrast, the Russian indices (individually and the average) are at virtual break-even over the past 12 months, with the average up 0.36%, and the AAM Russian Fund Index up just over 1% over the same period.

As a result of this steady performance, Tera is now approximately **five percentage points ahead of Russian indices both YTD and over the past 12 months.** Its advantage over other Russian funds is three and three and one-half percentage points, respectively.

Underlying Funds and Sectors

The chart below shows the August 2012 performance of the funds in which Tera is invested. All of Tera's positions were up, with the minimum increase in the sector-specific fund (which was the leader among underlying funds in July).

We have submitted documents to redeem one position because of poor results; the position will be redeemed in full at the end of September. We are doing the same with the Class B shares of the second echelon fund in order to re-weight the portfolio slightly before the end of the year.

Strategy	Size	Perform.
Diversified, 1 st and 2 nd echelon	Sm	5%
Diversified, 2 nd echelon (class A)	Med	4.5%
Diversified, 2nd echelon (class B)*	Med	4.5%
Blue chip	Lg	2.5%
Aggressive, long-short*	Sm	3.5%
Aggressive, 2 nd & 3 rd echelon	Sm	5%
Sector (power)	Sm	1%

* *Altima has submitted documents to close this position at the end of September*

Sector allocations were a bit more volatile than in July, with power, industrial and financial all dropping at least 1.5% and telecoms/IT, other and cash all increasing about 1.5%. However, these shifts are not indicative of

any major trend as they almost all were reversals of similar shifts in July.

Other Russian Funds

There was a very broad range in performance among the funds in the AAM Fund Index in August. The worst-performing **fell almost 3%**, while the best was **up just over 6%** (the only fund we track which outperformed Tera's underlying funds). Most were up about 1.5%, as the average reflects, although four funds actually fell during the month.

Among all the funds we track which are not included in the AAM Fund Index, the range was as broad, but shifted lower. The **best fund was up about 3.5%** while the **worst-performing fund was down more than 5%**. Most of these funds had results between unchanged and 1.5%.

September First Look

September has been a strange month thus far. After an extremely slow summer, investors were ready to push markets up for any reason – or for no reason at all. At one point, Russian markets were up over 14%.

While Europe made some significant progress in addressing debt issues after Mr. Draghi announced that the ECB would buy short-term debt to protect the Eurozone's weaker members and the German Constitutional Court issued a favorable ruling on the EMS on September 12, European governments have already gotten hung up in the specifics. Some of the optimism generated by the progress in Europe has also been offset by a slowdown in China. Only the US seems to be a source of generally positive information, but even there the so-called "fiscal cliff" looms at the end of the year to dampen any exuberance, to say nothing of US presidential elections, which will at best be distracting.

As a result of this return of doubt, Russian markets had given back one-third of the September gains as of this writing. The remainder of the month should be slightly less volatile, but markets are clearly at a loss for direction pending further developments.

Fund Awards



Most Innovative Funds of Funds
(for innovation and performance)



Hedge Fund Databases

No. 6 ranked fund of funds in the world, YTD 2012 (April)



Hedge Fund Databases

No 8 ranked fund of funds in the world for 2009



Most Innovative Funds of Funds
(for innovation and performance)



Hedge Fund Databases

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



Hedge Fund Databases

No 1 ranked fund of funds in the world for 2005

Contact Information

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³ It is purely a coincidence that Tera is up 4.63% YTD and 4.63% over the past 12 months.

