



Tera Capital Fund

Investor Fact Sheet

March 2011
(final)



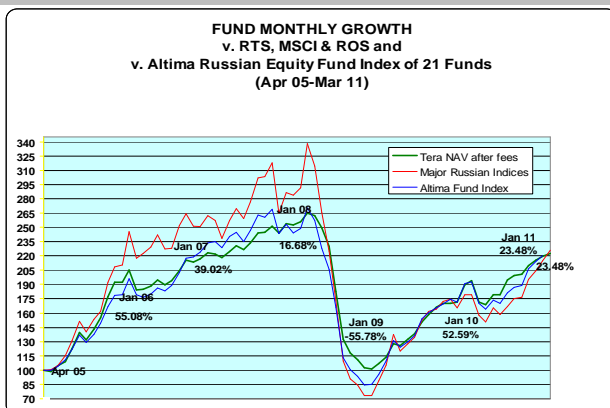
Tera Capital Fund is the only Fund of Funds in the world which pays no fees other than a success fee
Tera Capital Fund was the No. 2 performing fund of funds in the world in 2010

Fund Information

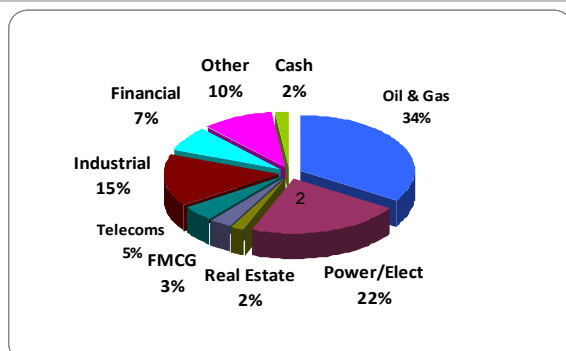
Strategy: Tera Capital Fund is a Russian-focused fund of funds that invests in 5-8 funds (usually equity funds) that are diversified by sector, size, geographic focus and strategy.

Date Formed	April 2005
Investment Advisor	Altima Asset Management
Fund Size	\$5.2 M
Currency	US dollar
Current Price (NAV)	\$222.94
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	www.altim.ru
Advisory Board	Michael Wallenberg , SVP EFG Bank, Geneva Bruce Bean , Co-Chair ABA Russian Law Committee

NAV



Sector Allocation



Performance (net of fees)

Returns	Tera* (%)	RTS, MSCI & ROS Avg** (%)	AAM Russia Fund Index ¹ (%)
Monthly	1.65	5.08	1.26
Year-to-date	6.30	15.81	7.94
Trailing 12 months	17.75	26.23	16.78
Since Fund inception (Apr 05)	122.94	116.07	112.88
Anlzd mnthly rtn (since Fund inception)	16.97	16.20	14.69
Annualized Stand. Dev. (since inception)	23.96	38.25	31.16
Sharpe Ratio ²	0.60	0.49	0.39
Trailing 12 m Sharpe	1.32	1.13	1.08

*Weight averaged, all series (currently 6) combined

**RTS: 3.8%, MSCI: 5.2%, ROS (Crédit Suisse): 6.3%

Investment Advisor's Assessment

Russia

The earthquake and resulting tsunami and devastation in Japan and events in Libya obviously overshadowed all other news, economic and otherwise. Russian markets initially fell with those of the rest of the world during the first half of March. Unlike most other markets, however, Russian markets never even came close to being down for the year (as, e.g., the Dow Jones was in the US). As the month wore on, global markets recovered and Russian continued to hold its place as one of the best-performing markets in the world in 2011.

However, even this bad news held a silver lining for Russia: Japan will have to replace the electricity generated by the destroyed nuclear plant with other sources – which, in the short term, at least, will have to be hydrocarbon-based. As a result, oil prices have hit – and, much more importantly, sustained – post-crisis highs. After a sharp drop due to general concerns regarding Japan's economy and the ripple effect on the rest of the world, other commodities prices have also returned to record territory.

Russian Markets

The major indicators of the Russian market were all well up in March, but for the fourth month in a row, the advance was focused in a very small number of stocks. As a result, we saw the biggest difference in six years between the performance of the major fund indices and the AAM Fund Index.

Performance varied significantly by sector, with oil & gas and finance doing well and the power sector actually dropping during a very positive quarter.

March Fund Performance

The Fund was up again in March, outperforming other Russian funds and underperforming market indices. Only one underlying fund was down in March – not surprisingly the only sector fund in which Tera has invested, which was down just over 2%.

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%

Because of its steady, if not spectacular, performance during Q1 2011, **Tera was the No. 8 performing fund of funds in the world YTD** (out of 2,539 funds; according to Eurekahedge).

As usual, Tera's volatility is far less than that of the major indices and the AAM Fund Index. Obviously, given the Fund's outperformance since inception, its Sharpe Ratio remains well above that of major indices and almost double that of the AAM Fund Index.

Underlying Funds and Sectors

There were no new investments or redemptions in any underlying fund in March, although, as announced previously, Tera did redeem 50% of its position in the one fund that is not virtually 100% invested in Russia as of April 1. (The remainder of that position will be redeemed at the end of June – as this is also the only fund that does not have at least monthly liquidity.)

Sector allocation changed materially in March: Cash fell from 8% to 2%, FMCG fell 2% and oil & gas exposure dropped 1%. The sectors that benefitted were Industrial and Real Estate, with each up 1%. The biggest increase was in "Other", which is due to the fact that two underlying funds have now invested significantly in agriculture, for which we have not created a separate sector. If this trend continues, we will add a separate entry for that sector.

Further, virtually 100% of "Cash" is now in physical gold held by a single underlying fund. In other words, Tera was as fully invested in March as it is possible to be.

The best-performing underlying fund in February was up almost 5.5%; the worst down over 2%; the remaining three were up between 1.5% and 3%.

Other Russian Funds

Also, for the first time ever, there was not a single fund in the AAM Fund Index that came even close to equaling the performance of the major fund index – and the closest was more than one percentage point behind!

Not surprisingly, their performance can only be described as "erratic": the best fund grew 4.3% (compared to 6.3% for the ROS index and 5.08% for the major index average); the worst fell 2.4%. Most funds grew about 2%, although there were no major concentrations in terms of performance as we usually see.

This singular distribution – and the fact that no fund of which we are aware (in the AAM Fund Index or not) outperformed the indices in March) – illustrates what a unique market this is.

We will address this distribution issue by slightly increase Tera's exposure to certain blue chip stocks as we feel that this very focused move is mainly due foreign investors investing in the Russian "names" with which they are familiar. As this may be an extended phenomenon, we will shift our portfolio accordingly.

April First Look

April was an uncertain month, with Russian markets looking for direction. Russian market indices have all done very well since the beginning of the year and there were strong signs of consolidation early in the month. Other global markets looked to gain some ground in terms of performance YTD this month.

Tera appears to be up slightly for the month while the markets look to be down slightly.

Fund Awards



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



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

Contact Information

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