



Tera Capital Fund

Investor Fact Sheet

January 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 July 2011 World Finance announced that Tera had won its prestigious award as the most innovative fund of funds in the world
According to Eurekahedge, Tera Capital Fund was the No. 3 performing fund of funds in the world in January 2012

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, geographic focus and strategy.

Date Formed	April 2005
Investment Advisor	Altima Asset Management
Fund Size	\$4.8 M
Currency	US dollar
Current Price (NAV)	\$178.35
Min. Investment	\$100,000
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	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

Performance (net of fees)

Returns	Tera* (%)	RTS, MSCI & ROS Avg** (%)	AAM Russia Fund Index ¹ (%)
Monthly	13.55	13.91	7.33
Year-to-date	13.55	13.91	7.33
Trailing 12 months	(16.26)	(18.67)	(22.18)
Since Fund inception (Apr 05)	178.35	165.65	158.96
Annld mthly rtn (since Fund inception)	12.31	10.47	8.10
Annualized Stand. Dev. (since inception)	25.62	38.85	31.07
Sharpe Ratio ²	0.38	0.31	0.18
Trailing 12 m Sharpe	(0.24)	(0.30)	(0.36)

*Weight averaged, all series (currently 6) combined

**RTS: 14.14%, MSCI: 14.80%, ROS (Crédit Suisse): 12.80%

Investment Advisor's Assessment

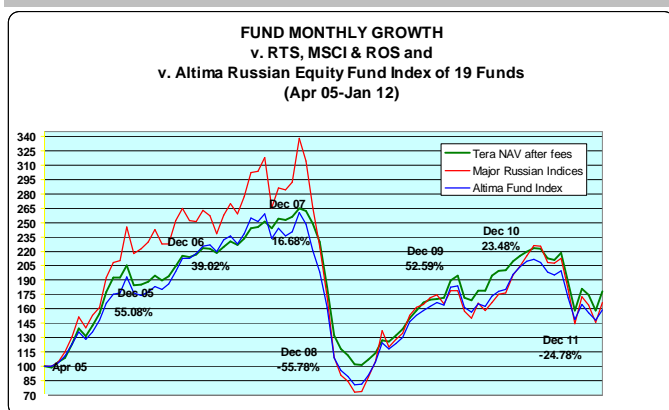
Russia

January was an excellent month for Russia. Much full-year macroeconomic information appeared for 2011 which highlighted the strength of the Russian economy: GDP grew by 4.3%, the **third-highest of any country in the world**. Agricultural output increase 16.1%, retail sales increased 7.2%, construction 4.8% and manufacturing increased 6.1%. Inflation was held to 6.1%, the lowest in the history of post-Soviet Russia. (All of the above growth figures are after inflation.)

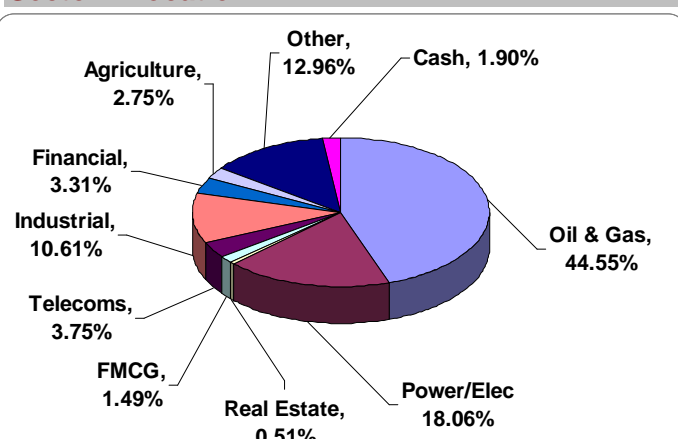
Interestingly, at the same time in 2011 as the economy was growing, stock prices were falling, with the three major Russian indices dropping an almost identical 25% (which Tera outperformed). Logically, of course, the P/E ratios of Russian shares plunged to post-crisis record lows last year. The most dramatic example was probably Gazprom, the P/E ratio of which fell to a remarkably low 3.1 in December.

There were two large additional political demonstrations in January, one anti-government and one pro-government. We are witnessing a remarkable – and remarkably calm – increase in participative democracy in Russia. Most importantly by far, the government is reacting generally positively to the demonstrators' demands (e.g., reintroducing direct election of governors, live internet cameras at polling stations, etc.). As stated in December's Fact Sheet, but it is worth repeating here, the **last** thing Russians want is (another) revolution. Comparisons of Russia with Egypt, Tunis, Ukraine, Georgia, etc., are completely misplaced. Russia will be better off for these developments and the government more responsive (although perhaps a bit too populist in the short term).

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%

Russian Markets

January was an excellent month for most markets worldwide, but in particular for Russia which led all major markets upward. Other than the similar increase in October 2011 (after global markets fell heavily in August and September due to European debt concerns), January's increase was the largest since May 2009.

The increase was due to three major factors: (1) it became clear that the demonstrations in Russian will not lead to any major disruptions as not a single participant is interested in, or would benefit from, them. (Secondarily, it seems that Putin will reach 50% of the vote in the first round of voting on March 4 – at least by a small margin – and that a second round will therefore probably not be necessary.) (2) Promising indications that the “beginning of the end” is near with respect to European debt problems, in particular the positive developments in Greece. (3) Investors seemed to understand that a situation where a country's economy is growing rapidly, the share prices in that country are dropping and P/E ratios have reached almost ridiculous lows doesn't make a lot of sense. In addition, everyone understands that rising commodities prices are also beneficial for Russia and many Russian companies.

January Fund Performance

The **Fund was up 13.55%** for the month, very slightly less than the major Russian indices (by 0.36%), but almost **doubling the performance of the AAM Fund Index**. In fact, this outperformance was the second largest in absolute terms (6.22 percentage points) in the history of the Fund.

Tera Capital Fund was also ranked by Eurekahedge as the **third-best fund of funds** in terms of performance in the world in January out of 2,554 funds.

Underlying Funds and Sectors

At the request of certain investors, with this Fact Sheet we begin providing more detailed information on the strategy, size and performance of the underlying funds. The chart appears below.

As you can see, the funds underlying Tera had remarkably similar performance – particularly given that so many other Russian funds significantly underperformed the market and had such disparate results. January's performance was an extremely strong endorsement of the criteria Tera employs to select its underlying funds.

Strategy	Size	Perform.
Diversified, 1 st and 2 nd echelon	Sm	13%
Diversified, 2 nd echelon (class A)	Med	14%
Diversified, 2 nd echelon (class B)	Med	14%
Blue chip	Lg	15%
Aggressive, 2 nd echelon	Sm	10%
Aggressive, 2 nd & 3 rd echelon	Sm	13%
Sector (power)	Sm	12%

Sector allocations changed slightly. Agriculture, other, cash, oil & gas were all up slightly (none more than 1.5%), while financial, industrial, telecoms and FMCG were all down slightly (other than industrial, again none more than 1.5%). No underlying fund made major changes in its sector allocation.

Other Russian Funds

All but one fund in the AAM Fund Index was up in January (that fund was down only 0.28%), but there was a remarkable distribution in their results. Seven funds grew in double digits, but only two outperformed (very slightly) the Russian indices. Most rose between 5 and 8% – more than respectable performance but significantly underperforming the indices. Among other Russia funds that are not included in the AAM Fund index, none outperformed the indices.

In other words, **Tera's performance for the month was almost at the theoretical maximum it could achieve as a fund of funds.**

February First Look

Russian markets and the Fund are continuing January's results: both were up about 5% midway through the month. However, given the March 4 presidential elections in Russia, we would be surprised if this continues unabated unless there is major new positive news regarding Greece's financial outlook. We expect trading volume to decrease and share prices to stabilize or fall slightly as February draws to a close as investors slowly move to the sidelines pending election results.

Fund Awards



Most Innovative Funds of Funds
(for innovation and performance)



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



No 8 ranked fund of funds in the
world for 2009



No 1 ranked fund of funds
in the world for 2005

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