



Tera Capital Fund

Investor Fact Sheet

June 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	\$4.3 M
Currency	US dollar
Current Price (NAV)	\$155.82
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	4.78	8.27	3.50
Year-to-date	(1.23)	(3.67)	(1.76)
Trailing 12 months	(28.69)	(33.70)	(31.36)
Since Fund inception (Apr 05)	155.82	140.86	144.89
Anlzd mnthly rtn (since Fund inception)	10.06	8.45	9.44
Annualized Stand. Dev. (since inception)	26.22	39.10	31.00
Sharpe Ratio ²	0.29	0.25	0.22
Trailing 12 m Sharpe	(0.66)	(0.66)	(0.90)

*Weight averaged, all series (currently 9) combined

**RTS: 8.69%, MSCI: 9.20%, ROS (Crédit Suisse): 6.92%

Investment Advisor's Assessment

Special Note

Tera Capital Fund is now listed on **Bloomberg**; the ticker is TERARUS KY; the Bloomberg ID is BBG0036S3HD0

Russia

Russia is now a **full member of the World Trade Organization** after almost 18 years of negotiations. On December 16, 2011, the protocol on Russia's accession to the Marrakesh Agreement, the foundation document for the WTO, was signed in Geneva. On July 10, 2012, the Russian State Duma approved the federal law that authorizes the protocol for Russia's accession to the WTO; the Federation Council did the same on July 18. On July 21, 2012, President Putin signed the law, completing the accession process.

Russia is superbly positioned to capitalize on WTO accession in that it already runs the most open trade and capital account regimes of any of the large global emerging markets.

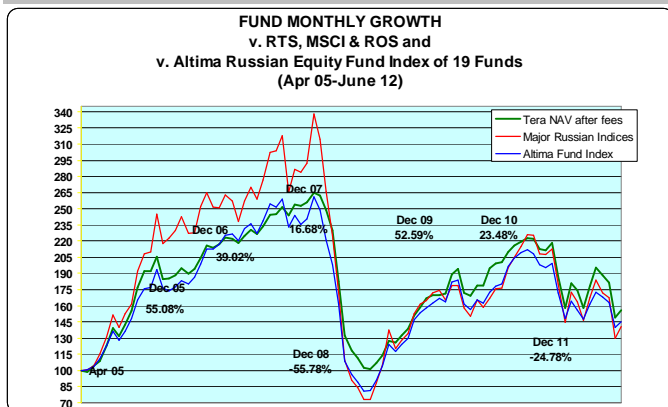
The Russian Ministry of Economy estimated **1H GDP growth at 4.4%**, as the Russian domestic economy continued to defy the threat of a global slowdown. Forecasters now expect GDP to increase by 3.8% in 2012, compared with a May poll which showed expected GDP growth of 3.5%.

The 1H Russian **federal budget surplus was 0.9% of GDP, up from 0.2% in May**. As a result, **Russia may now show a budget surplus for the entire year**.

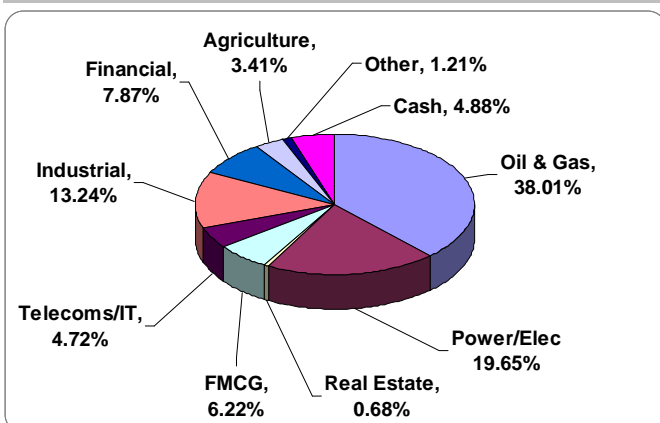
Russia's **current account surplus totaled \$58.4 billion in 1H 2012, equaling that of 1H 2008**.

Rapid wage growth is fueling a consumption boom that has enabled the economy to compensate for weaker oil prices and exports. Data released by the Russian State Statistics Service showed that already-rapid wage growth accelerated further in June. **Wages rose by 17.7% in nominal terms, and 12.9% in real terms, from a year earlier**.

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%

This reflects a tight labor market, with the **unemployment rate at its lowest level in four years**, steady at 5.4% in May and June.

Rising household incomes continued to fuel strong growth in **retail sales**, which **increased by 6.9%** in June. Wage and consumption increases help explain why the Russian economy is proving so resilient to the global slowdown.

Russian Markets

In June, Russian markets were generally up, but the major growth was concentrated in “name” stocks: GazProm, SberBank and others. The gains were smaller outside the large blue chip stocks.

By comparison to other BRIC countries, during the three years ending in June 2012, the **RTS rose 37%**, India’s **Sensex 20%**, Brazil’s **Bovespa 6%** and the **Shanghai Composite lost 25%**. The **RTS is currently trading at 4.9x 2012 earnings**, compared to 14.6x, 11.4x and 12.0x for India, Brazil and China, respectively.

May Fund Performance

The **Fund was up almost 5%** in June, significantly outperforming other Russian funds in the AAM Russia Fund Index, but significantly underperforming Russian indices.

As a result, YTD Tera is slightly down (-1.23%), outperforming both Russian indices and funds (-3.67% and -1.76%, respectively). Over the past 12 months, Tera remains **five percentage points ahead of Russian indices** and **three ahead of the index average**.

In terms of volatility (annualized standard deviation), **Tera remains far ahead of the indices** (26.22 v. 39.10) and **well ahead of other Russian funds** (at 31.00), clearly showing the **advantage of investing in a fund of funds**.

Underlying Funds and Sectors

The chart below shows the June 2012 performance of the funds in which Tera is invested. There were no real surprises, although the performance of the single underlying fund which follows a long-short strategy was a bit disappointing.

Strategy	Size	Perform.
Diversified, 1 st and 2 nd echelon	Sm	7%
Diversified, 2 nd echelon (class A)	Med	6%
Diversified, 2 nd echelon (class B)	Med	6%
Blue chip	Lg	4%
Aggressive, long-short	Sm	2%
Aggressive, 2 nd & 3 rd echelon	Sm	5%
Sector (power)	Sm	6%

Sector allocations were again volatile in June, although different sector allocations changed compared to May: FMCG increased 5%, industrial 4%, power 3%, financial 3% and agricultural 2%. Real estate fell 2% and “other” fell 13%, the biggest monthly drop in any category in the history of the Fund – probably brought on by underlying funds reducing their exposure to non-standard or riskier investments outside the usual sectors.

Other Russian Funds

Volatility has brought an interesting statistical story almost every month this year. June was no different. **Not a single fund in the AAM Fund Index outperformed the major index average** – the first time that has ever happened in over six years. Further, among all of the funds which we track, only one outperformed Russian indices – and that only very slightly.

Again, the index growth was concentrated in an exceedingly small number of stocks.

July First Look

July was initially a fairly flat month and then, as positive news began to emerge from the Euro zone, global and Russian markets began to rise. So far, the trend continues and we expect to see positive results at the end of the month.

Fund Awards



Most Innovative Funds of Funds
(for innovation and performance)



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



No 8 ranked fund of funds in the world for 2009



Most Innovative Funds of Funds
(for innovation and performance)



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



No 1 ranked fund of funds in the world for 2005

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