



Tera Capital Fund

Investor Fact Sheet

May 2011
(final)



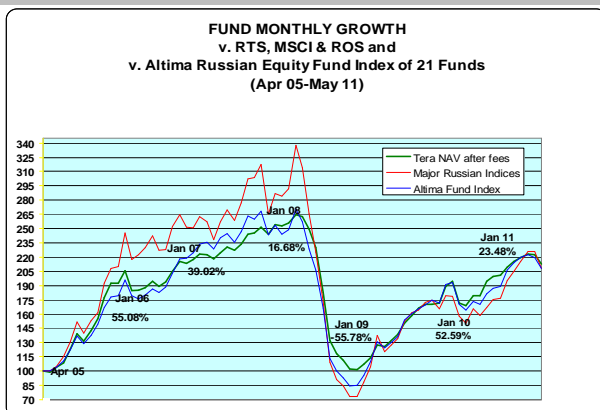
Tera Capital Fund is the only Fund of Funds in the world which pays no fees other than a success fee
Tera Capital Fund was the No. 2 performing fund of funds in the world in 2010

Fund Information

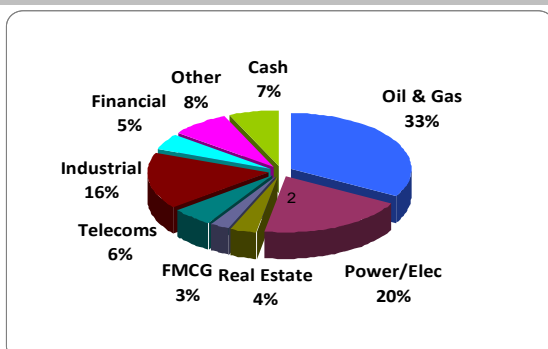
Strategy: Tera Capital Fund is a Russian-focused fund of funds that invests in 5-8 funds (usually equity funds) that are diversified by sector, size, geographic focus and strategy.

Date Formed	April 2005
Investment Advisor	Altima Asset Management
Fund Size	\$5.0 M
Currency	US dollar
Current Price (NAV)	\$212.84
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	(4.25)	(7.62)	(5.19)
Year-to-date	1.48	6.76	0.62
Trailing 12 months	24.07	22.25	22.31
Since Fund inception (Apr 05)	112.84	108.41	107.77
Anlzd mnthly rtn (since Fund inception)	16.76	16.33	13.21
Annualized Stand.			
Dev. (since inception)	23.74	37.91	30.95
Sharpe Ratio ²	0.56	0.44	0.35
Trailing 12 m Sharpe	1.90	1.37	1.28

*Weight averaged, all series (currently 6) combined

**RTS: (6.83)%, MSCI: (8.30)%, ROS (Crédit Suisse): (7.82)%

Investment Advisor's Assessment

Russia

For Russia as a whole, May was actually a quite positive month. There was good news related to the WTO accession talks, with Georgia indicating that it would withdraw its objections to Russia's WTO accession and the G8 announcing that it wanted to see Russia accede before the end of 2011. However, events outside of Russia had a direct and negative impact on the markets, in particular the Greek/Euro debt crisis.

Russian Markets

Russian markets fell 8% in May, erasing about half of 2011's progress. To put that into perspective, it is worthwhile to compare Russia's markets to those of the other BRIC countries:

Index	2011 (May)	Last 12 mn	2011 P/E
RTS	+7%	+38%	6.8
Bovespa	-7%	+4%	11.1
Shanghai B	-5%	+36%	14.0
Bombay Sensex	-10%	+10%	16.0

Thus, through the end of May and notwithstanding that drop, not only have Russian markets outperformed all other BRIC markets, generally by a wide margin, this year and over the past 12 months, they are also in by far the best position for continued future growth.

May's drop was fairly equal across all sectors, with the oil & gas sector being by far the most volatile.

May Fund Performance

The Fund was down just over 4% for the month, but nevertheless outperformed Russian indices by over 3.5% and the AAM Fund Index by almost 1%.

One underlying fund was down over 8%, one was down about 6%, one 4%, and three about 2.5%.

May's outperformance allowed Tera to gain back much of the ground it lost during Q1 2011 when the markets had positive, but extremely narrow performance (which had the indices performing well, but which left most funds behind). Tera's performance over the last 12 months still

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%

leads both the major market indices and the fund average; YTD, it now falls between them. Importantly, performance YTD is the only metric in which Tera does not have a clear lead over indices and the other funds.

Underlying Funds and Sectors

Sector allocation changed significantly in May: cash increased dramatically (from 2% of 7%, which is high for the Fund), industrial and telecoms each dropped 4%, real estate and FMCG increased 1% and "other" fell by 2%. Finally, exposure to the financial sector increased 2%. The oil & gas and power sectors remained unchanged. There was a wider-than-normal range in the performance of underlying funds: all were down, ranging from approximately 1.5% to 8%. Importantly, the power sector fund – which, fortunately, is experiencing a major recover in June after two very painful months and mediocre performance YTD – did not fall by more than the indices, as it had in the prior two months. It was still Tera's worst-performing underlying fund.

Like April, May clearly showed one of the strengths of a fund of funds. It is important to note that, over the past 6 years, when the RTS has declined, Tera has **always** declined less – and, on several occasions, actually grown.

Other Russian Funds

Not a single fund in the AAM Fund Index was up in May. The worst-performing fund was **down over 13%**. The

best-performing was still down over 1%. In short, for long equity funds, it was a tough month.

Performance was spread over an extremely broad range: a 12% difference between best- and worst-performing funds is quite rare: it happens on average only once a year – starkly illustrating the advantages of diversification.

June First Look

June has been a chaotic month thus far, with much higher volatility than we've seen recently. Virtually all of this volatility is due to external events, ranging the Japan's economic recovery (or the lack thereof) to the Greek/Euro debt crisis. At one point early in the month, Russian indices had fallen by almost 8% (although Tera was down only marginally). We feel, however, that the markets will recover most of that difference and that Tera will finish the month with a modest gain.

Fund Awards



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



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

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