



Investor Fact Sheet

August 2010
(final)

Altima
asset management

Tera Capital Fund

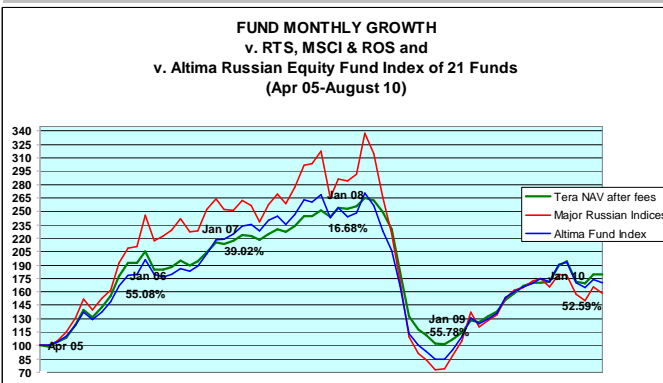
Tera Capital Fund is the only Fund of Funds in the world which pays no fees other than a success fee
No early investor in Tera saw the value of his investment fall below the amount invested at any time during the economic crisis

Fund Information

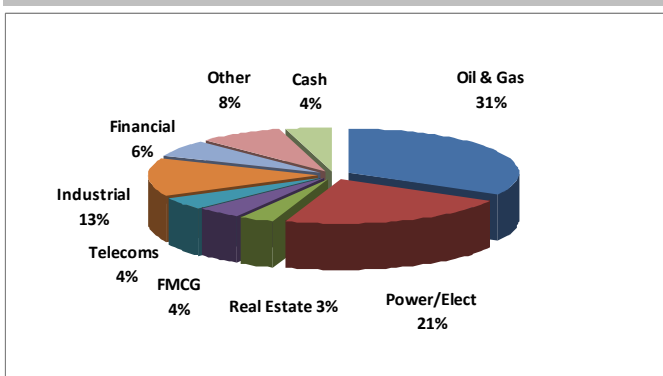
Strategy: Tera Capital Fund is a Russian-focused fund of funds that invests in 5-8 funds (usually equity funds) that are diversified by sector, size, geographic focus and strategy.

Date Formed	April 2005
Investment Advisor	Altima Asset Management
Fund Size	\$3.8 M
Currency	US dollar
Current Price (NAV)	\$179.09
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	0.03	(4.52)	(1.97)
Year-to-date	5.44	(7.93)	0.26
Trailing 12 months	39.36	18.01	25.09
Since Fund inception (Apr 05)	79.09	58.29	70.11
Anlzd mnthly rtn (since Fund inception)	14.62	13.12	13.33
Annualized Stand. Dev. (since inception)	24.99	39.96	32.37
Sharpe Ratio ²	0.48	0.35	0.33
Trailing 12 m Sharpe	1.39	0.67	0.98

*RTS: (3.96%), MSCI: (5.60%), ROS (Crédit Suisse): (4.00%)

Investment Advisor's Assessment

Russia

In August, HSBC announced that Russia had become by far the most attractive BRIC economy because its stock market trades one third below its historic valuation levels. With a P/E ratio of around 6, the market is significantly below its 9 long-term average (11 just prior to the 2008-09 crisis) while Russia's macroeconomic fundamentals are improving strongly. GDP growth for the year is expected to be over 5%. Month-on-month retail sales and investments climbed 7% in July and car sales surged by 48%, which shows the strength of the Russian consumer growth story. Inflation has fallen to historical lows for the post-Soviet period at 6% and interest rates are at 7.75% with scope for further cuts which would support the market.

Further, the Chairman of Stockholm-based East Capital Group (which manages \$5.35 billion in Russian investments) stated that Russian stock valuations will catch up with those of Brazil in three years as the country's economic recovery boosts the banking, retail and consumer-goods sectors. Mr. Peter Elam Hakansson stated that "Russia is at a turning point. When investors' perceptions about the country change, as they did in Brazil a few years ago, that's when you can make a lot of money. This is a market with massive potential."

In August, the Russian manufacturing sector expanded at its fastest pace since April 2008 as increasing domestic demand helped producers overcome record heat and the worst drought in half a century. The Purchasing Managers' Index climbed for an eighth month in a row in August, reaching 52.9.

In a truly major move to fight corruption, Moscow announced in August that the average police officer in that city will see wages more than double as part of wide-reaching reforms of the force, from about \$800 a month to just over \$2,000. This is part of President Medvedev's ordered large-scale reform of the Interior Ministry in December 2009 to trim police numbers and raise salaries

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%

in an effort to reduce corruption and attract a better quality of applicant.

And in a striking victory for popular movements in Russia, President Medvedev reacted to public outcry and postponed construction of major freeway through a suburb north of Moscow linking that city to St. Petersburg. This augurs well for the growth of democracy in Russia as the government has historically not been terribly attentive to public opinion other than at election time.

In August, China's industrial output rose 13.9% from a year earlier; while retail sales increased 18.4 percent. GNP is expected to grow approximately 9% this year. As a result, China overtook Japan as the world's second largest economy in August. Given that China is Russia's largest trading partner, the continuing growth of the Chinese economy bodes very well for Russia's financial future.

Mr. Putin also formally opened the Russian section of an oil pipeline to China. The new pipeline is a 64-km spur off the strategic 4,800-km Eastern Siberia-Pacific Ocean (ESPO) pipeline, whose first 2,700-km section Mr. Putin inaugurated in December. The ESPO pipeline will initially carry 30 million tons of crude a year, half of which will go to China. Russia plans to eventually increase the pipeline's capacity to 50 million tons a year, once again illustrating the growing trade between Russia and China. This is a major development as the vast majority of Russian pipelines until now have flowed west rather than east.

Company News

General Motors announced that it may need to double production capacity in Russia to meet demand. GM has the ability to manufacture 180,000 cars a year in Russia and would need to add capacity even after its St. Petersburg plant and a joint venture with AvtoVAZ reach peak output. Industry-wide passenger-car sales in Russia will probably grow to 1.8 million vehicles this year, from 1.5 million last year, reaching 3 million by 2015. In a related demonstration of support for the Russian auto industry, Prime Minister Putin drove 2,100 km behind the wheel of a new Lada Kalina on the Amur highway (along the Russian-Chinese border), filling his own tank along the way and declaring afterwards that Russian roads need significant improvement.



Wendy's/Arby's Group announced that it would open 180 dual-branded Wendy's and Arby's restaurants in Russia over the coming 10 years at a total cost of \$100 million. Gazprom announced that its Q1 profit rose to a record after cold weather boosted demand at home and in Europe, and the ruble appreciated against the dollar. Net income climbed to 325 billion rubles (\$10.6 billion) from 103.7 billion rubles a year earlier. Gazprom boosted sales volumes 21% to 162.2 billion cubic meters in the first quarter.

Uralkali, the largest Russian potash producer, posted an 89% jump in first-half profit. Net profit rose to 8.4 billion rubles (\$274 million) for the first half of 2010, up from 4.5 billion rubles in the same period last year. Revenue

almost doubled to 27.4 billion rubles from 13.9 billion rubles. The company is merging with domestic rival Silvinit to create a national potash mining giant. The combined company would be the world's second-largest producer of potash – a key component of agricultural fertilizer – after Canada's Potash Corp.

Russia's largest private freight operator, Globaltrans Investment, more than doubled first-half profit in 2010 as demand for goods transport increased in a rebounding economy. Net profit rose to \$95.9 million for the first half of 2010 and revenue jumped 28% to \$407.5 million. Rail freight is a key barometer for the health of any economy, but particularly in Russia because it indicates demand for oil and metals – as well as demand in the broader economy.

Markets

Russian markets underperformed most European markets in August but were in line with US markets. The three major Russian indices all fell, with the average loss about 4.5%. By comparison, the CAC 40 lost 4.2%, the DAX lost 3.6%, the FTSE 0.6%, the Dow Jones 4.3%, the S&P 500 4.7% and the Nasdaq 6.2%.

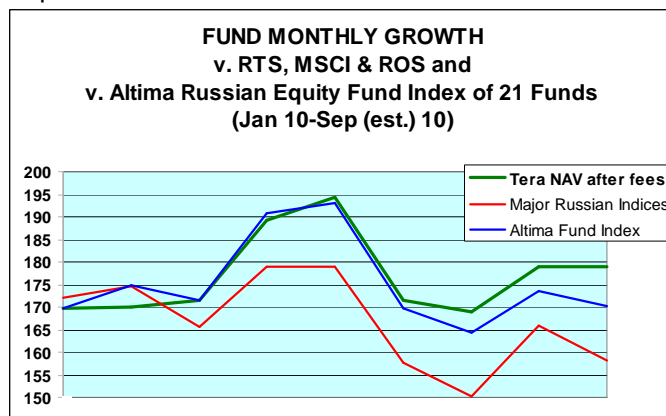
Losses were broad, but certain sectors – as Tera's performance shows – escaped the general decline. There were no major developments that caused markets to drop; most traders were simply trying to survive the record heat wave that hit the country in August.

August Performance

Tera's performance was quite remarkable in August. It outperformed the index average by 4.5% -- and each component by at least 4%. This increased its YTD outperformance over the index average to 13.4% and over the RTS to 7%.

Of course, the real bottom line is that Tera is up respectably for the year (5.4%; 11.3% through much of September), while the index average and all components are down – in the case of the Crédit Suisse ROS index, down 15% (-11% into September).

The chart below illustrates Tera's excellent outperformance thus far in 2010.



Compared to the AAM Fund Index of 21 funds, Tera outperformed by 2%, bringing its YTD outperformance to over 5% (over 7% into September). The Fund Index has squeaked out YTD performance through the end of August of +0.26%, significantly underperforming Tera.

As a result, the Fund's trailing 12-month Sharpe Ratio is double that of the indices and 50% higher than that of the AAM Fund Index.

Tera's trailing 12-month returns and annualized monthly return increased slightly and annualized standard deviation dropped.

Cash remained steady in August at 4% of AUM (plus 2% of AUM in gold, through holdings in one underlying fund).

Power sector exposure increased significantly from 19 to 22%. (This is due to the solid growth in the sector-specific fund Tera invested in earlier this year, as well as to another underlying fund moving in a significant way into this sector for the same reasons Tera did earlier.) FMCG, financial and oil & gas exposure all increased by 1%, while telecoms and industrial sector exposure dropped by the same amount.

Underlying Funds

August saw an unusually wide spread in performance, although there were good reasons behind the spread as the funds essentially did what they were designed to do. The "blue chip" fund performed the worst, falling almost 5% (exactly in line with the broader market). The sector-specific fund performed the best, up over 4%, which simply proves that the logic of adding such a fund to Tera's portfolio has already borne fruit. Of the four remaining funds, two were up between 2 and 3% and two were down, one slightly, the other about 2.5%.

Other Russian Funds

Of the 21 funds remaining in the AAM Russia Fund Index, only 4 were up at all in August, 2 more than 1%. It was a difficult month for everyone, highlighting the significance of Tera's very small, but nevertheless noteworthy gain.

In contrast to Tera's underlying funds, the range of performance of the funds in the AAM Index was narrow, with only 2 funds losing more than 5%. Therefore, almost

all funds outperformed the indices – but not by as much as Tera did.

September First Look

We have maintained for quite some time now that September will be an excellent month for Russian markets, and that has been the case to date. The RTS is up about 4% through the first half of the month; Tera is up over 5%. If this continues, Tera's outperformance in August when the market was down would be complemented quite nicely by Tera outperforming the market again when it is on the way up. We do not expect a significant change in the market during the remainder of the month. However, we do expect a strong end-of-year rally – which may come a bit early as certain other market players feel the same way and this general feeling may move the market earlier than usual as certain asset managers and traders try to anticipate the move.

Fund Awards



No. 1 ranked fund of funds for **March 2010**



No 8 ranked fund of funds for **2009**

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