



Investor Fact Sheet

April 2010
(final)

Altima
asset management

Tera Capital Fund

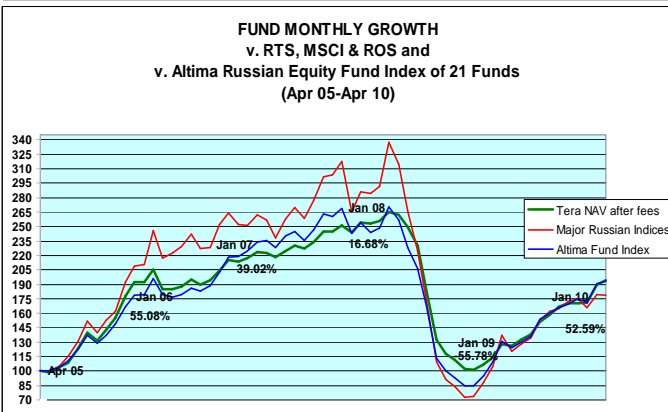
Tera Capital Fund is the only Fund of Funds in the world which pays no expenses and takes no fees other than a success fee
No early investor in Tera saw the value of his investment fall below the amount invested at any time during the economic crisis

Fund Information

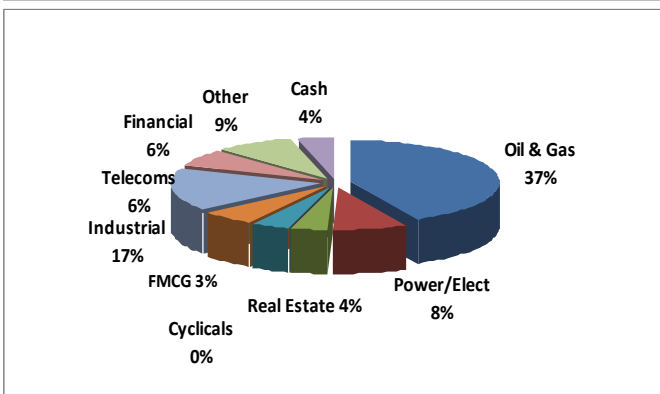
Strategy: Tera Capital Fund is a Russian-focused fund of funds that invests in 5-8 funds (usually equity funds) that are diversified by sector, size, geographic focus and strategy.

Date Formed	April 2005
Investment Advisor	Altima Asset Management
Fund Size	\$4.0 M
Currency	US dollar
Current Price (NAV)	\$194.25
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
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	2.60	(0.06)	1.16
Year-to-date	14.37	4.10	13.79
Trailing 12 months	70.79	70.41	76.06
Since Fund inception (Apr 05)	94.25	78.98	93.07
Annld mthly rtn (since Fund inception)	16.66	15.88	16.52
Annualized Stand. Dev. (since inception)	25.06	40.46	32.59
Sharpe Ratio ²	0.57	0.43	0.37
Trailing 12 m Sharpe	3.67	1.58	2.50

*RTS: 0.02%, MSCI: (0.80)%, ROS (Crédit Suisse): 0.60%

Investment Advisor's Assessment

Russia

There were no major political events in Russian during April. Medvedev's anti-corruption campaign may be gaining some credibility with several recent prosecutions, but it is still the early days.

Economic growth continued at a very strong pace, with Renaissance Capital issuing a growth estimate of 8.8% for Russia for 2010. The IMF, World Bank and other financial institutions have all raised their growth projections to above 5.5%. In other words, it seems clear that Russia is quickly returning to the 6-7% growth rate it experienced during the six years prior to the recent economic crisis.

Once again, the events that had the biggest impact on Russia took place outside the country: the European debt crisis, which began toward the end of April and accelerated massively during May. Fundamentally, nothing has changed in Russia (except for the better), although the markets there have suffered along with every market in the world.

Finally, several analyses have appeared recently showing that emerging market debt, in particular that of Russia, is actually **safer** than US and other debt that was considered to be a historical safe haven. Whether one agrees with this analysis or not, it is a clear illustration of the growing credibility of Russia and other emerging market countries that such analyses are given a serious hearing.

Russian PE ratios remain the lowest of any major market in the world at approximately 8.2 (2010 earnings).

Markets

Russian markets started out April very strong, but then seriously pulled back because of concerns about high levels of European debt and the overall economic implications of sudden governmental efforts to reduce that debt level. After hitting a high of 1676.27 on April 15, the RTS steadily lost ground, falling 100 points by the

¹ Altima Asset Management created this index of 23 Russia-focused equity funds created on or before May 2005 to provide an appropriate benchmark.
² Risk free rate: 2.5%

end of April and another 350 to just over 1226 by May 25, before again rebounding over 150 points.

From our perspective, this is the classic buying opportunity. Fundamentally, nothing has changed in Russia or in most world markets. The IMF estimates that global growth may be reduced by 0.5% because of the European debt problems – while simultaneously raising overall growth estimates because of the ever-stronger recovery in the “real” economy. Thus, the projections of up to 2000 for the RTS – now an increase of approximately 50% -- still remain very much in effect.

The Fund – 5 Years Old

This month marks the fifth year anniversary of the creation of Tera Capital Fund. It completed its first trade in May of 2005. As a result, we take a bit of space here to point out some interesting facts regarding the Fund:

1) Tera has **never fallen more than the RTS** during negative months. (The RTS fell during 22 of those 60 months, falling a total of 209.2% (simply adding up the percentage monthly decreases), while Tera fell 19 of those months, with an aggregate percentage monthly decrease of 113.1%.)

2) Tera's **Sharpe ratio has never been lower** than that of the RTS, the benchmark average or the AAM Fund Index since inception.

3) Because Tera fell far less during the recent economic crisis than the major Russian stock indices and almost all Russian funds and, therefore, rebounded less, its “last 12-month” results had been skewed against it. Consequently, for the last six months, we had included results over the past 18, 24, 36 and 48 months. We have now removed those results as the distorting effects of the quick recovery have now largely disappeared and, as you can see from the figures on the top right of the first page, Tera simply outperforms its benchmarks at all levels, including over the past 12 months.

4) Perhaps most importantly, **at no time during the most recent economic crisis** did any **early investor in Tera see the value of his investment fall below the amount invested**, those early investors have now earned **16.66% annually** on their investment, **including the crisis**.

April Performance

Tera outperformed almost all funds and the major Russian fund indices in April. While the major fund indices were down slightly and the AAM Fund Index up just over 1%, Tera was up 2.6%. Thus, **Tera has almost doubled the performance of the RTS year to date – and more than tripled the major Russian index average**. The Fund's steady performance exiting the crisis and much lower volatility compared to market indices and other funds have given it a **Sharpe Ratio of 3.67 over the past 12 months compared to 1.58 for the major indices and 2.50 for other Russian funds**.

Tera remained the number-2 ranked fund of funds in the world year to date (out of 2,400 FoFs ranked by Eurekahedge) and is now less than 0.3% behind the number 1 fund. While the Fund has not recently been in the top 10 in terms of annualized performance (although it has been ranked there 38 out of 60 months since inception), it will soon be again. The results of that ranking were distorted by abrupt market rise in 2009 as 9 out of the top 10 funds of funds have been in existence less than 18 months – and that distortion is now being steadily reduced as Tera's long-term growth again has it surpassing most other funds of funds.

Tera's volatility continued to drop in April: volatility fell to 7.23, annualized standard deviation fell to 25.06, compared to 11.68 for the index average (11.81 for the RTS) and 9.41 for the AAM Fund Index and 40.46 (40.9122 for the RTS) and 32.59 for the AAM Fund Index, respectively.

Cash fell sharply in April, to 4% of AUM, the lowest level since July 2007. (In hindsight, this was not altogether a positive development because of the sharp global equity market correction in May.) Other changes in the portfolio were a significant decrease in the industrial sector in favor of telecoms, power and real estate. Approximately 40% of the cash held indirectly by the Fund remains in physical gold.

Underlying Funds

April saw the initial effects of the major rebalancing that Tera began in March. Additional investments were made during the month as well, so May will actually be the first month where the results of that rebalancing and recent flows into the Fund will be felt.

The best-performing underlying fund was up almost 6% while the worst performing fund fell just under 2%. The remaining funds all grew at roughly 3%, giving Tera a healthy monthly grow rate of 2.6%.

Underlying portfolios also showed a general shift out of oil and gas by the end of the month, with exposure to that sector dropping 4%.

Other Russian Funds

Another fund (Sopica) closed over the past month, reducing the remaining funds in the AAM Russia Fund Index from 22 to 21 (from 29 originally).

There was a remarkable range of performances among this funds – particularly compared with the much more consistent performance of the funds in Tera's portfolio, with the worst-performing falling almost 6% and the best performing rising over 7%. 25% of the Index funds were down, half of them were up 1.5% or less.

It was definitely a stock-pickers' market; April did not reward passivity.

May First Look

May rapidly continued the trend at the end of April, with equity markets falling worldwide. In contrast to April, it was not a stock-pickers' market, with all stocks and all sectors punished almost equally.

As we learned during the 2008 crisis, this is the only circumstance under which Tera does not significantly outperform Russian market indices and other funds – it still outperforms them, but not by as much – because, as we've written in past “there is no place to hide”.

However, even though Tera will certainly drop significantly in May, it will drop less than the indices and most other funds and – most importantly – it will almost certainly still be up for the year because of its excellent performance YTD – while the indices and most funds will be down YTD.

Fund Awards



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



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

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