



Tera Capital Fund

Investor Fact Sheet

February 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 had won its award as the most innovative fund of funds in Europe for 2011

According to Eurekahedge, Tera Capital Fund was the No. 3 performing fund of funds in the world in February 2012 and the No. 4 performing fund of funds in the world YTD through February 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	\$5.2 M
Currency	US dollar
Current Price (NAV)	\$195.41
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	9.57	9.92	5.49
Year-to-date	23.87	24.95	14.56
Trailing 12 months	(12.35)	(18.53)	(20.29)
Since Fund inception (Apr 05)	195.41	184.17	168.96
Annldz mnthly rtn (since Fund inception)	13.56	11.72	8.89
Annualized Stand. Dev. (since inception)	25.67	38.79	31.01
Sharpe Ratio ²	0.43	0.36	0.21
Trailing 12 m Sharpe	(0.20)	(0.25)	(0.76)

*Weight averaged, all series (currently 6) combined

**RTS: 10.00%, MSCI: 9.60%, ROS (Crédit Suisse): 10.16%

Investment Advisor's Assessment

Russia

February was another excellent month for Russia. Obviously, the March 4 Russian elections dominated the news. As the election approached, concerns regarding both demonstration (pro- and anti-Putin) and the results (outright victory during the first round or a second round) all virtually disappeared. As a result, the run-up to the election was virtually anti-climactic as investors relaxed in light of the prospect of a stable Russian government. Of course, Putin won in the first round with about 64% of the vote. The communists came in second with about 17%. Most interestingly and perhaps positively, Mikhail Prokhorov took third with 8%, ahead of Vladimir Zhirinovskiy, the seemingly permanent gadfly of Russian politics.

Further, in February, inflation in Russia fell to an all-time post-Soviet low: 3.7% annually, falling from 4.2% in January and 8.46% in 2011. Such inflation levels bode extremely well for the future of the Russian economy.

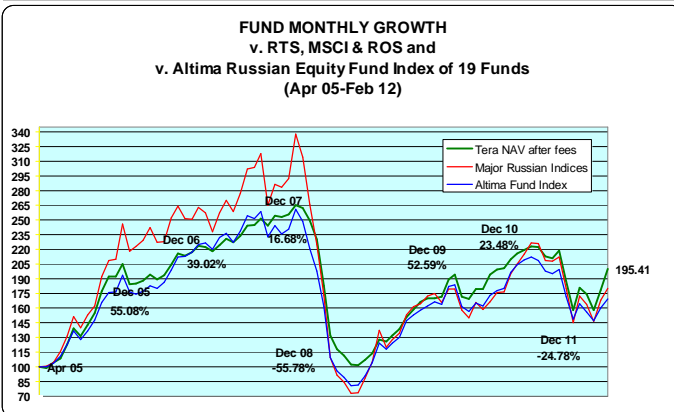
At the end of February, Russian foreign currency reserves hit \$511.6 billion dollars, just below the pre-crisis maximum. Reserves are currently projected to growth at almost \$2 billion a week, which would mean that Russia reserves will reach record levels in the first half of 2012.

The Russian government also announced that foreign direct investment in Russia reached a record \$18.4 billion in 2011, up 33% from 2010. February oil output remained at a post-Soviet monthly high of 10.36 million bpd.

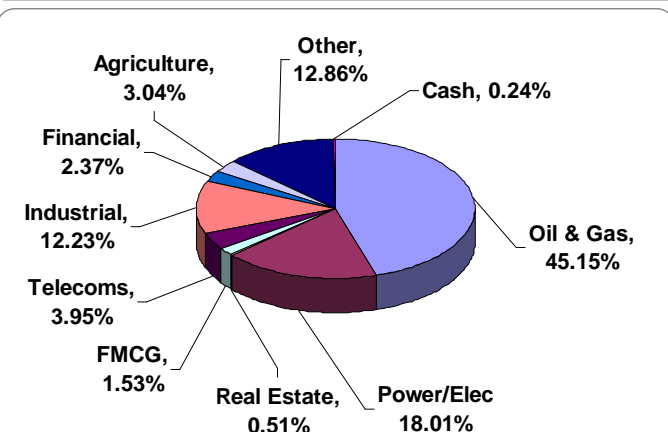
Russian Markets

Russian markets did very well again in February. Russian markets have been the best-performing in each of the first two months of this year and, as a result, are obviously also the **best-performing markets in the**

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%

world, with the index average and each component up about 25%. This is the best two-month performance since the crisis recovery period in 2009. Once again, the growth was based on a solid Russian economy and stable political situation against a background of decreasing concerns regarding Euro debt, as well as a growing realization that Russian stocks are relatively very inexpensive.

February Fund Performance

The **Fund was up 9.57%** for the month, very slightly less than the major Russian indices (by 0.35%), but again **almost doubling the performance of the AAM Fund Index**. The two-month outperformance was the largest in absolute terms (9.31 percentage points) in the history of the Fund when both the Fund Index and Tera rose. (Tera exceeded this two-month outperformance twice in June-July and July-August 2008 by 9.9 and 8.7 percentage points, respectively, during a period when both it and the Fund Index fell.)

Tera Capital Fund was also ranked by Eurekahedge as the **third-best fund of funds** in terms of performance in the world in February out of 2,550 funds and the **fourth-best fund of funds** in terms of performance in the world YTD in 2012.

Also, the **Global Banking & Finance Review** announced that it recognized Tera Capital Fund as the **Most Innovative Fund of Funds** (based on innovation and performance) for 2011. This is the second such award Tera has won in the past year for its distinction as the only Russian-focused fund of funds in the world, the lack of management fee, its outperformance against all of its benchmarks and other aspects of its structure, management and performance.

Underlying Funds and Sectors

As noted in January's Fact Sheet, at the request of certain investors, we have begun providing more detailed information on the strategy, size and performance of the underlying funds.

As you will see below, the funds underlying Tera all did well in February, with two (one with two classes) equaling the performance of Russian indices, two bettering it and two underperforming. Not surprisingly, therefore, the Fund's performance was almost identical to that of the indices – but, as noted above, significantly outperforming the AAM Fund Index (by 4.12 percentage points). Again, February's results clearly illustrate the advantages of a fund of funds, particularly when one has selected superior underlying funds.

Strategy	Size	Perform.
Diversified, 1 st and 2 nd echelon	Sm	10%
Diversified, 2 nd echelon (class A)	Med	10%
Diversified, 2 nd echelon (class B)	Med	10%
Blue chip	Lg	7%
Aggressive, 2 nd echelon	Sm	6%
Aggressive, 2 nd & 3 rd echelon	Sm	11%
Sector (power)	Sm	14%

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 significantly changed in its sector allocation.

Other Russian Funds

Again, all but one fund in the AAM Fund Index were up in February (but down only 0.42%), but, as in January, there was a wide range of results. Three funds slightly outperformed the indices (the most by 1.27%) and most rose between 4 and 7% – not poor performance at all but significantly underperforming Russian market indices. Among other Russia funds that are not included in the AAM Fund index, none significantly outperformed the indices.

Consequently, as in January, **Tera's performance for the month was almost at the theoretical maximum it could achieve as a fund of funds**. Some of this is, of course, due to the vagaries of the market, but at least some we believe is due to refinements in our portfolio completed during the second half of 2011.

March First Look

Russian markets fell during the first part of March, essentially due to relief at election results and a deep breath after the resolution of the immediate Greek debt crisis. We believe, however, that the month will finish slightly positive as the global recovery slowly gains steam. The Fund should generally follow these two trends. **DROP IN CASH**

Fund Awards



**Most Innovative Funds of Funds
(for innovation and performance)**



No. 3 ranked fund of funds in the world, February 2012



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



Most Innovative Funds of Funds (for innovation and performance)



No. 4 ranked fund of funds in the world, YTD 2012



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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