

# Citadele Caspian Sea Equity Fund

Fund statement as of 31 December 2011

## Investment Objective

The objective of the fund is to achieve long-term capital growth by investing in a diversified portfolio of equity securities located in or exposed to growth in the rapidly growing Caspian Sea region (Azerbaijan, Armenia, Georgia, Kazakhstan, Kyrgyz Republic, Uzbekistan, Tajikistan, Turkmenistan). The Fund seeks an active investment strategy to select public companies with the largest underlying growth potential, taking into account the structure of the region's economies and the fundamental strengths of the individual companies.

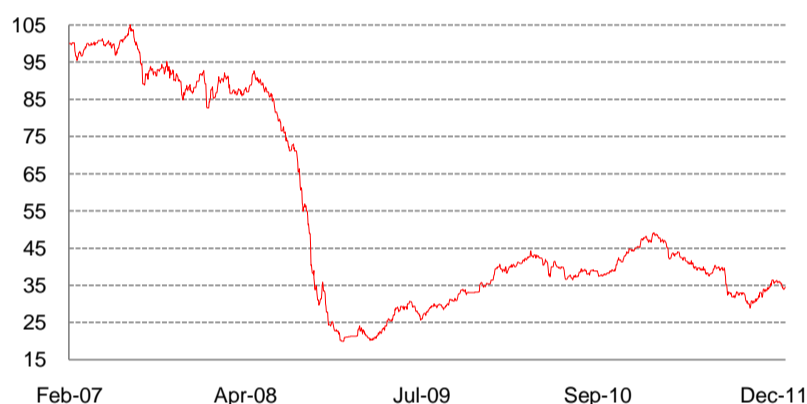
## Portfolio Manager's comments for December

The Fund slightly outperformed the benchmark over the month, however still declined by 3.4%. From the perspective of regional contribution, Kyrgyzstan came as the major laggard of the month. Elsewhere, Mongolia's weak performance was mainly attributable to Ivanhoe Mines and Southgobi Resources sliding by 9.7% and 13.4%, respectively. Meanwhile, Kazakhstan financial sector took a major hit, as one of the country's core banks Halyk gave up 11.6% and real estate company Chagala Group surrendered 21.7% on low trading volumes. Production facilities of local energy giant KazMunaiGas E&P were left undamaged after mass protests at Zhanaozen, however the worsened sentiment lead to company's shares falling by 5.0%. By contrast, Kazakhstan's telecom sector exhibited resilience - shares of Kazakhtelecom edged up by 18.0% as the company signed an agreement with TeliaSonera to sell its 49% stake in GSM Kazakhstan. Finally, Georgia was the only positive contributor during December on the back of a strong +7.0% performance from Bank of Georgia and a surge in Liberty Consumer, which gained 99% as a result of thin trading activity.

As political risks ahead of the January parliamentary elections in Kazakhstan are escalated, we have adjusted the structure of the portfolio to be less vulnerable to sudden price drops. In particular, we have increased the cash position up to around 20% by the end of the year. For this purpose, we have partially sold Zaikmunai, Ivanhoe Mines and Kazakhtelecom. On the contrary, taking the opportunity of lower prices, the Fund expanded the list of holdings by investing into high-quality and high-value-added Mongolian coking coal producer Mongolian Mining Corporation, which we consider to be the most promising value investment among the peers of the region.

Date of inception	14/02/2007
Legal Status	UCITS III Latvia domiciled
Base currency	EUR
Fund size	EUR 2.08 mln
Minimum Subscription	1 investment certificate
NAV	3.16
Number of Holdings	30
Load fee	up to 5%
Management fee	2.50% p.a.
ISIN code	LV0000400273
Riga Stock Exchange, Bloomberg code	PXSCSEFR, PARCASS LR
VALOR number	2985614
Issue/Redemption	Daily
Distribution Dividends	Reinvested

## Indexed performance since inception



Ratios	1 year	3 year
Volatility	22.03%	26.27%
Sharpe Ratio **	-1.64	0.51
Maximum Drawdown ***	20.49%	20.49%

\*\* Risk free rate: 3M LIBOR USD

\*\*\* Max Drawdown is calculated as the max drop of 30D roll return

## Calendar Year Performance

2007*	-10.20%
2008	-76.61%
2009	84.76%
2010	24.74%

\* From 14/02/2007 till 31/12/2007

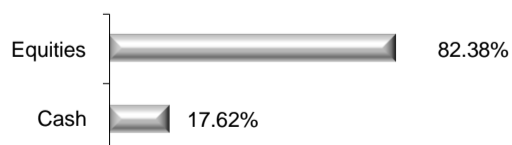
## Top 10 Holdings

Kazakhtelecom	7.29%
Dragon Oil	7.03%
KazMunaiGas Exploration Production	6.96%
Eurasian Natural Resources	5.44%
Steppe Cement	5.40%
Zhaikmunai	4.53%
Kazakhmys	4.50%
Centerra Gold	4.45%
Uranium One	4.08%
Chagala Group	3.20%
<b>TOTAL:</b>	<b>52.87%</b>

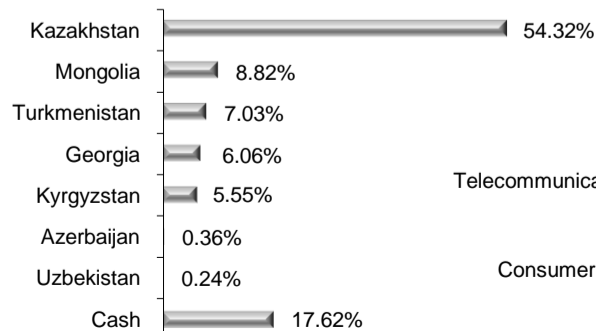
## Performance as at 31/12/2011

YTD	-34.71%
1 month	-0.94%
3 months	3.61%
6 months	-18.56%
1 year	-34.71%
3 year	14.59%
Since inception	-68.40%
Since Inception annualised	-21.04%

## Portfolio Composition



## Geographic Allocation



## Sector Breakdown

