

Citadele Ukrainian Equity Fund

January 2011



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Ukraine

Country highlights

- Ukraine is the 2nd largest country in Europe
 - Territory 603.7 thousand km²
 - Population 46.1 million people
 - Possesses both rich farmlands as well as a well-developed industrial base
- The world's #1 sunflower oil exporter and #3 grain exporter*
- World's #8 producer of steel
- Relatively rich in natural resources, particularly in mineral deposits
 - #1 by proven manganese ore reserves (30% of world reserves)
 - #3 by proven iron ore reserves
 - #7 by proven coal reserves
- The best in the world in stock market growth in the past decade
- Political stability expected post Presidential elections

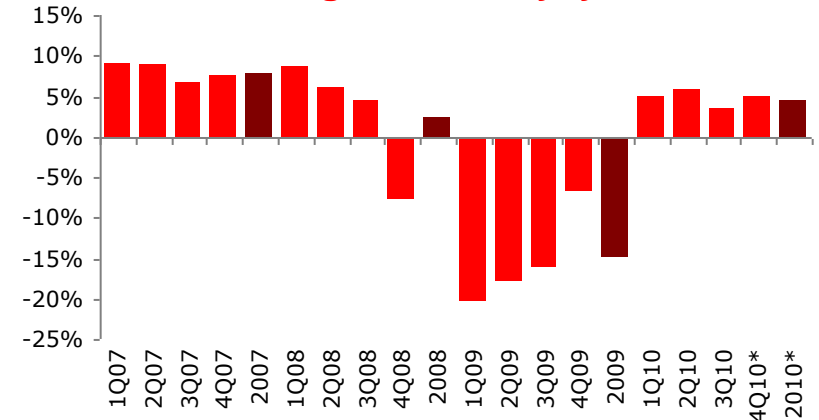


Ukrainian macroeconomics

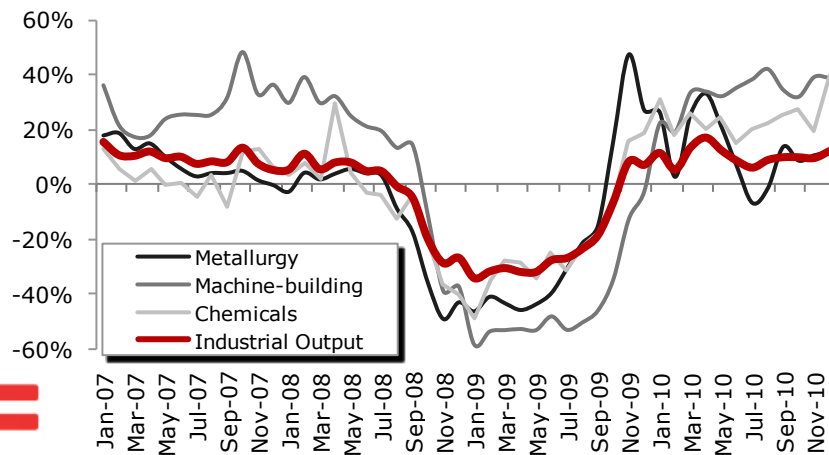
Encouraging results 2010

- Ukraine's real GDP advanced by nearly 4.5%* yoy in 2010, one of the highest growth rates in the region
- Consumer inflation made a welcome return to single-digit growth. End-2010 CPI stood at 9.1% yoy, the lowest level since 2003
- IP rose by 11.0% yoy in 2010, driven by export-oriented machine-building, metallurgical and chemical sectors

Real GDP gGrowth, % yoy



Industrial output performance, % yoy



Price indexes' dynamics, % yoy

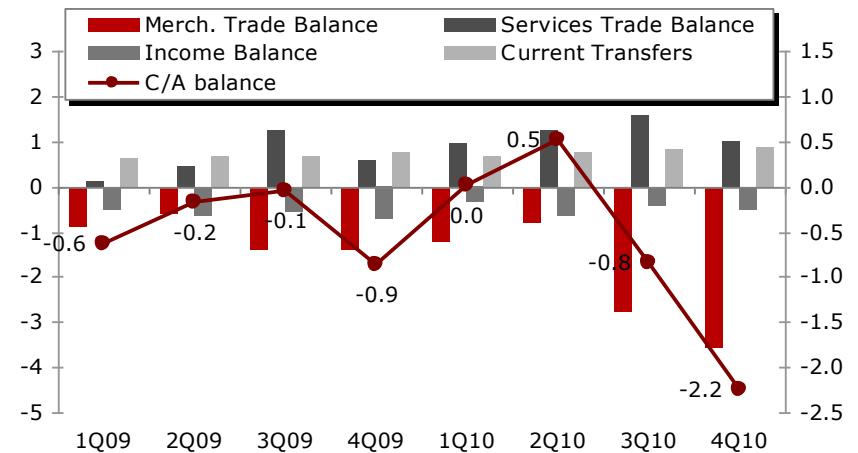


Ukrainian macroeconomics

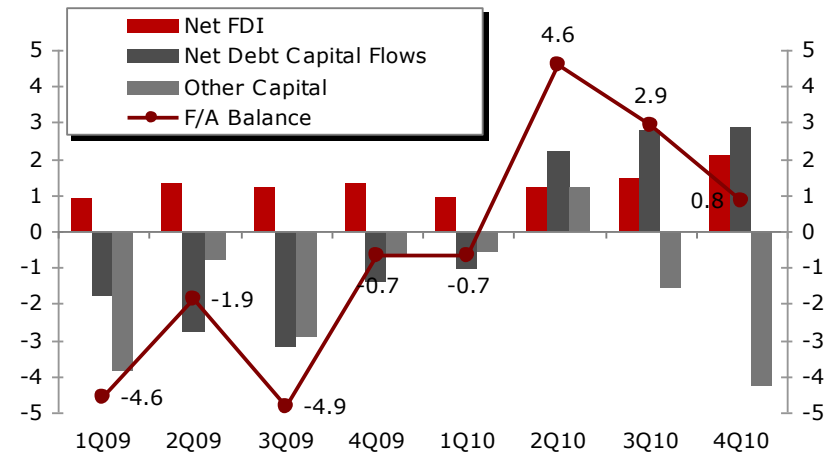
Encouraging 2010 results

- 2010 C/A gap of \$2.6b (1.9% of GDP) was fully covered by the F/A surplus of \$7.7b
- Recovery heavily reliant on investment flows.
Investment environment improving
 - Political stability post Presidential elections
 - Investment inflows related to the Euro-2012 football championship
 - Increased debt capital inflows
- End-2010 NBU reserves reached \$34.6b, up 30.5% yoy, primarily due to IMF financing and government external borrowings
- 2010 average USD/UAH exchange rate declined by 2% yoy to 7.95

Ukraine's trade and current account balance dynamics, USD b



Ukraine's financial account statistics, USD b



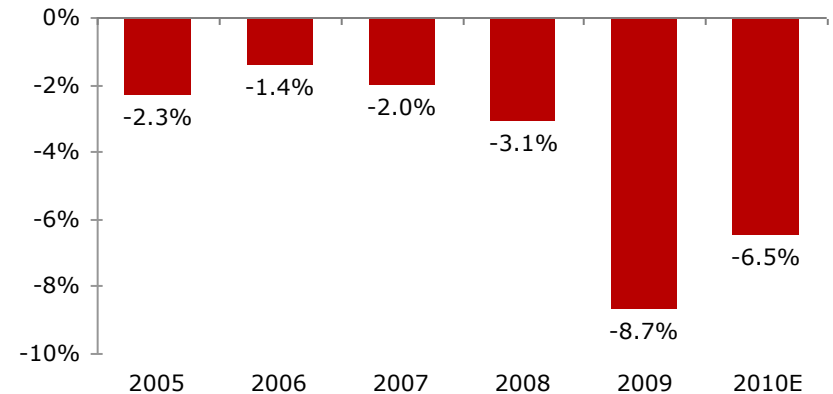
	2007	2008	2009	2010
Balance of Payments, USD b	0.437	-0.531	-13.726	5.096
C/A Balance, USD b	-5.272	-12.763	-1.732	-2.558
F/A Balance, USD b	5.709	12.232	-11.994	7.654
Gross Int. Reserves, USD b	32.479	31.543	26.505	34.576
USD/UAH (market average)	5.03	5.30	8.11	7.95

Ukrainian macroeconomics

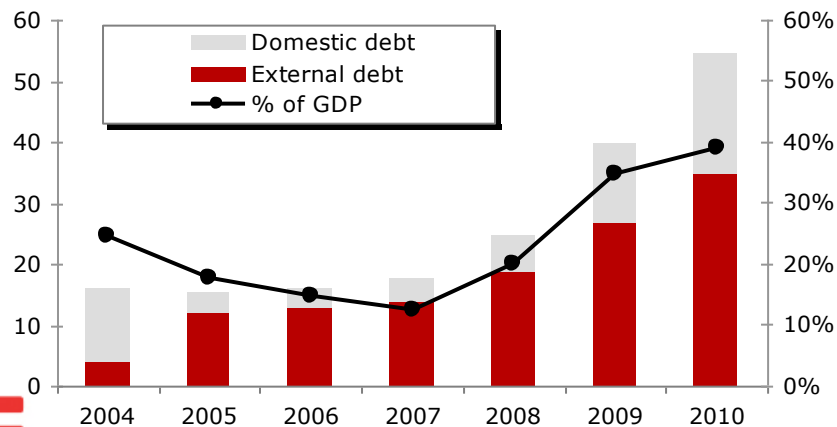
Encouraging 2010 results

- In the frame of the cooperation with the IMF, Ukraine undertook to improve its fiscal position. In 2010, general government deficit narrowed to est. 6.5% of GDP, from 8.7% in 2009
- Ukraine's public debt grew by 36% yoy in 2010 to \$54.3b. This equals to 39% of 2010E GDP, which is in line with regional peers average

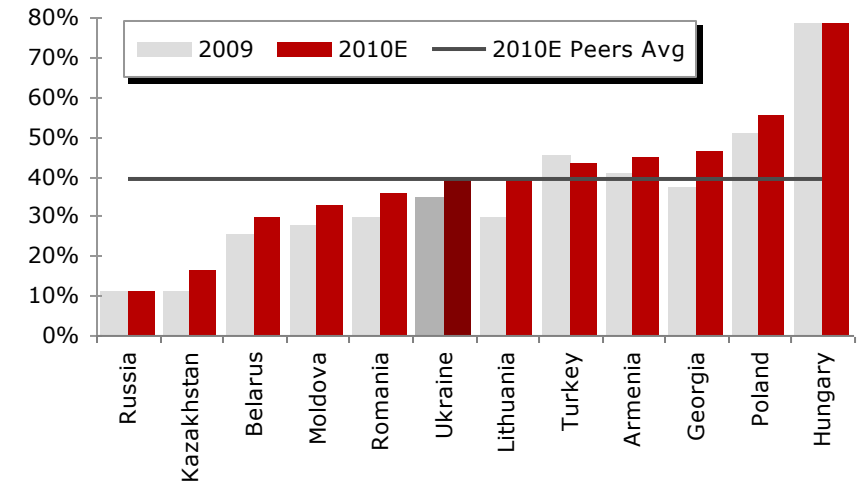
Ukraine's general government deficit , % of GDP*



Ukraine's public debt dynamics, USD b



Public sector debt: Ukraine vs. regional peers, % of GDP**



Ukrainian equity market:

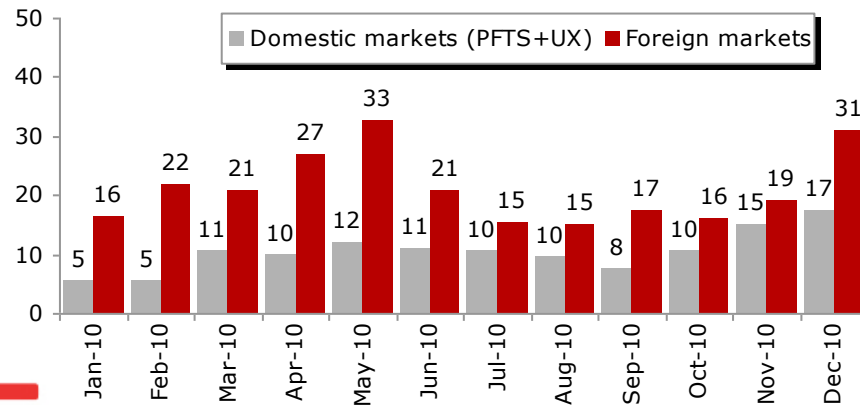
A rapid improvement is clearly visible

- Ukrainian equity market surged by 68% in 2010, becoming the 4th best-performing market globally
- Ukrainian stocks listed on local and foreign bourses surged by 104% yoy to \$6.9b in 2010
- Forecasted high earnings growth by the traded companies

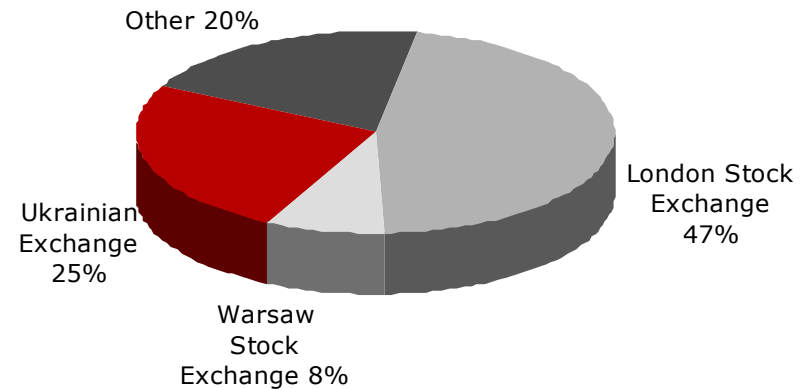
Ukrainian exchange (UX) Performance in 2010*



Ukrainian equity market: Average daily turnover, USD m



Ukrainian equity market 2010: Turnover by platform



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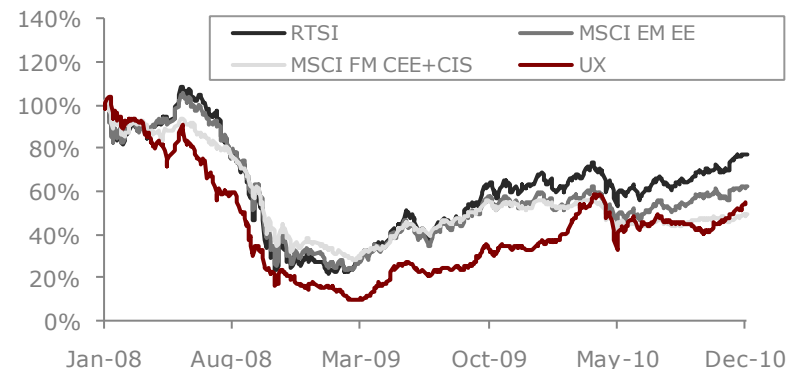
* in UAH terms
Source: UX, PFTS, Bloomberg, CAM Estimates

Ukrainian equity market:

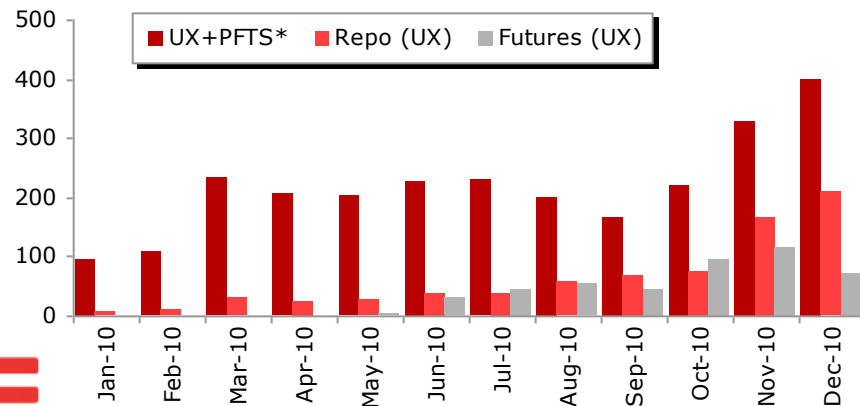
A rapid improvement is clearly visible

- The launch of an internet trading and futures trading spurred the domestic market activity
- Reviving IPOs contribute to liquidity improvement
- Despite impressive growth in 2009-2010, Ukraine's local market is still trading 55% below its mid-January 2008 peak level due to depreciated national currency

UX vs. Frontier and emerging market indices (USD terms)



Equities trading volumes on local bourses, USD m



Proceeds from public offerings by Ukrainian companies in 2010

Company	Industry	Offer Type	Bourse	Proceeds, USD m
Agroton	Farming	IPO	WSE	54
Avangard	Food Processing	IPO	LSE	208
Milkiland	Food Processing	IPO	WSE	78
Sadovaya Group	Coal	IPO	WSE	31
Kernel	Food Processing	Placing	WSE	80
MHP	Food Processing	Placing	LSE	165
Total				616

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* excluding Repo
Source: UX, PFTS, RTS, MSCI, Reuters, CAM Estimates

Citadele Ukrainian Equity Fund

Objective and investment strategy

Fund's Objective

- The Fund aims to achieve a long-term capital growth through investments mainly in listed equity shares of Ukrainian companies or international companies having significant exposure to Ukraine

Investment Strategy

- The Fund invests in companies, which are fundamentally undervalued, with significant underlying growth potential

Citadele Ukrainian Equity Fund

Investment process

- Bottom-up stock selection, based on a fundamental analysis of the companies
- Stock selection criteria:
 - Quality companies
 - Potential for strong growth
 - Adequate valuations
 - Liquidity of shares
 - Positive industry outlook
- Sources of information:
 - Citadele Asset Management Ukraine provides on-the-spot expertise
 - Meetings and discussions with the management of the companies
 - Financial reports and news flows
 - Third-party research
- We periodically review the portfolio breakdown by industry, based on our view on overall trends in the industry



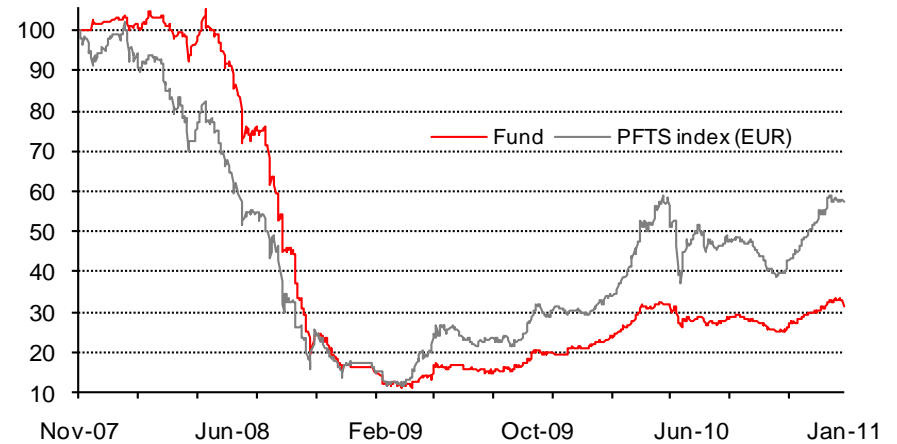
Citadele Ukrainian Equity Fund

Fund characteristics and performance*

Fund characteristics

■ Type of the Fund	Open-ended
■ Compliance status	UCITS III
■ Domicile	Latvia
■ Currency	EUR
■ Benchmark	PFTS Index
■ Management Fee	2.5% per annum
■ Load fee	up to 2.5%
■ Fund Size	1.37 mln
■ Investment Manager	Citadele Asset Management
■ Custodian	Citadele banka
■ Listings	OMX Riga Stock Exchange
■ Inception date	November 2007
■ ISIN	LV0000400422
■ Liquidity	Daily

Indexed performance since inception



Performance

31/01/11

YTD	1.57%
1 month	1.57%
3 months	25.10%
6 months	13.29%
1 year	35.56%
Since Inception	-67.60%
Annualized Since Inception ***	-29.41%



* as at 31/01/11

** PFTS Index

*** annualized performance is calculated, using ACT/360 method

Citadele Ukrainian Equity Fund

Fund characteristics and performance*

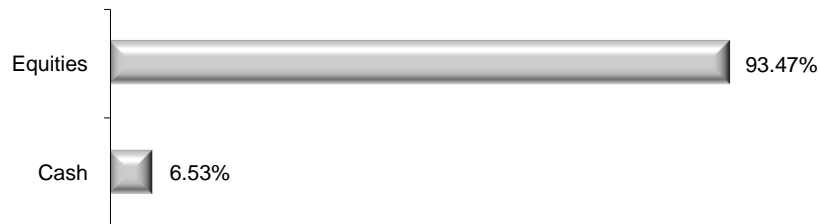
Ratios

	1 Year
Volatility	30.25%
Alpha	-0.13%
Daily Tracking Error	30.50%
Sharpe Ratio **	1.15
Information Ratio	-1.11
Maximum Drawdown ***	18.98%

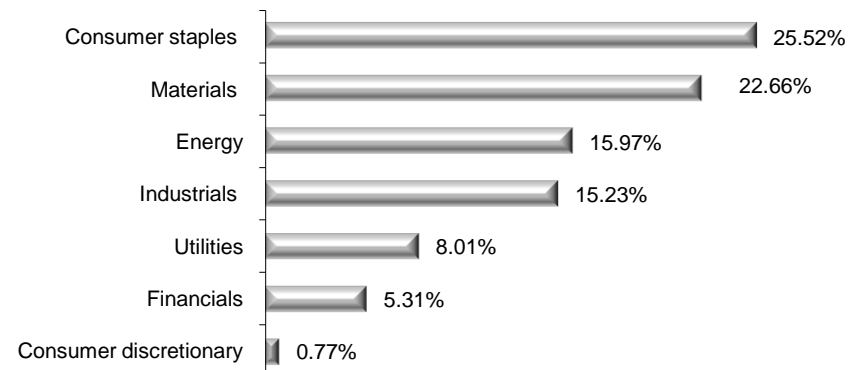
Top 10 holdings

Motor-Sich	9.07%
Ferrexpo	8.26%
Ukranafta	6.48%
Mriya Agro	5.37%
Agroton	5.34%
Kernel	5.20%
North Ore Mining And Processing Enterprise MHP	4.92%
	4.72%
Astarta	4.69%
Stahanovskyy vagonobudinyy zavod	4.57%
TOTAL:	58.62%

Breakdown by instruments



Breakdown by sectors



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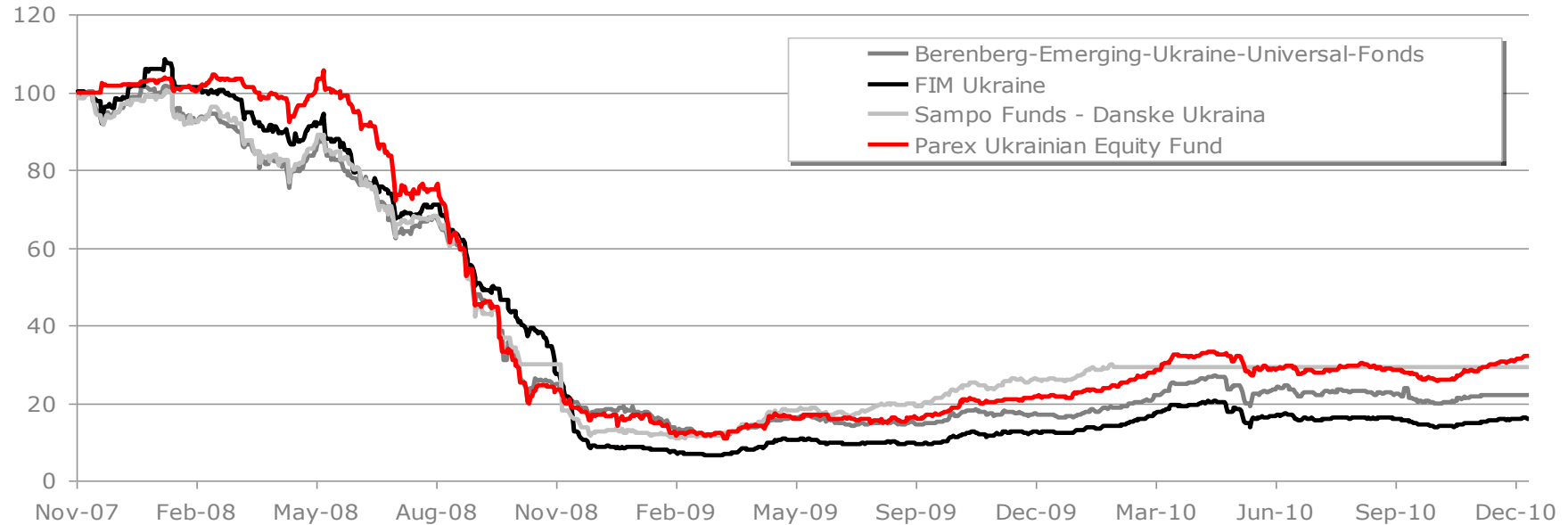
* Data as at 31/01/11

** LIBOR EUR 3M

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

Citadele Ukrainian Equity Fund

Peer comparison



	3 months	since November 2007
Citadele Ukrainian Equity Fund	15.16%	-68.10%
Berenberg-Emerging-Ukraine Universal Funds	3.79%	-78.09%
FIM Ukraine	5.17%	-84.00%
Sampo Funds-Danske Ukraine	0.00%	-70.74%

Citadele Asset Management Ukraine

Portfolio management team

Antons Lubenko, Portfolio Manager

Antons Lubenko is responsible for security selection in Russia and Ukraine. Mr. Lubenko rejoined the Fund management team in January 2010. He has served as the manager of Parex Russian Equity for 2 years, until May 2009 when he joined the Bank's brokerage to ensure efficient trade execution for CAM. Mr. Lubenko has been part of Parex / Citadele Group since 2005. During this time he has worked in capacities as broker, trading the region's equities, and fund manager. Thus, he is familiar with the Russian and CIS equity markets and has established an extensive contact base in the region. Mr. Lubenko holds MSc in Economics from the University of Latvia.

Aleksey Dudarenko, Portfolio Manager

Mr. Aleksey Dudarenko is responsible for daily management of the fund. As a member of Investment Committee he is responsible for decision on the fund's allocation and securities' selection. Aleksey joined Citadele (former Parex) in 2007 as an analyst for Citadele Asset Management Ukraine. He is a certified specialist in asset management by Ukrainian State Stock Market and Securities Commission. He holds a Master's degree in Economics from Dnepropetrovsk National University and Bachelors degree in Law from Dnepropetrovsk National University. Prior to his employment by Ctadele, he worked at Ukrainian consulting and asset management companies as an economic consultant and portfolio manager.

Lidiya Mudra, Analyst

Ms Lidiya Mudra, a financial analyst, joined Citadele Asset Management (former Parex Asset Management) Ukraine in January 2008. Prior to joining the company she worked at UFC Capital as an equity research analyst. She holds a Bachelor's degree in International Relations and a Diploma in International Information with a qualification of the analyst in international affairs from Khmelnytskyi National University.

Citadele Asset Management

Citadele Asset Management: Latvia and Ukraine

Productive partnership

- Citadele Asset Management Latvia – the leading investment specialist and wealth management service provider in the Baltics
- Unique investment expertise in the Baltic States, CEE and CIS markets
- Broad client base: HNW clients, corporate, institutional investors, etc.
- All asset classes represented by in-house managed products plus third-party funds distribution (HSBC, Templeton, AVIVA, PIMCO etc.)
- Citadele Asset Management Ukraine – A wholly owned subsidiary of Citadele Asset Management (Latvia), founded in 2004
- AUM more than USD 80 mln

Funds under the management and administration of Citadele Asset Management Ukraine

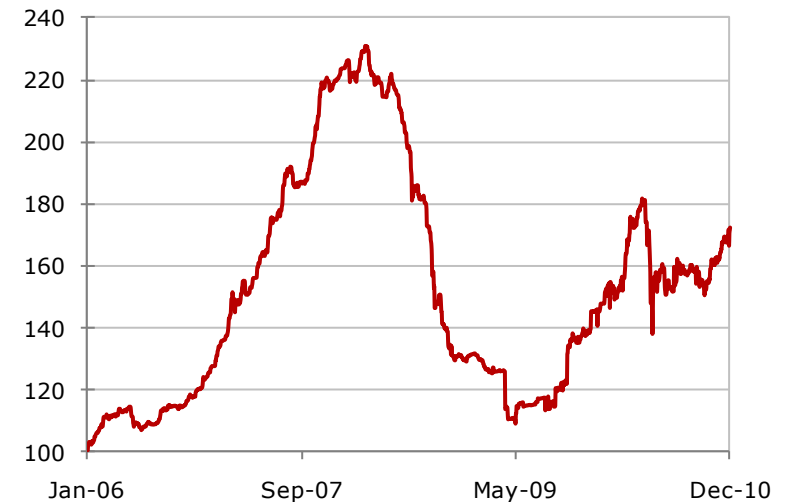
Investment funds for wide range of investors	Closed-end	“Citadele Ukrainian Real Estate fund”
	Open-end	“Citadele Ukrainian Balanced Fund”
	Open-end	“Citadele Ukrainian Bond Fund”
Investment funds for private investors	Closed-end	“Private Project Development”
	Closed-end	“Kirsh Invest”
Pension funds	Open private	“Universal”
	Open private	“Khreschatyk”
	Open private	“Ukrainian pension union”

Citadele track record in Ukraine

Funds under management

- **Parex Ukrainian Balanced Fund**
 - Incepted in January 2006
 - Investment policy: long-term capital growth
 - Balanced investment approach: investing into the wide range of equities (up to 30%) and fixed income securities in order to minimize short-term value fluctuations
- **Parex Ukrainian Bond Fund**
 - Incepted in December 2005
 - Investment policy: long-term capital growth at the minimum risk level
 - Performance since inception 57.00%
- **Parex Ukrainian Real Estate Fund**
 - Incepted in April 2005
 - The objective is to achieve maximum capital growth by investing in real estate objects on the actively developing market in Ukraine

Citadele Ukrainian Balanced Fund Indexed performance since inception



Citadele Ukrainian Balanced Fund Performance as of 31/12/10

3 months	6 months	1 year	YTD	Since inception	Annualized since inception*
8.93%	12.64%	16.69%	16.69%	72.00%	11.38%



* annualized performance is calculated, using ACT/360 method

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Past performance is not a guide to future performance.

The opinions expressed are based on Citadele Asset Management's internal forecasts and should not be relied upon as indicating any guarantee of return from an investment in our funds.

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