

# Citadele Ukrainian Equity Fund

Fund statement as of 31 December 2011

## Investment Objective

The investment objective of the Fund is to achieve long-term capital growth through investments mainly in listed equity shares of Ukrainian companies or international companies having significant exposure to Ukraine.

## Portfolio Manager's comments for December

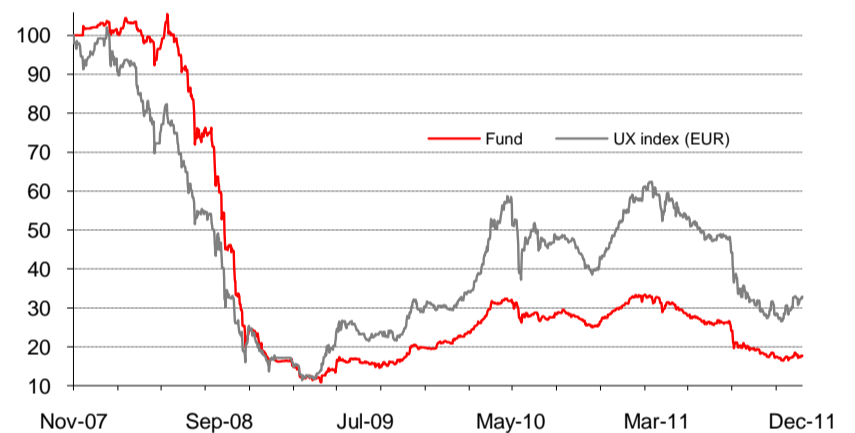
Ukrainian equities retreated in December, with trading volumes remaining subdued and major action coming from foreign-listed stocks, which, as measured by WIG-Ukraine Index, dove by 2.7% during the period, but outperformed local UX Index, which tumbled by 7.8%. The Fund's NAV declined by 3.2% during the last month, strongly outperforming the UX index, but slightly lagging the WIG-Ukraine index.

Stock-wise, Kernel (+1.2%) contributed positively to the Fund's performance in December. Most other consumer staples stocks lost some ground, with MHP and Agroton slumping by 2.3% and 2.6%, respectively. Having started December on a downbeat note, Astarta managed to erase a big chunk of steep losses in the second half of the month and ended with only 3.7% down on a strong set of operating figures, reporting 85% y/y surge in sugar output during the 2011 production season. Jet-engine producer Motor Sich (-9.7%) appeared to be the biggest drag in the Fund's performance last month, followed by railcar producer Stakhaniv Railcar (-18.7%). In the materials sector, coal miners Komsomolets Donbassa (-33.1%) and Pokrovskoe Coal Mine (-20.9%), as well as coke producer Yasynivsky Coke (-22.2%) led the decline, posting losses in excess of 20%, followed by Avdiyivsky Coke (-14.2%). Meanwhile, Azovstal (-2.8%), Yenakiyev Steel (-7.3%) and Alchevsk Steel (-10%) held up somewhat better. Iron ore producers Northern Iron Ore (-1.3%) and Ferrexpo (-6.8%) fell the least.

In December, we have concluded only a couple of trades as year-end market activity was muted. The Fund added Westa, after its sharp share price drop, as we expect to see improving financials during the New Year. On the contrary, we have partially sold North Ore Mining and Processing Enterprise, as we expect the name to underperform the market in mid-term.

Date of inception	7/11/2007
Legal Status	UCITS III Latvia domiciled
Base currency	EUR
Fund size	EUR 0.653 mln
Minimum Subscription	1 investment certificate
NAV	1.81
Number of Holdings	30
Load fee	up to 5%
Management fee	2.50% p.a.
ISIN code	LV0000400422
Riga Stock Exchange, Bloomberg code	PAMUKEFR, PARUKEF LR
VALOR number	3567117
Issue/Redemption	Daily
Distribution Dividends	Reinvested

## Indexed performance since inception vs. Benchmark



Ratios	1 year	3 years
Volatility	23.52%	35.57%
Alpha	-2.58%	-0.91%
Daily Tracking Error	24.27%	45.94%
Sharpe Ratio **	-1.90	0.06
Information Ratio	-0.15	-0.52
Maximum Drawdown ***	24.90%	30.95%

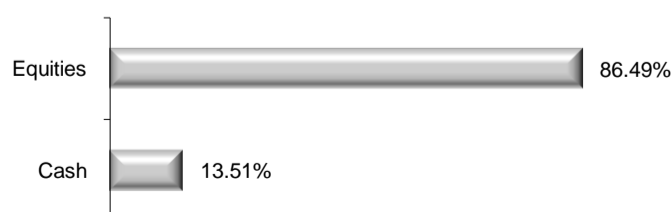
\*\*Risk free rate: 3M LIBOR USD

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

## Top 10 Holdings

Centrenerg	8.72%
Motor-Sich	7.80%
North Ore Mining and Processing Enterprise	7.36%
Kryukov railway car building works	7.35%
Ukrtelecom	6.01%
Stirol	4.13%
Kernel	3.45%
Alchevskiy Koksochemical Zavod	3.43%
Alchevskiy Metalurgiyiny Kombinat	3.24%
Azovstal Iron & Steel Works	3.04%
<b>TOTAL:</b>	<b>54.52%</b>

## Portfolio Composition



## Performance as at 31/12/2011

YTD	-43.26%
1 month	-3.21%
3 months	-5.24%
6 months	-28.74%
1 year	-43.26%
2 year	-8.03%
Since inception	-81.90%
Since Inception annualised	-33.77%

## Sector Breakdown

