RUSSIA DUAL RETURN FUND
LONG ONLY USD DENOMINATED RUSSIA & CIS EQUITIES
August 2012

Fund Description

Russia Dual Return Ltd is an investment fund registered in the British Virgin Islands. It is a Professional Fund as defined by the Securities and Investment Business Act, 2010 (SIBA).

The investment objective is to achieve capital appreciation in US dollar terms by investing primarily in US dollar-denominated equities of Russian companies (both locally traded and in the form of depositary receipts) and to a lesser extent in companies of CIS countries. The Fund aims to outperform the benchmark index (the RTS Index) in the long term.

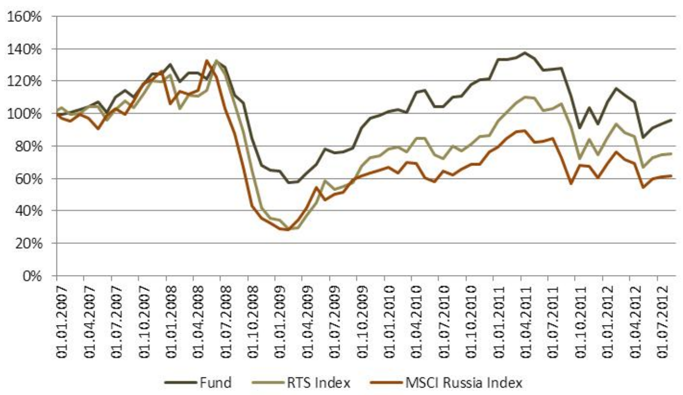
The Fund uses a "long only" actively managed strategy, deriving returns from growth and value investing as well as arbitrage and short-term speculative strategies.

Manager Commentary

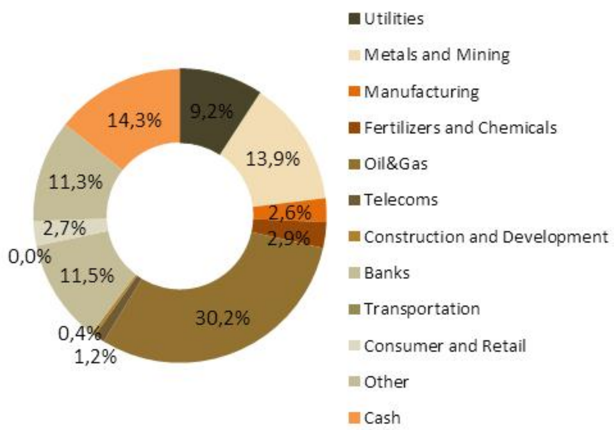
Russian equities spent August in a narrow range. All attempts to break through MICEX 1450-1460 points met strong resistance from sellers. The Manager closed positions in NLMK and Lukoil, and reduced holdings of Sberbank shares. The LSE-traded VIX Index tracker (ETF) was bought as a small hedge before the S&P index tested 4-year highs. The Fund position in VSMPO Avisma shares was increased on positive market rumors.

Although market sentiment remains positive, we note that macro data of major economies have remained weak in recent weeks. Oil prices rose sharply since May on expectations of monetary stimulus but production has also risen, creating a risk of correction for Russian stocks if oil prices turn downwards. We reiterate our bullish stance on equities but are wary of over-optimistic expectations about monetary easing and QEs.

Performance Since Inception*



Industry Breakdown



Monthly Performance*

	2006	2007	2008	2009	2010	2011	2012
January		1.2%	-8.3%	-10.5%	1.4 %	0.1 %	14.36%
February		1.5%	4.7%	0.8%	-2.3 %	0.9 %	7.72%
March		2.1%	0.0%	9.1%	12.8 %	1.9 %	-3.37%
April		2.8%	-2.9%	8.3%	0.7 %	-2.4 %	-3.95%
May		-6.2%	8.6%	14.1%	-8.5 %	-5.3 %	-20.6%
June		9.1%	-2.5%	-3.2%	-0.3 %	0.2 %	7.2%
July		3.7%	-13.3%	0.9%	5.9 %	0.8 %	2.76%
August		-3.6%	-4.6%	3.1%	0.6 %	-13.4 %	2.24%
September		7.0%	-20.5%	15.5%	6.7 %	-17.6%	
October		5.8%	-19.2%	6.9%	2.3 %	13.6%	
November		0.0%	-4.4%	1.4%	0.6 %	0.3%	
December	-0.3%	4.7%	-1.6%	2.6%	9.7 %	-10.2%	
YTD	0.3%	30.8%	-50.7%	57.6%	31.6 %	-29.8%	2.3%

Fund Facts

NAV per Share: USD 957.52

Total NAV: USD 1.52 million

Base Currency: US Dollar

Inception Date: December 25, 2006

Leverage Max: 20% of NAV

Subscriptions: Monthly

Redemptions: Quarterly with 30 days prior notice

Management Fee: 0.5% of quarter-end NAV (2% annualized)

Performance Fee: 20% of performance above benchmark of 3-month USD LIBOR, subject to high watermark

Minimum Initial Subscription: USD 100 000

Investment Manager: Dual Return Asset Management Ltd

Investment Adviser and Sales Agent: Rye, Man and Gor Securities

Administrator: Castlegate Investment Services Ltd

Auditors: Deloitte

Legal Advisor: Walkers

Custodian and Prime Broker: RMG Limited

Bloomberg: RUSSDRT VI

* **Net of all fees** **The value of investments in the Fund may increase or decrease, the results of past investment performance are not indicative of future returns. Before buying shares of Russia Dual Return Fund, investors should carefully review the Fund rules (Offering Memorandum) and statutory documents (Memorandum and Articles of Association), including all relevant annexes to the documents. Please contact your account manager to obtain more information on the Fund and copies of the Fund's rules and constituent documents.**