RUSSIA DUAL RETURN FUND
LONG ONLY USD DENOMINATED RUSSIA & CIS EQUITIES
December 2011

Fund Description

Russia Dual Return Ltd is an investment fund registered in the British Virgin Islands. It is established as 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 depository 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.

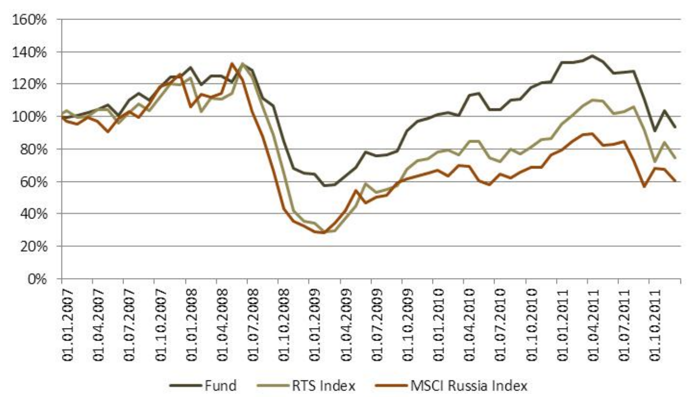
Manager Commentary

There was a glut of negative news on financial markets in December and high-beta Russian equities were badly hit. Stocks tumbled on the disappointing outcome of the EU summit, weak results of European government bond auctions, and increase of political tensions in Russia. The sell-off in the first half of the month was followed by trading in narrow price ranges up to Christmas and New Year, restricting the Manager’s opportunity for short-term speculation.

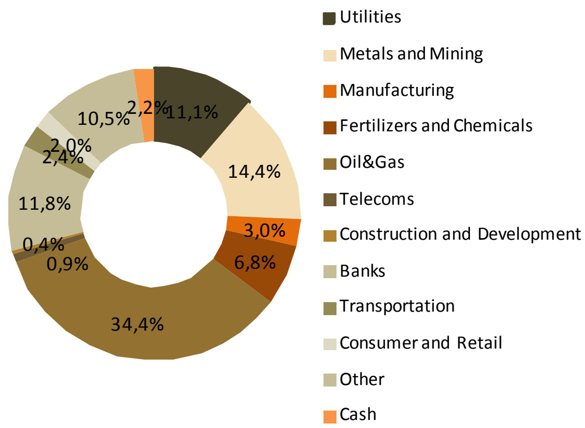
There were no major portfolio actions during the month.

The Manager expects volatile trading in 1Q12 up to Russian presidential elections in March. However, we are bullish on Russian equities in longer term, expecting no political shocks in Russia and positive developments for commodities and liquidity in 2H12.

Performance Since Inception *



Industry Breakdown



Monthly Performance *

	2006	2007	2008	2009	2010	2011
January		1.2%	-8.3%	-10.5%	1.4 %	0.1 %
February		1.5%	4.7%	0.8%	-2.3 %	0.9 %
March		2.1%	0.0%	9.1%	12.8 %	1.9 %
April		2.8%	-2.9%	8.3%	0.7 %	-2.4 %
May		-6.2%	8.6%	14.1%	-8.5 %	-5.3 %
June		9.1%	-2.5%	-3.2%	-0.3 %	0.2 %
July		3.7%	-13.3%	0.9%	5.9 %	0.8 %
August		-3.6%	-4.6%	3.1%	0.6 %	-13.4 %
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%
FULL YEAR	0.3%	30.8%	-50.7%	57.6%	31.6 %	-29.8%

Fund Facts

NAV per Share: USD 936.01

Total NAV: USD 1.5 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

* **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.**

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