RUSSIA DUAL RETURN FUND
LONG ONLY USD DENOMINATED
RUSSIA & CIS EQUITIES
September 2014

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.

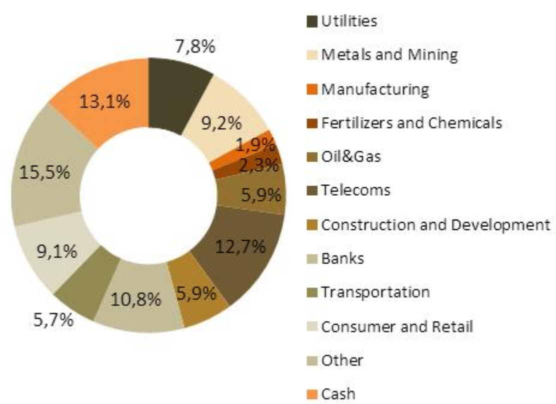
The Fund uses a “long only” actively managed strategy, deriving returns from growth and value investing as well as arbitrage and short-term speculative strategies.

Manager Commentary

The Russian market experienced more volatility in September. The theme of the month was the criminal investigation of AFK Sistema assets, which did much to spoil investors’ mood and propel the dollar to new highs against the ruble. Dollar-denominated prices of Russian depositary receipts and dollar equivalents of domestic share prices in rubles flowed the FX rate downwards. That and the Sistema GDR sell-off had adverse effect on the portfolio. The medium-term outlook for the Russian market changes to negative, though individual corporate stories still offer attractive entry points. We will hold sufficient amounts of cash in the portfolio until investor sentiment improves.
We sold Lukoil GDRs and slightly increased our position in Sistema GDRs last month.

Performance Since Inception*

Industry Breakdown



Monthly Performance*

	2007	2008	2009	2010	2011	2012	2013	2014
January	1.2%	-8.3%	-10.5%	1.4 %	0.1 %	14.4%	5.7%	-5.7%
February	1.5%	4.7%	0.8%	-2.3 %	0.9 %	7.7%	-3.1%	-1.5%
March	2.1%	0.0%	9.1%	12.8 %	1.9 %	-3.4%	-7.0%	-4.6%
April	2.8%	-2.9%	8.3%	0.7 %	-2.4 %	-3.9%	-3.4%	-3.9%
May	-6.2%	8.6%	14.1%	-8.5 %	-5.3 %	-20.6%	-5.9%	12.6%
June	9.1%	-2.5%	-3.2%	-0.3 %	0.2 %	7.2%	-3.2%	3.0%
July	3.7%	-13.3%	0.9%	5.9 %	0.8 %	2.8%	2.9%	-6.3%
August	-3.6%	-4.6%	3.1%	0.6 %	-13.4 %	2.2%	-1.8%	-1.6%
September	7.0%	-20.5%	15.5%	6.7 %	-17.6%	3.5%	6.5%	-8.7%
October	5.8%	-19.2%	6.9%	2.3 %	13.6%	-5.4%	1.3%	
November	0.0%	-4.4%	1.4%	0.6 %	0.3%	-0.1%	-2.4%	
December	4.7%	-1.6%	2.6%	9.7 %	-10.2%	6.4%	2.7%	
YTD	30.8%	-50.7%	57.6%	31.6 %	-29.8%	6.5%	-8.3%	-17%

Fund Facts

NAV per Share: USD 758.73

Total NAV: USD 1.20 million

Base Currency: US Dollar

Inception Date: December 25, 2006

Leverage Max: 20% of NAV

Subscriptions: Monthly

Redemptions: Monthly with 15 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.**

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