

KALTCHUGA FUND

Russia Equities A (USD)



Fund fact sheet as of 31 January 2017

Overall Morningstar Rating TM



Quick facts

Fund category	Russian Equities
Reco. placement period	10 years
Last NAV (USD)	7 863.07
NAV frequency	Daily
ISIN	LU0290813871
Distributed in	LU, CH, FR
Risk and reward profile	<div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> <div>5</div> <div>6</div> <div>7</div> </div> <div>Lower Risk</div> <div>Higher Risk</div>

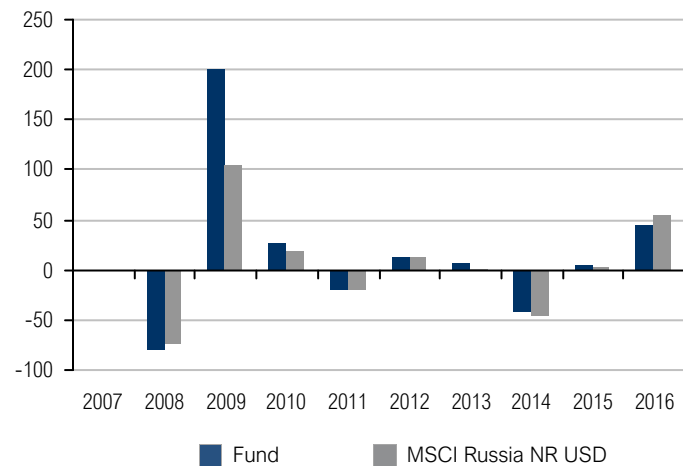
Investment objective

The Fund's objective is to outperform the MSCI Russia and achieve medium to long-term capital appreciation from long-only investments in liquid Russian equities, mainly Blue Chips. The Fund's strategy combines top down analysis together with a bottom-up stock-picking approach and doesn't use leverage or derivatives.

Cumulative performance



Calendar year performance (%)



Past performance (%) - Net returns

	Cumulative						Annualised		
	Month-to-date	Year-to-date	1 year	3 years	5 years	Origin	3 years	5 years	Origin
<i>Fund</i>	1.55%	1.55%	51.76%	1.99%	-2.20%	-16.13%	0.66%	-0.44%	-1.77%
<i>Benchmark</i>	-0.27%	-0.27%	55.75%	-3.79%	-13.76%	-35.05%	-1.28%	-2.92%	-4.29%

Origin: 01/04/2007

Fund information

Legal form	SICAV UCITS
Fund domicile	Luxembourg
Fund launch date	31/03/2007
Total AUM (USD)	44 863 964.43
Fiscal year end	December 31st
Fund currency	USD
Benchmark	MSCI Russia NR USD
Cut-off time	See prospectus
Management company	Probus Capital Mgt SA
Custodian bank	KBL Europ. Priv. Bankers
Auditor	E&Y Luxembourg
FATCA status	Reporting FI
Solvency II	TPT file contributor
German tax	Transparent

Investment team

Jean-Louis Tauvy has been managing the Kaltchuga Funds since 1994. After being responsible for the realization of large industrial projects in Singapore, France and the USSR he became a pioneer of the Russian stock market with unique knowledge of the Russian and other FSU markets. He has a MS of Engineering from ENS des Arts et Métiers.

Alexandre Starinsky is Head of Research. MSc in Physics from Univ. Paris VI. MA in Economics & Finance and postgraduate in Post Soviet Studies from Sciences Po Paris. He has worked in Russia and Ukraine since 1993. He joined the Group in 2006.

NAV analysis

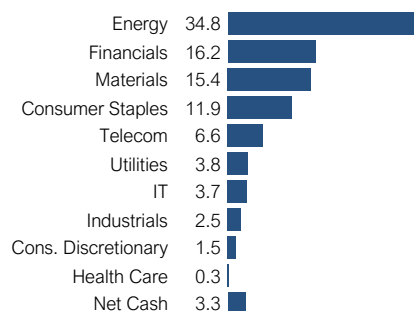
3 years figures (ann.)	Fund	Bench		Value	Date
Annual volatility	27.42	29.97	52-week NAV high	8 025.55	27/01/2017
Beta	0.89		52-week NAV low	4 698.08	11/02/2016
Tracking error	6.73		Max drawdown (%)	-53.01	28/02/12-16/12/14
Sharpe	0.15	0.10			
Information ratio	0.29				

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January 2017

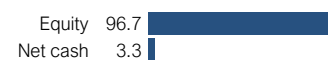
Sectorial allocation (%)



Geographical allocation (%)



Asset class breakdown (%)



Top 10 holdings (%)

Sberbank	9.4	X5 Retail Group	4.3
Lukoil	8.7	Rosneft	4.0
Gazprom	8.5	Micex	3.5
Novatek	6.2	VTB Bank	3.3
Surgutneftgas	4.3	Magnit	3.3
Top 5 positions	37.1	Top 10 positions (%)	55.5

Available share classes

Class Name	ISIN	BLMG ticker	Curr.	Type	Launch date	Min. invest.	Mgt. fees	Perf. fees	OGC	Front / back load
A USD	LU0290813871	KALRUSA LX	USD	A	30/03/2007	None	2.00%	See prospectus	2.98%	Closed for subs/up to 1%
B EUR	LU0290814093	KALRUSB LX	EUR	A	16/07/2007	None	2.00%	See prospectus	3.03%	Closed for subs/up to 1%
C USD	LU0462676486	KALRUSC LX	USD	A	04/12/2009	None	1.70%	See prospectus	2.65%	Up to 2%/up to 1%
D EUR	LU0462681726	KALRUSD LX	EUR	A	04/12/2009	None	1.70%	See prospectus	2.50%	Up to 2%/up to 1%

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Disclaimer

This factsheet is provided for information purposes only and does not constitute or form part of an offer for shares. The Offering of the shares and the distribution of Fund's prospectus may be restricted outside of the Grand-Duchy of Luxembourg. The value of an investment in Kaltchuga Fund can fall as well as rise. An investment in the Fund is subject to a high degree of risk including the possible loss of capital. There is no assurance that the Fund will meet its investment objective.

Switzerland

The prospectus and the Key Investor Information Documents for Switzerland, the articles of incorporation, the annual and semi-annual report in French, the list of the purchases and sales and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. The last share prices can be found on www.fundinfo.com. For the shares of the Fund distributed to non-qualified investors in and from Switzerland and for the shares of the Fund distributed to qualified investors in Switzerland, the place of jurisdiction is Geneva. Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of shares. Please read the Prospectus before considering an investment in Kaltchuga Fund.

France

The centralising correspondent is Société Générale, 29 Boulevard Haussman - 75009 Paris. The official prospectus as well as the Key Investor Information Documents for France and the annual and semi-annual reports in French are available free of charge from Société Générale, 29 Boulevard Haussman - 75009 Paris, web: www.securites-services.societegenerale.com/fr.

Commentary

Following the December rally in oil prices that had pushed Russian stocks up another 12%, January started on a calm note. Oil prices marked a pause, with Brent down 2%, and Russian stocks took no direction (MSCI Russia -0.3%, RTS +1.0%), underperforming their emerging peers (MSCI EM +5.5%). Despite the many uncertainties coming along Donald Trump's access to power, volatility on global financial markets is surprisingly low. This gives an opportunity for investors to focus on fundamentals and possibly reassess the potential of Russian stocks.

Our Fund gained 1.6% (vs MSCI Russia -0.3%)

Safe for Surgut (+8%), which has dramatically underperformed its peers last year, oil & gas names remained more or less flat, as Brent failed to surge all the way to \$60. Telecoms came strong (MTS and Vimpelcom +10%, Megafon +13%), benefitting from the stronger rouble (RUB:USD +2%). Norilsk Nickel (-3%) was affected by Indonesia's easing on its nickel ore export band. Otherwise, metal and miner stocks were strong (Alrosa +11%, Novolipetsk +6%, MMK +20%). Our outperformance this month is mainly attributable to our overweight positions in Enel Russia (+20%), MMK (+20%) and Yandex (+15%) and to our underweight position in Magnit (-11%).

Having the largest exposure to Russian local demand among steelmakers, Magnitogorsk most benefits from higher domestic premiums, which have surged back above \$100 per ton. Enel Russia's price is supported by the assumption that InterRAO seems interested in purchasing all or part of the company's assets. Yandex is the perfect proxy to play the revival of consumer demand (travel, car purchase, credit, etc.). Besides, the stock has underperformed in 2016. Magnit continues to struggle. Sales growth dropped sharply in December to +6.9% YoY and FY16 sales growth of 12.8% missed the management guidance of 14-16%. The EBITDA margin of 9.6% in 4Q16 was 50 bps below consensus expectations. The company's 2017 guidance of 9-13% growth in revenues is not encouraging either. We welcome the IPO of a new company in the consumer sector - fast-growing child retailer Detsky Mir and we placed an order, willing to increase our exposure to growth stocks.

2017 has started on a positive note for the Russian economy. For the first time since 4Q14, GDP growth returned into positive territory in 4Q16 at an estimated +1.0% YoY. With oil around \$55, much above the \$40 in MinFin assumptions, the government has gained some margin of maneuver. Although Finance Minister Anton Siluanov said it would rather use the additional 1 tln RUB in revenues to replenish the Reserve Fund and cut budget deficits, we expect that towards the end of the year and closer to the 2018 presidential election, some of this extra financing would be used to support household revenues. With January inflation down to 5.0%, we are comforted in our assumption that the interest rates would come down during the year.

On the geopolitical front, new US Ambassador to the UN Nikki Haley has condemned Russia's "aggressive actions" in eastern Ukraine. She has also said "we do want to better our relations with Russia," while warning Moscow that US sanctions imposed after its annexation of Crimea will remain until the peninsula is returned to Ukraine. At the same time, reaction from the US President's office to the recent escalation of violence in Donbas has been very soft by comparison to the declarations we had been accustomed to with the former administration.