

INVESTMENT OBJECTIVE

The Fund seeks growth of capital through investment in the equity securities of issuers of Real Estate sector in countries in Eastern Europe, including CIS and Russia, believed to offer opportunities for capital appreciation and which meet the Fund's investment criteria. The Fund invests primarily in the listed stocks of real estate companies, but also in companies whose business success is directly related to real estate market, based or operating in CEE. The Fund Manager applies bottom-up fundamental research driven investment process to identify underpriced companies with strong appreciation potential and to construct a high conviction portfolio. The fund has no market cap or style bias.

KEY INFORMATION

Fund Manager

Otto Vaarmann

Benchmark

UniCredit Emerging Europe Real Estate Index

Base Currency

EUR

NAV

1 333.88

Fund Size

4 584 460

Number of Holdings

20

Fund Launch Date

15.06.2009

Quotation

Daily

Fees

2.0% Management Fees
20% over Benchmark Performance Fee

Fund Domicile

Luxembourg

Legal Structure

SICAV

Investment Manager

Limestone Investment Management

Administrator

Krediettrust Luxembourg S.A.

Custodian

Kredietbank Luxembourg S.A.

Auditor

Deloitte S.A.

Codes

ISIN LU0373664712
Bloomberg LIMERC LX
Reuters 68021358

Limestone Investment Management is a signatory to the UN Principles for Responsible Investment



CONTACT INFORMATION

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MANAGER COMMENTARY

(as at 31.03.2010)

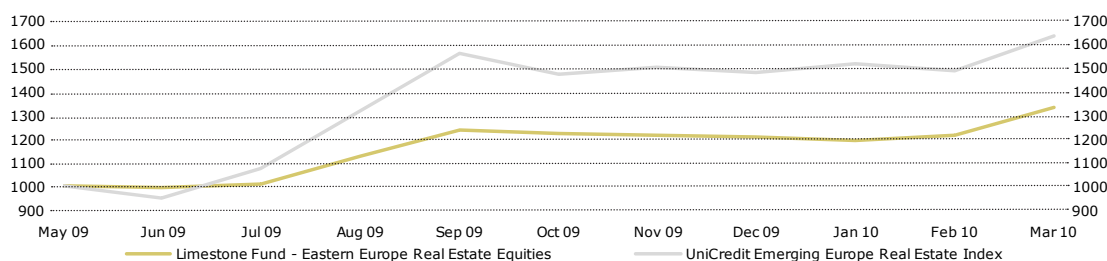
Trends & Markets

Markets have kept up the momentum, as we expected, but the confidence level after triple digit returns since 1Q'09 market bottom is somewhat surprising even for optimists like us. Not even the first serious Eurozone sovereign crisis in Greece could do much damage to investors determination to return to equity markets. Looking forward we see three factors that would support further positive trend in our investment universe. First and the most important for our conviction is that despite strong rally we are still able to find cheap companies to add to the pipeline of replacements to the ones that have exhausted their potential for the time being. As long as we are able to construct an attractively valued portfolio without compromising the risk parameters of the fund we remain fundamentally optimistic. The second factor with potentially positive implications is finally and visibly growing attraction of the region for global emerging market investors that have largely neglected CEE ex-Russia/Turkey space for almost two years now. Valuations have been driven up to boom category in BRIC, so satellites to these behemoths are coming into focus. The third and most prominent for the long term is the signs of awareness that Eastern Europe will inevitably soon be a natural part of core-European investment portfolio. This is something that we have been campaigning for since the first wave of EU enlargement in 2004. Ratings agencies brought some relief for the Ukraine market by increasing the country's sovereign credit rating on the back of reduced post-electoral political risks that should help it to raise money and give access to bailout loans.

Portfolio & Strategy

CEE real estate stocks had a positive month in March as the Fund's NAV gained about 10% over the month closing at the new life-high levels. The ongoing earnings season has provided us with positive news. Immoeast reported solid figures for last quarter - net profit jumped 25% QoQ as rental revenues developed nicely due to opening of Rostokino shopping centre in Moscow end of November. Immoeast currently holds 50% of this project but has a call option for the remaining stake. Overall occupancy rates were stable averaging 89% across the region, negative revaluations were lower than consensus had estimated and after couple of bleak years the company announced first increase in NAV per share. Completion of development projects and restart of frozen ones provide further upside potential for the Immoeast net asset value. Warimpex also reported solid operational numbers for the last quarter of 2009 despite the overall struggling sentiment in accommodation business in the region. Successful capital increase at the end of the year and completion of a new hotel in Katowice led also to an enhancement in the company's NAV. Bulgarian Real Estate Fund allocated 2.4m BGN for distribution as dividend which indicates 0.039 BGN gross dividend per share and 11% yield at the last price of 0.36 BGN. After disappointing results reported by Orco for 4Q09 we have decided to further decrease our stake in the company due to marginal upside potential left in ailing developer's NAV. All-in-all we hope for the positive sentiment towards the property sector in CEE to continue and are looking for further positive news from continuing earnings season to support the optimism.

PERFORMANCE



Performance	1 month	3 months	1 year	3 years	5 years	Inception
Fund	10.0%	10.2%				33.4%
UniCredit Emerging Europe Real Estate	9.9%	10.2%				63.2%

Calendar Year Performance	YTD	2009*	2008	2007	2006	2005
Fund	10.2%	21.1%				
UniCredit Emerging Europe Real Estate	10.2%	48.1%				

* Since 15.06.2009

ALLOCATION

Country	Fund	6M Change (absolute)	10 Largest Holdings	Fund
Russia	22.1%	-1.7%	Eastern Property Holding-Reg	8.5%
Austria	20.8%	-3.8%	Immoeast AG	6.7%
Poland	17.8%		Sparkassen Immobilien AG	6.1%
Bulgaria	8.8%	-1.2%	Chagala Group-Spon Gdr Regs	5.9%
Ukraine	7.6%		Gant Development	5.6%
Kazakhstan	5.9%		Bulgarian Real Estate Fd Inc	5.4%
Romania	4.6%		RGI International Ltd	5.0%
Other	3.7%	-0.2%	Mirland Development Corp	4.7%
Czech Republic	2.4%	-0.8%	Impact Developer & Contractor	4.6%
Turkey	0.0%	0.0%	Globe Trade Centre SA	4.5%
Hungary	0.0%	0.0%		
Cash	6.4%	-11.0%		

STATISTICS

Absolute Measure	Inception	Relative Measure	Inception
Best Monthly Return	11.4%	Best Monthly Alpha	4.6%
Worst Monthly Return	-1.5%	Worst Monthly Alpha	-11.8%
Sharpe (1M Euribor)		Information Ratio	
Standard Deviation	18.0%	Tracking Error	23.1%
Downside Deviation (1M Euribor)	2.4%	Beta	0.44
Sortino (1M Euribor)		Jensen Alpha	
Maximum Drawdown	-3.6%		
Percentage of Positive Months	50.0%		

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