

INVESTMENT OBJECTIVE

The Fund seeks growth of capital through investment in the equity securities of issuers in countries within Central and Eastern Europe believed to offer good opportunities for capital appreciation and which meet the Fund's investment and social criteria. The Fund invests primarily in the listed stocks of companies based or operating in CEE. The Fund Manager applies bottom-up fundamental research driven investment process to construct an actively managed high conviction portfolio of favourably priced companies that comply with international norms on Environmental, Social and Governance issues in accordance with the UN Principles for Responsible Investment.

KEY INFORMATION

Fund Manager
Alvar Roosimaa

Benchmark
Stoxx EU Enlarged TMI

Base Currency
EUR

NAV
114.08

Fund Size
21 616 189

Number of Holdings
26

Fund Launch Date
31.07.2008

Quotation
Daily

Fees
2.5% Management Fees

Fund Domicile
Luxembourg

Legal Structure
SICAV

Investment Manager
Limestone Investment Management

Investment Advisor
GES Investment Services

Administrator
Kredietrust Luxembourg S.A.

Custodian
Kredietbank Luxembourg S.A.

Auditor
Deloitte S.A.

Codes
ISIN LU0373664472
Bloomberg LIMNESR LX
Lipper 68021312

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



MANAGER COMMENTARY

(as at 31.03.2010)

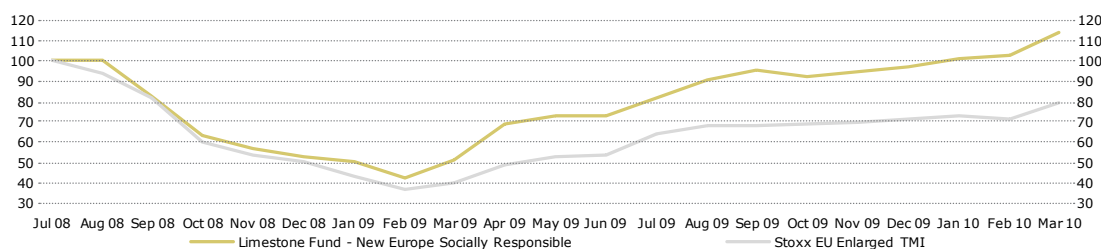
Trends & Markets

Limestone funds had a great 1Q 2010. 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 a core-European investment portfolio. This is something that we have been campaigning for since the first wave of EU enlargement in 2004.

Portfolio & Strategy

Top down environment continues to show signs of improvement, especially now that we have Greece to compare with. A wave of sovereign rating outlook upgrades has started with Romania and Baltics on the back of successful fiscal consolidation. Actual rating hikes will not materialise in 2010 but 2011 will certainly see reversals of those near fatal downgrades-with-hindsight of '08 and '09. Against a background of firming exchange rate and very soft inflation projections, Romania cut interest rates by 50 bps to 6.5%. Defying appreciating currencies manufacturing extended the recovery in March, boosted by rising export orders, as purchasing managers' indexes climbed to two-year highs in the Czech Republic and Poland. Also in the corporate front newsflow has been positive. Condmag was surprisingly added to the main Bucharest index, which boosted the stock by nearly 20%. A&D Pharma, the leading Romanian drugs wholesaler and retailer, confirmed restructuring success with a jump in 2009 profits. Boryszew extended its 70% YTD appreciation on the back of capital raising. There are few investments in the portfolio that exceeded or are nearing their fundamental target value, which has prompted us to reduce their weights and replace them with more attractively priced companies. We have clearly entered a stock pickers market with most of the general recovery rebound behind us.

PERFORMANCE



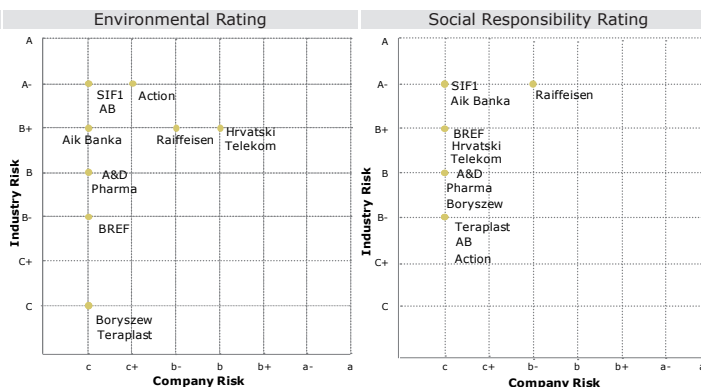
Performance	1 month	3 months	1 year	3 years	5 years	Inception
Fund	10.9%	17.6%	123.3%			14.1%
Stoxx EU Enlarged TMI	10.6%	11.1%	96.5%			-20.9%

Calendar Year Performance	YTD	2009	2008*	2007	2006	2005
Fund	17.6%	83.1%	-47.0%			
Stoxx EU Enlarged TMI	11.1%	41.3%	-49.6%			

* Since 31.07.2008

ALLOCATION

10 Largest Holdings	Weight
A&D Pharma Holding Nv-Gdr	6.0%
Boryszew SA	5.6%
SIF 1 Banat-Crisana	5.2%
Action SA	5.2%
AB SA	4.5%
Aik Banka Ad	4.4%
Bulgarian Real Estate Fd Inc	4.4%
Teraplast	4.4%
Raiffeisen Intl Bank Holding	4.4%
Hrvatski Telekom dd	4.1%



Country	Fund	6M Change (absolute)	Sector	Fund	6M Change (absolute)
Poland	26.9%	6.2%	Financials	30.5%	1.6%
Romania	18.5%	3.8%	Industrials	13.8%	2.5%
Austria	15.7%	4.1%	IT	13.3%	3.9%
Croatia	8.8%	1.7%	Materials	10.0%	1.4%
Bulgaria	6.1%	0.9%	Staples	9.6%	5.0%
Serbia	4.4%	1.8%	Telco	4.1%	-4.8%
Czech Republic	4.1%	-13.4%	Energy	3.9%	0.0%
Hungary	2.7%	0.0%	Utilities	3.2%	-3.5%
Other	1.2%	-2.1%	Health	0.0%	0.0%
Slovenia	0.0%	0.0%	Discretionary	0.0%	-3.0%
Slovakia	0.0%	0.0%	Cash	11.7%	-3.0%
Cash	11.7%	-3.0%			

STATISTICS

Absolute Measure	Inception	Relative Measure (Stoxx EU Enlarged TMI)	Inception
Best Monthly Return	35.4%	Best Monthly Alpha	13.5%
Worst Monthly Return	-22.9%	Worst Monthly Alpha	-6.2%
Sharpe (1M Euribor)	0.14	Information Ratio	1.13
Standard Deviation	46.1%	Tracking Error	19.0%
Downside Deviation (1M Euribor)	27.8%	Beta	1.03
Sortino (1M Euribor)	0.23	Jensen Alpha	26.4%
Maximum Drawdown	-57.4%		
Percentage of Positive Months	60.0%		

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