

**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**  
115.93

**Fund Size**  
20 757 090

**Number of Holdings**  
25

**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



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**MANAGER COMMENTARY**

(as at 30.04.2010)

**Trends & Markets**

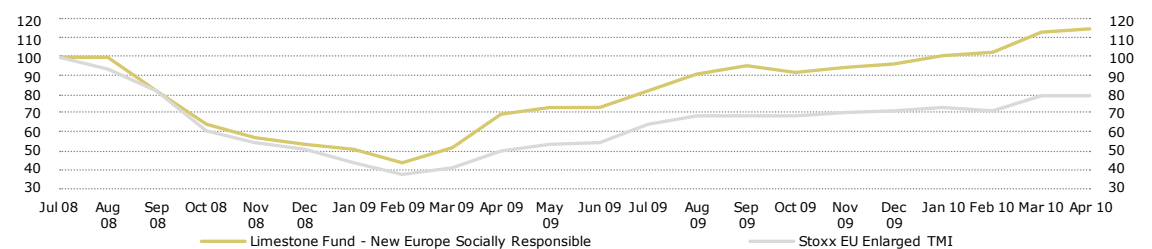
April, the month usually filled with expectations and speculations about 1Q results, was this time filled with ash from Iceland and smell of fear of Europe-wide crisis from Greece. There is no better way to study the impact of a potentially contagious event than to go and have a look. Writing this report in Sofia, our team has spent two full days of meetings with Bulgarian business people and authorities to find out how is the Greek meltdown affecting Bulgaria, usually seen as the most vulnerable because of its significant banking sector exposure to Greek financing and close business connections. Excluding the possibility of a full scale default, in which case Bulgaria's fate will be one of the smallest worries Europe has, the impact is perceived to be small. And there are also clear winners, like the non-Greek banks that gain market share. Some people think that Greek crisis benefits Bulgaria by bringing Greek businesses to move their operations across the border to enjoy much lower tax regime. After they have finished striking, of course. Other than the issues already mentioned, signs of global recovery going forward were evident. Regional recovery is best supported by steadily rebounding industrial production.

**Portfolio & Strategy**

From corporate front we are becoming increasingly uneasy with CEZ who has won a fight with environmentalists to expand its Prunerov coal-fired power plant, the largest single source of carbon dioxide in the country. The methods that were used to get the approval seem controversial, as two Environment Ministers were sacked within months and replaced with ex-CEZ spokeswoman. Approval came shortly after the change in government.

The fastest to report 1Q results were Croatian companies; both Hrvatski Telekom and IGH missed expectations slightly, as the rebound in consumer spending and engineering activities has not lived up to expectations, although the trend is pointing up again. Entering the summer season we are pondering whether to shift some weight off from the high beta financial sector and early cyclical companies that have both had spectacular run over the last year, and use the low season to strengthen our positions in cyclical industrial companies and have a renewed look to eastward export specialists. Any short term developments are currently heavily dependent on politics and external developments. The latest example was IMF's demand to Romania to considerably hike VAT and income tax, just weeks after the same IMF had put Romania on top of the list of 2011 estimated GDP growth with 5.1%.

**PERFORMANCE**

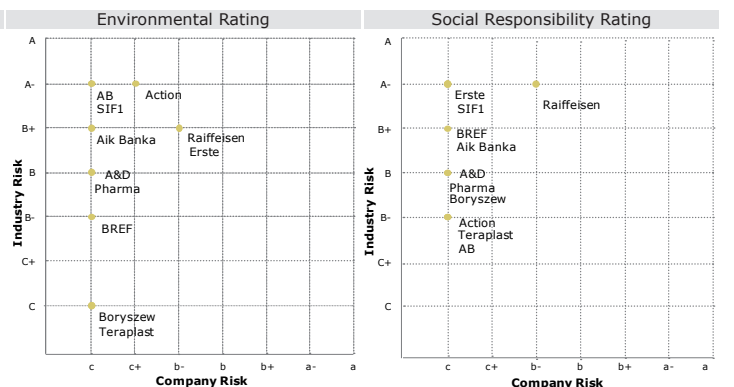


Performance	1 month	3 months	1 year	3 years	5 years	Inception
Fund	1.6%	14.9%	67.6%			15.9%
Stoxx EU Enlarged TMI	0.5%	8.4%	61.9%			-20.6%

Calendar Year Performance	YTD	2009	2008*	2007	2006	2005
Fund	19.5%	83.1%	-47.0%			
Stoxx EU Enlarged TMI	11.6%	41.3%	-49.6%			

**ALLOCATION**

10 Largest Holdings	Weight
A&D Pharma Holding Nv-Gdr	8.0%
Boryszew SA	5.6%
Action SA	5.4%
Aik Banka Ad	5.2%
SIF 1 Banat-Crisana	5.0%
Raiffeisen Intl Bank Holding	4.8%
Bulgarian Real Estate Fd Inc	4.5%
Teraplant	4.5%
AB SA	4.4%
Erste Bank der Oester Spark	4.1%



Country	Fund	6M Change (absolute)	Sector	Fund	6M Change (absolute)
Poland	26.3%	-0.4%	Financials	31.7%	-0.6%
Romania	20.1%	2.4%	Industrials	14.5%	0.8%
Austria	16.8%	3.6%	IT	13.5%	0.8%
Croatia	9.8%	2.2%	Staples	11.6%	4.4%
Bulgaria	6.5%	1.1%	Materials	10.1%	0.9%
Serbia	5.2%	1.9%	Energy	3.9%	-0.2%
Czech Republic	3.5%	-11.1%	Telco	3.6%	-2.4%
Hungary	2.9%	0.0%	Utilities	3.5%	-3.0%
Other	1.3%	-2.6%	Health	0.0%	0.0%
Slovenia	0.0%	0.0%	Discretionary	0.0%	-3.8%
Slovakia	0.0%	0.0%	Cash	7.6%	3.0%
Cash	7.6%	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)	0.16	Information Ratio	1.14
Standard Deviation	44.9%	Tracking Error	18.5%
Downside Deviation (1M Euribor)	27.1%	Beta	1.03
Sortino (1M Euribor)	0.26	Jensen Alpha	25.8%
Maximum Drawdown	-57.4%		
Percentage of Positive Months	61.9%		

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