

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
97.06

Fund Size
20 146 111

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
Krediettrust 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 30.06.2010)

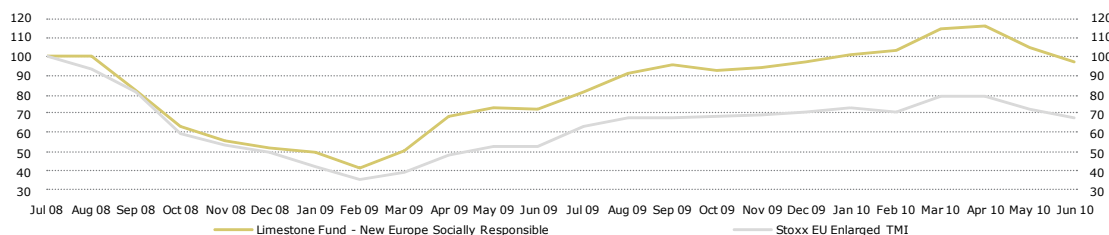
Trends & Markets

Market mood swings' amplitude has a new standard after the recent crisis. Rational expectations had, once again, no say in June. Fear of global recovery slowdown got plenty of support from ongoing sovereign debt worries in Europe, China's attempts to cool down its overheating economy, and Americans' volatile confidence indicators (blamed on headwinds from Europe apparently). China offered some support to markets with announcing an end to its currency peg to dollar but markets' optimism was quickly crushed by G20 meeting that pledged to cut deficits across the globe. Where to put CEE in this picture? Real data shows that new Europe is managing its public finances far better than old EU. Nevertheless, when risk aversion jumps, emerging markets get hit the worst. Entering the deepest vacation season, markets will remain thin in July and local retail investors in control of the daily volatility.

Portfolio & Strategy

From the news concerning companies in our portfolio, the Austrian national bank's stress tests for the Austrian banking sector showed a considerable improvement from the fall 2009 results. Due to the uncertainties about the sustainability of public finances in the PIIGS countries the OeNB also published the Austrian banks' exposure to these countries, which is rather limited with 6% of GDP vs. EU-15 average with 12% of GDP vs. UK, DE and FR with 15% of GDP. This is mainly due to the fact that Austrian banks have invested more in the CEE region. Romanian Constitutional Court ruled the planned 15% pension cuts in the austerity package unconstitutional, which prompted the government to propose VAT hikes to 24% from 19% to meet IMF demands. Next IMF loan tranche is to be disbursed in the beginning of July. As a result of this, RON was sold down to historic lows. We expect the situation to calm down soon, especially if IMF €850m tranche will indeed be transferred.

PERFORMANCE



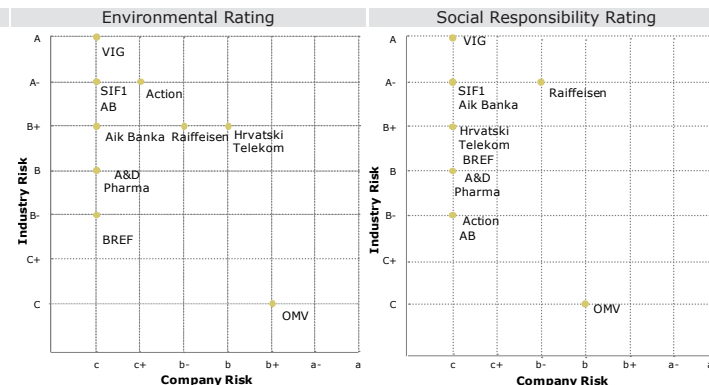
Performance	1 month	3 months	1 year	3 years	5 years	Inception
Fund	-7.1%	-14.9%	33.6%			-2.9%
Stoxx EU Enlarged TMI	-6.4%	-14.1%	26.4%			-32.1%

Calendar Year Performance	YTD	2009	2008*	2007	2006	2005
Fund	0.0%	83.1%	-47.0%			
Stoxx EU Enlarged TMI	-4.5%	41.3%	-49.6%			

* Since 31.07.2008

ALLOCATION

10 Largest Holdings	Weight
SIF 1 Banat-Crisana	8.2%
A&D Pharma Holding Nv-Gdr	7.2%
Aik Banka Ad	5.3%
Vienna Insurance Group	4.7%
Bulgarian Real Estate Fd Inc	4.7%
AB SA	4.7%
OMV AG	4.4%
Raiffeisen Intl Bank Holding	4.2%
Action SA	4.1%
Hrvatski Telekom dd	4.0%



Country	Fund	6M Change (absolute)	Sector	Fund	6M Change (absolute)
Romania	24.6%	5.2%	Financials	29.0%	-3.3%
Poland	22.5%	-7.8%	Industrials	16.1%	1.1%
Austria	21.3%	8.3%	Staples	13.1%	5.9%
Croatia	11.1%	3.1%	IT	12.3%	-2.7%
Bulgaria	10.7%	5.8%	Real Estate	8.9%	8.9%
Serbia	5.3%	1.4%	Materials	7.0%	-3.8%
Hungary	2.7%	-0.2%	Energy	4.4%	0.1%
Slovakia	0.0%	0.0%	Telco	4.0%	-0.7%
Slovenia	0.0%	0.0%	Health	3.4%	3.4%
Other	0.0%	-4.2%	Discretionary	0.0%	-3.5%
Czech Republic	0.0%	-12.3%	Utilities	0.0%	-6.0%
Cash	1.8%	0.7%	Cash	1.8%	0.7%

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)	-0.07	Information Ratio	0.95
Standard Deviation	44.0%	Tracking Error	17.7%
Downside Deviation (1M Euribor)	27.4%	Beta	1.05
Sortino (1M Euribor)	-0.11	Jensen Alpha	22.6%
Maximum Drawdown	-57.4%		
Percentage of Positive Months	56.5%		

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