

# Magna Russia Fund



The Magna Russia Fund seeks to achieve capital growth by investing in a diversified portfolio of Russian Securities, including those from the territories of the former Soviet Union.

The Magna Russia Fund is a sub-fund of the Magna Umbrella Fund plc.

## Key Characteristics

20 - 50 Holdings  
Tracking Error Target 6% - 10%  
Stockpicking focus

## Fund Facts

Structure	UCITS
Domicile	Ireland
Registrations	AT CH DE DK FI FR GB IT LU NL SE SG
Launch Date	31 Mar 2003
Income	Accumulated
Daily Dealing	12 noon (Dublin time)
Dealing Cut-off	T - 1
Number of Holdings	31
Cash Weight	0.7%
Tracking Error	6.7% (ex-post)
Fund Size	EUR 4.8m
Benchmark	MSCI Russia 10/40 Index
Portfolio Advisors	Stefan Herz, Nick Page Robert Bonte-Friedheim

## NAV Data

Open Share Classes	EUR	GBP	USD
C Shares	28.764		
R Shares			
Closed Share Classes	EUR	GBP	USD
A Shares	28.335		
D Shares			8.530

Charlemagne Capital is the source of all information  
All data as at 30 Nov 2011

## Commentary

November 2011

Russia was amongst the best performing markets in November, with the ongoing euro zone sovereign debt crisis continuing to preoccupy financial markets, supported by an oil price that remained around USD 110 per barrel for Brent crude.

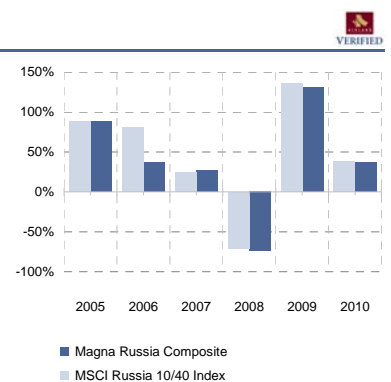
In our conversations with state-controlled companies, particularly in the Utilities sector but also within the Energy and Materials sectors, we are beginning to sense a greater openness, a willingness to engage with minority investors. This may be a simple coincidence or it may indicate a change in government policy. In any event, it must have an impact on how we view such companies. Up till now trading on distressed multiples suggesting that the state will continue to appropriate much of their cash flow, or direct capital expenditure at projects that fail to generate an economic return, these companies may now carry less risk.

Gazprom, Russia's largest company and the world's largest extractor of natural gas, 50% owned by the Russian state, provides a case in point. Recent talk of a significant increase in its dividend payout has received support from the announcement of a marked cutback in capital expenditure next year. In response, we have closed our underweight position in the stock. Valued at just two and a half times current earnings, the stock could provide exceptional returns if its policy towards minorities really has changed.

It was however the privately-owned Sistema that performed best over the month. Sistema's MTS subsidiary, Russia's largest wireless operator, put on 23% after strong third quarter results. We however prefer to overweight the parent company, Sistema, whose market value is fully explained by its holding in MTS, effectively throwing in extensive oil and gas assets for free. Sistema itself was 19% higher on the month.

On the downside, retailer X5 lost 11% despite encouraging third quarter numbers as investors sold shares to fund participation in the Magnit rights issue. Of the two retailers, we continue to prefer X5 which has better longer term prospects available at a more attractive valuation. The broadcaster CTC Media was down 14% after further poor audience numbers. The stock is now plainly undervalued, discounting a complete collapse in its advertising market, and we continue to hold.

## Gross EUR Performance



Period to 30 Nov 2011	Composite	Index
1 Month	0.7%	2.2%
3 Months	-4.1%	-1.5%
From 30 Dec 2010	-20.9%	-13.7%
1 Year	-15.1%	-5.6%
<i>Annualized data:</i>		
3 Years	29.4%	34.8%
5 Years	-1.9%	2.2%
Since inception (30 Jan 2004)	12.3%	16.5%

Calendar Year	Composite	Index
2010	37.1%	38.7%
2009	130.4%	135.4%
2008	-73.8%	-71.1%
2007	27.5%	23.9%
2006	36.8%	81.0%
2005	88.2%	88.0%
2004 from 30 Jan	15.3%	-3.9%

The Magna Russia Composite is based on all share classes of the Magna Russia Fund. Composite performance figures are shown gross, ie before fees, in EUR. The Index is the MSCI Russia 10/40 Index (CSFB ROS Index prior to 30 Jun 2006). Performance figures are annualized for periods in excess of one year. Charlemagne Capital claims compliance with the Global Investment Performance Standards (GIPS®), as verified for the period 1 June 2000 through 30 June 2011 by Ashland Partners. A copy of the verification report and a presentation that adheres to GIPS standards are available upon request.

Charlemagne Capital is an independent specialist emerging markets investment manager. We seek to use the inefficiencies that exist in emerging markets to generate excess returns through a disciplined and research-driven bottom-up stockpicking process within an intelligent risk framework.

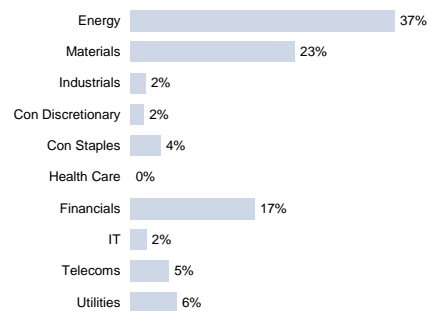
# Magna Russia Fund

Portfolio Data as at 30 Nov 2011

## Top 10 Holdings

Company Name	Sector
Federal Grid	Utilities
Gazprom	Energy
LUKOIL	Energy
Norilsk Nickel	Materials
NOVATEK	Energy
Rosneft	Energy
Sberbank	Financials
TATNEFT	Energy
Uralkali	Materials
X5 Retail Group	Consumer Staples
In alphabetical order	
Combined weight of top 10 holdings:	63%

## Sector Exposure



Excluding cash

## Subscription Information

	C Shares	R Shares
Minimum Subscription	EUR 1,000,000	EUR 5,000
Additional Subscriptions	EUR 1,000	EUR 500
Annual Management Fee	1.25%	1.95%
Performance Fee	No	No
Front-end Load	Up to 5%	Up to 5%
WPKN Code	257587	A1CZH3
ISIN Code EUR	IE0032311429	IE00B3Q7B918
GBP	IE00B3SB5K04	IE00B3LF1C38
USD	IE00B63DK967	IE00B3LF1C38
Bloomberg Code	MAGNARC	

This document is issued by Charlemagne Capital (UK) Limited, which is authorised and regulated by the Financial Services Authority.

To receive a list of Charlemagne Capital's composite descriptions and/or a presentation that complies with GIPS standards, as well as any other information, please contact the Marketing & Sales Department

Address: Charlemagne Capital (UK) Limited  
39 St James's Street  
London SW1A 1JD

Tel: + 44 (0)20 7518 2100  
Fax: + 44 (0)20 7518 2199

Email: [marketing@charlemagnecapital.com](mailto:marketing@charlemagnecapital.com)  
Website: [www.charlemagnecapital.com](http://www.charlemagnecapital.com)

Charlemagne Capital (UK) Limited has been appointed by Magna Umbrella Fund plc (the "Company") to procure the distribution of its Shares. The Company is an open-ended umbrella investment company authorised by the Central Bank of Ireland as a UCITS. Charlemagne Capital (UK) Limited is authorised and regulated by the Financial Services Authority ("FSA"). The Company has sought and has been granted approval by the relevant regulatory authorities to market and distribute its Shares as appropriate in the following jurisdictions: UK; Germany; Luxembourg; Austria; Switzerland\*; The Netherlands; Denmark; Singapore; France; Finland; Sweden and Italy. Full information on the regulatory status and the applicable laws relating to the marketing and distribution of the Company's Shares in the various jurisdictions in which the Company is registered are more particularly set out in the Prospectus of the Company. Prior to investing in the Company, investors are advised to contact their independent financial adviser and should read all documents relating to the Company that may be obtained from the Administrator or the Share Distributor. The purchase of shares in the Company constitutes a high risk investment and investors may lose a substantial portion or even all of the money they invest in the Company. Investors are advised to read the section of the Prospectus entitled "Risk Factors" prior to investing in the Company. The information within does not constitute investment, tax, legal or other advice and is not a recommendation or an offer to sell nor a solicitation of an offer to buy Shares in the Company, which may only be made on the basis of the Company's Prospectus. An investor in the United Kingdom who enters into an agreement to acquire Shares in the Company will not have the right to cancel the agreement under any cancellation rules made by the FSA. Charlemagne Capital (UK) Limited reasonably believes that the information contained herein is accurate as at the date of publication but no warranty or guarantee (express or implied) is given as to accuracy or completeness. The information and any opinions expressed herein may change at any time. The Prospectus of the Company shall not be distributed and Shares in the Company shall not be offered, distributed or sold in any jurisdiction in which such distribution, offer or sale would be unlawful.

\* The prospectus for Switzerland, the simplified prospectus for Switzerland, the articles of incorporation, the annual and semi-annual reports, as well as the list of the buying and selling transactions can be obtained free of charge from the representative in Switzerland, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel. +41 22 705 11 77, Fax: +41 22 705 11 79, [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The paying agent is Banque Cantonale de Genève, 17 Quai de l'Île, 1204 Geneva, Switzerland.