

Reporting as of 31st August 2016

Investment Philosophy and Style

THE CIS SPECIAL OPPORTUNITIES, offered by G&G Private Finance jointly with Maximus Capital S.A., invests in liquid equities, bonds and derivatives in Russia and other CIS markets. The CIS Special Opportunities objective is to capitalize on extreme mis-pricings due to events affecting companies, markets and Governments in its core markets of Russia, Ukraine, Kazakhstan and Azerbaijan. The strategy invests solely in USD and EUR denominated securities traded on international exchanges and so faces no local currency or counterparty exposure.

Monthly Commentary

The past month has been another difficult month, having returned -7.70% which was somewhat anticipated given the general malaise in global markets and investors ambivalence towards Russia. We are still up +22% since inception in April 2015 and expect the big pay-day to happen this coming September / October when investors will wake up and someone yells "The King Has No Clothes!". The growing disconnect between market pricing of Russian / CIS assets and reality is becoming exceedingly obvious and investors are finally beginning to take notice. You are all well informed that our biggest concentrated trade is the short position on the CIS banking and financial sector, most notably Sberbank. Not only it continues to be trading at ridiculous premiums to the world's largest and most stable banks, its price recently rallied over 5% following a "positive" quarterly result. Never mind, most of the "profits" came as a result of currency revaluation due to the strengthening rouble; it seems that most EM investors don't read anything beyond the headline. Our other shorts continue to be VTB, Bank of Georgia and Raiffeisen International. The most clear evidence of market finally recognizing that SBER pricing is reaching unrealistic levels as short positions have dramatically increased by 35% in August [*Press Telegraph*]. An even more disturbing news for the Russian markets is that the current FI sector pricing is completely pricing our recession despite clear and numerous evidence to the contrary. "Bottom lines are improving in a large part because banks are on the receiving end of a liquidity surplus engineered by the government to stave off a financial crisis under sanctions. Awash in the most cash in five years, lenders have slashed deposit rates to 8.85 percent last month, a two-year low," [*Bloomberg*].

"The worst of the contraction - the longest of Putin's 16-year rule - appears over. But even Kremlin officials admit there's no sign of anything on the horizon to drive much of a rebound, barring a jump in oil prices, something few forecasters expect," [*Bloomberg*]. Moreover, with all the mess going on with Russia (sanctions, Crimea, Ukraine, Syria, etc) and its stock market hitting an all time high - this seems to be an obvious target for a short position. "Moscow's rouble-denominated MICEX stock market underscored the power of the uplift as oil creeping back towards \$50 a barrel helped it shrug off fighting in Ukraine to hit an all-time high," [*Reuters*]. Ferrexpo (FXPO) has finally rewarded us for holding on to our 5% short position position and fell almost 20% from its peak. We anticipate this trend to continue and will cover it when the stock reaches high teens (presently 62).

Mechel (MTL) has also rewarded our patience, and our 5% long position. It rallied about 20% over the past month. We hope we are on the right track as it is still heavily, and unjustifiably discounted. Overall, it is our conviction in the coming severe correction in the CIS financial sector, and the CIS markets in general that gives us cause for optimism as we await to be richly rewarded for our patience in the next two months.

The Fund

Type	Actively Managed Fund
Issuer and lead manager	Leonteq securities AG
Sponsor	G&G Private Finance
Authorized distributor	Maximus Capital SA
Inception date	21th April, 2015
Jurisdiction	Guernsey, UK
Isin	CH0266687547

General Conditions of the Fund

Reference currency	USD
Liquidity	Daily
Valorisation	Daily
Management fee	2%
Performance fee	20%
Min investment	\$ 100 000
Issue price	\$ 1,000

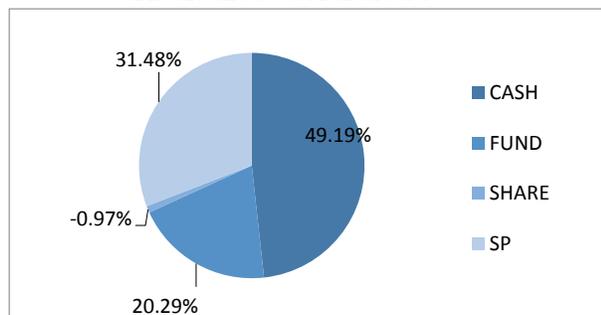
Performances



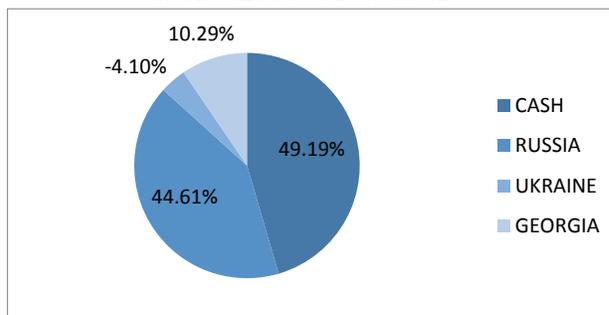
Management Company

Monaco-based G&G Private Finance manages over €500 million and offers its clients tailored and discretionary asset management services, including risk analysis, capital preservation, and portfolio management in collaboration with leading banks across Europe. Maximus Capital is based in Geneva and manages portfolios for its UHNW clients while specializing in Russia and CIS markets. Both firms are seed investors in this product.

INDEX NET ALLOCATION BREAKDOWN



PORTFOLIO ALLOCATION BY COUNTRIES



Reporting as of 31st August 2016

Recent Trades

Security	Sale Price	Profit on Trade	Discussion of Trade
Ferrexpo	\$0.52	70%	In mid-October 2015 we took a short position in Ferrexpo, a metals trading company listed on the LSE entering it at the MFS price of 0.308. We felt confident that this company would experience severe pressure on its stock price due to the failure of the Finance & Credit bank, owned by the same principal shareholder as Ferrexpo, who we suspected was using the company's funds to prop up his own bank prior to its being taken under Ukrainian regulator's control and assets frozen. We exited the short position in mid January at 0.523 booking a 70% <u>net profit on this trade.</u>
MTS, VIP	\$1.91	61%	Starting July 2015 we started to accumulate short positions in MTS, Vimpelcom and Sistema (holding company for MTS) with an expectation that these companies might be negatively affected by either US/EU sanctions, Ukraine nationalization attempts or internal Russian oligarch infighting. Entry point for the short position on VIP was 5.3 and 8.2 for MTS. Both stocks trade on NYSE. We accumulated the short positions in VIP and MTS with a final average purchase price of \$4.9 and \$7.8 respectively, with 2x leverage. We exited the VIP trade at around \$1.91, booking a profit of 61%.
Ukraine Sovereign Bonds	In mid 70's	34%	Following the restructuring of Ukreximbank, the Ministry of Finance embarked on a restructuring of sovereign eurobonds. In the background of an economy weakened by war, while remaining relevant from a geo-political perspective, Ukraine saw an opportunity to restructure its national debt. Following a declaration of "imminent default", bonds dropped to high 40s. We started buying Ukraine bonds, mostly short duration, in June and July at an average price of \$54, and continued to accumulate while both sides threatened to walk away from the deal. Post restructuring, the bonds rallied to low 80s, but we exited the trade fully in mid 70s, averaging a <u>34% gain per position.</u>
Ukreximbank bonds	\$71	31%	Ukreximbank bonds have plummeted in price in recent months amid tensions with Russia, a falling currency and a weak Ukrainian economy. Earlier this year, after a declaration of "imminent default" and "likely 50% haircut," an 8.375% bond maturing in April fell to the low 50s. Thanks to information gleaned from our industry contacts, we felt the market was far overestimating the possibility of a default or a 50% haircut, and started buying the bonds in early April at an average price of \$54. On April 27th, bondholders accepted a restructuring offer that pushed the price to the mid 70s. We exited at 71, booking a 31% profit.
Alliance oil bonds	\$83.71	52.2%	Earlier this year, Alliance Oil announced it could not repay a bond that was to mature in March, and the company threatened to default. The price fell from the mid 90s to the low 50s. Our sources told us Alliance management was exaggerating the negatives and had enough cash to make the payment, so we started buying the bonds at about \$55. Just before maturity, Alliance announced a restructuring that paid 20% in cash and extended the bonds by four years at a price of \$70. We exited the trade at \$83, booking a profit of over 50%.

Principals


Gene Zolotarev, who is head of the investment team, prior to founding Maximus Capital spent over 20 years in senior executive management roles (as a board member, CEO and Chairman) of asset management and investment banking divisions at large U.S., Russian and Baltic banks.



Salim Kriman, member of the investment team, has more than 15 years of experience in CIS markets - both equities and bonds. From 2005 to 2014 he served as Chairman of the board of Bank Standard (Azerbaijan), and prior to this he was the President of Baku Stock Exchange.



Gene Moldavsky, member of the investment team, has 20 years of investment banking and management consulting experience. In past Mr. Moldavsky was involved in transactions valued at more than \$25BN working in Russia and Ukraine for some of the leading investment banks.



Aleksandr Savchenko, member of the investment team, from 2005 to 2009 was Vice Chairman of National Bank of Ukraine. From 1999 to 2005 Mr Savchenko was Chairman of International Commercial Bank. Earlier Mr. Savchenko served as Chairman of Bank Austria Creditanstalt Ukraine, which he originated with Bank Aval and International Financial Corporation.

Monthly Performances

	Jan	Feb	Mar	Apr*	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD*
2016	3.75%	5.15%	0.46%	-3.36%	0.59%	-3.85%	-7.71%	-7.70%					-12.84%
2015	13.6%	30.1%	-2.7%	-1.3%	12.53%	5.73%	4.25%	4.8%	4.11%	1.56%	-0.83%	3.79%	75.64%
2014	2.2%	1.8%	7.9%	0.6%	2.4%	2.8%	3.1%	15.4%	7.2%	-4.2%	-3.8%	27.6%	63%

*Performance figures prior to April 2015 represents performance of the strategy across managed accounts

Contacts: G&G Private Finance, 27, boulevard des Moulins, MC-98000 Monaco, Tel: +377 97 98 29 80
 Certificate managers: Gabriele Tagi, Tel: +377 97 98 29 90, gabriele.tagi@gngpf.com www.gngpf.com
 Gene Zolotarev, Tel: +37167783601, gene.zolotarev@maximuscapman.com
 www.maxcapman.com

Maxdrawdown	8.59%
Sharpe Ratio	3.23
Mar Ratio	4.69