

Reporting as of 31st May 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**

In May we returned 0.59% bringing back our strategy back to profitability, despite considerable volatility surrounding speculation on the oil price, that continues to "steal the show" away from the targeted trades we a focused on. We are now up 6.41% for YTD 2016. During May we were up as much as +3.7% and were also down almost -3% before the markets began to normalize in the direction we anticipated and we hope the trend will favor our concentrated positions. We continue to strongly believe that the Russian banking system, and especially it's unreasonably overpriced Sberbank, is due for a major correction. The events we all waited for should soon start to bear fruit - introduction of new capital requirements, a huge mess surrounding the rescue of VEB, using pensions to prop up VEB's asset base, forceable conversion of deposits into equity to recapitalize, etc. It seems that in modern-day Russia, minor misdemeanors are severely punished while epic failure is richly rewarded. The recent barrage of "good news on Russian economy" as trumpeted worldwide by RT almost tells us to do the opposite of what the reporting suggests. Most recently for example, Sberbank reported "record profits" and following an elegant presentation from its chairman German Gref, staged a small rally. However, even a superficial analysis would show that most of those "profits" came as a result of the bank changing its own "provisions methodology" for NPLs, and approved by E&Y, which even further reduces their credibility. We used those "rallies" as opportunities to increase our short position in the CIS banking sector, also adding several small positions for Bank of Georgia (which is also unreasonably expensive, and is likely to fall like a rock if political relations begin to deteriorate - already some rumblings are heard about Abhasia region over which Georgia and Russia had a military conflict) and Raiiffeisen International which was a high-flyer a decade ago and now have its Russian bank as its only performing asset. Any bad news impacting that bank would result in a complete failure of RI's business model and its stock would plummet even lower. We retain a small short position on Ferrexpo, while the company is proving amazingly resilient in face of a crushing debt burden. I spoke with its senior investment and financial executives who assured me all is well, but I just can't see how they can pay off Pre-export finance facilities in May and June when their own reported cash position is hovering barely above zero. Our long position in Mechel proved to be a winner, as our prediction proved correct and the stock rallied. We will exit the position once the market has had a chance to fully react to these positive developments.

**Performances**



**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

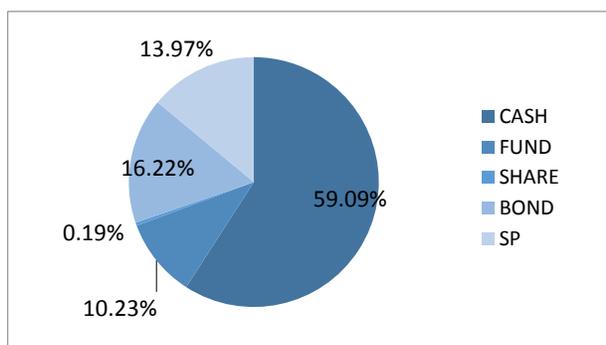
**General Conditions of the Fund**

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

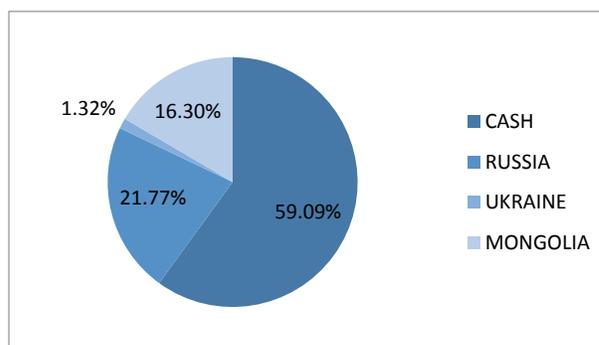
**Management Company**

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



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**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% net profit on this trade.
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%. MTS shares have also fallen but we continue to hold this position waiting for the right moment to lock in our profit.
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 34% gain per position.
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**


Mr. Gene Zolotarev, who is co-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.



Mr. Gabriele Tagi, the other co-head of the investment team, is a director at G&G Private Finance who has been in the industry since 1986. He is a deep value specialist stock-picker with serious experience in senior executive positions in KBL Monaco Private Bankers, Compagnie Monegasque de Gestion, CMB Suisse Banque Privée, ABN AMRO Asset Management, Banca Commerciale Italiana.



Gene Moldavsky, who is co-head 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.

**Monthly Performances**

	Jan	Feb	Mar	Apr*	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD*
<b>2016</b>	3.75%	5.15%	0.46%	-3.36%	<b>0.59%</b>								<b>6.41%</b>
<b>2015</b>	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%
<b>2014</b>	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

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<b>Maxdrawdown</b>	<b>8.59%</b>
<b>Sharpe Ratio</b>	<b>3.23</b>
<b>Mar Ratio</b>	<b>4.69</b>