

Reporting as of 1st March 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.

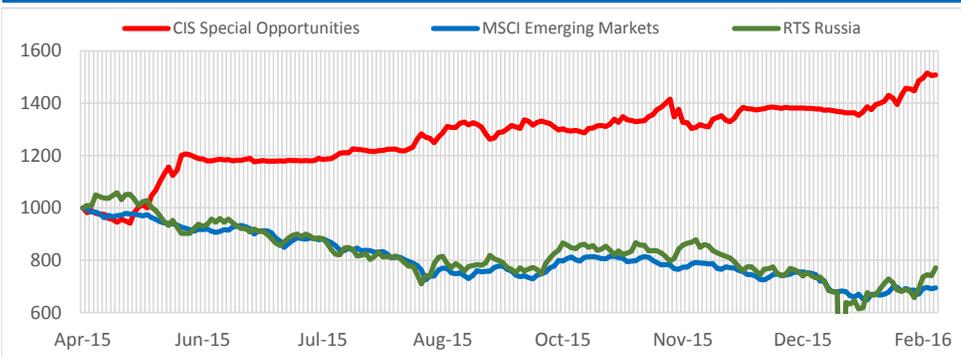
## Monthly Commentary

In February we returned 5.15%, on top of 3.38% in January. In our view the special opportunity we referred to as "The Davos play" had run its course and we had liquidated most of the positions and are presently 98% in cash. Our investments had performed on average of 33.65% over the course of two months with only 38% of total capital invested. We had correctly anticipated that the Davos conference served only as a platform to reassure markets and give a "light at the end of the tunnel" to US-Russia relations. Our bet on the metals and mining sector was also a low-risk strategy given the volatility surrounding the energy markets to which Russia is so heavily exposed. Once again, we were right. We also fully exited the "uranium market disruption" trade, and shall await until Hillary wins the nomination; then the probability of Rosatom exposing its links to the Clinton Foundation will become relevant and timely. We also tried to short Azeri and Ukrainian debt with CDS, expecting a sharp deterioration of currency and credit position, but both trades proved elusive, and at the end we decided not to enter them at this point of time.

Presently we will focus on three main themes:

1. Mechel debt restructuring in our view demonstrates that things are "not what they appear" – the closer we get to the self-imposed deadline at the end of Q1, the more likely the restructuring compromise will be reached, causing a drastic spike in stock price;
2. We successfully shorted Ferrexpo (FXPO) which dropped dramatically after its liquidity was frozen/lost at the Finance & Credit Bank, and are planning to do it again due to its debt maturing in July 2016 and the company's desperate lack of liquidity;
3. Mongolian bonds - recent drop in price following a downgrade against an investment spree by EBRD presents us an excellent special opportunity.

## Performances

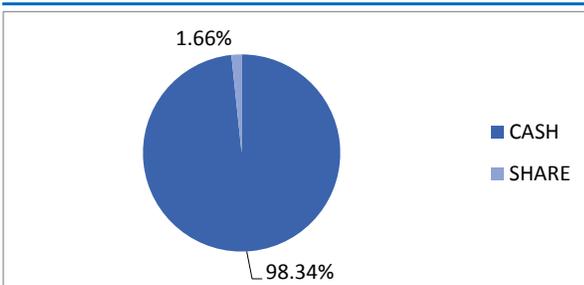


## Monthly Performances

	Jan	Feb	Mar	Apr*	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD*
<b>2016</b>	3.38%	<b>5.15%</b>											8.53%
<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

## Portfolio Allocation



Maxdrawdown	8.59%
Sharpe Ratio	2.82
Mar Ratio	4.43

## 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	\$ 1000
Issue size	6,000 certificates
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.

## Contacts

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Principals



Mr. Gene Zolotarev, who is co-head lead 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 Commerciala Italiana.

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%.