

Reporting as of 6th January 2017

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

This year had finally started with a positive note with +2.48% YTD in the first ten days in January, but the positive momentum actually started three weeks ago rallying over +12%, following our portfolio restructuring in November and early December. As we had already reported, we capitulated on our shorts on Sberbank and VTB as those banks were actually benefitting from Russian banking system consolidation and with much reduced foreign currency exposure could kick the can down the road for any foreseeable future while remaining essentially insolvent. Working within an investment climate with a growing disconnect between the obvious reality and market perception, we continue to focus on the following three companies, and a short on Russia:

Ferrexpo (FXPO): yes, we repeatedly said that the share price will eventually reflect the reality of this company and looks like it's running out of options despite its optimistically sounding recent press release. It was actually the Best Performing Stock in 2016 on FTSE 250! We struggle to reconcile how the company with essentially the same production and sales levels (according to its own press release) was rewarded by a 10x stock price gain. Yes, an over 1000% gain for a "Swiss" company with a single production asset in Ukraine. Finally some large banks are reacting, Barclays predicting a -61.3% drop in price, according to today's report [DirectorsTalk Interviews];

BANK OF GEORGIA (BGEO): We continue to strongly feel that this bank's stock is benefitting from what we call "we don't know what to do with our money" investor illness. This particular form of viral infection strikes those enamored by a "huge potential" of emerging markets, especially those with slick advertising profile. Should we point out that this bank operates in a small captive market; with a fragile economy; in a precarious geopolitical situation juggling Russia's and US/EU interests? Moreover, more insiders continue to sell the stock, this time it's Irakli Gilauri - the bank's Chairman [Community Financial Times];

EVRAZ (EVR): We had reported earlier that this stock had an unjustified and unsustainable run up in price over +300% against a challenging operating environment and its looming debt. There is nothing less encouraging to investors that the company's principal shareholder cashing out with over 2.2m shares [Community Financial Times]. Some large banks have also been less than impressed with this company, Deutsche Bank forecasting a -42.3% drop in price and brokers consensus have an even lower price target and an average recommendation to "sell" [DirectorsTalk Interviews, The Cerbat Gem];

Short on Russia (RUSS): We continue to feel that, while badly mistimed, our belief that investors will finally punish Russia for its "sins" will finally bear fruit. In our view, investing in Russian mainstream stocks makes absolutely no sense, especially now when it was one of the best performing markets of 2016. The conviction that sanctions will be lifted as soon as Donald Trump takes office is completely ludicrous. There is a very strong and deep momentum to maintain and expand sanctions, headed by DC political heavyweights (McCain, Ryan, etc.) whose support DT needs to confirm his lineup of appointees. DT will soon discover that international diplomacy is not a populist sport and is deeply emotionally unrewarding (that is, it's full of smart people). Hence, the budding bromance with Putin will be over and the markets will once again wake up to reality that wishful thinking is not a sound investment strategy.

In other news, we also sold half of our position of 4Finance bond for a small profit and are now 46% in cash.

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

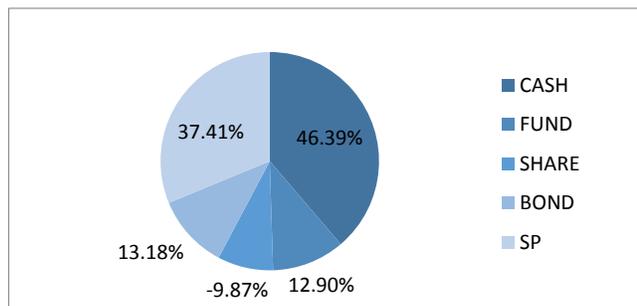
Performances



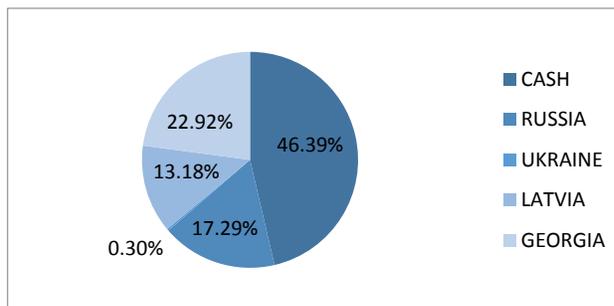
Management Company

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 6th January 2017

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%.
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


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 Krizan, 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*
2017	2.48%												2.48%
2016	3.75%	5.15%	0.46%	-3.47%	0.59%	-3.85%	-7.71%	-7.70%	-6.21%	-5.59%	-12.80%	-4.92%	-36.01%
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	48.38%
Sharpe Ratio	0.04
Mar Ratio	0.02