



## East Capital (Lux)

Société d'investissement à capital variable incorporated in Luxembourg  
RCS Luxembourg B 121 268 | Registered Office: 5, allée Scheffer, L-2520 Luxembourg

Annual Report 2009

# EAST CAPITAL



# NORTHEAST PASSAGE 2009

During the summer and autumn of 2009, Ola Skinnarmo and his Swedish/Russian crew achieved the amazing feat of sailing the hostile, long and challenging Northern Sea Route. Skinnarmo thereby lived his dream; to follow in the footsteps of Adolf Erik Nordenskiöld. Aboard Vega, Nordenskiöld was the first Swede to negotiate the Northern Sea Route, back in 1879. 130 years later, Skinnarmo's boat, Explorer of Sweden, became the second Swedish sailing boat ever to sail the route Vega negotiated. The journey commenced in Stockholm in June, went on to Gothenburg and Oslo, and then via Tromsø to Svalbard, Murmansk, Dickson and Tiksi. After three months, a jubilant team reached its goal in the Bering Strait.

One of the main driving forces behind the expedition was the will to experience and discover. But it was equally important for the team to spread knowledge about and images of the negative effects that climate change is having on ice levels, nature and animal life in this sensitive part of our planet.

East Capital Group was the proud main sponsor of the Northeast Passage 2009. We chose this role as we share Team Skinnarmo's values and work ethic. At East Capital, we are also explorers. Our goal is for all of our staff to be able to visit Eastern Europe every year and soak up what's happening there. We also create opportunities for our clients to be able to experience and understand Eastern Europe, via our summits and investor trips. And, most importantly, when seeking sound Eastern European companies to invest in, we do exactly what Skinnarmo does. Our fund managers and analysts are travelling explorers who don't think twice about journeying to far-off destinations, sometimes hard to access, in order to experience, see and get to know the companies, their products and services and the people at their helms. We do over 1,000 company visits in Eastern Europe each year.

The Northeast Passage 2009 expedition resulted in hundreds of articles in the Swedish and international press, plenty of radio and TV coverage before, during and after the trip as well as presentations across the country and at the UN's climate summit in Copenhagen. Soon, a fantastic book on the subject will also be released.

See highlights from the expedition on page 4-5!



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Design: Ilze Ivanova. Translation: Avison. Print and preprint: Alfaprint AB.

**Important Notice:** Historic yields are no guarantee for future yields. Fund units can go up or down in value, and investors may not get back the amount invested. Fact sheets and prospectuses are available at [www.eastcapital.com](http://www.eastcapital.com)

Subscriptions can only be received on the basis of the latest prospectus accompanied by the latest annual report as well as by the latest half year report, if published after the latest annual report. The details of the changes in portfolio composition are held at the disposal of the shareholders at the registered office of the Fund and are available upon request free of charge.



# NORTHEAST PASSAGE 2009



*An exciting meeting with reindeer handler, Nentser on Waigath island.*



*Impressive glacier faces on the Lilliehöök Mountains, which unfortunately have receded 5 kilometres over the last 100 years.*



*A polar bear visits the Wallenberg Bay on Svalbard's east coast.*



*More than 500 people waved us off from Gothenburg.*



*Finally on our way! Three months and 6,000 nautical miles to go...*



*A meeting between two explorers: Ola Skinnarmo and Peter Elam Håkansson.*





A stunningly beautiful iceberg in the Laptev Sea.



Skinnarmo suddenly encounters one of East Capital's portfolio companies, FESCO, way up north.



30,000 walrus stranded in the village of Rikarpi, due to ice depletion.



Stuck in the ice up north.



The nights got dark as Explorer of Sweden sailed towards the east in the middle of August.



Finally through the Northeast Passage. A great atmosphere as the team passes Cape Dezhnev.



EXIT GATE 5

HAKANSKO  
NOVOSIBIRSK (OVB)  
CARRIER SU  
MOSCOW (SVO)

Class AIRP M  
Boarding name TALV  
Name POP/ADRIAN  
Request flyer number 0744340851424  
FR ticket number 08MAR07  
FLIGHT AMSTERDAM/AMS  
PEI BUCHAREST/OTP  
SU ECONOMY CLASS  
Flight no. KL1359  
Security number 063  
Nationality  
Passport number

AIR COMPANY 'TATARSTAN'  
BOARDING PASS ПОСАДОЧНИЙ БИЛЕТ

**AEROHANDLING**  
Name of passenger ABROMAVICIUS/AIVARAS  
From KIEV  
To CHISINAU  
Carrier TANDEM AERO LTD.  
Flight No./Class 0136 B 07NOV 1500  
Boarding Time 12:40  
Seat 2C  
BOARDING PASS

PASSENGER COUPON / КУПОН ДЛЯ ПАССАЖИРА  
**АЭРОФЛОТ**  
Российские авиалинии  
NAME OF PASSENGER / ИМЯ ПАССАЖИРА  
ILAM/PETER  
MOSCOW /SVO  
STOCKHOLM ARL/ARN  
SU 219 Y 21 JUN 14:25  
13:45 20D

Boarding Card  
Талон відльоту  
Сектор № / Рейс № 359  
Seg № / Flight  
Місце № 24B  
Reєстрація відльоту / Boarding date  
Напрямок / Destination Київ  
Час відльоту / Boarding time  
Сервісна інформація / Service info 29.11.  
НЕ ПАЛИТИ / NO SMOKING

FLIGHT РЕЙС 0174  
DATE DATA 07FEB

CLASS КЛАС ECONOMY CLASS  
Name / Ім'я / Имя  
From / Кайдан / От  
To / Кайда / Куда  
MOSCOW /SVO  
Flight / Рейс 4L 0875 Y 30MAR  
Place / Орны / Место 20C

COBS/MARGO  
FROM/TO MOSCOW SVO  
Minsk BELAVIA  
CARRIER/FLIGHT/ПЕРЕВОЗЧИК/РЕЙС B2 1983 Y 18OCT 10  
GATE/ВЫХОД 10 BOARD TIME/ВРЕМЯ ПОСАДКИ 1015 SEAT/МЕСТО 07A  
MOSCOW  
NOVOSIBIRSK  
EROFLOT  
TERMINAL: 13  
SU 809 J 31MAY 22  
2 21:55 01A

# The company managing the funds

East Capital is a leading independent asset manager specialising in Eastern European financial markets. Our investment strategy is based on thorough knowledge of the markets, fundamental analysis and frequent company visits by our investment teams. The company was founded in 1997 and is headquartered in Stockholm with offices in Paris, Tallinn, Moscow, Oslo, Hong Kong and Vienna.

In January 2007, East Capital launched a Luxembourg SICAV ("East Capital (Lux)"), offering international investors possibility to invest in EUR or USD within a familiar administrative and regulatory environment. The portfolios of the East Capital (Lux) compartments are closely mirroring the investment strategy behind the East Capital's Swedish domiciled award-winning funds which have shown outstanding performance compared to their benchmark indices.

## Registered Office

5, allée Scheffer, L-2520 Luxembourg

## Custodian

CACEIS Bank Luxembourg

5, allée Scheffer, L-2520 Luxembourg

## Central Administration Agent

CACEIS Bank Luxembourg

5, allée Scheffer, L-2520 Luxembourg

## Investment Manager

East Capital Asset Management AB

Kungsgatan 31-33, Box 1364, SE-111 93 Stockholm

## Auditor

KPMG Audit S.à r.l.

9, allée Scheffer, L-2520 Luxembourg

## Legal Advisor

Elvinger, Hoss & Prussen

2, Place Winston Churchill, L-1340 Luxembourg

## Board of Directors

*Chairman:* Mr. **Justas Pipinis**

*Chief Executive Officer,* East Capital Holding AB, Stockholm

Mr. **Jean-Marie Laporte**

*Head of Paris Office,* East Capital AB, Paris

Mr. **José-Benjamin Longrée**

*Managing Director,* CACEIS Bank Luxembourg

Dr. **Yves Wagner**

*Director and Co-Founder,* MDO Services S.A., Luxembourg

Ms. **Mia Jurke** (until 7 January 2009)

*Development Manager*

East Capital Asset Management AB, Stockholm

Mr. **Robert Vicsai** (since 7 January 2009)

*Product Manager*

East Capital Asset Management AB, Stockholm

## Delegates of the Board of Directors

Ms. **Mia Jurke** (until 7 January 2009)

*Development Manager*

East Capital Asset Management AB, Stockholm

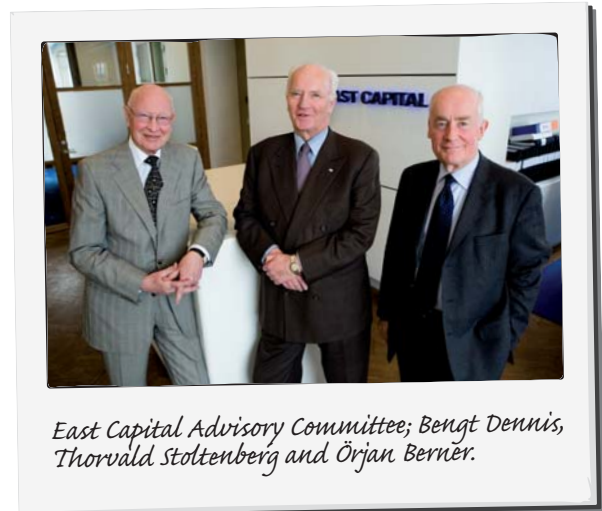
Mr. **Robert Vicsai** (since 7 January 2009)

*Product Manager*

East Capital Asset Management AB, Stockholm

Dr. **Yves Wagner**

*Director and Co-Founder,* MDO Services S.A., Luxembourg



*East Capital Advisory Committee; Bengt Dennis, Thorvald Stoltenberg and Örjan Berner.*

## East Capital Advisory Committee

### Örjan Berner

Örjan Berner held various foreign ministry positions in New York, Beijing and Moscow before becoming ambassador in Warsaw and New Dehli. Most interestingly, he was Sweden's ambassador in Moscow during the break up of the Soviet Union and when Russia and a number of other countries were forming (1989-1994). Later he was ambassador to both Germany and France. Örjan has maintained a large network of contacts in Russia over the years and has steadily built up his know-how on the Russian economy and local politics.

### Bengt Dennis

Bengt Dennis was Governor of the Bank of Sweden from 1982 to 1993 after having been Editor-in-chief at the Swedish newspaper Dagens Nyheter. He also led the work on the transportation route "Via Baltica" through the three Baltic States and was a member of the Hansapank and SEB Baltic Holdings boards.

Bengt is the world's foremost expert on the economies and political situations in the Baltic countries and in our advisory committee he is also responsible for analyses of Poland.

### Thorvald Stoltenberg

Thorvald Stoltenberg, Norway's former Foreign and Defence Minister, has worked with Balkan issues for many years, among others as the UN General Secretary's special envoy to the former Yugoslavia and Chairman of the UN's Steering Committee of the International Conference for the former Yugoslavia. From 1989 to 1991, Thorvald worked as United Nations High Commissioner for Refugees and between 1999 and 2008 he was president of the Norwegian Red Cross.

## East Capital Portfolio Management Team

### Peter Elam Håkansson

*Head of the Portfolio Management team*

Peter, a Swedish national, is one of the founders of East Capital, acting today as Head of the Investment team. Peter was the one to think through, set up and implement East Capital's investment philosophy and strategies, which he still oversees today.

Peter has been working with Eastern European markets since the early nineties and still travels frequently in the region to visit companies. Peter has been awarded the Golden Star for best Fund Manager five times by Morningstar and Dagens Industri. Peter is a member of the Board of the Swedish-Russian Chamber of Commerce, as well as member of the Investment Committee of ICICI Bank in India. ICICI Bank is India's second-largest bank. He is also member of Bonnier Business Press' Advisory Board with focus on Central and Eastern Europe.

Prior to East Capital Peter held a series of senior positions at Enskilda Securities in London, Paris and Stockholm – where his last role was as Head of Equities and Global Head of Research. He is a graduate from the Stockholm School of Economics, and also studied at EDHEC, France. He is fluent in Swedish, English and French.

### Aivaras Abromavicius

*Partner*

Aivaras, a Lithuanian national, joined East Capital in 2002 and is today a Partner of East Capital, working within the Portfolio management team. He is based in Kyiv.

Aivaras started his career with Hansabank, the largest Baltic Bank, where he soon was appointed Head of Equities. He also worked three years as Head of Trading at Brunswick Emerging Markets.

Aivaras has a BA in International Business from Concordia International University, Estonia and Concordia University, Wisconsin, USA. He speaks Russian, Lithuanian and English fluently and communicates well in Estonian.

### Jacob Grapengiesser

*Partner*

Jacob, a Swedish national, joined East Capital in 2002 and is today a Partner of East Capital, working within the Portfolio management team. He is member of the Board of Far-Eastern Shipping Company in Russia and B92 in Serbia. Jacob is based in Moscow.

Jacob was an analyst with Brunswick Emerging Markets for three years before joining East Capital. Prior to that, he worked at Khanty Mansiysk Oil Corporation (KMOC) in Moscow.

Jacob has studied at the Stockholm School of Economics, the Royal Institute of Technology and Cornell University, USA. Jacob is fluent in Swedish, Russian and English.



*Peter studying the sales figures at a construction warehouse in Kyiv, Ukraine.*



*Aivaras on his way to visit the titanium producer VSMPO in the Ural Mountains.*



*Jacob in Vladivostok visiting FESCO, Russia's leading transportation and logistics group.*



**Andras Szalkai**

*Director*

Andras Szalkai, a Hungarian national, is a member of the portfolio management team, with Central Europe as his area of expertise. Andras started at East Capital in 2006 as Portfolio Management Associate, and is based in Vienna.

His prior positions include fund manager at Vontobel Bank in Vienna, Austria, responsible for Eastern European equities and a regional telecom analyst at Erste Bank.

Andras has a Master of Science in Business Administration from the Budapest University of Economics and speaks fluent Hungarian, German and English.



*Andras in Prague, outside the headquarters of Metrostav - a leading construction group in Czech Republic and Slovakia.*

**Eglé Fredriksson**

*Portfolio Manager*

Eglé, a Lithuanian national, started her analyst career at East Capital in March 2004, covering the Baltic region.

Eglé has a Master's degree from Stockholm School of Economics in finance. Prior to that, she studied at the Stockholm School of Economics in Riga and Kaunas University of Technology in Lithuania. Eglé has prior work experience from both marketing and accounting positions in several Baltic companies, including Philips Baltic and Phillip Morris Lietuva.

Eglé is fluent in Lithuanian, Russian, Swedish and English and is a CFA Level I candidate.



*Eglé visiting the construction site of Ukraine's most modern sports arena in Donetsk.*

**Adrian Pop**

*Portfolio Manager*

Adrian, a Romanian national, joined East Capital as an analyst to cover Turkey and Romania in April 2005.

Adrian has prior work experience from Accenture in Bucharest, where he worked as a consultant in the telecommunications sector. In 2004, he graduated from Stockholm School of Economics with a Master of Science degree in finance, and in 2002, Adrian graduated from the Vienna Economic University with a Master's of Science degree.

Adrian is fluent in Romanian, German, English and Swedish, and is a CFA charter holder.



*Adrian discussing investment opportunities in the Balkan region during one of the East Capital Summits.*

# Invest in East Capital (Lux) funds

## Invest directly with East Capital

By registering at East Capital AB, you can gather and manage all your East Capital investments in one portfolio. You can place your transaction orders by phone, fax or post. By having your investments gathered in one single portfolio you will get consolidated reporting.

Visit our website or contact us directly to register as a client. Once registered you will receive a portfolio-ID number and you can start investing by transferring cash to your new portfolio.

[www.eastcapital.com/ecabe](http://www.eastcapital.com/ecabe)

### Client service

Opening hours: Monday - Friday 09.00 - 17.00 CET

Tel. +46 8 505 97 777

Fax: +46 8 505 88 509

E-mail: [info@eastcapital.com](mailto:info@eastcapital.com)

## Invest through other channels

When subscribing for shares in the funds an application form must be submitted prior to or alongside the payment to the respective fund's account. See the table of account numbers below. Orders for subscription, redemption or conversion of fund shares must be made through East Capital (Lux) forms which can be downloaded at [www.eastcapital.com/sicav](http://www.eastcapital.com/sicav) or ordered from the transfer agent Fastnet, tel. +352 47 67 22 16, e-mail: [fb-reg-team4@eu.fastnetgroup.com](mailto:fb-reg-team4@eu.fastnetgroup.com). The forms must be submitted in original by post to:

Fastnet Luxembourg S.A.

31, Allée Scheffer

L - 2520 Luxembourg

East Capital (Lux) funds are also available for daily trading through an increasing number of partners and distributors, please contact East Capital for a complete list of those.

### Cut-off time

In order to be processed on a specific valuation day, any requests for subscriptions, redemptions and conversions need to be received prior to 12.00 CET on the valuation day. Orders received after 12.00 CET will be processed the following business day.

## Classes of shares

Each compartment contains the following classes of shares, available in both EUR and USD:

### Class A shares

Minimum initial subscription: EUR 1,000 / USD 1,000

Subsequent minimum subscriptions: EUR 1,000 / USD 1,000

Minimum holding: EUR 1,000 / USD 1,000

### Class C shares

These shares are reserved for investments made by investors qualifying as institutional investors within the meaning of article 129 of the Luxembourg law of 20 December 2002.

Minimum initial subscription and minimum holding:

EUR 2,000,000 / USD 2,000,000

## Publishing of Net Asset Value

The Net Asset Value (NAV) is calculated daily and published on our Web site [www.eastcapital.com](http://www.eastcapital.com), on Morningstar sites in the Netherlands, France and Belgium and other Web sites.

## Further information

### Questions about our investment strategy and markets:

Sweden:

East Capital AB

Kungsgatan 31-33, Box 1364, SE-111 93 Stockholm

Tel. +46 8 505 88 555

E-mail: [pro@eastcapital.com](mailto:pro@eastcapital.com)

France and Luxembourg:

East Capital AB

Tel. +33 1 40 73 00 80

E-mail: [paris@eastcapital.com](mailto:paris@eastcapital.com)

### Questions regarding transactions in the funds:

Fastnet Luxembourg

Tel. +352 47 67 22 16

Fax +352 47 67 70 62

E-mail: [fb-reg-team4@eu.fastnetgroup.com](mailto:fb-reg-team4@eu.fastnetgroup.com)

Subscription currency	Bank	SWIFT	Account No.
EUR	Crédit Agricole S.A.	AGRIFRPP	FR7630006000012009280600085
USD	JP Morgan Chase	CHASUS33, ABA No. 21000021	796706786
JPY	Bank of Tokyo Mitsubishi	BOTKJPJT	653-0418285
CHF	UBS AG	UBSWCHZH80A	02300000060737050000Z
GBP	HSBC Bank Plc Intl.	MIDLGB22	35210915

## A word from the Chairman

2009 started with a lot of uncertainty after one of the most serious financial crises in modern history. The year did however end on a much more positive note. During 2009, most countries in Eastern Europe recorded almost unprecedented economic contractions and, at the same time, we saw very strong recoveries on the equity markets. Eastern Europe has been amongst the strongest-performing markets and some countries have even shown performance figures over or around 100%. Considering these incredible increases in share prices, it is easy to forget that there is still a long way to go until we are back at pre-crisis levels. For example, the Russian market (RTS), which gained an amazing 128% in USD terms during 2009, is still about 40% lower than the pre-crisis levels, and valuations remain attractive.

During the year, we saw global investors coming back to emerging markets again, but the inflows to global emerging markets funds of about USD 80bn went mainly to Asia and Latin America. Although the inflows to Russia and Eastern Europe recovered at the end of 2009, they were still limited. We expect these inflows to accelerate significantly in 2010, as Russia is currently the market that is the most often overweighted by investment strategists covering emerging markets.

More than ever, this was a year when it was important to stay close to the companies and visit them on a regular basis. Our investment team of 37 people made over 1,000 company visits and meetings this year. Meeting companies constitutes the backbone in the way we work, and in 2009 it truly paid off. Most of our funds outperformed the underlying markets.

### The funds

Russia has always been East Capital group's largest market and subsequently the Swedish domiciled East Capital Russian Fund was East Capital's first fund, launched in 1998. The East Capital (Lux) Russian Fund was launched 2007 and is closely mirroring the Swedish domiciled fund.

As long-term investors, we are very proud that our Russian fund was actually the best worldwide onshore-regulated fund of the decade, with a performance of 1,524% in USD. This corresponds to 826% better than the RTS during the period, and a margin of 561% on the runner up! It pays off to be a long-term investor. Thank you for your confidence and trust in us!

In line with the markets, the performance of the funds has been strongly positive. The funds ended 2009 as follows\*:

East Capital (Lux) Russian Fund	+134%
East Capital (Lux) Convergence Eastern European Fund	+41%
East Capital (Lux) Eastern European Fund	+94%

### Looking forward

When we look at 2010, we see a year where we expect the economies in our region to continue their recovery. We believe that this will continue to be reflected in positive performance for our markets. Most markets are also still cheap from an international perspective, and remain way off their pre-crisis levels. We think our region will be showing growth in line with potential based on low inflation, low real interest rates and increased domestic demand, as well as exports, rather than growth-over-potential driven by low base effect or cheap credit, as was the case before 2007.



The variation in the development between different countries in the region will, however, be substantial. Some countries, like the Baltic States, will probably have to wait until 2011 before seeing a real recovery. On the other hand, we believe that the two largest economies in our investment universe, Russia and Turkey, can surprise on the positive side with higher growth than expected.

The overall risks for our markets remain external factors. The main risk is that the global economic recovery slows down considerably when the stimulus packages are withdrawn and interest rates are starting to be hiked. A second risk is related to disruptions in the global financial system. Emerging markets and China have been the global growth drivers recently, which is why the emerging signs of market bubbles and economic overheating in China is worrying and a third risk. Political volatility in the region, most likely in Ukraine or Turkey, is a fourth risk.

The medium-term outlook for our region is very interesting considering the strong earnings, attractive valuations and good levels of inflation and interest rates. We are convinced that in the long term, our markets will continue to do well in absolute terms, but also, in relative terms they will continue to outperform more developed markets.

A handwritten signature in blue ink, appearing to read 'J. Pipinis'.

**Justas Pipinis**  
Chairman East Capital (Lux)

\* Class A (EUR)

# East Capital (Lux) Convergence Eastern European Fund

## Management report

### Market update

The year was characterised by an extraordinary recovery on the equity markets in Eastern Europe; most markets have recorded triple-digit gains since their respective lows. The recovery should, however, be viewed with the dramatic correction in 2008 in mind. So the recovery came from a low base, and most markets in the region are still not back to pre-crisis levels, and a handful are still more than 50% down from their respective peaks.

The MSCI EM Europe Index gained 81.1% in USD driven primarily by the Russian and Turkish markets gaining 128.2%, and 96.7% respectively. Russia is not included in the fund but in Turkey it was primarily the banks that outperformed due to sharply falling interest rates. The Central European markets performed well, but less impressively, with the large Polish market gaining 36.6%, whereas the performances on the smaller Baltic and Balkan markets were more modest. The small Slovak market was the only one in negative territory.

### The fund's development

The fund gained 40.9% in EUR during the year, under-performing the MSCI EM Europe Index by more than 30 percentage points. The net asset value was EUR 6m as of 31 December 2009, to be compared to EUR 5m on 31 December 2008. Net outflows during the year amounted to EUR 0.5m.

The main reason behind the under-performance is related to the fact that the fund does not invest in Russia, which is included in the benchmark index and was one of the strongest markets in the world during the year.

The Polish and Turkish holdings added most after having gained 58.8% and 91% respectively. But it was the Turkmen and Lithuanian stocks that performed the best, with 170.5% and 101% gains respectively, even though the share of the former is rather small in the fund. Materials and industrials were the two strongest sectors in the fund, with 133.1% and 101.8% gains respectively. The performance of the financial stocks in the fund was also strong, recording a 61.6% gain and adding the most positive contribution to the fund. The energy stocks also added a lot after having gained 53.3%.

### Changes during the period

The largest market reallocation during the year was a 10 percentage point reduction of Turkey to 25.3% and a 9 percentage point increase of the pan-regional exposure to 15.0%. The exposure to Poland remains one of the largest, and was increased from 12.6% to 14.6%. On a sector level, banking and finance was reduced sharply from 33.2% to 23.3%, and telecom was reduced to 6.2% from 9.1%. Oil and gas remains the second largest sector in the fund, and the exposure was increased from 10.6% to 14.0%.

All performance figures in the management report are in USD unless otherwise stated.

## Fund facts

<b>Risk</b>	High
<b>Investment manager</b>	East Capital Asset Management AB
<b>Type</b>	UCITS III
<b>Launch date</b>	Class A (EUR & USD) 31.01.2007 Class C (EUR) 07.05.2007 Class C (USD) 11.05.2007
<b>Quotation</b>	Daily
<b>Benchmark</b>	MSCI EM Europe Index
<b>Dividend</b>	No
<b>Management fee</b>	Class A (retail) 2.5%, Class C (institutional) 2%
<b>Subscription fee</b>	Max 5%
<b>Redemption fee</b>	Max 1% (other rules may apply when redeeming shares via our external partners)
<b>Conversion fee</b>	0%
<b>Domicile</b>	Luxembourg
<b>NAV currency</b>	EUR and USD
<b>ISIN</b>	Class A (EUR) LU0272825398 Class A (USD) LU0272828061 Class C (EUR) LU0272828574 Class C (USD) LU0272828731
<b>Bloomberg</b>	Class A (EUR) ECEUEUA LX Class A (USD) ECECUSA LX Class C (EUR) ECEECUR LX Class C (USD) ECEECUD LX

## Aim and investment strategy

The Compartment invests mainly in securities of issuers domiciled, significantly investing or conducting significant operations in Albania, Armenia, Austria, Azerbaijan, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Greece, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, Tajikistan, Turkey, Turkmenistan, Ukraine and Uzbekistan. The Compartment may also invest in securities (such as ADRs and GDRs) giving exposure to the above securities.

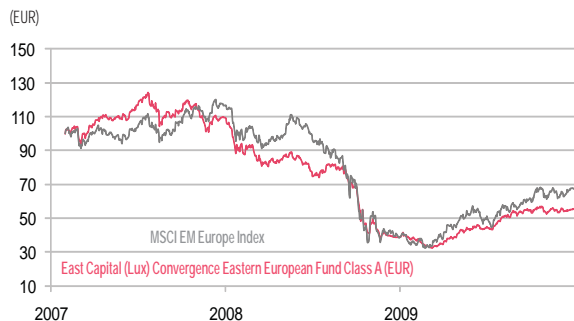
At least 75% of the Compartment's assets are invested in equity or equity-related securities.

The Compartment may hold liquid assets on an ancillary basis. Under normal market conditions, investment in liquid assets and debt instruments of any kind does not exceed 25% of the Compartment's net assets.

The Compartment may use derivative techniques and instruments for efficient management and hedging purposes on an ancillary basis.

## NAV compared with adjusted MSCI EM Europe Index

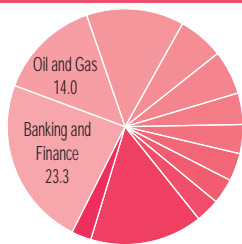
Index for NAV: 31 January, 2007 = 100 EUR



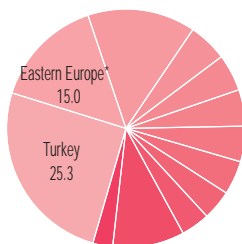
## Ten largest holdings of the fund

Company	Country	Sector	% of the fund's NAV
East Capital Explorer	Eastern Europe	Investment Companies	7.4
Kazmunai Gas Ep GDR	Kazakhstan	Oil and Gas	3.3
Garanti Bankasi	Turkey	Banking and Finance	3.1
Vienna Insurance	Eastern Europe	Insurance	2.9
Halkbank	Turkey	Banking and Finance	2.4
Petrom	Romania	Oil and Gas	2.3
Komerční Banka	Czech Republic	Banking and Finance	2.1
East Capital Bering Ukraine Cert	Ukraine	Investment Companies	2.0
Mercator	Slovenia	Retail	2.0
Türkiye İş Bankası	Turkey	Banking and Finance	2.0

## Portfolio break-down by sector and country (%)

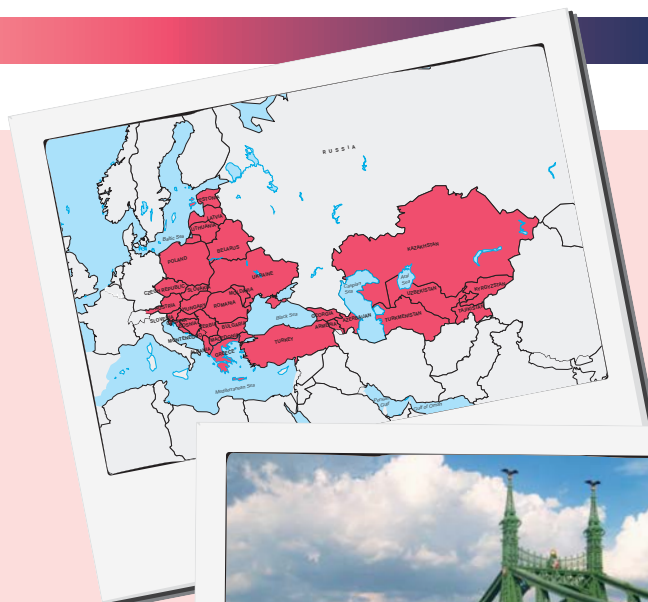


13.4 Investment Companies  
6.2 Telecom  
6.0 Insurance  
4.3 Constr. and Constr. Mtrl.  
4.0 Retail  
3.8 Real Estate  
3.5 Pharmaceuticals  
3.3 Consumer Goods  
15.4 Other sectors  
2.7 Other assets and liabilities, net



14.6 Poland  
5.3 Hungary  
5.0 Romania  
4.9 Czech Republic  
4.8 Kazakhstan  
4.6 Slovenia  
4.1 Lithuania  
3.9 Estonia  
9.7 Other countries  
2.7 Other assets and liabilities, net

\* Holdings stated in the financial instruments list on next page.



## Key figures for the East Capital (Lux) Convergence EE Fund

	31.12.2009	31.12.2008	31.12.2007
<b>Total return</b>			
Class A (EUR)	40.9%	-63.9%	9.6%*
MSCI EM Europe Index (EUR)	75.6%	-66.9%	16.3%*
Class A (USD)	45.3%	-65.8%	23.4%*
MSCI EM Europe Index (USD)	81.1%	-68.6%	31.7%*
Class C (EUR)	41.6%	-63.7%	0.7%**
MSCI EM Europe Index (EUR)	75.6%	-66.9%	15.7%**
Class C (USD)	50.1%	-65.7%	10.8%***
MSCI EM Europe Index (USD)	81.1%	-68.6%	29.5%***
* Since launch date 31.01.2007. ** Since launch date 07.05.2007. *** Since launch date 11.05.2007.			
<b>Total Net Asset Value (EUR)</b>	6,212,326.60	4,870,075.44	23,833,529.63
<b>NAV per share</b>			
Class A (EUR)	55.80	39.59	109.62
Class A (USD)	61.42	42.26	123.36
Class C (EUR)	51.78	36.56	100.68
Class C (USD)	57.08	38.02	110.78

## Changes in number of shares outstanding

	Shares outstanding at 31.12.2008	Shares issued	Shares redeemed	Shares outstanding at 31.12.2009
Class A (EUR)	65,224.16	19,212.55	26,760.11	57,676.60
Class A (USD)	37,280.66	53.00	5,598.28	31,735.38
Class C (EUR)	31,509.67	0.00	0.00	31,509.67
Class C (USD)	100.00	0.00	0.00	100.00

Past performance cannot be used as an indicator for current or future performance. The performance data do not take into account the commission and fees generated each time fund units are issued and purchased.

# East Capital (Lux) Convergence Eastern European Fund

STATEMENT OF NET ASSETS (EUR)		31.12.2009
<b>Assets</b>		<b>6,322,682.11</b>
Securities portfolio at market value NOTE 2		6,045,681.27
Cost price		7,420,614.13
Unrealised loss on the securities portfolio		-1,374,932.86
Cash at banks and liquidities		152,382.62
Formation expenses NOTE 2		52,134.22
Brokers receivable		28,980.54
Subscribers receivable		2,169.99
Dividends receivable		816.00
Receivable on spot exchange		40,517.47
<b>Liabilities</b>		<b>110,355.51</b>
Brokers payable		11,723.82
Accrued management fees NOTE 4		11,289.37
Custody and administration NOTE 5		1,022.62
Payable on spot exchange		40,643.08
Other liabilities		45,676.62
<b>Net asset value</b>		<b>6,212,326.60</b>

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (EUR)		31.12.2009
<b>Income</b>		<b>162,151.26</b>
Net dividends		162,115.36
Bank interest on cash account		35.90
<b>Expenses</b>		<b>278,232.84</b>
Amortisation of formation expenses NOTE 2		24,972.78
Management fees NOTE 4		115,167.25
Custodian & sub-custodian fees NOTE 5		15,876.66
Taxe d'abonnement NOTE 3		2,100.49
Administrative expenses		43,913.82
Domiciliation fees		1,128.83
Professional fees		6,703.56
Bank interest on overdrafts		822.08
Legal fees		16,680.46
Other expenses		50,866.91
<b>Net loss from investments</b>		<b>-116,081.58</b>
Net realised loss on sales of investment securities		-1,880,619.53
Net realised loss on foreign exchange		-729,728.51
<b>Net realised loss</b>		<b>-2,726,429.62</b>
Movement in net unrealised appreciation / depreciation on investments		4,531,781.40
<b>Increase in net assets as a result of operations</b>		<b>1,805,351.78</b>
Subscription capitalisation shares		889,501.58
Convergence Eastern European Fund - Class A EUR		887,734.30
Convergence Eastern European Fund - Class A USD		1,767.28
Redemption capitalisation shares		-1,352,602.20
Convergence Eastern European Fund - Class A EUR		-1,177,820.67
Convergence Eastern European Fund - Class A USD		-174,781.53
<b>Increase in net assets</b>		<b>1,342,251.16</b>
Net assets at the beginning of the year		4,870,075.44
<b>Net assets at the end of the year</b>		<b>6,212,326.60</b>

SECURITIES PORTFOLIO AND OTHER NET ASSETS <sup>1</sup>					31.12.2009
Name	Sector	Number of shares	Market value '000 EUR	% of the NAV	
<b>Balkan</b>			<b>58</b>		<b>0.9</b>
East Capital Bering Balkan Cert <sup>2</sup>	Investment Companies	100,000	58		0.9
<b>Baltic</b>			<b>24</b>		<b>0.4</b>
East Capital Baltic Property Investors**	Real Estate	99	24		0.4
<b>Croatia</b>			<b>97</b>		<b>1.6</b>
Atlantic Grupa*	Consumer Goods	400	38		0.6
Hrvatska Telekom*	Telecom	400	15		0.2
Istraturist*	Hotels	785	32		0.5
Podravka*	Consumer Goods	285	12		0.2

					Continued
<b>Czech Republic</b>			<b>307</b>		<b>4.9</b>
Cesky Telecom	Telecom		5,100	80	1.3
CEZ	Power Utilities - Integrated		2,437	80	1.3
Komerční Banka	Banking and Finance		885	132	2.1
Orco property GRP	Real Estate		2,236	15	0.2
<b>Eastern Europe</b>			<b>935</b>		<b>15.0</b>
East Capital Explorer <sup>3</sup>	Investment Companies		70,000	458	7.4
Erste Bank <sup>4</sup>	Banking and Finance		2,692	70	1.1
KBC BB <sup>5</sup>	Banking and Finance		1,602	49	0.8
OMV <sup>6</sup>	Oil and Gas		1,550	48	0.8
Raiffeisen International <sup>7</sup>	Banking and Finance		866	34	0.6
Systemair <sup>8</sup>	Constr. and Constr. Mtrl.		2,300	13	0.2
Wienerberger <sup>9</sup>	Constr. and Constr. Mtrl.		6,350	81	1.3
Vienna Insurance <sup>10</sup>	Insurance		5,045	182	2.9
<b>Estonia</b>			<b>241</b>		<b>3.9</b>
Merko Ehitus	Constr. and Constr. Mtrl.		4,000	20	0.3
Nordecon International	Constr. and Constr. Mtrl.		4,000	6	0.1
Norma	Engineering		6,000	23	0.4
Olympic Entertainment	Consumer Goods		65,000	50	0.8
Tallink	Transportation		128,700	48	0.8
Tallinna Kaubamaja	Retail		21,835	79	1.3
Tallinna Vesi	Utilities		1,500	15	0.2
<b>Georgia</b>			<b>15</b>		<b>0.2</b>
Bank of Georgia GDR REG S	Banking and Finance		2,500	15	0.2
<b>Greece</b>			<b>61</b>		<b>1.0</b>
Fouris Holdings	Retail		4,600	42	0.7
Hellenic Exchanges	Banking and Finance		2,600	19	0.3
<b>Hungary</b>			<b>328</b>		<b>5.3</b>
EGIS	Pharmaceuticals		177	12	0.2
FOTEX	Real Estate		16,430	23	0.4
Gedeon Richter	Pharmaceuticals		320	51	0.8
Magyar Telekom	Telecom		25,900	70	1.1
MOL	Oil and Gas		1,169	74	1.2
OTP Bank	Banking and Finance		3,300	67	1.1
Pannenergy	Holding Companies		10,500	31	0.5
<b>Kazakhstan</b>			<b>299</b>		<b>4.8</b>
Bank Tsentrkredit	Banking and Finance		11,925	42	0.7
BTA	Banking and Finance		622	5	0.1
East Capital Bering Central Asia Cert <sup>11</sup>	Investment Companies		112,800	40	0.6
Halyk Bank GDR REG S	Banking and Finance		900	6	0.1
Kazmunai Gas Ep GDR	Oil and Gas		11,892	206	3.3
<b>Latvia</b>			<b>55</b>		<b>0.9</b>
Grindeks	Pharmaceuticals		10,211	55	0.9
<b>Lithuania</b>			<b>251</b>		<b>4.1</b>
City Service	Services		8,000	15	0.2
Klaipėdos Nafta	Oil and Gas		97,029	26	0.4
Lietuvos Dujos	Oil and Gas		63,544	39	0.6
Pieno Žvaigždės	Consumer Goods		99,169	85	1.4
TEO	Telecom		164,920	87	1.4
<b>Poland</b>			<b>909</b>		<b>14.6</b>
Asseco Poland	IT and Internet		4,400	67	1.1
Bank Handlowy	Banking and Finance		400	7	0.1
Bank Zachodni WBK Sa	Banking and Finance		900	42	0.7
Bioton	Pharmaceuticals		192,800	11	0.2
Bogdanka	Metals and Mining		800	14	0.2
Bre Bank	Banking and Finance		469	30	0.5
Cersanit	Constr. and Constr. Mtrl.		4,300	17	0.3
Cyfrowy Polsat	Telecom		7,300	24	0.4
Decora	Consumer Goods		2,600	13	0.2
Famur	Engineering		19,100	10	0.2
Globe Trade Centre	Real Estate		6,900	43	0.7
Grupa Lotos	Oil and Gas		11,900	92	1.5
ING Bank Śląski	Banking and Finance		209	40	0.6
KGHM	Metals and Mining		2,200	57	0.9
Kogeneracja	Power Utilities - Integrated		3,130	60	1.0
Kopex	Engineering		2,900	18	0.3

					Continued
Mondi Packaging	Engineering	400	7	0.1	
PBG	Constr. and Constr. Mtrl.	423	21	0.3	
PGNiG	Oil and Gas	101,248	93	1.5	
PKO	Banking and Finance	1,800	17	0.3	
Plaza Centers	Real Estate	5,800	10	0.2	
Polimex Mostostal	Constr. and Constr. Mtrl.	500	0	0.0	
Polska Grupa Energetyczna	Power Utilities - Integrated	10,723	64	1.0	
Reinhold Polska	Real Estate	12,500	24	0.4	
TPSA	Telecom	11,365	44	0.7	
TVN	Media	16,100	56	0.9	
Zakłady Azotowe Pulawy	Chemicals	400	8	0.1	
ZPH Stalprodukt	Constr. and Constr. Mtrl.	140	20	0.3	
<b>Romania</b> .....			<b>311</b>	<b>5.0</b>	
Condmag	Oil and Gas	65,000	10	0.2	
Petrom	Oil and Gas	2,392,900	141	2.3	
Sif 1 (Banat Crisana)	Investment Companies	94,600	25	0.4	
Sif 2 (Moldova)	Investment Companies	103,700	28	0.4	
Sif 3 (Transilvania)	Investment Companies	203,900	33	0.5	
Sif 4 (Muntenia)	Investment Companies	163,900	27	0.4	
Sif 5 (Oltenia)	Investment Companies	118,500	36	0.6	
Transgaz	Oil and Gas	300	11	0.2	
<b>Serbia</b> .....			<b>71</b>	<b>1.2</b>	
Aik Banka**	Banking and Finance	1,063	27	0.4	
Energoprojekt Holding	Constr. and Constr. Mtrl.	4,557	36	0.6	
Sojaprotein	Consumer Goods	750	8	0.1	
<b>Slovakia</b> .....			<b>30</b>	<b>0.5</b>	
Dexia Banka	Banking and Finance	40	30	0.5	
<b>Slovenia</b> .....			<b>285</b>	<b>4.6</b>	
KRKA	Pharmaceuticals	440	28	0.5	
Mercator	Retail	824	126	2.0	
Nova Kreditna Bank Maribor	Banking and Finance	7,988	91	1.5	
Telekom Slovenije	Telecom	200	27	0.4	
Zavarovalnica Triglav	Insurance	500	13	0.2	
<b>Turkey</b> .....			<b>1,573</b>	<b>25.3</b>	
Akbank	Banking and Finance	18,901	83	1.3	
Aksigorta	Insurance	24,500	59	1.0	
Anadolu Hayat	Insurance	34,400	79	1.3	
Anadolu Sigorta	Insurance	68,089	43	0.7	
Enka Insaat	Constr. and Constr. Mtrl.	16,150	52	0.8	
Finans Leasing	Banking and Finance	85,089	79	1.3	
Garanti Bankasi	Banking and Finance	64,800	191	3.1	
Halkbank	Banking and Finance	27,500	152	2.4	
Is Reit	Real Estate	65,101	50	0.8	
Koc Holding	Holding Companies	24,500	50	0.8	

					Continued
Sabancı Holding	Holding Companies	30,897	83	1.3	
Selcuk Ecza	Pharmaceuticals	51,100	59	0.9	
Sinpas GYO	Real Estate	45,833	49	0.8	
Sise Cam	Holding Companies	33,300	29	0.5	
Tupras	Oil and Gas	7,570	105	1.7	
Türk Ekonomi Bankasi	Banking and Finance	1	0	0.0	
Türk Telekom	Telecom	30,100	64	1.0	
Türkcell	Telecom - Mobile	13,417	66	1.1	
Turkish Airlines	Transportation	29,874	79	1.3	
Türkiye İş Bankası	Banking and Finance	41,480	122	2.0	
Vakıfbank	Banking and Finance	40,000	79	1.3	
<b>Turkmenistan</b> .....			<b>28</b>	<b>0.4</b>	
Dragon Oil	Oil and Gas	6,300	28	0.4	
<b>Ukraine</b> .....			<b>168</b>	<b>2.7</b>	
Bank Aval**	Banking and Finance	761,482	16	0.3	
Bank Forum GDR**	Banking and Finance	4,750	2	0.0	
East Capital Bering Ukraine Cert <sup>12</sup>	Investment Companies	227,000	127	2.0	
Tsentr Energo ADR**	Power Utilities - Generation	2,680	22	0.4	
<b>Total Financial Instruments</b> .....			<b>6,046</b>	<b>97.3</b>	
Regulated markets			5,857	94.3	
Other markets that are regulated (*)			97	1.6	
Other (**)			92	1.5	
Other assets and liabilities, net			166	2.7	
<b>The Fund's NAV</b> .....			<b>6,212</b>	<b>100.0</b>	

The Notes on page 25 are an integral part of these financial statements.

**1 Indication of type of market place**

No asterisk indicates that the financial instrument is traded on a regulated market or equivalent market outside the EES.

\* Instruments traded on other markets that are regulated.

\*\* Other financial instruments.

<sup>2</sup> Investment in East Capital Bering Balkan Fund made through an equity linked certificate listed on Euronext.

<sup>3</sup> East Capital Explorer, an investment company listed in Sweden with exposure to Eastern Europe.

<sup>4</sup> Erste Bank, a finance company listed in Austria, with business in Eastern Europe.

<sup>5</sup> KBC BB, a finance company listed in Austria, with business in Eastern Europe.

<sup>6</sup> OMV, an oil and gas company listed in Austria, with business in Eastern Europe.

<sup>7</sup> Raiffeisen International, a finance company listed in Austria, with business in Eastern Europe.

<sup>8</sup> Systemair, a construction company listed in Sweden with business in Eastern Europe.

<sup>9</sup> Wienerberger, a construction company listed in Austria, with business in Eastern Europe.

<sup>10</sup> Vienna Insurance, an insurance company listed in Austria, with business in Eastern Europe.

<sup>11</sup> Investment in East Capital Bering Central Asia Fund made through an equity linked certificate listed on Euronext.

<sup>12</sup> Investment in East Capital Bering Ukraine Fund made through an equity linked certificate listed on Euronext.

# East Capital (Lux) Russian Fund

## Management report

### Market update

The Russian market enjoyed a very strong recovery in 2009. After having corrected substantially in 2008. It rallied on the back of rising oil prices, a stabilising macro environment and increased risk willingness from investors. Russia was, wrongly, priced as if it was on the verge of bankruptcy before it bottomed out in late January, and has since then performed very strongly, albeit from a low base.

The global economic recovery, coupled with gradually-improving domestic economic factors, has given support to the rebound on the market, which started in late January and was very strong during the first two quarters of the year. The market was flat or slightly down during summer and late autumn, but the general correction anticipated in August/September never materialised and the market continued to trade higher towards the end of the year.

### The fund's development

The fund gained 133.7% in EUR during 2009 and outperformed the benchmark RTS Index, which was the strongest in Eastern Europe and one of the strongest in the world in 2009, by more than 10 percentage points. The net asset value was EUR 48m as of 31 December 2009, to be compared to EUR 17m on 31 December 2008. Net inflows during the year were EUR 9.5m.

The strong performance during the first half of the year was driven primarily by the blue chips in general and the largest energy stocks in particular on the back of the rapidly-rising oil price. The fund, which is more diverse in terms of stocks and sectors, underperformed slightly during this period. The liquidity gradually moved to other sectors and to mid caps, which resulted in a relatively strong out-performance for the fund by the end of the year.

Most sectors recorded triple-digit gains over the year, with consumer staples and telecom services being the strongest performers in the fund among the larger sectors, with 269.1% and 227.7% gains respectively. The two largest sectors in the fund, energy and financials, gained 142.6% and 91.1% respectively. Materials and utilities were also quite strong, adding 122.7% and 185.5%. Industrials underperformed and "only" gained 39.8%.

### Changes during the period

The exposure to the oil and gas sector was reduced from 45.6% at the start of the year to 39.7% at the end of the year. The weightings of banking and finance increased from 9.7% to 15.4%. The exposure to metals and mining was increased substantially to become the third largest sector at 8.7%. The fund is gradually coming back towards the relatively strong domestic focus that has characterised it over the years.

All performance figures in the management report are in USD unless otherwise stated.

## Fund facts

<b>Risk</b>	High
<b>Investment manager</b>	East Capital Asset Management AB
<b>Type</b>	UCITS III
<b>Launch date</b>	Class A (EUR & USD) 31.01.2007 Class C (EUR) 09.02.2007 Class C (USD) 11.05.2007
<b>Quotation</b>	Daily
<b>Benchmark</b>	RTS-Index
<b>Dividend</b>	No
<b>Management fee</b>	Class A (retail) 2.5%, Class C (institutional) 2%
<b>Subscription fee</b>	Max 5%
<b>Redemption fee</b>	Max 1% (other rules may apply when redeeming shares via our external partners)
<b>Conversion fee</b>	0%
<b>Domicile</b>	Luxembourg
<b>NAV currency</b>	EUR and USD
<b>ISIN</b>	Class A (EUR) LU0272828905 Class A (USD) LU0272829119 Class C (EUR) LU0272829465 Class C (USD) LU0272830042
<b>Bloomberg</b>	Class A (EUR) ECRFAEU LX Class A (USD) ECRFAUS LX Class C (EUR) ECRFCER LX Class C (USD) ECRFCUS LX

## Aim and investment strategy

The Compartment invests at least two-thirds of its net assets in securities of issuers domiciled, significantly investing or conducting significant operations in Russia. It may also invest in securities of issuers domiciled, significantly investing or conducting significant operations in the former Soviet Union states, including Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan, as well as Turkey. The Compartment may also invest in securities (such as ADRs and GDRs) giving exposure to the above securities.

At least 75% of the Compartment's assets are invested in equity or equity-related securities.

The Compartment may hold liquid assets on an ancillary basis. Under normal market conditions, investment in liquid assets and debt instruments of any kind does not exceed 25% of the Compartment's net assets.

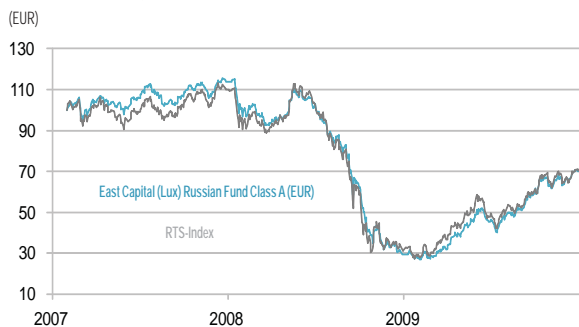
The Compartment may use derivative techniques and instruments for efficient management and hedging purposes on an ancillary basis.

When investing in Russia, the Compartment may only invest in securities listed on the RTS Stock Exchange, on the Moscow Interbank Currency Exchange and on any other regulated markets in Russia.



## NAV compared with currency adjusted RTS-Index

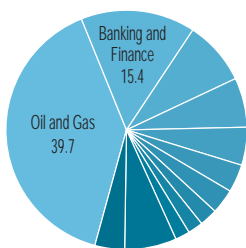
Index for NAV: 31 January, 2007 = 100 EUR



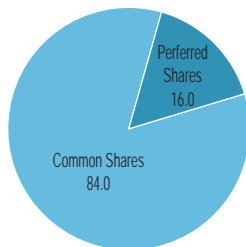
## Ten largest holdings of the fund

Company	Sector	% of the fund's NAV
Sberbank	Banking and Finance	9.6
Gazprom	Oil and Gas	8.0
Lukoil	Oil and Gas	7.8
Surgut NG	Oil and Gas	5.3
Ros Neft	Oil and Gas	5.2
VTB Bank	Banking and Finance	4.3
Trans Neft	Oil and Gas	4.1
Sistema GDR	Telecom - Mobile	4.0
GMK Norilsky Nikel	Metals and Mining	3.9
Magnit	Retail	2.7

## Portfolio break-down by sector and type of equity (%)



8.7	Metals and Mining
6.7	Telecom - Mobile
5.1	Retail
3.8	Telecom
3.3	Power Utilities - Distribution
2.4	Transportation
2.0	Power Utilities - Hydro
2.0	Power Utilities - Integrated
7.0	Other sectors
4.0	Other assets and liabilities, net



## Key figures for the East Capital (Lux) Russian Fund

	31.12.2009	31.12.2008	31.12.2007
<b>Total return</b>			
Class A (EUR)	133.7%	-73.5%	14.4%*
RTS-Index (EUR)	121.8%	-70.9%	9.7%*
Class A (USD)	140.7%	-74.9%	28.7%*
RTS-Index (USD)	128.6%	-72.4%	24.3%*
Class C (EUR)	135.0%	-73.4%	10.8%**
RTS-Index (EUR)	121.8%	-70.9%	7.5%**
Class C (USD)	142.0%	-74.8%	22.7%***
RTS-Index (USD)	128.6%	-72.4%	24.1%***
* Since launch date 31.01.2007. ** Since launch date 09.02.2007. *** Since launch date 11.05.2007.			
<b>Total Net Asset Value (EUR)</b>	48,490,356.85	16,916,345.22	116,165,274.96
<b>NAV per share</b>			
Class A (EUR)	70.81	30.30	114.36
Class A (USD)	77.76	32.31	128.69
Class C (EUR)	69.34	29.51	110.77
Class C (USD)	75.03	31.00	122.73

## Changes in number of shares outstanding

	Shares outstanding at 31.12.2008	Shares issued	Shares redeemed	Shares outstanding at 31.12.2009
Class A (EUR)	162,049.26	265,099.86	155,133.26	272,015.86
Class A (USD)	77,900.38	86,453.21	53,693.46	110,660.13
Class C (EUR)	304,562.76	56,095.37	52,830.38	307,827.75
Class C (USD)	54,167.16	36,327.54	54,447.99	36,046.71

Past performance cannot be used as an indicator for current or future performance. The performance data do not take into account the commission and fees generated each time fund units are issued and purchased.

# East Capital (Lux) Russian Fund

## STATEMENT OF NET ASSETS (EUR)

31.12.2009

<b>Assets</b>	<b>52,104,333.87</b>
Securities portfolio at market value NOTE 2	46,557,114.05
<i>Cost price</i>	49,729,273.47
<i>Unrealised loss on the securities portfolio</i>	-3,172,159.42
Cash at banks and liquidities	3,335,513.44
Formation expenses NOTE 2	52,201.64
Brokers receivable	148,333.80
Subscribers receivable	387,790.79
Dividends receivable	32,894.22
Receivable on spot exchange	1,590,485.93
<b>Liabilities</b>	<b>3,613,977.02</b>
Brokers payable	1,918,000.99
Subscribers payable	2,876.83
Accrued management fees NOTE 4	81,382.37
Custody and administration NOTE 5	1,800.83
Payable on spot exchange	1,595,233.12
Other liabilities	14,682.88
<b>Net asset value</b>	<b>48,490,356.85</b>

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (EUR)

31.12.2009

<b>Income</b>	<b>579,902.01</b>
Net dividends	579,265.51
Bank interest on cash account	636.50
<b>Expenses</b>	<b>959,776.47</b>
Amortisation of formation expenses NOTE 2	24,972.78
Management fees NOTE 4	591,395.23
Custodian & sub-custodian fees NOTE 5	28,608.38
Taxe d'abonnement NOTE 3	8,524.12
Administrative expenses	56,911.34
Domiciliation fees	4,000.82
Professional fees	29,947.09
Bank interest on overdrafts	369.64
Legal fees	36,621.11
Other expenses	178,425.96
<b>Net loss from investments</b>	<b>-379,874.46</b>
Net realised loss on sales of investment securities	-16,462,236.08
Net realised loss on foreign exchange	2,167,022.24
<b>Net realised loss</b>	<b>-14,675,088.30</b>
Movement in net unrealised appreciation / depreciation on investments	36,787,564.90
<b>Increase in net assets as a result of operations</b>	<b>22,112,476.60</b>
Subscription capitalisation shares	22,764,502.06
Russian Fund - Class A EUR	15,280,501.45
Russian Fund - Class A USD	3,966,406.98
Russian Fund - Class C EUR	2,228,161.69
Russian Fund - Class C USD	1,289,431.94
Redemption capitalisation shares	-13,302,967.03
Russian Fund - Class A EUR	-7,448,027.17
Russian Fund - Class A USD	-1,568,673.14
Russian Fund - Class C EUR	-1,968,747.66
Russian Fund - Class C USD	-2,317,519.06
<b>Increase in net assets</b>	<b>31,574,011.63</b>
Net assets at the beginning of the year	16,916,345.22
<b>Net assets at the end of the year</b>	<b>48,490,356.85</b>

## SECURITIES PORTFOLIO AND OTHER NET ASSETS <sup>1</sup>

31.12.2009

Name	Country <sup>2</sup>	Number of shares	Market value '000 EUR	% of the NAV
<b>Banking and Finance</b>			<b>7,456</b>	<b>15.4</b>
Bank Aval**	Ukraine	5,686,658	123	0.3
Bank Forum GDR**	Ukraine	20,400	11	0.0
Bank of Georgia GDR REG S	Georgia	12,586	73	0.2
Bank Tsentkredit	Kazakhstan	40,151	142	0.3
Bank Vozrozhdeniye*	Kazakhstan	2,000	54	0.1
BTA	Kazakhstan	2,077	16	0.0

Continued

East Capital Financials Fund**		1,525	206	0.4
Halyk Bank GDR REG S	Kazakhstan	3,100	21	0.0
Parex Banka**	Latvia	114,500	77	0.2
Sberbank*		2,421,154	4,657	9.6
VTB Bank GDR		631,300	2,076	4.3
<b>Chemicals</b>			<b>59</b>	<b>0.1</b>
Mashstroy*		390	59	0.1
<b>Consumer Goods</b>			<b>702</b>	<b>1.4</b>
Efes Breweries GDR		3,800	32	0.1
Gruppa Cherkizovo GDR		17,600	129	0.3
Kalina*		9,890	110	0.2
Oriflame Cosmetics		2,100	88	0.2
Wimm-Bill-Dann total			343	0.7
Wimm-Bill-Dann ADR		5,120	85	0.2
Wimm-Bill-Dann*		8,257	258	0.5
<b>Engineering</b>			<b>744</b>	<b>1.5</b>
GAZ*		11,226	180	0.4
Kamaz*		160,700	238	0.5
OMZ ADR		56,000	77	0.2
Sollers*		25,505	249	0.5
<b>Investment Companies</b>			<b>772</b>	<b>1.6</b>
East Capital Bering Central Asia Cert <sup>3</sup>	Kazakhstan	420,500	148	0.3
East Capital Bering Russia Cert <sup>4</sup>		230,000	456	0.9
East Capital Bering Ukraine Cert <sup>5</sup>	Ukraine	300,000	168	0.3
<b>Media</b>			<b>169</b>	<b>0.3</b>
MTG B		4,860	169	0.3
<b>Metals and Mining</b>			<b>4,207</b>	<b>8.7</b>
Evrax GDR		15,249	300	0.6
GMK Norilsky Nickel ADR		187,196	1,872	3.9
Kuzbass Razrezugol**		2,413,301	639	1.3
Magnitogorsk GDR		87,100	686	1.4
Mechel ADR		18,963	249	0.5
NLMK GDR		15,265	327	0.7
Severstal GDR		16,247	108	0.2
Yuzhny Kuzbass*		1,056	26	0.1
<b>Oil and Gas</b>			<b>19,240</b>	<b>39.7</b>
Bash Neft total			748	1.5
Bash Neft pref*		80,970	739	1.5
Bash Neft*		500	9	0.0
Dragon Oil	Turkmenistan	23,700	104	0.2
Eurasia Drilling GDR		18,608	220	0.5
Gazprom ADR		217,200	3,860	8.0
Gazprom Neft ADR		10,400	198	0.4
Kazmunai Gas Ep GDR	Kazakhstan	62,040	1,077	2.2
Lukoil ADR		94,596	3,778	7.8
Novoil pref*		250,000	57	0.1
Ros Neft GDR		416,874	2,499	5.2
Surgut NG total			2,574	5.3
Surgut NG ADR		78,065	484	1.0
Surgut NG pref ADR		212,400	714	1.5
Surgut NG pref*		4,091,500	1,376	2.8
Tat Neft total			688	1.4
Tat Neft GDR		2,550	52	0.1
Tat Neft pref*		307,100	539	1.1
Tat Neft*		30,215	97	0.2
TNK-BP Holding total			1,156	2.4
TNK-BP Holding pref**		482,030	504	1.0
TNK-BP Holding**		542,595	652	1.3
Trans Neft pref*		3,723	2,006	4.1
UFANK*		35,300	72	0.1
Ufmsky NPZ**		212,700	148	0.3
Yaroslav Nos*		320,000	53	0.1
<b>Power Utilities - Distribution</b>			<b>1,618</b>	<b>3.3</b>
MRSK Holding total			843	1.7
MRSK Holding pref*		775,000	39	0.1
MRSK Holding*		10,550,600	804	1.7
MRSK Severo-Zapada*		15,484,701	83	0.2
MRSK Tsentra I privolzhya*		73,749,805	316	0.7
MRSK Tsentra*		15,607,028	288	0.6
MRSK Volgij*		29,400,000	88	0.2

Continued

<b>Power Utilities - Generation</b> .....		<b>380</b>	<b>0.8</b>	
OGK-2*	4,500,000	98	0.2	
OGK-6*	2,750,000	49	0.1	
TGK-2*	127,717,059	20	0.0	
TGK-4*	156,074,193	39	0.1	
TGK-6*	67,447,300	15	0.0	
TGK-7*	3,289,676	103	0.2	
TGK-9*	450,000,000	32	0.1	
Tsentr Energo ADR**	Ukraine	2,900	24	0.0
<b>Power Utilities - Hydro</b> .....		<b>983</b>	<b>2.0</b>	
Rus Hydro total		983	2.0	
Rus Hydro ADR	84,983	227	0.5	
Rus Hydro*	25,902,400	681	1.4	
Rus Hydro*	2,854,866	75	0.2	
<b>Power Utilities - Integrated</b> .....		<b>949</b>	<b>2.0</b>	
Bashkir Energo*	214,505	163	0.3	
FSK*	43,220,814	318	0.7	
Inter RAO*	447,712,613	468	1.0	
<b>Real Estate</b> .....		<b>228</b>	<b>0.5</b>	
PIK GDR	78,700	228	0.5	
<b>Retail</b> .....		<b>2,487</b>	<b>5.1</b>	
Dixy*	24,100	126	0.3	
M.Video*	119,399	321	0.7	
Magnit*	26,679	1,326	2.7	
X5 Retail Group GDR	32,130	714	1.5	
<b>Services</b> .....		<b>320</b>	<b>0.7</b>	
IMS Group	50,000	1	0.0	
Integra Group GDR	152,800	319	0.7	
<b>Telecom</b> .....		<b>1,834</b>	<b>3.8</b>	
Bash Informsvyaz*	510,000	45	0.1	
Dal Svyaz total		188	0.4	
Dal Svyaz pref*	20,300	35	0.1	
Dal Svyaz*	71,686	153	0.3	
Severo-Zapadny Telekom total		390	0.8	
Severo-Zapadny Telekom pref*	288,100	106	0.2	
Severo-Zapadny Telekom*	582,300	284	0.6	
Sibir Telekom total		845	1.7	
Sibir Telekom pref*	12,440,539	327	0.7	
Sibir Telekom*	15,359,864	518	1.1	
Tat Telekom*	7,800,000	27	0.1	
Tsentr Telekom pref*	135,900	44	0.1	
Uralsvyazinform*	6,552,300	118	0.2	
Volga Telekom pref*	115,285	177	0.4	
<b>Telecom - Mobile</b> .....		<b>3,240</b>	<b>6.7</b>	
MTS ADR	17,340	591	1.2	
Sistema GDR	131,208	1,920	4.0	
Vimpelkom ADR	56,234	729	1.5	
<b>Transportation</b> .....		<b>1,168</b>	<b>2.4</b>	
FESCO*	4,750,365	1,168	2.4	
<b>Total Financial Instruments</b> .....		<b>46,557</b>	<b>96.0</b>	
Regulated markets		24,938	51.4	
Other markets that are regulated (*)		19,236	39.7	
Other (**)		2,383	4.9	
Other assets and liabilities, net		1,933	4.0	
<b>The Fund's NAV</b> .....		<b>48,490</b>	<b>100.0</b>	

The Notes on page 25 are an integral part of these financial statements.

<sup>1</sup> Indication of type of market place

No asterisk indicates that the financial instrument is traded on a regulated market or equivalent market outside the EES.

\* Instruments traded on other markets that are regulated.

\*\* Other financial instruments.

<sup>2</sup> If not otherwise stated, the instrument is issued by an issuer domiciled in Russia or by a foreign company that has significant operations, or invests significantly in Russia.

<sup>3</sup> Investment in East Capital Bering Central Asia Fund made through an equity linked certificate listed on Euronext.

<sup>4</sup> Investment in East Capital Bering Russia Fund made through an equity linked certificate listed on Euronext.

<sup>5</sup> Investment in East Capital Bering Ukraine Fund made through an equity linked certificate listed on Euronext.

# East Capital (Lux) Eastern European Fund

## Management report

### Market update

The year was characterised by an extraordinary recovery on the equity markets in Eastern Europe; most markets have recorded triple-digit gains since their respective lows. The recovery should, however, be viewed with the dramatic correction in 2008 in mind. So the recovery came from a low base, and most markets in the region are still not back to pre-crisis levels, and a handful are still more than 50% down from their respective peaks.

The MSCI EM Europe Index gained 81.1% in USD. The Russian and Turkish markets are not only the largest and most liquid markets in the region, but were also the best performers in 2009. The RTS Index in Moscow gained 128.2%, whereas the ISI 100 Index in Istanbul noted a 96.7% gain. The Russian market was very much driven by the strong recovery for energy companies on the back of rising commodity prices and financials, whereas the Turkish banks outperformed due to sharply falling interest rates. The Central European markets performed well, but less impressively, with the large Polish market gaining 36.6%, whereas the performances on the smaller Baltic and Balkan markets were more modest. The small Slovak market was the only one in negative territory.

### The fund's development

The fund gained 94.3% in EUR during 2009, outperforming the MSCI EM Europe index by almost 20 percentage points. The net asset value was EUR 35m as of 31 December 2009, to be compared to EUR 19m on 31 December 2008. Net outflows during the year amounted to EUR 1.9m.

The main reasons behind the out-performance are related to active and successful country allocations in combination with non-index allocation in individual markets. A handful of sectors recorded triple-digit gains; consumer staples, materials, energy, utilities and telecom services gained 154.9%, 125.5%, 122.3%, 126.2% and 117.4% respectively. Financials were relatively weaker, but nevertheless gained 90%.

### Changes during the period

On a market level, the exposure to Russia was increased substantially over the year, from 46.8% to an unusually high 63.5%, reflecting the strong performance and positive outlook for that market. The exposure to Turkey varied a lot during the year, but was cut from the unusually high 19.7% to less than 4% in late summer before it was increased sharply towards the end of the year, making up 8.7% of the fund. Poland remains the third largest market in the fund at 5.5%, slightly less than at the beginning of the year although the exposure was increased during the second half of the year before being reduced again towards the end of the year.

Oil and gas and banking and finance remain the two largest sectors with exposure at similar levels at 30.6%, and 18.5% respectively. The single biggest increase was in metals and mining, primarily in Russia, which has become the third largest sector in the fund at 6.6%.

All performance figures in the management report are in USD unless otherwise stated.

## Fund facts

<b>Risk</b>	High
<b>Investment manager</b>	East Capital Asset Management AB
<b>Type</b>	UCITS III
<b>Launch date</b>	Class A (EUR & USD) 12.12.2007 Class C (EUR & USD) 12.12.2007
<b>Quotation</b>	Daily
<b>Benchmark</b>	MSCI EM Europe Index
<b>Dividend</b>	No
<b>Management fee</b>	Class A (retail) 2.5%, Class C (institutional) 2%
<b>Subscription fee</b>	Max 5%
<b>Redemption fee</b>	Max 1% (other rules may apply when redeeming shares via our external partners)
<b>Conversion fee</b>	0%
<b>Domicile</b>	Luxembourg
<b>NAV currency</b>	EUR and USD
<b>ISIN</b>	Class A (EUR) LU0332315638 Class A (USD) LU0332315471 Class C (EUR) LU0332315398 Class C (USD) LU0332315125
<b>Bloomberg</b>	Class A (EUR) ECESTAE LX Class A (USD) ECESTAU LX Class C (EUR) ECESTCE LX Class C (USD) ECESTCU LX

## Aim and investment strategy

The Compartment invests principally in securities of issuers domiciled in, or exercising a predominant part of their activity in Eastern Europe, namely in Albania, Armenia, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine. The Compartment may also invest up to one third of its assets in securities of issuers domiciled in, or exercising a predominant part of their activity in Austria, Azerbaijan, Cyprus, Greece, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. The Compartment may also invest in securities (such as ADRs and GDRs) giving exposure to the above securities.

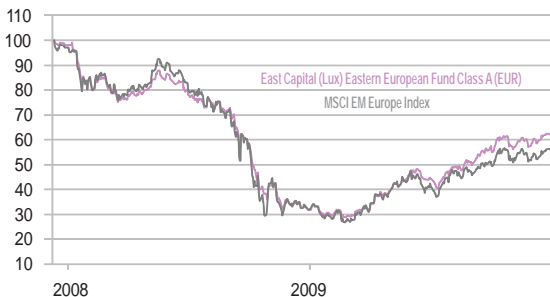
At least 75% of the Compartment's assets are invested in equity or equity-related securities. The Compartment may hold liquid assets on an ancillary basis. Under normal market conditions, investment in liquid assets and debt instruments of any kind does not exceed 25% of the Compartment's assets.

The Compartment may use derivative techniques and instruments for efficient management and hedging purposes on an ancillary basis.

When investing in Russia, the Compartment may only invest in securities listed on the RTS Stock Exchange, on the Moscow Interbank Currency Exchange and on any other regulated markets in Russia.

## NAV compared with currency adjusted MSCI EM Europe Index

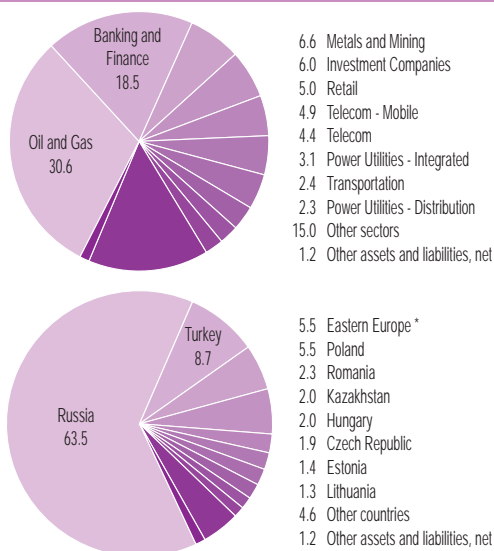
Index for NAV: 12 December, 2007 = 100 EUR (EUR)



## Ten largest holdings of the fund

Company	Country	Sector	% of the fund's NAV
Sberbank	Russia	Banking and Finance	6.9
Gazprom	Russia	Oil and Gas	5.4
Lukoil	Russia	Oil and Gas	5.3
Surgut NG	Russia	Oil and Gas	3.7
Ros Neft	Russia	Oil and Gas	3.5
VTB Bank	Russia	Banking and Finance	3.0
Sistema GDR	Russia	Telecom - Mobile	2.7
Trans Neft	Russia	Oil and Gas	2.7
GMK Norilsky Nikel	Russia	Metals and Mining	2.6
East Capital Explorer	Eastern Europe	Investment Companies	2.6

## Portfolio break-down by sector and country (%)



\* Holdings stated in the financial instruments list on next page.



## Key figures for the East Capital (Lux) Eastern European Fund

	31.12.2009	31.12.2008	31.12.2007
<b>Total return</b>			
Class A (EUR)	94.3%	-67.2%	-1.6%*
MSCI EM Europe Index (EUR)	75.6%	-66.9%	-3.1%*
Class A (USD)	100.7%	-68.7%	-1.6%*
MSCI EM Europe Index (USD)	81.1%	-68.6%	-3.1%*
Class C (EUR)	95.4%	-67.0%	-1.6%*
MSCI EM Europe Index (EUR)	75.6%	-66.9%	-3.1%*
Class C (USD)	101.6%	-68.7%	-1.6%*
MSCI EM Europe Index (USD)	81.1%	-68.6%	-3.1%*
* Since launch date 12.12.2007.			
<b>Total Net Asset Value (EUR)</b>	34,541,591.45	18,544,606.57	21,073,897.82
<b>NAV per share</b>			
Class A (EUR)	62.76	32.30	98.38
Class A (USD)	61.89	30.84	98.38
Class C (EUR)	63.46	32.48	98.41
Class C (USD)	62.02	30.76	98.41

## Changes in number of shares outstanding

	Shares outstanding at 31.12.2008	Shares issued	Shares redeemed	Shares outstanding at 31.12.2009
Class A (EUR)	68,224.56	24,525.09	35,832.63	56,917.02
Class A (USD)	581.14	0.00	0.00	581.14
Class C (EUR)	236,588.14	125,101.35	84,560.73	277,128.76
Class C (USD)	390,711.53	0.00	81,670.42	309,041.11

Past performance cannot be used as an indicator for current or future performance. The performance data do not take into account the commission and fees generated each time fund units are issued and purchased.

# East Capital (Lux) Eastern European Fund

## STATEMENT OF NET ASSETS (EUR) 31.12.2009

<b>Assets</b>	<b>35,282,333.86</b>
Securities portfolio at market value NOTE 2	34,124,549.99
<i>Cost price</i>	32,988,046.41
<i>Unrealised gain on the securities portfolio</i>	1,136,503.58
Cash at banks and liquidities	566,420.42
Formation expenses NOTE 2	63,272.77
Brokers receivable	219,782.08
Dividends receivable	21,678.84
Receivable on spot exchange	286,629.76
<b>Liabilities</b>	<b>740,742.41</b>
Brokers payable	385,675.69
Accrued management fees NOTE 4	56,436.11
Custody and administration NOTE 5	1,399.35
Payable on spot exchange	287,192.93
Other liabilities	10,038.33
<b>Net asset value</b>	<b>34,541,591.45</b>

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (EUR) 31.12.2009

<b>Income</b>	<b>658,110.48</b>
Net dividends	657,612.60
Bank interest on cash account	497.88
<b>Expenses</b>	<b>924,390.65</b>
Amortisation of formation expenses NOTE 2	15,982.82
Management fees NOTE 4	536,392.79
Custodian & sub-custodian fees NOTE 5	29,760.66
Taxe d'abonnement NOTE 3	4,052.03
Administrative expenses	54,098.65
Domiciliation fees	4,938.56
Professional fees	36,165.78
Bank interest on overdrafts	2,063.46
Legal fees	41,445.09
Other expenses	199,490.81
<b>Net loss from investments</b>	<b>-266,280.17</b>
Net realised loss on sales of investment securities	-5,295,895.09
Net realised loss on foreign exchange	-460,713.32
<b>Net realised loss</b>	<b>-6,022,888.58</b>
Movement in net unrealised appreciation / depreciation on investments	23,875,898.48
<b>Increase in net assets as a result of operations</b>	<b>17,853,009.90</b>
Subscription capitalisation shares	6,940,404.85
Eastern European Fund - Class A EUR	1,275,162.64
Eastern European Fund - Class C EUR	5,665,242.21
Redemption capitalisation shares	-8,796,429.87
Eastern European Fund - Class A EUR	-1,859,638.44
Eastern European Fund - Class C EUR	-3,603,839.11
Eastern European Fund - Class C USD	-3,332,952.32
<b>Increase in net assets</b>	<b>15,996,984.88</b>
Net assets at the beginning of the year	18,544,606.57
<b>Net assets at the end of the year</b>	<b>34,541,591.45</b>

## SECURITIES PORTFOLIO AND OTHER NET ASSETS <sup>1</sup> 31.12.2009

Name	Sector	Number of shares	Market value '000 EUR	% of the NAV
<b>Balkan</b>			<b>.87</b>	<b>0.3</b>
East Capital Bering Balkan Cert <sup>2</sup>	Investment Companies	150,000	87	0.3
<b>Baltics</b>			<b>.93</b>	<b>0.3</b>
East Capital Baltic Property Investors**	Real Estate	390	93	0.3
<b>Croatia</b>			<b>.191</b>	<b>0.6</b>
Atlantic Grupa*	Consumer Goods	900	85	0.2
Isstraturist*	Hotels	1,865	77	0.2
Podravka*	Consumer Goods	711	29	0.1
<b>Czech Republic</b>			<b>.645</b>	<b>1.9</b>
Cesky Telecom	Telecom	10,490	166	0.5
CEZ	Power Utilities - Integrated	5,160	169	0.5
Komerční Banka	Banking and Finance	1,870	278	0.8
Orco property GRP	Real Estate	4,904	32	0.1

## Continued

<b>Eastern Europe</b>			<b>1,912</b>	<b>5.5</b>
East Capital Explorer <sup>3</sup>	Investment Companies	138,164	904	2.6
Erste Bank <sup>4</sup>	Banking and Finance	5,416	141	0.4
KBC BB <sup>5</sup>	Banking and Finance	3,455	105	0.3
OMV <sup>6</sup>	Oil and Gas	3,500	107	0.3
Raiffeisen International <sup>7</sup>	Banking and Finance	1,819	72	0.2
Systemair <sup>8</sup>	Constr. and Constr. Mtrl.	4,567	27	0.1
Wienerberger <sup>9</sup>	Constr. and Constr. Mtrl.	13,390	171	0.5
Vienna Insurance <sup>10</sup>	Insurance	10,700	385	1.1
<b>Estonia</b>			<b>.498</b>	<b>1.4</b>
Merko Ehitus	Constr. and Constr. Mtrl.	8,600	43	0.1
Nordecon International	Constr. and Constr. Mtrl.	12,000	19	0.1
Norma	Engineering	24,600	96	0.3
Olympic Entertainment	Consumer Goods	111,500	86	0.2
Tallink	Transportation	119,800	44	0.1
Tallinna Kaubamaja	Retail	47,500	171	0.5
Tallinna Vesi	Utilities	3,860	39	0.1
<b>Georgia</b>			<b>.22</b>	<b>0.1</b>
Bank of Georgia GDR REG S	Banking and Finance	3,800	22	0.1
<b>Greece</b>			<b>.91</b>	<b>0.3</b>
Fourlis Holdings	Retail	5,463	50	0.1
Hellenic Exchanges	Banking and Finance	5,600	41	0.1
<b>Hungary</b>			<b>.693</b>	<b>2.0</b>
EGIS	Pharmaceuticals	400	28	0.1
FOTEX	Real Estate	39,392	55	0.2
Gedeon Richter	Pharmaceuticals	675	107	0.3
Magyar Telekom	Telecom	54,700	148	0.4
MOL	Oil and Gas	2,423	152	0.4
OTP Bank	Banking and Finance	7,000	141	0.4
Pannenergy	Holding Companies	20,600	62	0.2
<b>Kazakhstan</b>			<b>.708</b>	<b>2.0</b>
Bank Tsentrkredit	Banking and Finance	23,700	84	0.2
BTA	Banking and Finance	1,255	10	0.0
East Capital Bering Central Asia Cert <sup>11</sup>	Investment Companies	219,200	77	0.2
Halyk Bank GDR REG S	Banking and Finance	1,900	13	0.0
Kazmunai Gas Ep GDR	Oil and Gas	30,170	524	1.5
<b>Latvia</b>			<b>.151</b>	<b>0.4</b>
Grindeks	Pharmaceuticals	21,700	116	0.3
LASCO	Transportation	27,866	16	0.0
Parex Banka**	Banking and Finance	28,900	19	0.1
<b>Lithuania</b>			<b>.452</b>	<b>1.3</b>
Klaipėdos Nafta	Oil and Gas	73,302	20	0.1
Lietuvos Dujos	Oil and Gas	82,400	50	0.1
Limarko	Transportation	27,300	4	0.0
Pieno Žvaigždės	Consumer Goods	191,095	163	0.5
Rokiskio Suris	Consumer Goods	12,876	11	0.0
TEO	Telecom	327,761	174	0.5
Zemaitijos Pienas	Consumer Goods	100,000	31	0.1
<b>Poland</b>			<b>1,892</b>	<b>5.5</b>
Asseco Poland	IT and Internet	9,200	141	0.4
Bank Zachodni WBK Sa	Banking and Finance	1,700	79	0.2
Bioton	Pharmaceuticals	406,300	23	0.1
Bogdanka	Metals and Mining	1,700	29	0.1
Bre Bank	Banking and Finance	900	57	0.2
Cersanit	Constr. and Constr. Mtrl.	9,000	36	0.1
Cyfrowy Polsat	Telecom	15,400	51	0.1
Decora	Consumer Goods	8,700	42	0.1
Famur	Engineering	40,251	21	0.1
Globe Trade Centre	Real Estate	14,500	91	0.3
Grupa Lotos	Oil and Gas	24,500	190	0.5
ING Bank Slaski	Banking and Finance	453	86	0.2
KGHM	Metals and Mining	4,500	116	0.3
Kogeneracja	Power Utilities - Integrated	6,480	124	0.4
Kopex	Engineering	6,000	38	0.1
Mondi Packaging	Manufacturing	1,100	20	0.1
PBG	Constr. and Constr. Mtrl.	934	46	0.1
PGNiG	Oil and Gas	213,029	197	0.6
PKO	Banking and Finance	3,700	34	0.1
Polska Grupa Energetyczna	Power Utilities - Integrated	23,602	141	0.4
Reinhold Polska	Real Estate	29,600	57	0.2
TPSA	Telecom	24,000	93	0.3
TVN	Media	34,382	120	0.3

Continued				
Zaklady Azotowe Pulawy	Chemicals	895	17	0.0
ZPH Stalprodukt	Constr. and Constr. Mtrl.	300	43	0.1
<b>Romania</b>		<b>788</b>	<b>23</b>	
Condmag	Oil and Gas	152,000	24	0.1
Petrom	Oil and Gas	4,535,400	267	0.8
Sif 1 (Banat Crisana)	Investment Companies	364,600	97	0.3
Sif 2 (Moldova)	Investment Companies	330,100	89	0.3
Sif 3 (Transilvania)	Investment Companies	697,200	112	0.3
Sif 4 (Muntenia)	Investment Companies	516,800	87	0.3
Sif 5 (Oltenia)	Investment Companies	373,600	112	0.3
<b>Russia</b>		<b>21,935</b>	<b>63.5</b>	
Bash Neft total		438	1.3	
Bash Neft pref*	Oil and Gas	47,220	431	1.2
Bash Neft*	Oil and Gas	400	7	0.0
Bashkir Energo*	Power Utilities - Integrated	245,666	187	0.5
Dal Svyaz*	Telecom	52,129	111	0.3
Dixy*	Retail	15,100	79	0.2
East Capital Bering Russia Cert <sup>12</sup>	Investment Companies	140,000	278	0.8
East Capital Financials Fund**	Banking and Finance	869	117	0.3
Eurasia Drilling GDR	Oil and Gas	11,600	137	0.4
Evrax GDR	Metals and Mining	7,787	153	0.4
FESCO*	Transportation	2,457,263	605	1.8
FSK*	Power Utilities - Integrated	23,572,533	173	0.5
GAZ total		93	0.3	
GAZ pref*	Engineering	1,830	19	0.1
GAZ*	Engineering	4,620	74	0.2
Gazprom ADR	Oil and Gas	104,469	1,857	5.4
Gazprom Neft ADR	Oil and Gas	6,400	122	0.4
GMK Norilsky Nikel ADR	Metals and Mining	91,103	911	2.6
Gruppa Cherkizovo GDR	Consumer Goods	9,200	67	0.2
Integra Group GDR	Services	80,200	168	0.5
Inter RAO*	Power Utilities - Integrated	252,144,671	264	0.8
Kamaz*	Engineering	94,600	140	0.4
Kuzbass Razrezugol**	Metals and Mining	1,211,667	321	0.9
Lukoil ADR	Oil and Gas	45,665	1,824	5.3
M.Video*	Retail	66,750	180	0.5
Magnit*	Retail	14,089	700	2.0
Magnitogorsk GDR	Metals and Mining	41,800	329	1.0
Mechel ADR	Metals and Mining	10,859	142	0.4
MRSK Holding total		453	1.3	
MRSK Holding pref*	Power Utilities - Distribution	698,346	35	0.1
MRSK Holding*	Power Utilities - Distribution	5,486,416	418	1.2
MRSK Tsentra 1 Privolzhya*	Power Utilities - Distribution	43,549,095	187	0.5
MRSK Tsentra*	Power Utilities - Distribution	8,519,384	157	0.5
MTG B	Media	3,050	106	0.3
MTS ADR	Telecom - Mobile	8,250	281	0.8
NLMK GDR	Metals and Mining	7,534	161	0.5
PIK GDR	Real Estate	36,500	106	0.3
Ros Neft GDR	Oil and Gas	203,604	1,220	3.5
Rus Hydro total		450	1.3	
Rus Hydro ADR	Power Utilities - Hydro	57,254	153	0.4
Rus Hydro*	Power Utilities - Hydro	10,200,003	268	0.8
Rus Hydro*	Power Utilities - Hydro	1,089,772	29	0.1
Sberbank*	Banking and Finance	1,238,125	2,381	6.9
Severo-Zapadny Telekom total		221	0.6	
Severo-Zapadny Telekom pref*	Telecom	159,400	59	0.2
Severo-Zapadny Telekom*	Telecom	332,400	162	0.5
Severstal GDR	Metals and Mining	17,225	114	0.3
Sibir Telekom total		417	1.2	
Sibir Telekom pref**	Telecom	6,009,000	158	0.5
Sibir Telekom*	Telecom	7,686,400	259	0.8
Sistema GDR	Telecom - Mobile	63,135	924	2.7
Sollers*	Engineering	15,800	154	0.4
Surgut NG total		1,276	3.7	
Surgut NG ADR	Oil and Gas	57,810	359	1.0
Surgut NG pref ADR	Oil and Gas	57,000	192	0.6
Surgut NG pref*	Oil and Gas	2,159,868	725	2.1
Tat Neft total		344	1.0	
Tat Neft GDR	Oil and Gas	4,516	92	0.3
Tat Neft pref*	Oil and Gas	143,600	252	0.7
TGK-2*	Power Utilities - Generation	37,035,718	6	0.0
TGK-4*	Power Utilities - Generation	45,258,792	11	0.0
TNK-BP Holding total		564	1.6	
TNK-BP Holding pref**	Oil and Gas	234,765	245	0.7
TNK-BP Holding**	Oil and Gas	264,900	319	0.9
Trans Neft pref*	Oil and Gas	1,703	918	2.7
Ufimsky NPZ**	Oil and Gas	138,300	96	0.3

Continued				
Wimm-Bill-Dann total		233	0.7	
Wimm-Bill-Dann ADR	Consumer Goods	6,612	110	0.3
Wimm-Bill-Dann*	Consumer Goods	3,935	123	0.4
Vimpelkom ADR	Telecom - Mobile	26,986	350	1.0
VTB Bank GDR	Banking and Finance	310,800	1,022	3.0
X5 Retail Group GDR	Retail	17,306	387	1.1
<b>Serbia</b>		<b>134</b>	<b>0.4</b>	
Aik Banka**	Banking and Finance	2,114	54	0.2
Energoprojekt Holding	Constr. and Constr. Mtrl.	8,987	71	0.2
Sojaprotein	Consumer Goods	750	8	0.0
<b>Slovakia</b>		<b>55</b>	<b>0.2</b>	
Dexia Banka	Banking and Finance	75	55	0.2
<b>Slovenia</b>		<b>436</b>	<b>1.3</b>	
KRKA	Pharmaceuticals	880	56	0.2
Mercator	Retail	1,116	171	0.5
Nova Kreditna Bank Maribor	Banking and Finance	7,811	89	0.3
Pivovarna Lasko	Consumer Goods	1,390	36	0.1
Telekom Slovenije	Telecom	437	59	0.2
Zavarovalnica Triglav	Insurance	982	25	0.1
<b>Turkey</b>		<b>3,003</b>	<b>8.7</b>	
Akbank	Banking and Finance	40,315	177	0.5
Aksigorta	Insurance	44,450	107	0.3
Anadolu Hayat	Insurance	60,600	140	0.4
Anadolu Sigorta	Insurance	104,576	66	0.2
Enka Insaat	Constr. and Constr. Mtrl.	24,771	79	0.2
Finans Leasing	Banking and Finance	165,491	154	0.4
Garanti Bankasi	Banking and Finance	130,200	384	1.1
Halkbank	Banking and Finance	55,900	309	0.9
Is Reit	Real Estate	96,800	74	0.2
Koc Holding	Holding Companies	36,700	75	0.2
Sabancı Holding	Holding Companies	56,186	150	0.4
Selcuk Ecza	Pharmaceuticals	104,453	120	0.3
Singas GYO	Real Estate	68,767	74	0.2
Sise Cam	Holding Companies	67,800	59	0.2
Tupras	Oil and Gas	16,560	229	0.7
Turk Ekonomi Bankasi	Banking and Finance	1	0	0.0
Turk Telekom	Telecom	61,107	130	0.4
Turkcell	Telecom - Mobile	25,305	125	0.4
Turkish Airlines	Transportation	60,419	160	0.5
Turkiye Is Bankasi	Banking and Finance	77,859	228	0.7
Vakifbank	Banking and Finance	81,300	163	0.5
<b>Turkmenistan</b>		<b>29</b>	<b>0.1</b>	
Dragon Oil	Oil and Gas	6,653	29	0.1
<b>Ukraine</b>		<b>310</b>	<b>0.9</b>	
Bank Aval**	Banking and Finance	3,674,153	79	0.2
Bank Forum GDR**	Banking and Finance	5,800	3	0.0
East Capital Bering Ukraine Cert <sup>13</sup>	Investment Companies	400,000	224	0.6
Tsentr Energo ADR**	Power Utilities - Generation	400	4	0.0
<b>Total Financial Instruments</b>		<b>34,125</b>	<b>98.8</b>	
Regulated markets		23,310	67.5	
Other markets that are regulated (*)		9,465	27.4	
Other (**)		1,350	3.9	
<b>Other assets and liabilities, net</b>		<b>417</b>	<b>1.2</b>	
<b>The Fund's NAV</b>		<b>34,542</b>	<b>100.0</b>	

The Notes on page 25 are an integral part of these financial statements.

**1 Indication of type of market place**

No asterisk indicates that the financial instrument is traded on a regulated market or equivalent market outside the EES.

\* Instruments traded on other markets that are regulated.

\*\* Other financial instruments.

<sup>2</sup> Investment in East Capital Bering Balkan Fund made through an equity linked certificate listed on Euronext.

<sup>3</sup> East Capital Explorer, an investment company listed in Sweden with exposure to Eastern Europe.

<sup>4</sup> Erste Bank, a finance company listed in Austria, with business in Eastern Europe.

<sup>5</sup> KBC BB, a finance company listed in Austria, with business in Eastern Europe.

<sup>6</sup> OMV, an oil and gas company listed in Austria, with business in Eastern Europe.

<sup>7</sup> Raiffeisen International, a finance company listed in Austria, with business in Eastern Europe.

<sup>8</sup> Systemair, a construction company listed in Sweden with business in Eastern Europe.

<sup>9</sup> Wienerberger, a construction company listed in Austria, with business in Eastern Europe.

<sup>10</sup> Vienna Insurance, an insurance company listed in Austria, with business in Eastern Europe.

<sup>11</sup> Investment in East Capital Bering Central Asia Fund made through an equity linked certificate listed on Euronext.

<sup>12</sup> Investment in East Capital Bering Russia Fund made through an equity linked certificate listed on Euronext.

<sup>13</sup> Investment in East Capital Bering Ukraine Fund made through an equity linked certificate listed on Euronext.

## CONSOLIDATED STATEMENT OF NET ASSETS (EUR)

31-12-2009

<b>Assets</b>	<b>93,709,349.84</b>
Securities portfolio at market value NOTE 2	86,727,345.31
<i>Cost price</i>	90,137,934.01
<i>Unrealised loss on the securities portfolio</i>	-3,410,588.70
Cash at banks and liquidities	4,054,316.48
Formation expenses NOTE 2	167,608.63
Brokers receivable	397,096.42
Subscribers receivable	389,960.78
Dividends receivable	55,389.06
Receivable on spot exchange	1,917,633.16
<b>Liabilities</b>	<b>4,465,074.94</b>
Brokers payable	2,315,400.50
Subscribers payable	2,876.83
Accrued management fees NOTE 4	149,107.85
Custody and administration NOTE 5	4,222.80
Payable on spot exchange	1,923,069.13
Other liabilities	70,397.83
<b>Net asset value</b>	<b>89,244,274.90</b>

## CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (EUR)

31-12-2009

<b>Income</b>	<b>1,400,163.75</b>
Net dividends	1,398,993.47
Bank interest on cash account	1,170.28
<b>Expenses</b>	<b>2,162,399.96</b>
Amortisation of formation expenses NOTE 2	65,928.38
Management fees NOTE 4	1,242,955.27
Custodian & sub-custodian fees NOTE 5	74,245.70
Taxe d'abonnement NOTE 3	14,676.64
Administrative expenses	154,923.81
Domiciliation fees	10,068.21
Professional fees	72,816.43
Bank interest on overdrafts	3,255.18
Legal fees	94,746.66
Other expenses	428,783.68
<b>Net loss from investments</b>	<b>-762,236.21</b>
Net realised loss on sales of investment securities	-23,638,750.70
Net realised gain on foreign exchange	976,580.41
<b>Net realised loss</b>	<b>-23,424,406.50</b>
Movement in net unrealised appreciation / depreciation on investments	65,195,244.78
<b>Increase in net assets as a result of operations</b>	<b>41,770,838.28</b>
Subscription capitalisation shares	30,594,408.49
Redemption capitalisation shares	-23,451,999.10
<b>Increase in net assets</b>	<b>48,913,247.67</b>
Net assets at the beginning of the year	40,331,027.23
<b>Net assets at the end of the year</b>	<b>89,244,274.90</b>

The Notes on page 25 are an integral part of these financial statements.

## Stay tuned

i

A long-term perspective, focus and local presence form the foundations of East Capital's investment philosophy. These factors are a must for achieving success on the Eastern European markets. Over 500 company visits per year in the region teach us more about the markets than all the indices in the world could. We are happy to share our insights to keep you informed.

### Internet

At [www.eastcapital.com](http://www.eastcapital.com) you will find information on the latest developments in our funds, market comments and news from the East Capital Universe. You can also watch short interviews with our fund managers and analysts.

### East Capital Live Q&A

Each quarter we broadcast web-TV where you can post questions directly to analysts and fund managers at East Capital.

### Newsletter

Do you get our newsletter? It gives a round-up of the month's events and up-to-date market comments. It is easy to subscribe at: [www.eastcapital.com/newsletter](http://www.eastcapital.com/newsletter)

### Meet us

Every year, we arrange seminars across Europe, where you get updated information on our funds and the markets in which we invest.

You are more than welcome to contact us directly if you have any questions or feedback or if you would just like to discuss Eastern Europe.

Tel: +46 8 505 885 05

E-mail: [info@eastcapital.com](mailto:info@eastcapital.com)



# Notes

## 1. General

East Capital (Lux) (the "Fund") is an open-end investment fund ("Société d'investissement à capital variable") with multiple sub-funds governed by Luxembourg law, established in accordance with the provisions of Part I of the Law of 20 December 2002 relating to undertakings for collective investment.

The Fund was incorporated for an indefinite period on 13 November 2006, with an initial capital of Euro 300,000. Its Articles of Incorporation have been published in the official gazette "Mémorial C, Recueil des Sociétés et Associations du Grand Duché de Luxembourg" on 27 November 2006. The Fund is registered with the "Registre de Commerce et des Sociétés" of Luxembourg under number B 121 268.

As at December 31, 2009, the following sub-funds are open:

- East Capital (Lux) Convergence Eastern European Fund
- East Capital (Lux) Russian Fund
- East Capital (Lux) Eastern European Fund

These sub-funds have issued Class A shares and Class C shares. Both classes are available in Euro and US Dollars. The class C shares are reserved for investments made by investors qualifying as institutional investors within the meaning of article 129 of the Luxembourg law of 20 December 2002.

## 2. Summary of significant accounting principles

The financial statements have been prepared using accounting principles generally accepted for funds in Luxembourg including the following significant accounting policies:

### 2.1. Valuation of investments

Securities admitted to official listing on an official stock exchange or traded on any other organised market will be valued at the last available mid-price, unless such a price is not deemed to be representative of their fair market value.

Securities not listed on stock exchanges or not traded on any regulated market and securities with an official listing for which the last available price is not representative of a fair market value will be valued, prudently and in good faith, on the basis of their estimated sale prices.

The units/shares of undertakings for collective investment will be valued on the basis of the last known net asset value.

### 2.2. Realised profit and loss on investments

The profits and losses on sales of investments are determined on the basis of average cost.

### 2.3. Foreign exchange

The market value of the investments and other assets and liabilities expressed in currencies other than the base currency of each sub-fund have been converted at the exchange rates as at the year end date.

The costs of investments in currencies other than the base currency have been converted at the exchange rates as at the purchase date. Gains and losses arising on foreign exchange transactions are included in the result of operations.

The consolidated financial statements of the SICAV are established in EUR.

As at December 31, 2009, the following significant exchange rates were used:

1 EUR = 26.405 CZK	1 EUR = 7.44095 DKK
1 EUR = 15.6465 EEK	1 EUR = 0.88845 GBP
1 EUR = 7.2963 HRK	1 EUR = 270.23 HUF
1 EUR = 213.0891 KZT	1 EUR = 3.45285 LTL
1 EUR = 0.7093 LVL	1 EUR = 4.10585 PLN
1 EUR = 4.234 RON	1 EUR = 95.9848 RSD
1 EUR = 43.4923 RUB	1 EUR = 10.24425 SEK
1 EUR = 30.126 SKK	1 EUR = 2.15065 TRY
1 EUR = 11.49235 UAH	1 EUR = 1.43475 USD

### 2.4. Income from investments

Dividend income is accounted for on an ex-dividend basis, net of withholding tax. Interest income is recognised on an accrual basis.

### 2.5. Formation expenses

Establishment costs estimated at 250,000 Euro are being amortised over a period of 5 years. In 2008, new formation expenses for 80,000 EUR were born by the sub-fund East Capital (Lux) Eastern European Fund further its launch. These formation expenses are amortised over a period of 5 years as well.

## 3. Tax considerations

In accordance with current Luxembourg law, the Fund is not subject to any tax on income, capital gains tax or wealth tax.

The Fund's net assets are subject to a subscription tax of 0.05% per annum payable at the end of each quarter and calculated on the basis of the Fund's total net assets at the end of the relevant quarter. Such tax rate is reduced to 0.01% in respect of the net assets attributable to such classes of shares or sub-funds which are reserved for institutional investors as defined from time to time by the Luxembourg Supervisory Authority.

## 4. Management fees

For its services the Investment Manager receives a management fee payable monthly, at a total annual rate. The annual management fees are as follows:

Class A: up to 2.50% per annum

Class C: up to 2.00% per annum

## 5. Custodian fees

The Custodian is entitled to a variable fee (as percentage of the average of the net assets of the relevant sub-fund) between 0.05% and 0.50% per annum, depending on the assets, the geographical investment areas and/or the size of the relevant sub-fund.

## 6. Statement of changes

A complete statement of changes in the portfolio is available upon request free of charge from East Capital.

# Report of the Réviseur d'Entreprises

We have audited the accompanying financial statements of East Capital (Lux) (the "SICAV") and each of its sub-funds, which comprise the statement of net assets, the securities portfolio and other net assets as at December 31, 2009 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

## Board of Directors of the SICAV responsibility for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Responsibility of the Réviseur d'Entreprises

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of East Capital (Lux) and each of its sub-funds as of December 31, 2009, and of the results of their operations and changes in their net assets for the year then ended, in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

## Other matter

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Luxembourg, 23 April 2010

KPMG Audit S.à r.l.  
Réviseurs d'Entreprises



**Nathalie Dogniez**  
Partner



**Patrice Perichon**  
Director

Luxembourg, 22 April 2010

**Justas Pipinis**  
Chairman

**Jean-Marie Laporte**  
Director



**José-Benjamin Longrée**  
Director



**Yves Wagner**  
Director



**Robert Vicsai**  
Director

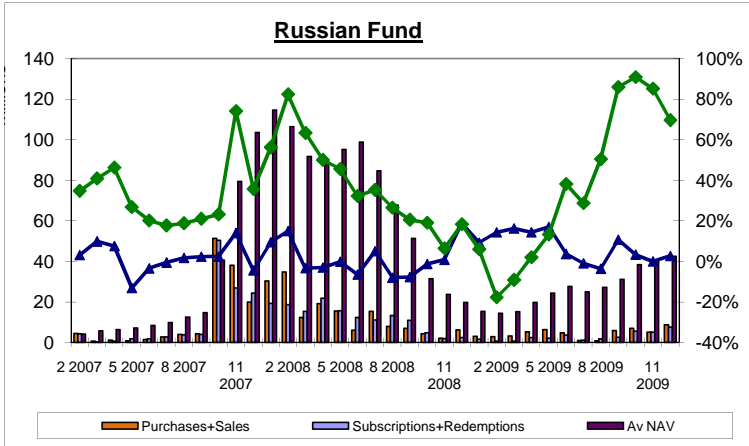


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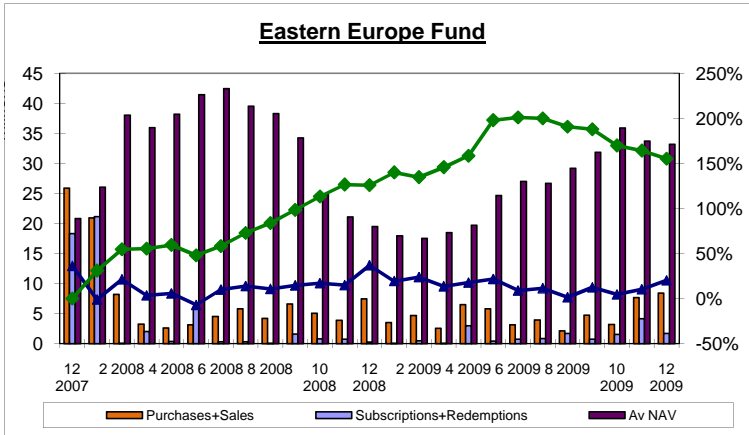
**EAST CAPITAL**

# Portfolio Turnover Ratio

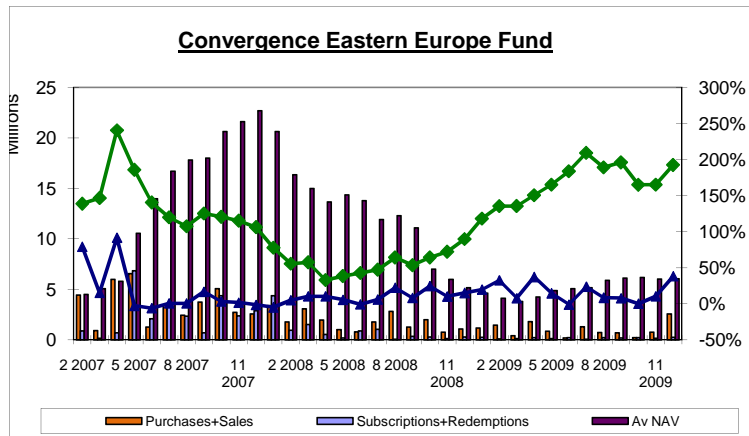
31/12/2009



Amounts in EUR	11 2009	12 2009	%
Purchases+Sales	5,097,384	8,752,071	72%
Subscriptions+Redemptions	5,070,168	7,572,281	49%
Av NAV	40,001,217	42,524,579	6%
Monthly PTR (%)	0.1%	2.8%	
CUM PTR (%)	85.21%	69.65%	



Amounts in EUR	11 2009	12 2009	%
Purchases+Sales	7,674,774	8,428,921	10%
Subscriptions+Redemptions	4,184,262	1,708,134	-59%
Av NAV	33,694,654	33,200,710	-1%
Monthly PTR (%)	10.4%	20.2%	
CUM PTR (%)	164.20%	155.24%	



Amounts in EUR	11 2009	12 2009	%
Purchases+Sales	766,104	2,566,115	235%
Subscriptions+Redemptions	142,155	241,511	70%
Av NAV	6,022,101	6,058,727	1%
Monthly PTR (%)	10.4%	38.4%	
CUM PTR (%)	165.11%	192.48%	

EAST CAPITAL TER ANALYSIS

**EASTERN EUROPE FUND (56702)**

31/12/2009

\*repartition in function of AVERAGE NET Assets based on Man Fees

Global fees	01/01/2009 - 31/12/2009	% / Total	01/01/2009 - 30/11/2009	% / Total
NAV calculation fees	15,879.20	7%	14,184.09	7%
Custody fees		0%		0%
Sup Custody fees	1,183.33	1%	1,059.12	0%
Sub Custody	13,143.77	6%	11,383.87	5%
Safekeeping fees	15,433.56	7%	14,158.42	7%
Formation expenses	15,982.82	7%	14,625.37	7%
Domiciliary fees	4,938.56	2%	4,938.56	2%
TA fees	14,324.95	6%	14,119.25	7%
Printing & Pub fees	21,608.24	9%	21,608.24	10%
Communication fees	1,529.40	1%	1,320.50	1%
Administration fees	27,419.45	12%	27,419.45	13%
Audit fees	36,165.78	15%	30,844.37	14%
CSSF fees	2,295.31	1%	2,295.31	1%
Correspondant fees	5,420.60	2%	1,141.97	1%
Other legal fees	9,079.92	4%	7,793.13	4%
Banking fees	2,576.48	1%	2,440.00	1%
Directors fees	32,766.72	14%	29,872.18	14%
NAV calcul fees add	10,800.00	5%	9,900.00	5%
Translation fees	0.00	0%	0.00	0%
Other operating fees	5,061.17	2%	5,061.17	2%
<b>Total global fees</b>	<b>235,609.26</b>	<b>100%</b>	<b>214,165.00</b>	<b>100%</b>
<b>Class C1 Class A EUR</b>				
Management fees	71,272.92		63,757.60	
Taxe d'abonnement	1,510.76		1,340.00	
<b>Total fees class</b>	<b>72,783.68</b>		<b>65,097.60</b>	
Ratio global fees	25,219.87		22,984.59	
<b>Total fees class C1</b>	<b>98,003.55</b>		<b>88,082.19</b>	
<b>TER</b>	<b>3.44%</b>		<b>3.15%</b>	
<b>TER annualised</b>	<b>3.44%</b>		<b>3.45%</b>	
<b>Class C2 Class A USD</b>				
Management fees	455.64		403.62	
Taxe d'abonnement	9.82		8.60	
<b>Total fees class</b>	<b>465.46</b>		<b>412.22</b>	
Ratio global fees	161.23		145.50	
<b>Total fees class C2</b>	<b>626.69</b>		<b>557.72</b>	
<b>TER</b>	<b>3.44%</b>		<b>3.15%</b>	
<b>TER annualised</b>	<b>3.44%</b>		<b>3.45%</b>	
<b>Class C3 Class C EUR</b>				
Management fees	239,189.43		210,277.69	
Taxe d'abonnement	1,305.98		1,139.69	
<b>Total fees class</b>	<b>240,495.41</b>		<b>211,417.38</b>	
Ratio global fees	105,796.25		94,756.29	
<b>Total fees class C3</b>	<b>346,291.66</b>		<b>306,173.67</b>	
<b>TER</b>	<b>2.90%</b>		<b>2.66%</b>	
<b>TER annualised</b>	<b>2.90%</b>		<b>2.91%</b>	
<b>Class C4 Class C USD</b>				
Management fees	236,104.87		213,655.96	
Taxe d'abonnement	1,225.47		1,095.28	
<b>Total fee class</b>	<b>237,330.34</b>		<b>214,751.24</b>	
Ratio common fees	104,431.91		96,278.62	
<b>Total fees class C4</b>	<b>341,762.25</b>		<b>311,029.86</b>	
<b>TER</b>	<b>2.90%</b>		<b>2.66%</b>	
<b>TER annualised</b>	<b>2.90%</b>		<b>2.91%</b>	

	AVERAGE NET ASSETS IN EUR	
	31/12/2009	30/11/2009
CLASSE C1	2,850,916.77	2,795,378.08
CLASSE C2	18,225.69	17,696.09
CLASSE C3	11,959,471.56	11,524,227.71
CLASSE C4	11,805,243.30	11,709,373.31
<b>TOTAL AVERAGE NET ASSETS</b>	<b>26,633,857.32</b>	<b>26,046,675.20</b>

EAST CAPITAL TER ANALYSIS

**CONVERGENCE EASTERN EUROPE FUND (98782)**

31/12/2009

\*repartition in function of AVERAGE NET Assets based on Man Fees

Global fees	01/01/2009 - 31/12/2009	% / Total	01/01/2009 - 30/11/2009	% / Total
NAV calculation fees	3,113.82	3%	2,804.70	3%
Custody fees		0%		0%
Sup Custody fees	232.14	0%	209.51	0%
Sub Custody	3,243.39	3%	2,761.87	3%
Safekeeping fees	12,401.13	11%	11,351.13	11%
Formation expenses	24,972.78	21%	22,851.80	21%
Domiciliary fees	1,128.83	1%	1,128.83	1%
TA fees	7,542.18	6%	7,341.88	7%
Printing & Pub fees	4,095.63	4%	4,095.63	4%
Communication fees	307.88	0%	269.66	0%
Administration fees	30,000.00	26%	27,500.00	26%
Audit fees	6,703.56	6%	5,662.65	5%
CSSF fees	578.30	0%	578.30	1%
Correspondant fees	221.50	0%	87.50	0%
Other legal fees	3,028.68	3%	2,774.75	3%
Banking fees	345.65	0%	345.65	0%
Directors fees	7,177.67	6%	6,677.41	6%
NAV calcul fees add	10,800.00	9%	9,900.00	9%
Other operating fees	1,036.54	1%	1,036.54	1%
<b>Total global fees</b>	<b>116,929.68</b>	<b>100%</b>	<b>107,377.81</b>	<b>100%</b>
<b>Class C1 Class A EUR (launched 31/01/07)</b>				
Management fees	67,446.90		60,676.26	
Taxe d'abonnement	1,369.67		1,219.74	
<b>Total fees class</b>	<b>68,816.57</b>		<b>61,896.00</b>	
Ratio global fees	60,791.49		55,876.08	
<b>Total fees class C1</b>	<b>129,608.06</b>		<b>117,772.08</b>	
<b>TER</b>	<b>4.80%</b>		<b>4.43%</b>	
<b>TER annualised</b>	<b>4.80%</b>		<b>4.85%</b>	
<b>Class C2 Class A USD (launched 31/01/07)</b>				
Management fees	28,805.18		25,916.22	
Taxe d'abonnement	592.86		531.40	
<b>Total fees class</b>	<b>29,398.04</b>		<b>26,447.62</b>	
Ratio global fees	25,962.79		23,865.96	
<b>Total fees class C2</b>	<b>55,360.83</b>		<b>50,313.58</b>	
<b>TER</b>	<b>4.80%</b>		<b>4.43%</b>	
<b>TER annualised</b>	<b>4.80%</b>		<b>4.85%</b>	
<b>Class C3 Class C EUR (launched 08/05/07)</b>				
Management fees	26,718.14		23,949.63	
Taxe d'abonnement	137.62		122.85	
<b>Total fees class</b>	<b>26,855.76</b>		<b>24,072.48</b>	
Ratio global fees	30,102.12		27,568.68	
<b>Total fees class C3</b>	<b>56,957.89</b>		<b>51,641.16</b>	
<b>TER</b>	<b>4.26%</b>		<b>3.93%</b>	
<b>TER annualised</b>	<b>4.26%</b>		<b>4.31%</b>	
<b>Class C4 Class C USD</b>				
Management fees	65.04		58.29	
Taxe d'abonnement	0.34		0.30	
<b>Total fees class</b>	<b>65.38</b>		<b>58.59</b>	
Ratio global fees	73.27		67.09	
<b>Total fees class C4</b>	<b>138.65</b>		<b>125.68</b>	
<b>TER</b>	<b>4.26%</b>		<b>3.93%</b>	
<b>TER annualised</b>	<b>4.26%</b>		<b>4.31%</b>	

	AVERAGE NET ASSETS IN EUR	
	31/12/2009	30/11/2009
CLASSE C1	2,697,875.81	2,660,280.31
CLASSE C2	1,152,207.12	1,136,266.86
CLASSE C3	1,335,907.18	1,312,554.80
CLASSE C4	3,251.79	3,194.34
<b>TOTAL AVERAGE NET ASSETS</b>	<b>5,189,241.90</b>	<b>5,112,296.31</b>

EAST CAPITAL TER ANALYSIS

**EAST CAPITAL RUSSIAN FUND (98783)**

31/12/2009

\*repartition in function of AVERAGE NET Assets based on Man Fees

Global fees	01/01/2009 - 31/12/2009	% / Total	01/01/2009 - 30/11/2009	% / Total
NAV calculation fees	16,111.34	7%	13,929.87	6%
Custody fees		0%		0%
Sup Custody fees	1,199.82	0%	1,040.02	0%
Sub Custody	13,413.52	6%	10,977.28	5%
Safekeeping fees	13,995.04	6%	12,354.06	6%
Formation expenses	24,972.78	10%	22,851.80	10%
Domiciliary fees	4,000.82	2%	4,000.82	2%
TA fees	21,727.15	9%	20,570.04	9%
Printing & Pub fees	16,146.13	7%	16,146.13	7%
Communication fees	1,534.72	1%	1,275.84	1%
Administration fees	30,000.00	12%	27,500.00	13%
Audit fees	29,947.09	12%	24,495.44	11%
CSSF fees	2,126.39	1%	2,126.39	1%
Correspondant fees	7,112.12	3%	7,107.85	3%
Other legal fees	9,708.75	4%	8,376.19	4%
Banking fees	3,086.30	1%	3,086.30	1%
Directors fees	30,687.51	13%	27,769.76	13%
NAV calcul fees add	10,800.00	4%	9,900.00	5%
Transtation fees	0.00	0%	0.00	0%
Others operating fees	4,146.29	2%	4,146.29	2%
Other not accrued		0%		0%
<b>Total global fees</b>	<b>240,715.77</b>	<b>100%</b>	<b>217,654.08</b>	<b>100%</b>

**Class C1 Class A EUR (launched 31/01/07)**

Management fees	210,835.46		179,853.13	
Taxe d'abonnement	5,246.71		3,938.13	
<b>Total fees class</b>	<b>216,082.17</b>		<b>183,791.26</b>	
Ratio global fees	74,834.02		66,726.76	
<b>Total fees class C1</b>	<b>290,916.19</b>		<b>250,518.02</b>	
<b>TER</b>	<b>3.45%</b>		<b>3.18%</b>	
<b>TER annualised</b>	<b>3.45%</b>		<b>3.48%</b>	

**Class C2 Class A USD (launched 31/01/07)**

Management fees	62,619.31		50,410.00	
Taxe d'abonnement	1,501.83		1,201.53	
<b>Total fees class</b>	<b>64,121.14</b>		<b>51,611.53</b>	
Ratio global fees	22,226.12		18,702.46	
<b>Total fees class C2</b>	<b>86,347.27</b>		<b>70,314.00</b>	
<b>TER</b>	<b>3.45%</b>		<b>3.18%</b>	
<b>TER annualised</b>	<b>3.45%</b>		<b>3.49%</b>	

**Class C3 Class C EUR (launched 12/02/07)**

Management fees	284,187.23		249,446.05	
Taxe d'abonnement	1,539.94		1,321.10	
<b>Total fees class</b>	<b>285,727.17</b>		<b>250,767.15</b>	
Ratio global fees	126,086.91		115,682.77	
<b>Total fees class C3</b>	<b>411,814.08</b>		<b>366,449.92</b>	
<b>TER</b>	<b>2.90%</b>		<b>2.68%</b>	
<b>TER annualised</b>	<b>2.90%</b>		<b>2.94%</b>	

**Class C4 Class C USD (launched 14/05/07)**

Management fees	39,598.12		35,669.61	
Taxe d'abonnement	207.27		198.85	
<b>Total fee class</b>	<b>39,805.39</b>		<b>35,868.46</b>	
Ratio common fees	17,568.71		16,542.09	
<b>Total fees class C4</b>	<b>57,374.10</b>		<b>52,410.55</b>	
<b>TER</b>	<b>2.90%</b>		<b>2.68%</b>	
<b>TER annualised</b>	<b>2.90%</b>		<b>2.94%</b>	

**AVERAGE NET ASSETS IN EUR**

	31/12/2009		30/11/2009	
<b>CLASSE C1</b>	8,433,418.45		7,885,452.57	
<b>CLASSE C2</b>	2,504,772.55		2,210,168.36	
<b>CLASSE C3</b>	14,209,361.64		13,670,841.93	
<b>CLASSE C4</b>	1,979,905.76		1,954,865.79	
<b>TOTAL AVERAGE NET ASSETS</b>	<b>27,127,458.40</b>		<b>25,721,328.65</b>	



# Fonds East Capital (Lux)

## Société d'Investissement à Capital Variable (SICAV)

### ADDITIONAL INFORMATION FOR SWISS INVESTORS

Swiss investors should pay particular attention to the following points:

#### 1. CONTACTS IN SWITZERLAND

- **Representative in Switzerland: CACEIS Fastnet (Switzerland) S.A., Chemin de Précossy 7-9, CH-1260 Nyon**
- **Paying agent in Switzerland: Credit Suisse, Paradeplatz 8, CH-8001 Zurich**

From 29 May 2009, the representative for the sub-funds authorised for distribution in Switzerland is CACEIS Fastnet (Switzerland) S.A., Chemin de Précossy 7-9, CH-1260 Nyon.

The prospectus, simplified prospectuses, articles of association, annual and semi-annual reports and details of portfolio movements are available free of charge on request to CACEIS Fastnet (Switzerland) S.A., Chemin de Précossy 7-9, CH-1260 Nyon.

The place of execution and jurisdiction are the registered office of the representative for the fund units distributed within or from Switzerland.

#### 2. COMMISSION SHARING AND FEES ASSOCIATED WITH DISTRIBUTION ACTIVITIES

Upon distribution of the fund units in Switzerland, the SICAV may share commission with the qualified investors listed below which, from an economic point of view, hold SICAV fund units on behalf of third parties:

- life insurance companies
- pension funds and other retirement funds
- investment foundations
- Swiss fund management companies
- foreign fund companies and fund management companies
- investment companies

The SICAV may pay fees associated with distribution activities to the following distributors and distributions partners:

- distributors subject to authorisation under Article 19, Paragraph 1 of the LPCC [Swiss Collective Investment Schemes Act],
- distributors not required to obtain authorisation under Article 19, Paragraph 4 of the LPCC and Article 8 of the LPCC,
- distribution partners that invest in SICAV fund units exclusively for institutional investors whose finances are under professional management,
- distribution partners that invest in SICAV fund units exclusively on the basis of a written wealth management mandate.

#### 3. PUBLICATIONS

Publications relating to foreign collective investment can be found in the Swiss Official Gazette of Commerce and on the electronic fundinfo platform.

The issue and purchase prices – the net asset value with a note detailing any “commission not included” for all classes of fund units – will be published on the fundinfo platform each time fund units are issued or purchased. The prices will be published at least twice a month.