



EASTERN EUROPEAN Fund

(Traditional Funds plc)
UCITS III EASTERN EUROPEAN EQUITY

**S&P RATED
AAA**

Manager Commentary – by Martin Taylor / Nick Barnes

The region underperformed global markets during a very volatile February as the fiscal concerns in Greece weighed on regional sentiment. The fund declined by 6.3% over the course of the month, almost exactly in line with the MSCI Emerging Europe Index.

Turkey was the worst performing market in the region (falling by 12.4% in US\$ terms) as renewed tensions between the government and military caused a sharp sell-off. The arrest of 30 military officers as part of the ongoing investigation into an alleged 2003 plot to overthrow the ruling Islamic AKP party once again generated a lot of headlines and uncertainty. However, dialogue and co-operation between the military and government appears to be constructive and we believe that the issue will once again subside as it has on several previous occasions. Given both this and the correction in prices, we have since month end moved slightly overweight Turkey once again, having previously moved underweight in January on valuation grounds.

Elsewhere we redeployed some of the precautionary cash balance that had been raised during January in both Russia and selective regional resource companies where we continue to find attractive themes and valuations.

Fund Performance to 26 Feb 2010

\$ Class	NAV Per Share	1 Month	YTD	1 Year Fund	1 Year Index	3 Year Fund	3 Year Index	5 Year Fund	5 Year Index	Since Inception Fund	Since Inception Index
	\$71.39	-6.34%	-6.03%	+143.29%	+122.93%	-0.90%	-21.65%	+73.56%	+26.63%	+633.81%	+291.16%

Source: Northern Trust IFAS (Ireland) Ltd., Morningstar. Above rolling returns are cumulative. Refer to back of the monthly newsletter for monthly/ annual returns. Note: The fund had special valuations on 31.12.08 and 31.08.09 although these were not dealing days. N.B. Historical performances for distribution share classes may vary from previous issues of the Nevsky newsletters. This follows an improvement in the performance calculation methodology (from monthly to daily cumulative), in order to be in line with Global Investment Performance Standards.

Geographic Allocation %

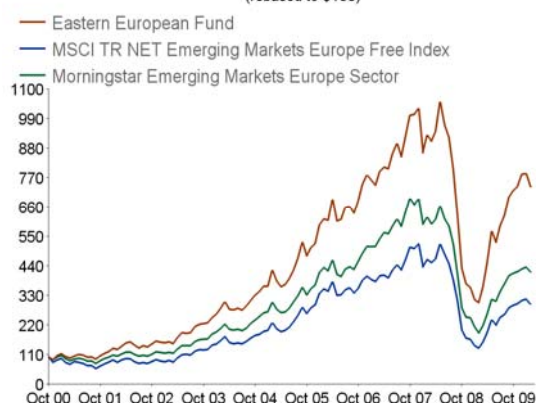
	Fund	Index	Relative
Czech Republic	5.8	4.1	1.7
Hungary	5.7	5.4	0.3
Kazakhstan	4.4	-	4.4
Poland	3.5	12.1	-8.7
Russia	64.4	64.3	-
Turkey	13.7	14.0	-0.3
Cash	2.6	-	2.6
Total	100.0	100.0	

Sector Allocation %

Consumer Discretionary	-
Consumer Staples	0.9
Energy	34.1
Financials	25.4
Health Care	2.0
Index Future	6.7
Industrials	-
Information Technology	-
Materials	12.4
Telecommunication Services	13.0
Utilities	2.9
Cash	2.6
Total	100.0

NAV per share Price performance 31.10.2000 To 26.02.2010*

(rebased to \$100)



* Although the official launch was 13th October 2000 the fund did not reach its target level of investment until the end of the month. Source: Morningstar

\$ Statistics

Annualised Return	+23.5%
Volatility (Standard Deviation)	30.7%
Information Ratio	1.59

Note: NAV per share monthly return calculated net of fees. Benchmark: MSCI Emerging Europe Index. Prior to April 2008 the benchmark was FTSE BEMI Greater Eastern Europe Index (Russia 50% Diluted). Source: Northern Trust IFAS (Ireland) Ltd, Bloomberg, Pertrac

Fund Objective

The investment objective of the fund is to achieve capital appreciation through investment in Eastern European Markets.

* this fund will apply for distributor status annually.
** 20% of any absolute outperformance of the MSCI Emerging Europe Index, with a high watermark.

**NEVSKY
CAPITAL**



Fund Size (Mn)	\$356.6
Share Classes	US \$ (base)
Launch Price	\$10
Launch Date	13/10/2000
Minimum	\$35,000
Dealing	Daily
Domicile	Ireland
Listing	Irish Stock Exchange
Legal Status	UCITS III (FSA recognised)
Unit Type	Distribution*
Charges	
Initial Charge	Up to 5%
Management Fee	1.75% p.a.
Performance Fee	20%**

Investment Manager	Nevsky Capital LLP
Sub-Distributor	Nevsky Capital Holdings Ltd
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Nevsky Capital LLP is authorised and regulated by the Financial Services Authority	

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