GLOBAL EMERGING MARKETS Fund

(Traditional Funds plc)
UCITS III GLOBAL EMERGING MARKET EQUITY

S&P RATED
AAA

Manager Commentary – by Global Emerging Markets Team

Emerging markets enjoyed another strong month in May, rising 17.1% as commodities rallied, the dollar weakened and risk appetite continued to grind higher as evidenced by record inflows for the asset class. Developed markets rose 9.1%, with financials strong on narrowing lending spreads and news that TARP money may be repaid earlier than expected. The GEM fund returned 16.8%*, underperforming the index by 30bps.

Tentative signs of economic recovery and dollar weakness drove commodities higher, with oil rallying US$15 over the course of the month and the CRB index +14%. This led to strong outperformance from Russia (+31.7%), Brazil (+22.1%) and Peru (+18.6%) while oil importers such as Korea (+4.1%), and Turkey (+14.8%) underperformed. Traditionally defensive markets such as Israel (+9.7%) and Malaysia (+7%) also struggled and this was mirrored at a sector level with telecoms and healthcare shunned in favour of energy, materials and financials.

The strongest market this month however was India (+36.7%) as the electorate confounded fears (inspired by notoriously poor exit polls) and delivered a surprisingly robust endorsement of the incumbent government. The market was unequivocal in its response to the stronger mandate and what it might mean for governability and reform going forward.

Markets have rallied hard over the past three months in response to easing liquidity conditions and a halt to the freefall in economic indicators that prevailed from October through February. Markets generally look overbought and valuations are less supportive, increasing the risk of profit taking on bad news. And there is scope for bad news – economic meltdown may have been averted but the recovery is unlikely to be linear and remains dependent on fragile credit markets. Nonetheless with liquidity conditions and investor positioning still very positive we remain fully invested in the fund and expect the asset class to continue to outperform given the superior growth and stronger balance sheet of emerging markets.

* please note that the April price included an adjustment to reflect the premium in the futures market caused by the inability of the majority of the Taiwanese cash equity market to achieve a market-clearing price on 30th April due to the 7% daily limit on individual stock price moves.

Please note that the performance prior to January 2007 was generated by the Global Emerging Markets team within Thames River Capital LLP and its predecessor Thames River Capital (UK) Ltd. The funds have been managed since inception by the same emerging markets team as constituted from time to time.

Fund Performance to 29 May 2009

	NAV per share	May 2009	YTD	1 Yr Fund	1 Yr Index	3 Yr Fund	3 Yr Index	5 Yr Fund	5 Yr Index
$ Acc Class	$11.10	+16.72%	+40.51%	-32.60%	-34.36%	-	-	-	-
$ Dbn Class	$35.47	+16.79%	+40.59%	-32.56%	-34.36%	+17.22%	+9.43%	+121.28%	+102.23%
€ Acc Class	€15.98	+9.45%	+39.08%	-26.12%	-27.74%	+6.96%	-0.14%	-	-
€ Dbn Class	€26.86	+9.45%	+39.03%	-26.14%	-27.74%	+7.04%	-0.14%	+91.36%	+74.59%
£ Dbn Class	£34.34	+6.81%	+28.11%	-17.41%	-19.63%	+37.19%	+27.57%	+152.06%	+129.30%

Above rolling returns are cumulative. Refer to the monthly newsletter - Page 8 for monthly / annual return history vs benchmark.
Note: The fund had a special valuation on 31.12.08 although this was not a dealing day

Fund Objective

The fund is a global emerging markets fund which aims to achieve capital appreciation through investment primarily in global emerging market countries.

† these classes will apply for distributor status annually.

‡ 20% of any absolute outperformance of the MSCI Total Return Series Emerging Markets Free Index, with a high watermark.

NEVSKY CAPITAL

Fund Size (mn)	$1,730.5
Share Classes	US$ (base) / € / £ (unhedged)
Launch Price	$/€/£ 10
Launch Date	4 April 2003 € Acc on 29 March 2005 $ Acc on 10 October 2006
Minimum	$/€ 15,000 / £10,000
Dealing	Daily
Domicile	Irish
Legal Status	UCITS III (FSA recognised)
Listing	Irish Stock Exchange
Unit type	Accumulation or 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

Custodian
Northern Trust Fiduciary Services (Ireland) Ltd

Administrator
Northern Trust International Fund Administration Services (Ireland) Ltd
Tel: +353 (0)1 542 2216
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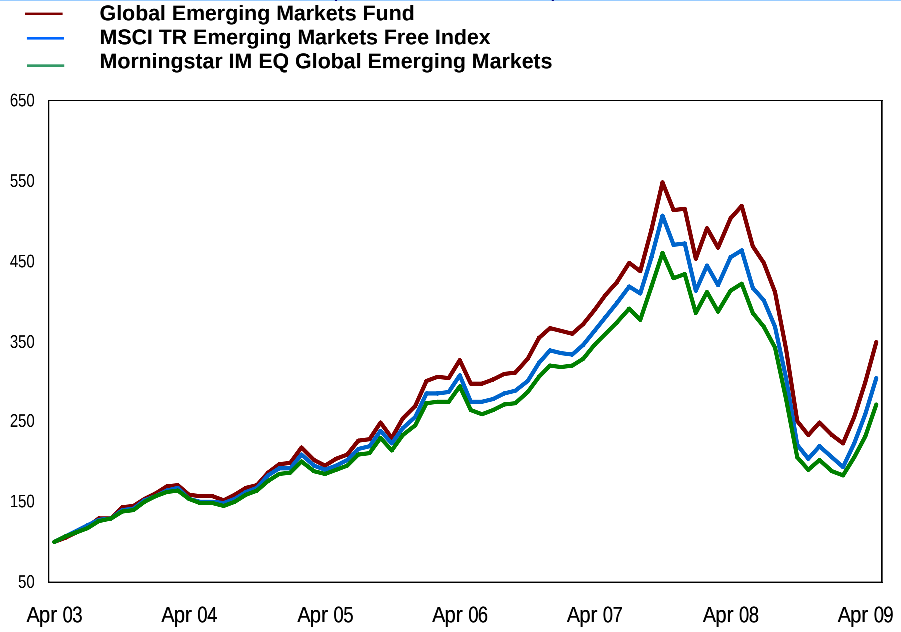
Geographic Allocation
Exposure as % of Fund NAV

	Fund	Index	Relative
Argentina	-	0.1	-0.1
Brazil	14.5	15.4	-0.9
Chile	0.9	1.4	-0.5
China	17.7	17.9	-0.2
Colombia	-	0.6	-0.6
Czech Republic	0.9	0.6	0.3
Egypt	0.1	0.6	-0.5
Hungary	0.9	0.5	0.4
India	8.9	7.6	1.3
Indonesia	2.6	1.5	1.1
Israel	2.0	3.0	-0.9
Malaysia	-	2.7	-2.7
Mexico	5.0	4.5	0.5
Morocco	-	0.4	-0.4
Other EMEA	2.2	-	2.2
Peru	0.8	0.6	0.2
Philippines	-	0.5	-0.5
Poland	0.3	1.1	-0.7
Russia	8.8	7.1	1.7
South Africa	5.4	7.5	-2.1
South Korea	11.6	12.3	-0.7
Taiwan	12.5	11.6	1.0
Thailand	2.1	1.3	0.8
Turkey	1.8	1.4	0.4
Cash	1.0		1.0
Total	**100.0**		

NAV per share Price Performance
30.04.03 (rebased to $100) to 29.05.09*



* Although the official launch was 4th April 2003, the fund did not reach its target level of investment until the end of the month.
Source: Northern Trust IFAS (Ireland) Ltd, Bloomberg, Morningstar TRC, Nevsky Capital.

Sector Allocation %

	Fund	Index
Financials	24.1	22.9
Energy	19.3	17.0
Information Technology	11.5	11.6
Telecommunication	11.4	10.8
Consumer Discretionary	7.5	5.1
Materials	11.7	14.1
Consumer Staples	3.0	4.9
Utilities	3.4	3.8
Industrials	5.2	7.7
Health Care	1.9	2.3
Cash	1.0	-
Total	**100.0**	

$ Statistics Since Inception

Annualised Return	**+23.0%**
Volatility (Standard Deviation)	**25.9%**
Information Ratio	**0.83**

Note: NAV per share monthly return calculated net of fees.
Benchmark: MSCI TR Series EMF Free Index.
Source: Northern Trust IFAS (Ireland) Ltd, Bloomberg, Pertrac

IMPORTANT NOTICE – REGULATORY INFORMATION AND RISK WARNINGS

Please note that the performance prior to January 2007 was generated by the Global Emerging Markets team within Thames River Capital LLP and its predecessor Thames River Capital (UK) Ltd. The funds have been managed since inception by the same emerging markets team as constituted from time to time.

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Potential investors should follow the links below for information on any current side letters relating to the schemes. http://www.nevskycapital.com/downloads/disclosures.htm

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For a full list of Paying Agents' details, please follow the following link: http://www.nevskycapital.com/pdf/paying_agents.pdf

For further information please contact:

Vanessa Lawley on +44 (0)20 7360 1272 or info@nevskycapital.com

Prices available from:

	$ Acc	$ Dbn	€ Acc	€ Dbn	£ Dbn
Bloomberg	THAREUA ID	THARGEM ID	THAREEA ID	THARGEE ID	THARGES ID
Datastream	50271Q	26963C	30745X	26963D	26954F
FT (Mex ID)	TFGEMG	TFGEMU	TFGEA	TFGEME	TFGEMS
ISIN	IE00B1FGDG68	IE0032605994	IE00B06KKS13	IE0032605770	IE0032606182
Lipper	65052696	60081905	65004216	60081906	60081907
Reuters page	TRCHL1	TRCHL1	TRCHL1	TRCHL1	TRCHL1

	$ Acc	$ Dbn	€ Acc	€ Dbn	£ Dbn
Reuters RIC		IE3260599.I	IEB06KKS1.I	IE3260577.I	IE 3260618.I
Sedol	B1FGDG6	3260599	BO6KKS1	3260577	3260618
S&P/Morningstar	221339	354795	992878	354797	354796
Telekurs	CH2719343	CH1587035	CH2106921	CH1587046	CH1587051
WKN	A0LCT2	A0BLAU	A0EAB9	A0BLAV	A0BLAW