

# Wermuth Eastern Europe Long/Short Strategy

## February 2018

### Investment philosophy

The Wermuth Eastern Europe Long/Short Strategy ("WEELS") applies a long-biased, trend-following equity long/short model focusing on Russian equities. The proprietary software allows fully automated trade execution at high speed and massively reduces the possibility of human error. The combination of long and short strategies with an expected net exposure range of minus 60% to plus 200% allows the strategy to benefit from both rising and falling markets. The strategy is diversified among numerous long/short sub-strategies, more than 40 instruments and currency futures.

The main objective for this strategy is to achieve long-term capital growth with controlled risk. High volatility in the market, or in specific sectors, consistently delivers opportunities for this strategy to generate returns. A systematic approach is also applied to the rouble exposure management, which allows investors to profit from a rouble appreciation against the dollar while protecting against larger rouble losses. WEELS also pursues an impact investing strategy. It uses the shares in its portfolio to request corporate action to counter corrupt practices and waste of resources at annual meetings and engages in dialogue with management to document how this will enhance share value.

### Monthly net returns

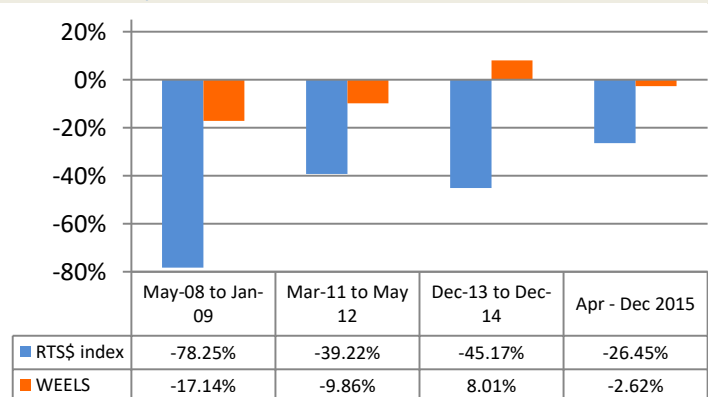
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	WEELS	RTSI\$*
2018	13.72%	-1.75%											11.72%	11.35%
2017	-0.77%	-2.43%	-1.82%	-0.57%	-7.88%	-3.82%	-6.00%	8.13%	1.39%	-1.54%	5.45%	-3.09%	-13.15%	0.18%
2016	2.28%	-0.39%	11.76%	8.44%	-4.95%	-0.22%	0.21%	1.22%	2.79%	-1.20%	2.74%	12.07%	38.90%	52.22%
2015	2.26%	3.79%	0.65%	11.27%	-8.04%	-1.30%	0.68%	3.54%	-4.62%	5.77%	1.47%	0.53%	15.75%	-4.26%
2014	-3.40%	2.52%	-0.16%	-7.23%	10.48%	0.33%	-2.37%	-1.38%	-3.16%	1.59%	3.84%	7.24%	7.24%	-45.17%
2013	2.04%	-7.32%	-1.91%	-1.48%	-6.20%	-0.76%	3.31%	-2.29%	8.70%	0.03%	-5.35%	2.14%	-9.74%	-5.77%
2012	6.61%	4.49%	-3.68%	-4.39%	-8.35%	2.48%	0.48%	-5.63%	2.72%	-4.91%	1.10%	7.40%	-3.11%	10.75%
2011	8.57%	5.19%	1.27%	-0.58%	1.08%	-2.37%	-1.12%	-2.06%	-1.23%	16.09%	-2.28%	-9.94%	10.89%	-21.94%
2010	1.80%	-5.55%	5.07%	-4.21%	2.74%	-10.40%	4.02%	-11.41%	0.32%	5.81%	-4.56%	12.77%	-6.22%	22.54%
2009	0.58%	10.71%	30.27%	21.27%	50.02%	-15.03%	2.41%	-4.75%	10.77%	5.01%	-6.18%	9.23%	160.78%	128.62%
2008	-6.52%	5.00%	-4.51%	-4.31%	15.64%	-7.18%	-2.66%	-3.24%	2.86%	11.08%	-21.04%	4.44%	-14.56%	-72.41%
2007	0.32%	1.72%	3.84%	3.99%	-0.56%	6.83%	5.54%	-6.53%	7.98%	3.80%	0.14%	-0.28%	29.27%	19.18%
2006	19.60%	11.57%	0.05%	17.74%	6.16%	12.24%	-1.70%	-2.71%	-2.72%	-2.48%	8.79%	8.56%	100.69%	70.75%
2005									18.70%	3.64%	9.75%	1.97%	37.67%	27.61%

Important Note: The performance figures till April 2011 are the actual performance record of a previously managed strategy, adjusted for the current leverage, fee and currency hedging structure. Performance numbers since August 2011 have been audited. Numbers reflect \$ returns. Returns shown are net of trading costs, management and performance fees and 0.21% of other fees.

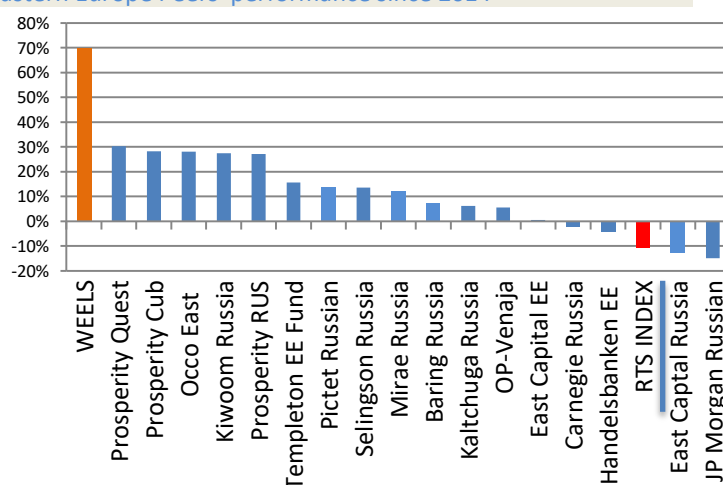
### Monthly return statistics

	WEELS	RTSI\$*
Total compounded return	1110.6%	45.7%
Compound annual growth rate	22.1%	3.1%
Standard deviation	28.0%	33.6%
Sharpe ratio	0.79	0.09
Sortino ratio	1.72	0.13
Maximum drawdown	-29.4%	-78.2%
Investment adviser	Wermuth Asset Management GmbH	
Currency	US Dollar ("\$")	
Fees	2% Mgt fee, 20% perf fee, subject to HWM	
Liquidity	daily	

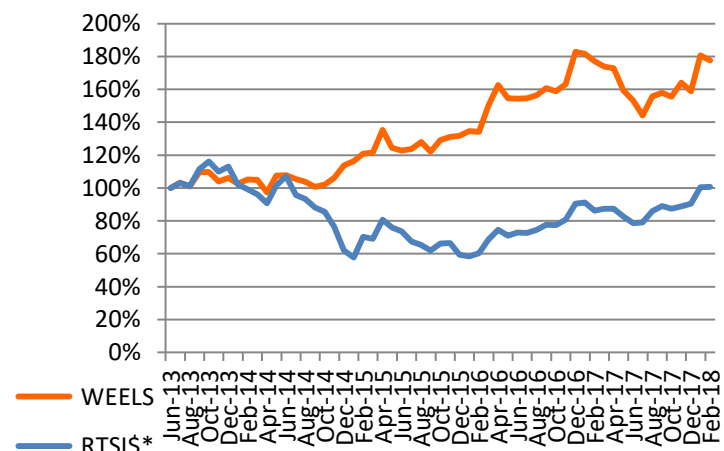
### WEELS vs RTSI\$\*



### Eastern Europe Peers' performance since 2014\*\*



\*\* Source: WAM analysis, Bloomberg hedge fund screen, Jan 2014 - Feb 2018



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