

Economic and Market News

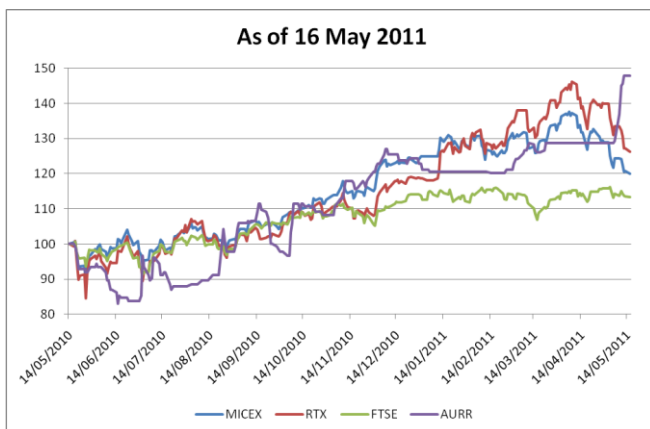
- Russia's economy rose 4.1% in the first quarter from a year earlier. President Dmitry Medvedev is seeking to increase growth to 10% within five years to match the pace of the fastest-growing developing economies.
- Russia's benchmark RTS equity index rose 15.5% in dollar terms in Q1 2011, making it the best-performing large emerging stock market in the world. Despite this, Russian equities are still one of the most undervalued of the large emerging markets. The Russian stock market's price-to-earnings ratio is 8 times, as opposed to 9.7 times for Brazil, 16 for China, and 16.5 for India. Russia's Micex Index and broader RTS Standard Index are up 4.4% and 4.9% this year, while elsewhere in the BRIC group China's main stock market has nudged up only 2.7%, while India's has fallen 11.5% and Brazil's is off 7.9%.
- The Russian investment market grew 128% in 2010 to €2.2bn, according to the latest research from CB Richard Ellis.

Foreign exchange movements

As of 17th of May	Price	1 Week % Change	1 Month % Change	3 Months % Change
RUR/US\$	28.12	1.7%	-0.4%	-7.4%
RUR/€	39.68	-1.5%	-2.8%	2.6%
RUR/£	45.56	0.5%	-1.3%	-3.6%

Source: Bank of Russia

AURR v Market Indices



Source: Datastream

Private Equity News

- Yandex completed an IPO on NASDAQ with an offering of 52 million shares at \$25 per share, higher than the price guidance of \$20 to \$22 per share. During the first day of trading, the share price rose by 42 percent.
- Intergeo, which looks after the mining projects of Russia's Onexim Group's private equity fund, may hold an initial public offering in the autumn, it was announced. It expects to raise between \$100 million and \$500 million on the Toronto Stock Exchange.
- The development of President Dmitry Medvedev's \$10bn state-backed private equity fund gathered pace as interest in private equity opportunities in Russia grew. Blackstone's chief operating officer, Tony James, told analysts last month that Blackstone had established a "small beachhead out of Moscow" during the first quarter as it seeks new opportunities.

AURR Portfolio – Some Recent Developments

Unistream

- Unistream had c.20% market share in Russia-outbound transfers in 2010. Unistream's volumes grew 23% year-on-year ("YoY") in Q1 2011.

Superstroy

- Superstroy is the leading DIY company in the Urals Region of Russia. It grew its revenues by 30% YoY in Q1 2011 following growth of 17% YoY in 2010. Superstroy has just opened one of the largest DIY hypermarkets in Russia.

OSG

- OSG continues its expansion and the company now has 42 warehouse facilities in 7 countries. Its revenue grew 31% in the year ending 31 March 2011.

Flexinvest Bank

- Flexinvest Bank issued a total of RUR 50.3 million in mortgages in 2010. It is expanding its product line to include a credit card product and has received approval from Master Card to issue its cards.

