



The TMC-Sokrat Frontier Europe Fund enjoyed a soft launch in Q4 '09 as friends and family invested as of October 1st. Markets continue to look for direction in the non-Euro/ Central Europe/ CIS space as the pace of recovery remains uncertain. Elections in Romania and upcoming in Ukraine reflect a level of political stability somewhere between hearty democratic rivalries and disorganized legislative battles. The IMF is there in support and hanging tough as to needed reforms before disbursing negotiated facilities. And the EBRD is committed to invest EUR 1.1 bln in projects in Ukraine in 2010. Moreover, export markets have strengthened as economic growth remains strong in south and east Asia with demand for steel, fertilizers and other commodities.

## MSCI Frontier Europe Index

As of December 8th, is up 47% '09 YTD. Individual countries included in this Central Europe/ CIS index with greater than 30% YTD increases are: Ukraine, Bulgaria, Croatia, Estonia, Kazakhstan, Lithuania, Slovenia and of course Russia.

## The Investment Committee

We met in Kyiv on November 16th confirming initial investments in fixed income, agribusiness, fertilizers, steel, retail and other growth sectors. I met with six steel and pipe companies which are now at 100% capacity. Also, a leading retailer.....

## #3 in the Nation

The Third Millennium Russia Fund, which I also manage, is up well over 100% Year-to-Date after a disastrous 2008. TMRFX was named the #3 Fund in the US for the Ten Year Period ended September 30th showing gains of over 21% every year. The Investment Method for the Frontier

## #3 in the Nation cont.

Europe Fund is again alpha-oriented, targeting sectors judged to out-perform in the 1-2 year timeframe (top/down), and within such sectors, picking winning companies (bottom/up). Shorting opportunities will be pursued but leverage will be eschewed.

## Oil Strike in Crimea

After meetings in Moscow and Kyiv, I visited the site of Anglo-Ukraine Energy in Crimea (see picture). The first well is yielding light sweet crude for refining at a nearby refinery.

AUE has assembled an outstanding E&P team to develop licensed fields in a region long recognized but recently neglected. Experienced local personnel are available. And AUE has also “invested” in a local state-run orphanage which we visited with new equipment to make the daily routine for the youngsters there a little easier.



## Fund Brochure

Let me know if you need the current write-up on the Fund which I would be pleased to email.

Happy Holidays!

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