



## Siberian Investment Co.

The market in the final month of the year was not able to break out of the trading range which it had occupied since mid August but considering how other markets around the world performed - both emerging and developed - Russia had another good year rising 38%. The Fund itself had its own good year outperforming the market by 16%. Our core holdings did not change much throughout the year and we are pleased to have generated substantial excess returns for shareholders. During the month the much anticipated Slavneft auction turned into a one horse race with Sibneft and TNK submitting a joint bid in order to avoid competing against each other. The details of this joint bid have not been fully disclosed but as both companies have a history of amicable co-operation, we expect the acquisition to be a long term positive. Both companies are holdings in the Fund. Also in December was the IPO for Highland Gold on the AIM exchange in London. Highland Gold has an impressive number of shareholders including Harmony Mining of South Africa. This is further evidence of an increasing trend for foreign companies making sizeable investments within Russia.

On paper we anticipate 2003 to be a satisfactory year for Russian equities. Stocks are still cheap, especially the oils. Currently, the oil price is artificially high but a complete collapse post a resolution to the Iraq crisis is unlikely. We have parliamentary elections at the end of this year and Presidential elections in mid 2004 - naturally the President will be reluctant to step on too many toes but nevertheless we expect to see some legislation this year on reform of the electricity and gas sectors.

### Top 10 Holdings

Company	% NAV	Company	% NAV
Sibneft	15.6	Uralmash	4.5
Yukos	13.4	Sberbank	4.4
LUKoil Holdings	9.5	Gazprom ADR	4.3
Unified Energy Systems GDR	6.7	Yukos ADR	3.9
Mobile Telesystems ADS	6.1	Sibirtelecom	3.9
		<b>72.3%</b>	

### Siberian Investment Co. Performance

	<i>LG Fund</i>	<i>RTS Index</i>	<b>Micropal Russian Universe</b>
Last month	0.43	0.16	-0.62
Last 3 months	10.29	4.96	9.82
Last 6 months	5.85	1.74	3.10
Year to date	53.99	38.08	27.84
Last 1 year	53.99	38.08	27.84
Last 2 years	181.75	150.58	114.96
Last 3 years	158.48	104.88	111.39
Last 4 years	265.30	509.35	319.44
Last 5 years	-10.92	-9.42	-18.10
Since inception	15.80	8.82	-1.10

*Micropal Ranking in Russia closed & open-ended funds*

	<i>Last month</i>	<i>Last 3 months</i>	<i>Last 6 months</i>	<i>Last 1 year</i>	<i>Last 2 years</i>	<i>Last 3 years</i>	<i>Last 4 years</i>	<i>Last 5 years</i>	<i>Since inception</i>
Sibinco	10	20	12	1	5	7	19	7	5
No. of funds	41	41	41	40	40	37	32	23	15

### Sector Breakdown

Sector	% NAV
Oil & Gas	55.1
Chemicals	0.9
Metals	5.7
Telecommunications	14.9
Engineering	5.6
Energy	10.9
Funds	0.6
Banking	4.4
Others	1.7
Shipping	0.8
Cash	-0.6
<b>Total</b>	<b>100.0</b>

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## INVESTMENT OBJECTIVE

The principal investment objective of the Fund is to provide Shareholders with long-term capital appreciation through investment primarily in a diversified portfolio of traded securities of Russian companies whose principal business activities are in the regions of the Russian Federation located east of the Ural Mountains.

## LLOYD GEORGE MANAGEMENT

Lloyd George Management is an independent company predominantly owned by its senior management team. We have additional shareholders in the United States, Germany and Japan. Established by Robert Lloyd George in 1991, Lloyd George Management provides investment management in Asian and emerging markets equities for both private clients and institutional investors. The company comprises a team of highly experienced fund managers each offering a specialised area of knowledge, the senior management team having an average of 16 years investment experience.



### EDWARD ROBERTSON - FUND MANAGER

Prior to joining Lloyd George Management, Edward Robertson moved to Hong Kong in 1992, where he lived for five years working for the South China Morning Post and subsequently for Cazenove & Co. and Nava Standard Chartered Securities where he was responsible for Sales of South East Asian securities to institutional clients. In 1999, he joined Lloyd George Management where he runs the Siberian Fund and covers the EMEA region.

## General information

**The Siberian Investment Co. is a closed-ended designated investment company incorporated in Ireland.**

*This is neither an offer to sell nor a solicitation of any offer to buy shares in any fund managed by us. Any offering is made only pursuant to the relevant information memorandum, together with the current financial statements of the relevant fund, if available, and the relevant subscription application, all of which must be read to their entirety. No offer to purchase shares will be made or accepted prior to receipt by the offeree of these documents and the completion of all appropriate documentation. The shares have not and will not be registered for sale, and there will be no public offering of the shares. No offer to sell (or solicitation of an offer to buy) will be made in any jurisdiction in which such offer or solicitation would be unlawful. Past performance of a fund is no guarantee as to its performance in the future.*

<b>Inception date:</b>	February 1997
<b>NAV per share</b>	US\$11.58
<b>No. of shares</b>	1,791,369
<b>Fund size</b>	US\$20.74 million
<b>Cash holding (%NAV)</b>	-0.6%
<b>Number of holdings</b>	36

*Fund information as at 31st December 2002*

## For further information, please contact:

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*Lloyd George Management (Europe) Ltd. is regulated by FSA*