



August 2002

Siberian Investment Co.

The continued weakness of world and emerging markets for the second month running coincided with the beginning of the summer break for Russia's parliament and its population. The market rallied earlier on in the month as investors sought to take advantage of June's dip but they threw in the towel owing to the crisis of confidence that came to a head in the United States. Russia, despite its recovery story remaining steady, because of its outperformance over the year, was susceptible to profit-taking.

Most stocks fell in line with the market with Lukoil holding up better than others as investors anticipated the sale of the state's stake at the end of the month. Bizarrely, having been confirmed the sale would go ahead, the sale was cancelled at the last minute in light of particularly hostile market conditions (a combination of a lack of demand and the prospect of too low a price). UES fared badly with renewed worries about the treatment of minority shareholders during the restructuring process. The cellular telecom companies were also hit badly owing to negative global sentiment but we continue to favour these stocks (especially MTS) which have sound growth prospects.

The oil price remained level over the month at around \$25 per barrel, the threat of a confrontation with Iraq is proving a strong support. We continue to like oil stocks for the portfolio but switched half of our Surgutneftegaz ordinary shares into Rostelecom, the Russian telephone monopoly which acts as a carrier to the other Russian telephone companies. Management has recently embarked on a cost-cutting exercise trying to increase the company's profitability and it will not lose its monopoly in the short-term (until 2006 at least) as was previously thought.

We expect the summer to be characterised by low levels of activity and liquidity in the market with all eyes on the United States (and events in Brazil) post Labour Day (September 2nd).

Top 10 Holdings

Company	% NAV	Company	% NAV
Yukos	19.1	Uralskie Mashinostroitelniye Zavody	3.9
Sibneft	14.2	United Energy Systems GDR	3.8
LUKoil Holdings	6.1	Bashneft	3.7
Gazprom ADR Reg S	5.7	Mobile Telesystems ADS	3.6
Surgutneftegaz Pref	4.7	Tumen Oil Company	3.0
			67.8%

Siberian Investment Co. Performance

	<i>LG Fund</i>	<i>RTS Index</i>	<i>Micropal Russian Universe</i>
Last month	-5.12	-5.80	-6.36
Last 3 months	-11.73	-15.15	-14.10
Last 6 months	22.41	17.20	3.06
Year to date	38.03	27.85	15.05
Last 1 year	70.72	66.39	43.81
Last 2 years	147.73	73.80	62.97
Last 3 years	202.62	190.27	135.90
Last 4 years	88.73	121.40	84.22
Last 5 years	-32.38	-34.57	-33.81
Since inception	3.80	0.76	-0.85

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	6	2	4	3	6	10	4	4
No. of funds	32	32	32	32	32	27	26	13	12

Sector Breakdown

Sector	% NAV
Oil & Gas	62.6
Chemicals	1.3
Metals	3.1
Telecommunications	13.4
Engineering	6.0
Energy	7.9
Funds	0.7
Banking	2.2
Others	2.0
Shipping	0.7
Cash	0.1
Total	100.0

Siberian Investment Co.

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.

Inception date:	February 1997
NAV per share	US\$10.38
No. of shares	1,791,369
Fund size	US\$18.6 million
Cash holding (%NAV)	0.1%
Number of holdings	40

Fund information as at 30th July 2002

For further information, please contact:

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