



## Siberian Investment Co.

The Russian market traded sideways in September as volatility in world financial markets continued to keep both foreign and domestic investors at bay. However, the RTS seems well supported at these levels and we expect investors to start moving the market higher as valuations are low again.

Even though recent rhetoric has been toned down we expect the US (with or without the UN) to invade Iraq. However, Russia's gearing to the oil price will be balanced by the general risk aversion the war will bring with it. We continue to like the oil sector as the outcome of any Iraq strike is uncertain and if the war drags on for longer than expected then supply disruptions may push the oil price to higher levels.

Positive news is continuing to appear on reform. The autumn and winter sessions for the Duma will be busy and we are impressed at how the momentum of reform has continued at a fast pace. This is important for setting Russia's economy on the right track for future years, especially in a lower oil price environment. We expect to see significant progress on financial market reform, natural monopolies reform and banking reform.

There were two interesting bits of recent corporate news. UES, under consistent pressure from minority shareholders agreed at its board meeting to put a moratorium on asset sales for six months until a consensus is reached upon a valuation model. This is a positive development but we remain cautious as a minority shareholder. Secondly, regarding Slavneft, the government announced it now wants to sell 75% of the company which will be completed by open auction at the end of the year. This bodes well for its main upstream asset, Megion Neftegas, a second tier company we hold in the Fund, where we expect to see a significant re-rating.

### Top 10 Holdings

Company	% NAV	Company	% NAV
Yukos	18.6	Gazprom ADR Reg S	4.6
Sibneft	15.2	Sberbank	4.0
Mobile Telesystems ADS	5.7	Unified Energy Systems GDR	3.6
Surgutneftegaz Pref	5.7	Uralskie Mashinostroitelnye Zavody	3.6
LUKoil Holdings	5.5	Bashneft	3.6
		<b>70.1%</b>	

### Siberian Investment Co. Performance

	<i>LG Fund</i>	<i>RTS Index</i>	<b>Micropal Russian Universe</b>
Last month	0.48	2.29	-0.54
Last 3 months	-4.02	-3.07	-5.73
Last 6 months	-2.05	0.81	-6.62
Year to date	39.63	31.56	17.4
Last 1 year	88.17	93.84	58.00
Last 2 years	113.85	73.30	53.96
Last 3 years	253.54	301.78	200.78
Last 4 years	257.14	646.00	414.7
Last 5 years	-36.71	-30.38	-39.95
Since inception	5.00	3.68	-8.57

*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	15	10	3	4	9	21	6	4
No. of funds	39	39	39	39	39	34	32	19	16

### Sector Breakdown

Sector	% NAV
Oil & Gas	62.0
Chemicals	1.2
Metals	3.3
Telecommunications	13.6
Engineering	5.8
Energy	7.4
Funds	0.3
Banking	4.0
Others	1.9
Shipping	0.7
Cash	-0.2
<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\$10.50
<b>No. of shares</b>	1,791,369
<b>Fund size</b>	US\$18.80 million
<b>Cash holding (%NAV)</b>	0%
<b>Number of holdings</b>	40

*Fund information as at 30th September 2002*

## For further information, please contact:

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