



January 2004

## Siberian Investment Co.

Regardless of the holiday season December is a month the market tends to do quite well as investors take advantage of the quiet period to build up positions ahead of the New Year. This month was no exception. December's main event was the Duma elections which unsurprisingly gave a strong showing for the pro-Putin Unity Party which has now secured a two-thirds majority. There are two opinions here; one that this result is a major positive as the President will be able to push forward, without hindrance, his reform agenda. The other view is fearful of the Kremlin's ability to push a more 'big brother' agenda with the lack of any opposition. This simplified analysis highlights the continuing risks when investing in Russia, however, mindful of these President Putin has made the last three years very profitable for investing in Russia and his own admissions indicate this is not about to change. Couple this with strong macro-economic fundamentals and a strengthening oil price the outlook remains good. Yukos continues to suffer in the courts re tax evasion but otherwise most stocks are returning to their pre-crisis highs. We will continue to hold OMZ which announced a merger with Power Machines, another large heavy industrial group. This is now the only heavy industrial group of a medium size available on the market. We look forward to, and expect, their new strategy to be a progressive one.

### Top 10 Holdings

Company	% NAV	Company	% NAV
Sibneft ADR	8.9	Lukoil ADR	5.5
Vostok Nafta	7.6	Rostelecom ADR & Pref Shares	4.9
GMK Norilsk Nickel ADR	6.5	Sberbank	4.3
Surgutneftegas ADR & ADR Pref Shares	6.0	Novy Noft	4.2
Unified Energy Systems (GDRs & Pref) Shares	6.0	Uralskie Mashinostroitelniye Zavody	3.9
			57.8%

### Siberian Investment Co. Performance

	<i>LG Fund</i>	<i>RTS Index</i>	<i>Micropal Russian Universe</i>
Last month	10.2	5.0	6.8
Last 3 months	6.5	0.6	8.1
Last 6 months	26.3	13.6	23.8
Year to date	70.6	58.0	71.5
Last 1 year	70.6	58.0	71.5
Last 2 years	162.8	118.1	125.3
Last 3 years	380.8	295.9	276.2
Last 4 years	341.1	223.7	249.9
Last 5 years	523.3	862.6	703.0
Last 6 years	52.0	43.1	52.0
Since inception	97.6	71.9	97.6

*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>Last 6 years</i>	<i>Since inception</i>
Sibinco	2	22	12	20	3	4	3	16	7	5
No. of funds	31	31	31	30	26	26	24	23	15	12

### Sector Breakdown

Sector	% NAV
Oil & Gas	45.1
Energy	16.1
Telecommunications	13.2
Metals	14.0
Banking	4.3
Engineering	3.9
Shipping	1.3
Consumer	0.8
Chemicals	0.9
Funds	0.5
Cash	-0.1
<b>Total</b>	<b>100.0</b>

# 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.*

<b>Inception date:</b>	February 1997
<b>NAV per share</b>	US\$19.76
<b>No. of shares</b>	1,003,105
<b>Fund size</b>	US\$19.82 million
<b>Cash holding (%NAV)</b>	-0.1%
<b>Number of holdings</b>	39

*Fund information as at 31st December 2003*

## For further information, please contact:

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