



February 2004

Siberian Investment Co.

In sympathy with other markets, both emerging and developed, Russia had a strong start to the year. The striking feature peculiar to Russia is the abundance of domestic liquidity caused by a continuing high oil price and the strength of the ruble. This liquidity found its way into the second and third tiers of the market. Low valuations combined with increasing corporate activity (consolidations, improving transparency etc.) make this area of the market most attractive. Particularly favourable have been the fixed line telecoms of which the Fund owns three (Urals, Siberian and Far East). Second tier metals and utilities also chalked up impressive gains on cheap valuations and restructuring prospects. The lack of liquidity in many of these stocks is a benefit to a fund of Sibinco's size but also means volatility can be high. The long term story for many of these assets is bright but risks are not to be underestimated. Our belief is that President Putin will continue as decision maker and with his reform process, if this reverses then the current investment rationale will need to be revisited. Clear guidance on this is approaching with presidential elections looming and the shape of any government reshuffle should be telling. The Yukos debacle is still unresolved and unerving for all investors in the market. Although the stock now trades at \$10, down from \$16, and is cheap the future is very uncertain. The Fund's BP/TNK affiliated companies should continue to perform well as the parent companies consolidation terms are nearing public disclosure. The broader market was held back this month by Yukos weakness.

Top 10 Holdings

Company	% NAV	Company	% NAV
Sibneft ADR	7.5	Surgutneftegas ADR & ADR Pref Shares	5.3
Vostok Nafta	7.0	Novy Noft	4.6
GMK Norilsk Nickel ADR	6.3	Nizhny Tagil Metal	4.6
Unified Energy Systems (GDRs & Pref) Shares	6.0	Sberbank	4.3
Lukoil ADR	5.4	Transneft Pref	4.2
			55.2%

Siberian Investment Co. Performance

	<i>LG Fund</i>	<i>RTS Index</i>	<i>Micropal Russian Universe</i>
Last month	12.9	7.7	7.5
Last 3 months	33.6	23.0	19.6
Last 6 months	53.1	35.0	40.4
Year to date	12.9	7.7	7.5
Last 1 year	97.4	75.7	87.7
Last 2 years	162.1	115.4	110.0
Last 3 years	411.7	251.9	252.6
Last 4 years	388.2	236.1	302.0
Last 5 years	566.0	1021.5	780.0
Last 6 years	132.2	129.8	94.2
Since inception	123.1	85.2	85.5

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	1	5	18	2	3	5	16	6	4
No. of funds	36	36	36	35	31	31	31	25	17	14

Sector Breakdown

Sector	% NAV
Oil & Gas	43.8
Energy	19.9
Telecommunications	14.7
Metals	15.3
Banking	4.3
Engineering	4.0
Shipping	1.1
Consumer	0.7
Chemicals	0.7
Funds	0.5
Cash	-5.0
Total	100.0

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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 open-ended fund, registered 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
Open ended fund:	Since December 2003
Dealing day:	Weekly, on a Monday
Minimum subscription:	US\$200,000
Investment manager fee:	1.5%
Annual performance fee:	10% with 15% hurdle rate

Fund information as at 31st January 2004

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