

Unit price: US\$21.51

Data as at 30th June 2004



## Siberian Investment Co.

**Interim Report:** The first two quarters of the year could not have been more contrasting for the Fund. Up to the beginning of April as the market rallied the Fund was an outperformer. Second tier stocks were the clear choice for investors. The second quarter saw a correction, owing to the battle for Yukos intensifying. The Fund was an underperformer for this quarter as second tier stocks were marked down.

At a recent international investor conference, Fradkov (prime minister), Kudrin (finance) and Gref (economics) all spoke on the same platform as the government was keen to get a calming message across. This they needed to do as the market and confidence has plunged in sync with the government's relentless attacks on Yukos. We continue to argue this is an isolated attack. Political risk associated with the attack may get worse as the endgame is still ahead but will eventually subside from these high levels.

We continue to believe President Putin is serious about developing Russia's economy and driving through reform. He knows help has to come from foreign investment if this is to be lasting. He is also serious that the beneficiaries of reform and a growing economy are not a handful of oligarchs but the majority of people. To a degree Putin's hands are tied at the moment because of the concentration of economic wealth in the hands of a few. Untying the knot will take longer than people expect and future reform may not come as quickly as it has in the past. It is likely the worst is still ahead for Yukos and the market but the second half of the year will see 'closure' on this issue and the eventual the return of investors. If this is correct the Fund is positioned to end the year as it started it.

### Top 10 Holdings

Company	% NAV	Company	% NAV
Novy Neft (Ord & Warrants)	6.8	Sberbank	5.0
Sibneft ADR	5.9	Rengaz	4.9
Lukoil ADR	5.8	Nizhny Tagil Metal	3.8
Transneft Pref	5.7	Sibirtelecom	3.7
Surgutneftegas ADR Pref Shares	5.1	Megionneftgas	3.7
			<b>50.4%</b>

### Siberian Investment Co. Performance

	<i>LG Fund</i>	<i>RTS Index</i>	<i>Micropal Russian Universe</i>
Last month	-1.2	0.4	-0.8
Last 3 months	-21.2	-22.5	-15.5
Last 6 months	8.9	2.8	9.0
Year to date	8.9	2.8	9.0
Last 1 year	37.4	16.8	35.3
Last 2 years	96.6	65.3	98.6
Last 3 years	235.6	169.8	192.0
Last 4 years	457.3	257.8	291.1
Last 5 years	479.8	370.8	347.0
Last 6 years	274.1	285.4	266.0
Last 7 years	73.9	39.3	39.0
Since inception	115.1	76.8	88.1

*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>Last 7 years</i>	<i>Since inception</i>
Sibinco	28	37	17	13	12	6	3	5	12	4	5
No. of funds	38	37	36	36	33	31	31	25	24	15	13

### Sector Breakdown

Sector	% NAV
Oil & Gas	45.9
Energy	21.2
Telecommunications	10.4
Metals	6.5
Banking	5.0
Engineering	2.8
Shipping	1.5
Consumer	0.0
Chemicals	2.5
Funds	0.5
Cash	3.7
<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 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.*

<b>Inception date:</b>	February 1997
<b>Open ended fund:</b>	Since December 2003
<b>Dealing day:</b>	Weekly, on a Monday
<b>Minimum subscription:</b>	€250,000
<b>Investment manager fee:</b>	1.5%
<b>Annual performance fee:</b>	10% with 15% hurdle rate
<b>Fund Size as at 30/06/2004:</b>	US\$22.32 million

## For further information, please contact:

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