

Otkritie Finance (Cyprus) Limited

Registration # HE 165058

License # 069/06

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OTKRITIE FINANCE (CYPRUS) LIMITED ASSET MANAGEMENT DEPARTMENT

Benchmarking Policy

The company comprehends that investors must be able to evaluate the performance of their funds under management by comparing it to a specific benchmark.

It is important to acknowledge that performance evaluation is a relative concept. Absolute performance numbers mean little.

There can be no perfect benchmark, and each benchmark might have its own limitations.

The benchmark is simply a passive representation of the manager's investment style, incorporating the various investment features that frequently appear in the manager's portfolios.

There are several indices that can be selected as the benchmark, depending upon the profile and strategy of the investments followed by the asset management department.

The company has decided to use the widely known Index RTS as the benchmark for the performance of the assets under management.

The aim is to offer the investor a way to measure the relative performance for his managed portfolio.

When looking at the reported performance compared with the benchmark, it is important to have in mind the following:

- An excellent relative return may still be a negative absolute return.
- An excellent relative return may still fall short of a client's financial planning goals.
- Targeting relative performance can lead portfolio managers to take inappropriate risks with their investment selection.
- Value may not always be realized in a short period of time; this can make momentum strategies, which have nothing to do with fundamental value, more attractive to some managers.

The company is using a benchmark for the performance evaluation of the managed accounts. The company's clients can thus have more information about the performance of the financial markets when making their evaluation, and better understand the risks and the rewards of their current portfolio construction.

The company prepares performance reports on a quarterly basis that indicate the performance of the managed funds compared to the performance of the Benchmark index.

The benchmark is simply the market index that both the manager and the investor agree that it fairly represents the manager's investment process, to function effectively in performance evaluation. The selected benchmark -RTS Index- possess the following basic properties:

- Unambiguous. The identities and weights of securities constituting the benchmark are clearly defined.
- Investable. It is possible to forgo active management and simply hold the benchmark.
- The benchmark's return is readily calculable on a reasonably frequent basis.
- Appropriate. The benchmark is consistent with the manager's investment style and area of expertise.
- Reflective of current investment opinions. The manager has current investment knowledge of the securities within the benchmark.
- Specified in advance. The benchmark is specified to the start of the evaluation period and known to all interested parties.
- Owned. The investment manager is aware of the constituents and performance of the benchmark.

The company is confident that the RTS Index constitutes a fair and relevant performance comparison.