

# Ermitage Distressed and Event Fund Alpha - EUR

July 2010

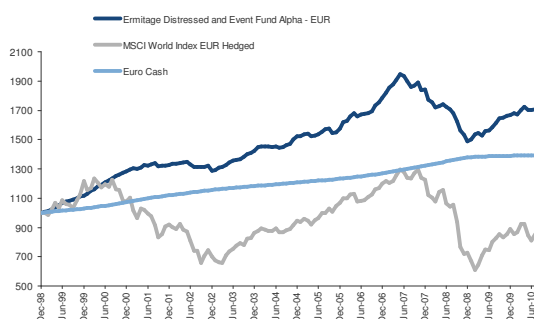


<b>NAV</b>	<b>One Month Return</b>	<b>YTD</b>	<b>Since Inception</b>	<b>Standard Deviation</b>	<b>Overall Fund Size</b>
€ 127.23	0.26%	2.37%	**70.45%	**4.31%	\$ 54,977,917

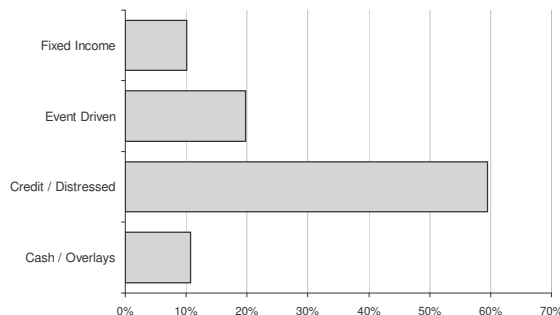
## Investment Objective

To achieve consistent absolute, risk-adjusted returns over the medium term principally through investments in a combination of event driven and risk arbitrage strategies funds managed by professional managers implementing a variety of investment strategies which involve investment opportunities created by distressed markets and/or significant transactional events, such as mergers and acquisitions, industry consolidations, liquidations, reorganisations, bankruptcies, recapitalisations, share buybacks and other extraordinary corporate transactions. The Fund will seek to achieve lower risk and volatility than the global equity markets as a whole through a diversification of style and geographic region and through the management of portfolio risk exposures.

## Cumulative Performance of €1,000



## Strategy Breakdown as at July 2010



Investment allocations may be changed or modified at any time without notice to you at the sole discretion of the Investment Manager.

## Monthly Commentary

For July, the Distressed and Event Fund made a small gain and remains up over 2% for the year, which compares well with the HFRX Event driven benchmark at +0.16%. During the course of the month, markets flipped the switch from "risk off" to "risk on." The VIX declined 32% from 34 to 24 as risk assets appreciated. The Dow Jones and FTSE 100 each rallied 7% in a synchronized fashion. The current tension between ultra-low rates and potential deflation versus governments printing their way out of debt seems to make everyone buy or sell everything at the same time based on the "headline" of the day. Clearly, it is not feasible to try to time the risk-on/risk-off trade, and as a result we have maintained focus on the themes that have been core investments for the past several months namely, credit and distressed strategies where managers invested based on well informed macro views and equity event strategies that focus on hard catalysts as well as maintaining macro and tail hedges. These core strategies are designed to generate stable returns despite market volatility by focusing on liquidity and nimble trading.

## Quantitative Analysis

Risk	Fund	MSCI	Cash	Return	Fund	MSCI	Cash
Sharpe Ratio	0.44	(0.19)	0.34	Average Annual Return	4.71	(1.37)	2.91
Standard Deviation	4.31	15.49	0.35	Average Monthly Return	0.39	(0.01)	0.24
Sortino Ratio	0.63	(0.35)	-	Largest Monthly Return	2.80	10.12	0.41
Downside-Deviation (below 0%)	2.98	12.01	-	Largest Monthly Loss	(4.01)	(17.91)	-
Maximum Drawdown	(23.45)	(52.85)	-	Compounded Return	70.45	(14.69)	39.35
Months In Maximum Drawdown	19.00	16.00	-	% Of Positive Months	74.82	54.35	100.00
Months To Recover	-	-	-				
Correlation	-	0.49	(0.20)				

## Monthly Performance (%) Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.85	(0.50)	1.87	1.37	(1.30)	(0.17)	0.26						2.37
2009	0.76	2.37	0.51	(1.08)	1.89	0.46	1.40	1.84	1.82	0.46	0.65	0.19	11.79
2008	(3.72)	(1.12)	(1.98)	0.55	0.89	(1.05)	(1.20)	(1.51)	(3.17)	(4.01)	(1.87)	(2.72)	(19.13)
2007	1.87	1.91	1.16	1.57	2.06	(0.50)	(1.84)	(2.19)	0.58	1.15	(2.78)	0.19	3.04
2006	2.80	0.52	1.96	1.19	(1.14)	0.62	0.41	0.37	0.74	2.24	1.35	1.75	13.53
2005	(0.07)	0.76	0.21	(1.03)	0.21	0.68	1.06	1.10	0.48	(2.08)	0.44	1.47	3.22
2004	1.79	0.37	(0.01)	0.00	(0.20)	0.18	(0.61)	0.41	0.80	0.73	1.83	1.71	7.19
2003	0.52	1.35	0.18	1.17	1.16	1.00	0.32	0.43	1.19	1.42	0.52	0.97	10.72

On 29th April 2010, the name of the Fund changed from Ermitage Event Driven Fund to Ermitage Distressed and Event Fund. This reflects the change to the investment policy of the Fund allowing investments in underlying funds that invest in distressed opportunities.

Individual monthly performance figures are shown from 2003 due to space restrictions. The Quantitative Analysis figures in the table comprise the Fund's full performance record since inception (1997).

\* Performance figures prior to September 2001 reflect the performance of the Alpha Class USD shares adjusted for the effect of currency exchange rate and different management fees.

The Fund's benchmark was changed to the MSCI World Index effective 1 June 2008. The benchmarks used are for illustrative purposes only and are intended as a comparative measure against the investment objectives of the Ermitage Distressed and Event Fund. It should not be assumed that the Fund will invest in any specific investments that comprise of the index nor should it be understood to mean that there is a correlation between the Fund's returns and the index. Past performance is not indicative nor a guarantee of future returns. Returns indicated are net of all fees and include the reinvestment of all dividends, income and profits.



## Dealing Information

<b>Dealing Day:</b>	1st business day of each month
<b>Subscription:</b>	Closed to new investors as at 01.04.10 (New investors can subscribe to Ermitage Distressed and Event Fund Classes E - G which will have differing characteristics. Please refer to the Ermitage Distressed and Event Fund Offering Memorandum for information with respect to Classes E-G.)
<b>Redemption:</b>	Monthly, subject to notice of at least 5 business days prior to the business day falling 90 days prior to the redemption day
<b>Redemption Payment:</b>	Normally within 30 days of the applicable Dealing Day
<b>Valuation:</b>	Monthly
<b>Minimum Subscription:</b>	EUR 100,000

## Fees & Expenses

<b>Front End Load:</b>	None
<b>Initial Sales Charge:</b>	Maximum 3%
<b>Incentive Fee:</b>	None
<b>Management Fee:</b>	1%
<b>Administration Fee:</b>	0.11% per annum
<b>Custody Fee:</b>	0.075% on first US\$50m, 0.05% on next US\$50m, 0.04% on remainder

## Summary & Key Information

<b>Launch Date:</b>	May 2001
<b>Year End:</b>	31 December
<b>Non-Eligible Investors:</b>	US Investors
<b>Legal Structure:</b>	Ermitage Distressed and Event Fund is an open-ended investment company incorporated in Jersey The shares of the Fund have been admitted to the official list of the Irish Stock Exchange
<b>ISIN:</b>	GB0030409519
<b>Sedol:</b>	3040951
<b>Bloomberg Ticker:</b>	LIBEAAE
<b>Manager:</b>	Ermitage Asset Management Jersey Limited
<b>Investment Adviser:</b>	Ermitage UK Limited
<b>Administrative Agent:</b>	Bank of America Fund Services (Ireland) Limited
<b>Custodian Bank:</b>	Royal Bank of Canada (Channel Islands) Limited
<b>Publication of Information:</b>	Financial Times Managed Funds Services and <a href="http://www.ermitagegroup.com">www.ermitagegroup.com</a>

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