

Ermitage Directional Fund (USD) May 2010

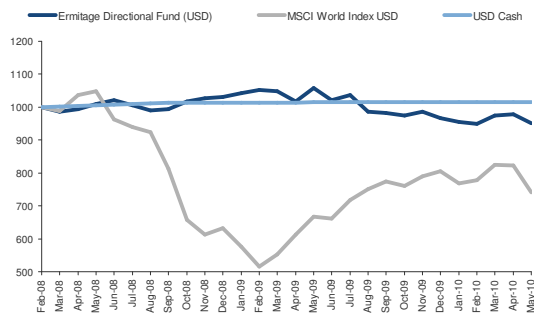


NAV	One Month Return	YTD	Since Inception	Standard Deviation	Overall Fund Size
\$ 95.10	-2.82%	-1.70%	-4.90%	7.04%	\$ 35,715,211

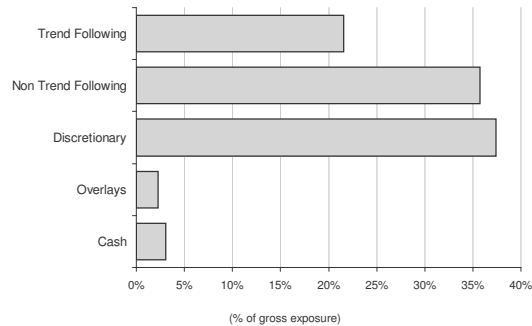
Investment Objective

The investment objective of the Directional Portfolio is to achieve consistent absolute, risk-adjusted returns with a diversification of risk. The Portfolio will seek to achieve its objective by allocating assets principally, but not exclusively, across Managed Accounts and Underlying Funds with Submanagers who primarily pursue for the relevant Managed Account or Underlying Fund discretionary macro, systematic trend or systematic non-trend investment strategies.

Cumulative Performance of \$1,000



Strategy Breakdown as at May 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

In a very difficult month for markets, the Ermitage Directional Fund fell 2.8%. Previous commentaries have highlighted the juxtaposition between structural weaknesses and cyclical strength as dominant drivers of market sentiment and direction. From early 2009, the cyclical economic upswing led to accelerating activity data. Against this backdrop, longer-term headwinds from structural problems were optimistically set aside and equity markets rallied, credit tightened and implied volatility fell. However, market price action over the past 6 weeks appears to suggest that the cyclical peak in global growth is behind us. Clearly the outlook remains quite uncertain but we feel we have a good balance of styles within the portfolio to cope with a variety of possible scenarios. Indeed, we believe that markets are likely to gyrate between fear and greed for some time to come. We continue to analyse the portfolio construction, working to increase its ability to perform in an environment that moves from negative to positive extremes at great velocity.

Quantitative Analysis

Risk	Fund	MSCI	Cash	Return	Fund	MSCI	Cash
Sharpe Ratio	(0.39)	(0.43)	-	Average Annual Return	(2.21)	(12.43)	0.70
Standard Deviation	7.04	25.04	0.26	Average Monthly Return	(0.17)	(0.84)	0.06
Sortino Ratio	(0.52)	(0.63)	-	Largest Monthly Return	4.18	10.90	0.21
Downside-Deviation (below 0%)	5.55	20.82	-	Largest Monthly Loss	(4.87)	(19.04)	-
Maximum Drawdown	(10.28)	(50.79)	-	Compounded Return	(4.90)	(25.82)	1.57
Months In Maximum Drawdown	9.00	9.00	-	% Of Positive Months	51.85	48.15	100.00
Months To Recover	-	-	-				
Correlation	-	(0.09)	0.04				

Indices: MSCI World Index and USD Cash

Monthly Performance (%) Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2010	(1.34)	(0.45)	2.57	0.39	(2.82)								(1.70)
2009	0.96	1.05	(0.36)	(3.07)	4.18	(3.51)	1.44	(4.87)	(0.38)	(0.73)	1.21	(1.99)	(6.22)
2008			(1.43)	0.74	1.65	1.11	(1.51)	(1.55)	0.34	2.42	0.91	0.53	3.16

The benchmark used for the Quantitative Analysis and the Cumulative Performance Chart is for illustrative purposes only and is intended as a comparative measure against the investment objectives of the Ermitage Directional Fund. It should not be assumed that the Fund will invest in any specific investments that comprise the index nor should it be understood to mean 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 expenses and include the reinvestment of all dividends, income and profits.



Dealing Information

Dealing Day:	The first business day of each month
Subscription:	Monthly, by 4pm CET on the Business Day preceding the Dealing day
Redemption:	Monthly, subject to 90 calendar days notice before the Dealing Day (30 calendar days notice subject to a redemption fee of 1%)
Redemption Payment:	Normally within 30 business days of the applicable Dealing Day
Valuation:	Monthly
Minimum Subscription:	USD equivalent of €125,000 initial subscription. No minimum thereafter

Fees & Expenses

Front End Load:	None
Initial Sales Charge:	Up to 3%
Performance Fee:	10% with a high watermark and no hurdle
Management Fee:	1.50% per annum
Administration Fee:	0.10% per annum
Custody Fee:	0.08% on first €100m, 0.06% on next €150m, 0.04% on remainder

Summary & Key Information

Launch Date:	March 2008
Year End:	31 December
Permitted Investors:	Institutional / Professional / Sophisticated (qualifications as set out in the offering document)
US Investors	Tax-Exempts and other investors who are "Accredited Investors" or "Qualified Eligible Persons" (at the Discretion of the Directors) - further information available in the offering document
Legal Structure:	The Company was incorporated for unlimited period on 20 February 2008 as a societe anonyme under the laws of the Grand Duchy of Luxembourg and qualifies as an open ended societe d'investissement a capital variable - fonds d'investissement specialise.
ISIN:	LU0361333411
Sedol:	-
Manager:	Ermitage Asset Management Jersey Limited
Investment Manager:	Ermitage Asset Management Jersey Limited
Administrative Agent:	HSBC Securities Services (Luxembourg) S.A.
Custodian Bank:	HSBC Securities Services (Luxembourg) S.A.
Publication of Information:	Financial Times Managed Funds Services and www.ermitagegroup.com

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