

## Nikitsky Russia/CIS Opportunities Fund Ltd.

### May, 2007 Performance Report

Not a great month. The market plunged (RTSI -8.02%) for no particularly good reason, and while Nikitsky (-5.72%) managed to limit the downside, we were certainly not immune. Fortunately, the RTS subsequently enjoyed a substantial bounce, and we thus take the unusual step of publishing **our estimated performance as of mid-June** since the market reached its trough on the last day of May: **+3.2%**.

The Russian market has seen substantial underperformance vis-à-vis its global peers, and this leaves an opportunity for a catch-up. We would stress that Russian valuations are now slightly more than one-quarter those on the domestic Chinese market, and somewhat less than half those of India; even the Brazil Bovespa now shows more challenging valuations than Russia.

Reassuringly, there are no “fundamental” reasons for this underperformance. Russian economic growth is strengthening (the IMF estimates +7.1% this year, with risks to the upside) inflation continues to decline (<8%), while the budget and current account surpluses remain huge.

Therefore, we must look to market-specific factors, of which there are two:

1. Excessive IPO issuance. The greed of investment bankers coupled with the exuberance of Russian company owners has led to too many IPOs on the market. Most have been overpriced, a number of the companies were not yet ready, and vitally, they hit the screens at a time when foreign sentiment towards Russia was going through one of its periodic downswings. Since the IPOs flow almost entirely into foreign accounts, and inflows had dried up, the funds were forced to sell existing positions to make room for the new stock.
2. A second point is that Russia’s political recovery and economic success does not appeal to everyone, and there has been singularly negative coverage in the Western press. We have been through several such periods in the past, and they invariably blow over as investors find the valuations compelling, but in the short term, they lead to a withdrawal of interest on the part of the offshore investors.

While the current weakness in the overall market has capped our medium-term performance, we remain entirely convinced of the validity of the mid-cap investment case for Russia.

## Nikitsky Russia/CIS Opportunities Fund Ltd.

### Nikitsky Russia/CIS Opportunities Fund Performance (net of all fees, %%)

2006	Jul	Aug	Sept	Oct	Nov	Dec	Year	2007	Jan	Feb	Mar	Apr	May	YTD
<b>RTSI</b>	3.78	4.87	-4.72	4.10	10.11	8.17	<b>28.59</b>	<b>RTSI</b>	-4.11	0.83	4.18	-0.01	-8.02	<b>-7.37</b>
<b>FUND</b>	2.35	3.29	-3.68	5.04	3.75	-2.77	<b>7.89</b>	<b>FUND</b>	0.38	-1.13	1.01	0.34	-5.72	<b>-5.17</b>

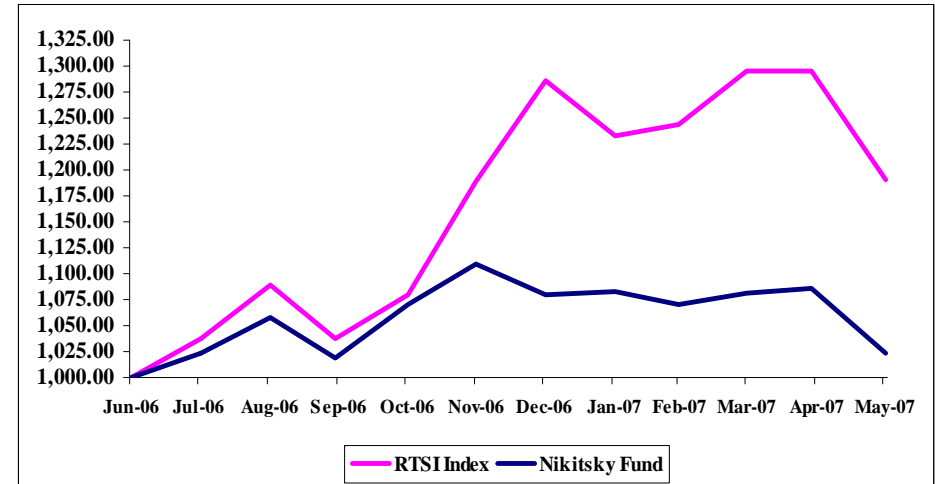
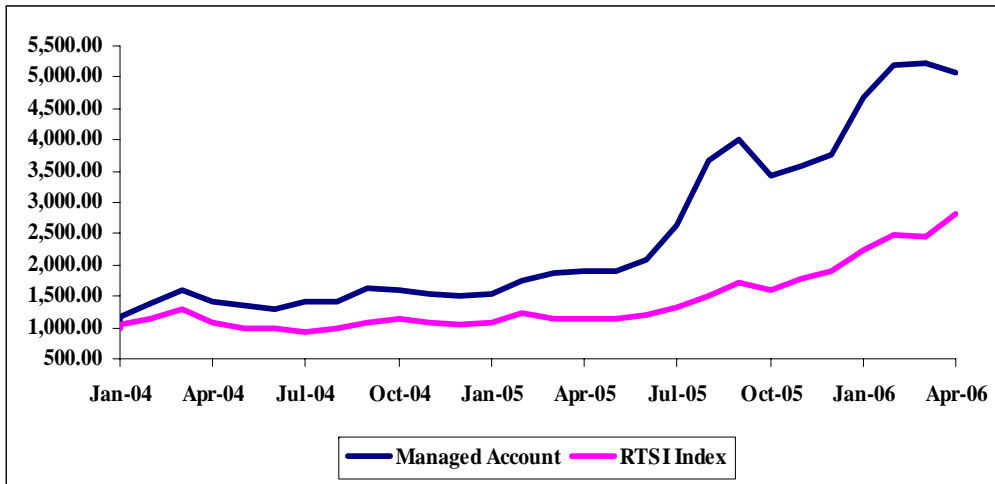
Estimated Fund Performance as of mid-June since last day of May: +3.2%

### Audited Track Record of Gross Performance of the Managed Account<sup>1</sup> (MA), %%

2004*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year
<b>RTSI</b>	4.27	10.24	9.28	-15.73	-8.69	4.64	-7.67	7.12	8.22	2.37	-5.67	0.50	<b>4.78</b>
<b>MA</b>	17.33	17.12	15.61	-10.78	-4.46	-4.37	8.07	1.38	13.84	-0.64	-3.65	-3.17	<b>49.74</b>
2005*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year
<b>RTSI</b>	4.88	11.88	-6.31	-1.47	0.76	5.88	8.51	12.73	12.65	-9.99	10.10	5.98	<b>84.70</b>
<b>MA</b>	2.84	14.57	6.55	0.90	-0.04	10.15	25.53	39.57	9.53	-14.21	3.76	5.14	<b>150.47</b>
2006**	Jan	Feb	Mar	Apr									
<b>RTSI</b>	10.55	8.50	-1.09	14.23									
<b>MA</b>	24.68	10.86	0.96	-3.17									

\* KPMG audited results, values expressed gross

\*\* 2006 results certified but unaudited



<sup>1</sup> The Nikitsky Russia/CIS Opportunities Fund is a continuation of the managed account run by Mr. Eric Kraus (Managing Director of Anyatta Capital Management Ltd, the investment advisor to the Nikitsky Fund) since 1999.

## Nikitsky Russia/CIS Opportunities Fund Ltd.

### *Fund's Performance Since Inception*

	NAV Per Share	Performance MTD	Performance YTD	Performance Since Inception
<b>JULY-06</b>	<b>1,023.50</b>	<b>2.35%</b>	<b>2.35%</b>	2.35%
<b>AUGUST-06</b>	<b>1,057.16</b>	<b>3.29%</b>	<b>5.72%</b>	5.72%
<b>SEPTEMBER-06</b>	<b>1,018.27</b>	<b>-3.68%</b>	<b>1.83%</b>	1.83%
<b>OCTOBER-06</b>	<b>1,069.57</b>	<b>5.04%</b>	<b>6.96%</b>	6.96%
<b>NOVEMBER-06</b>	<b>1,109.66</b>	<b>3.75%</b>	<b>10.97%</b>	10.97%
<b>DECEMBER-06</b>	<b>1,078.91</b>	<b>-2.77%</b>	<b>7.89%</b>	7.89%
<b>JANUARY-07</b>	<b>1,083.04</b>	<b>0.38%</b>	<b>0.38%</b>	8.30%
<b>FEBRUARY-07</b>	<b>1,070.83</b>	<b>-1.13%</b>	<b>-0.75%</b>	7.08%
<b>MARCH-07</b>	<b>1,081.62</b>	<b>1.01%</b>	<b>0.25%</b>	8.16%
<b>APRIL-07</b>	<b>1,085.28</b>	<b>0.34%</b>	<b>0.59%</b>	8.53%
<b>MAY-07</b>	<b>1,023.17</b>	<b>-5.72%</b>	<b>-5.17%</b>	2.32%

## Nikitsky Russia/CIS Opportunities Fund Ltd.

### Essential Information

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<b>Fund Name:</b>	Nikitsky Russia/CIS Opportunities Fund Ltd.		
<b>Investment Manager:</b>	Anyatta Capital Management Ltd.		
<b>Domicile:</b>	Cayman Islands		
<b>Inception Date:</b>	1 July 2006		
<b>Fund Share Classes:</b>	A and O (Euro and USD for each)		
<b>Minimum Subscription:</b>	Class O: 100,000 (Euro/USD); Class A: 250,000 (Euro/USD)		
<b>Fees:</b>	<b>Management fee</b>	<b>Performance fee</b>	<b>Redemption fees</b>
		(above 5% hurdle)	(paid integrally into the Fund for benefit of remaining investors)
Class O ( <i>initial investors</i> ):	1.5%	20%	None
Class A ( <i>general</i> ):	2.0%	20%	Year 1: 7.5%; Year 2: 5.0%; Year 3 & thereafter: 0%
<b>Redemptions:</b>	Quarterly (30 days notice)		
<b>High-Water Marking:</b>	for all performance fees		
<b>Directors:</b>	Eric Kraus, Peter Hughes, James Keyes		
<b>Administrator:</b>	Apex Fund Services Ltd.		
<b>Custodian:</b>	Troika Dialog (Bermuda) Limited		
<b>Auditor:</b>	KPMG, Cayman Islands		
<b>Legal Counsel:</b>	Quin & Hampson, Cayman Islands		
<b>Bloomberg Ticker:</b>	NIRCOFU KY NIKITSKY RUS/CIS OPP FUND-\$		
<b>Investment Objective:</b>	Long-term capital appreciation through investments in a diversified portfolio, initially consisting of Russian/CIS securities, primarily small- and mid-cap assets selected by a value-driven screening process.		

### Primary Contacts

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### Disclaimer

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*This document is not a solicitation or an offering document to invest in this fund or any affiliated funds. There is no guarantee that an investment in any of the funds managed by Eric Kraus will generate a positive return, even if financial markets perform favourably.*

*There is no guarantee that an investment will not result in a loss. Past performance is no guarantee of future return. An investment in this fund or any affiliated funds should be regarded as long-term in nature.*

*Please note that the Nikitsky Fund is limited to Qualified, Non-US Investors.*