



*Informational & Analytical Digest
of AMC "UkrSib Asset Management"*

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07.12.2011



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Informational & Analytical Digest of AMC PFA "UkrSib Asset Management" # 31

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Market Analytics – Stock Market

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Stock Market

In November, the stock market indices declined: European stock markets closed in the range 1 to 7 percent, American 1 to 3 percent, and Asian 3 to 9 percent. Russia's index plunged 1 percent. Over the last decade of the month, the stock markets bounced back compensating for losses.

The key factors that influenced the market were:

- a decrease of the ECB rate to 1.25 percent;
- unsuccessful auctions for placement of sovereign bonds in the Eurozone;
- Rating Agency Standard & Poor's review of the 15 EU countries' sovereign rating with a downgrade opportunity;
- the political controversy about the US budget deficit reduction by USD1.2 trillion.

On the whole, macroeconomic statistics was good. The key US statistical data are as follows:

- a decrease of the unemployment rate to 8.6 percent;
- consumption spending grew by 0.5 percent per month;
- the inflation level was under control;
- the economic activity indexes showed growth.

Political decisions:

- the central banks of the US, Japan, Canada, the UK, Switzerland and the Eurozone lowered the premium over the overnight swap rates from 100bps to 50bps to help ease pressure on USD liquidity for banks in Europe;

Nevertheless, the Ukrainian stock market that lost 38 percent from the beginning of the year and has not reacted to the October global bounce, showed a 9.2 percent growth. The trade volume was low, but the trade became brisker on the 'BUY' trend.

Taking into consideration that Ukrainian shares lost 38 percent from the start of the year and good fundamental results of the majority of liquid stock, we reckon that current prices are attractive for trading strategies for over a year.



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Market Analytics – Fixed Income Market

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Bond Market

In November, interest rates for government bonds slightly decreased, VAT-bonds stood at 18-19 percent.

The fund balances on correspondent accounts fluctuated in the range of UAH 9.8-17bn, by the end of the month they were back to UAH17bn. Accordingly, the interbank rates ranged from 12.5 to 34.7 (KievPrime 1W), by the end of the month they reached 23 percent.

During the month the amount of government bonds increased by 4bn. Under these circumstances, the NBU's portfolio increased by UAH1.9bn, non-residents' - UAH0.15bn, other residents' portfolio added UAH 4.9bn. At the same time a decrease of government bonds in the banks' portfolios was UAH2.9bn, caused by a liquidity deficit in the banking sector.

In the primary market, "foreign currency" government bonds were quite popular (a yield of 8.5 percent).

Under current circumstances, the market of municipal and corporate bonds is frozen.

Under the influence of the EU bond market negative conditions, prior to monthly results, yields of sovereign Ukrainian Eurobonds with redemption in 2013 increased from 8.8 percent to 9.75 percent. An increase of credit default swap (CDS) quotations was 23.4 percent per month.



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Real Estate Analytics

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Real Estate Research November, 2011.

The global supply of distressed property is set to rise through to the end of the year as economic turmoil in the Eurozone lingers. In Europe, while Germany and Russia seem to weather the storm, commercial property markets find themselves facing increasingly downbeat conditions, says the latest RICS Global Distressed Property Monitor.

The report finds that negative sentiment is spreading across the globe, with almost three-quarters out of the 25 countries surveyed anticipating rising levels of foreclosure in the coming quarter. Most importantly, property professionals who answered the survey expect that supply will outstrip demand in 60% of the countries covered by the survey, a sharp 20%-increase compared to the second quarter.

On the bright side, commercial real estate markets in China and Brazil are still prospering, with both countries expecting the number of foreclosed properties coming to the market to decline over the near term. In Europe, Germany and Russia also remain fairly stable in spite of high levels of economic uncertainty.

Other European commercial property markets have again weakened amid fears of the crisis intensifying in Greece and the political instability in debt-burdened Italy further threatening the single currency. RICS members in France, continue to feel the effect of this highly volatile context, and they foresee a considerable rise in the number of expected foreclosures over the coming months as investor interest – while still positive – is slowing down.

Predictably, Italy, Portugal and Spain are worst hit with the number of distressed properties coming to the market expected to far outweigh demand until the end of the year.

US Real Estate Market

Home sales have been stuck in a narrow range despite several improving factors that generally lead to higher home sales, such as job creation, rising rents and high affordability conditions

New homes sales, the Census Bureau reported an annual sales rate of 307,000 new homes last month, up 1.3% from a downwardly revised rate of 303,000 homes in September. There were about 162,000 new homes on the market by the end of October. That represented a 6.3-month supply at the current rate of sale. The median sale price was \$212,300.

Existing-home sales rose 1.4% last month to an annual rate of 4.97 million homes, up from a downwardly revised 4.90 million homes in September, NAR. Compared to a year ago, the rate of existing home sales has jumped 13.5%, from 4.38 million units. Even as the stockpile of homes on the market eases, housing prices are continuing to dip. The median price for an existing home was \$162,500 in October, 4.7% lower than a year ago.

Construction spending during October 2011 was estimated at a seasonally adjusted annual rate of \$798.5 billion, 0.8 percent ($\pm 1.6\%$) above the revised September estimate of \$792.1 billion. The October figure is 0.4 percent ($\pm 1.9\%$) below the October 2010 estimate of \$802.0 billion. But until builders actually start building, this big increase in permits may indicate that builders are hedging their bets and may not translate into an actual increase in construction.

The [Pending Home Sales Index](#) surged 10.4 percent to 93.3 in October from 84.5 in September and is 9.2 percent above October 2010 when it stood at 85.5. The data reflects contracts but not closings.

Commercial RE market. Little change in most of the commercial market sectors. Vacancy rates are flat, leasing is soft and concessions continue to make it a tenant's market. However, with modest economic growth and job creation, the fundamentals for commercial real estate should gradually improve in the coming year, NAR.

Looking at commercial vacancy rates from the fourth quarter of this year to the fourth quarter of 2012, NAR forecasts vacancies to decline 0.6 percentage point in the office sector, 0.4 point in industrial real estate, 0.8 point in the retail sector and 0.7 percentage point in the multifamily rental market.

2012

Commercial real estate markets have been relatively flat this year, but improving fundamentals mean a more positive trend is expected in 2012, according to the National Association of Realtors.

Office Markets

Vacancy rates in the office sector are expected to fall from 16.7 percent in the current quarter to 16.1 percent in the fourth quarter of 2012.

After rising 1.4 percent in 2011, office rents are forecast to increase another 1.7 percent next year.

Industrial Markets

Industrial vacancy rates are projected to decline from 12.3 percent in the fourth quarter of this year to 11.7 percent in the fourth quarter of 2012.

Retail Markets

Retail vacancy rates are likely to decline from 12.6 percent in the current quarter to 11.8 percent in the fourth quarter of 2012. Average retail rent is seen to decline 0.2 percent this year, and then rise 0.7 percent in 2012.

Multifamily Markets

The apartment rental market – multifamily housing – is expected to see vacancy rates drop from 5.0 percent in the fourth quarter to 4.3 percent in the fourth quarter of 2012; multifamily vacancy rates below 5 percent generally are considered a landlord's market with demand justifying higher rents.

Average apartment rent is projected to rise 2.5 percent this year and another 3.5 percent in 2012.

Ukraine Real Estate, Kyiv

November 2011, an average price for a 1-3 room apartment in the secondary market in Kyiv increased by 0.51 percent and stabilized at the level of \$2139 for 1 sqm, realt.ua. An average price for a 1-3 room apartment in the primary market fell 1.02 percent to \$1507 per 1 sqm.

Commercial Real Estate

Ukraine was downgraded from 17th to 23^d place in the list of the EMEA countries, most attractive for developing retail network in 2012. Consequently, 13 percent of the 178 of the leading retail networks interviewed from the EMEA cluster declared their intention to expand in the Ukrainian market in the following year. By comparison, in 2011 it was 16 percent of all anticipated to develop business in Ukraine.

According to the research data, retailers will stick to a network expansion strategy in 2012 similar to 2011. Moreover, they are mostly focused on the countries housing their outlets already. Roughly 30 percent of retailers are going to enter into new markets in 2012. Around 71 percent of foreign retailers by late 2012 are considering opening more than 5 new outlets in the EMEA countries, reported CBRE.

A new supply of commercial floor space in Kyiv over the next two years may account for about 316.9K sqm. In total, the overall floor space supply will have exceeded 32 percent by 2014, reported DTZ (Kyiv). In 2012, about 250K sqm of commercial floor space may come to the commercial market.

In Q1-Q3 2011, average rental rates for commercial real estate with 100-300 floor area housed in the best trading centers in Kyiv ranged from \$70-\$90 per 1 sqm a month, whereas the highest rates were \$160-\$200 per 1 sqm in most leading trading centers, stated DTZ.



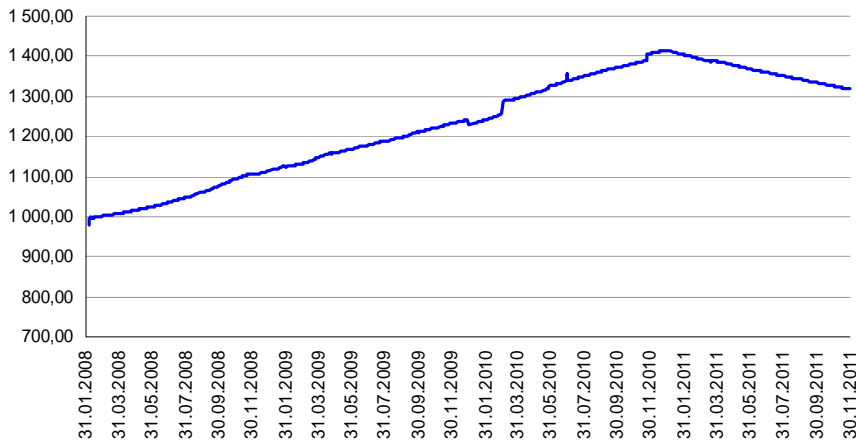
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"UkrSib Stable Income 2" IF Performance Report

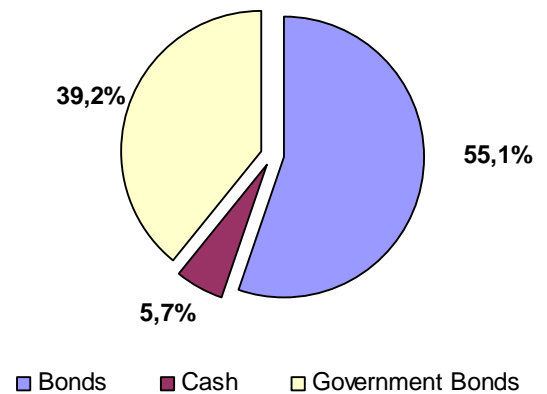
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Fund's indices as of 30.11.2011		CURRENT VALUE
NAV of the fund, UAH.		15 641 102,84
NAV calculating per 1 share, UAH		1 318,25
Lower-limit investment ¹		
NET ASSETS VALUE PER SHARE DYNAMICS, % (HISTORICAL ²)		
Per week		-0,13%
Per month		-0,60%
Per quarter		-1,81%
Since the beginning of 2011		-6,83%
Since the beginning of the Fund's functioning		31,83%

Dynamics of the Fund's net assets value per share, UAH



Structure of the Fund's assets



As of 30.11.2011 net asset value of "UkrSib Stable Income 2" Fund totaled UAH 15 641 102,84. Stock value of the Fund totaled UAH 1 318,25.

As of 30.11.2011 the value of the Fund's investment portfolio make up UAH 12 196 089,43, cash and other assets of the Fund totaled UAH 730 649,18.

¹ For making a model of current investment in the Fund you can use the site www.ukrsibfunds.com. Calculation will include reinvestment of the revenue from Fund's capital increase and won't show others outgoing including purchase and sale commission that can make the above mentioned indices lower. Model calculation shall not be considered as a basic for determination of future investment and for comparison with the results of fund's performance.

² The indicated figures reflect historical data and cannot guarantee the future income. Return on investments and securities cost may vary, i.e. by selling securities either profits can be gained or losses incurred. The Fund's current results may be higher or lower than the indicated ones.



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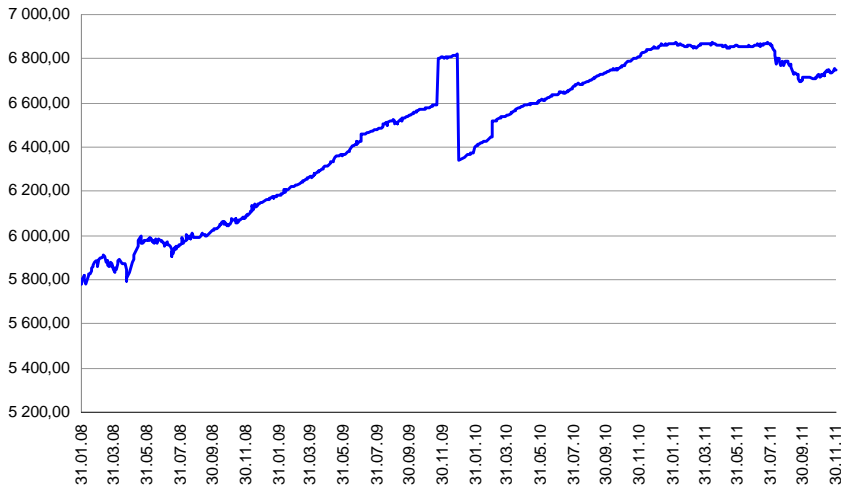
“UkrSib Real Estate Fund” IF Performance Report

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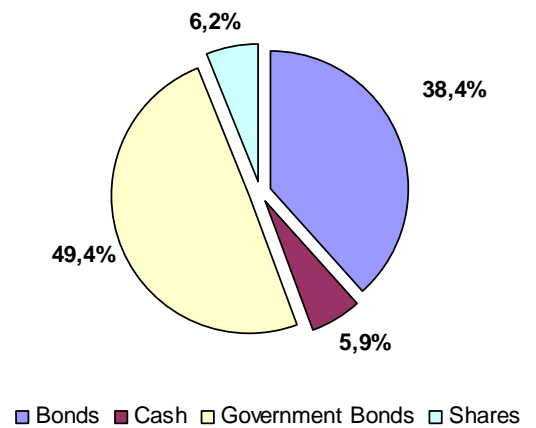
Fund's indices as of 30.11.2011	CURRENT VALUE
NAV of the fund, UAH.	12 794 715,30
NAV calculating per 1 share, UAH	6 751,82
Lower-limit investment ¹	

NET ASSETS VALUE PER SHARE DYNAMICS, % (HISTORICAL ²)	
Per week	0,25%
Per month	0,44%
Per quarter	-0,58%
Since the beginning of 2011	-1,38%
Since the beginning of the Fund's functioning	35,04%

Dynamics of the Fund's net assets value per share, UAH



Structure of the Fund's assets



As of 30.11.2011 net asset value of “UkrSib Real Estate Fund” totaled UAH 12 794 715,30. Stock value of the Fund amounted UAH 6 751,82.

As of 30.11.2011 the value of the Fund's investment portfolio make up to UAH 9 639 277,92, cash and other assets of the Fund totaled UAH 606 537,02.

¹ For making a model of current investment in the Fund you can use the site www.ukrsibfunds.com. Calculation will include reinvestment of the revenue from Fund's capital increase and won't show others outgoing including purchase and sale commission that can make the above mentioned indices lower. Model calculation shall not be considered as a basic for determination of future investment and for comparison with the results of fund's performance.

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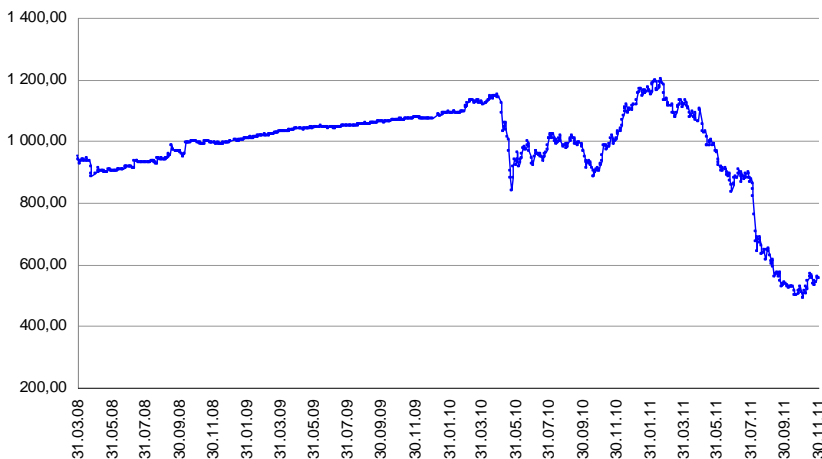
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“UkrSib Dynamic Income” IF Performance Report

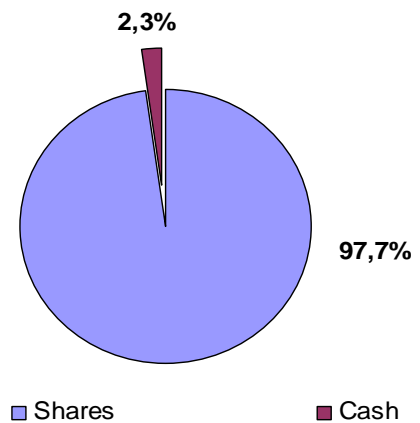
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Fund's indices as of 30.11.2011	CURRENT VALUE
NAV of the fund, UAH.	782 068,45
NAV calculating per 1 share, UAH	559,01
Lower-limit investment ¹	
NET ASSETS VALUE PER SHARE DYNAMICS, % (HISTORICAL ²)	
Per week	4,64%
Per month	9,44%
Per quarter	-14,28%
Since the beginning of 2011	-50,18%
Since the beginning of the Fund's functioning	-44,10%

Dynamics of the Fund's net assets value per share, UAH



Structure of the Fund's assets



As of 30.11.2011 net asset value of “UkrSib Dynamic Income” totaled UAH 782 068,45. Stock value of the Fund amounted UAH 559,01.

As of 30.11.2011 the value of the Fund's investment portfolio make up to UAH 767 221,58, cash and other assets of the Fund totaled UAH 17 950,87.

¹ For making a model of current investment in the Fund you can use the site www.ukrsibfunds.com. Calculation will include reinvestment of the revenue from Fund's capital increase and won't show others outgoing including purchase and sale commission that can make the above mentioned indices lower. Model calculation shall not be considered as a basic for determination of future investment and for comparison with the results of fund's performance.

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“UkrSib Index” IF Performance Report

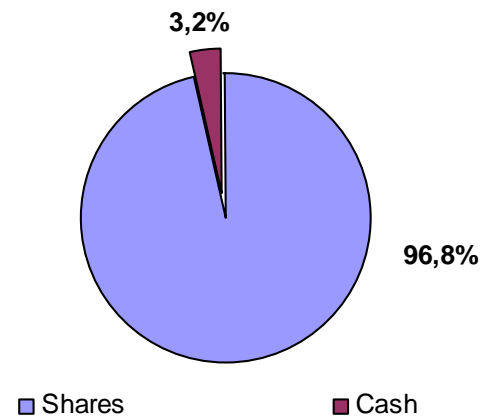
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Fund's indices as of 30.11.2011	CURRENT VALUE
NAV of the fund, UAH.	736 506,51
NAV calculating per 1 share, UAH	551,27
Lower-limit investment ¹	
NET ASSETS VALUE PER SHARE DYNAMICS, % (HISTORICAL ²)	
Per week	4,25%
Per month	7,97%
Per quarter	-11,34%
Since the beginning of 2011	-35,88%
Since the beginning of the Fund's functioning	-44,87%

Dynamics of the Fund's net assets value per share, UAH



Structure of the Fund's assets



As of 30.11.2011 net asset value of “UkrSib Index” totaled UAH 736 506,51. Stock value of the Fund amounted to UAH 551,27.

As of 30.11.2011 the value of the Fund's investment portfolio totaled UAH 743 008,31, cash and other assets of the Fund totaled UAH 24 938,26.

¹ For making a model of current investment in the Fund you can use the site www.ukrsibfunds.com. Calculation will include reinvestment of the revenue from Fund's capital increase and won't show others outgoing including purchase and sale commission that can make the above mentioned indices lower. Model calculation shall not be considered as a basic for determination of future investment and for comparison with the results of fund's performance.

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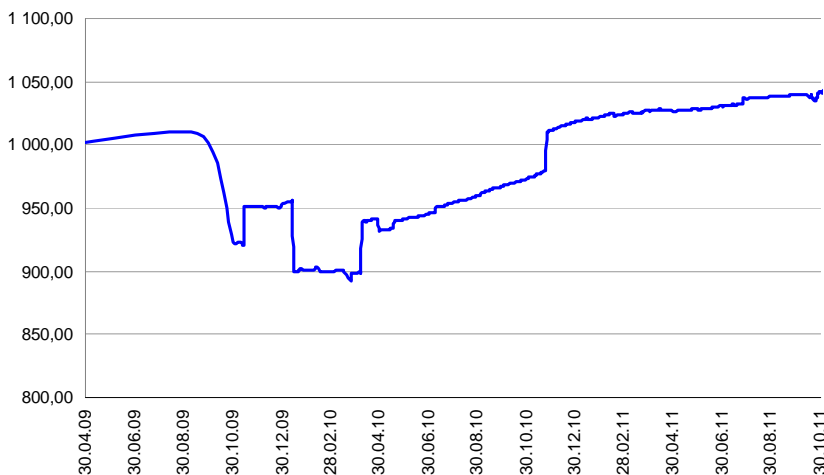
"Acceleration" IF Performance Report

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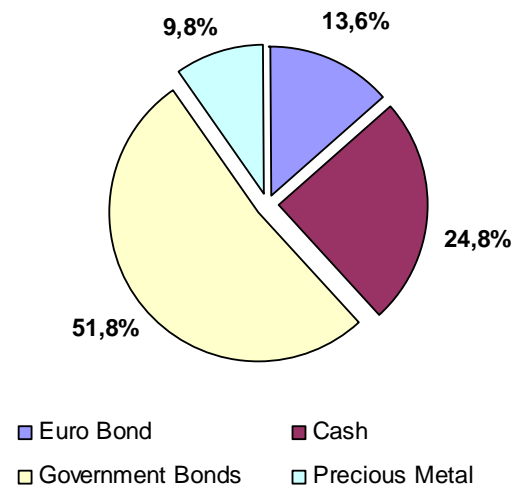
Fund's indices as of 30.11.2011	CURRENT VALUE
NAV of the fund, UAH.	5 787 699,23
NAV calculating per 1 share, UAH	1 048,87
Lower-limit investment ¹	

NET ASSETS VALUE PER SHARE DYNAMICS, % (HISTORICAL ²)	
Per week	0,22%
Per month	0,60%
Per quarter	1,05%
Since the beginning of 2011	3,04%
Since the beginning of the Fund's functioning	4,89%

Dynamics of the Fund's net assets value per share, UAH



Structure of the Fund's assets



As of 30.11.2011 net asset value of "Acceleration" made up UAH 5 787 699,23. Stock value of the Fund totaled UAH 1 048,87.

As of 30.11.2011 the value of the Fund's investment portfolio made up UAH 4 366 548,17, cash and other assets of the Fund totaled UAH 1 437 063,56.

¹ For making a model of current investment in the Fund you can use the site www.uksibfunds.com. Calculation will include reinvestment of the revenue from Fund's capital increase and won't show others outgoing including purchase and sale commission that can make the above mentioned indices lower. Model calculation shall not be considered as a basic for determination of future investment and for comparison with the results of fund's performance.

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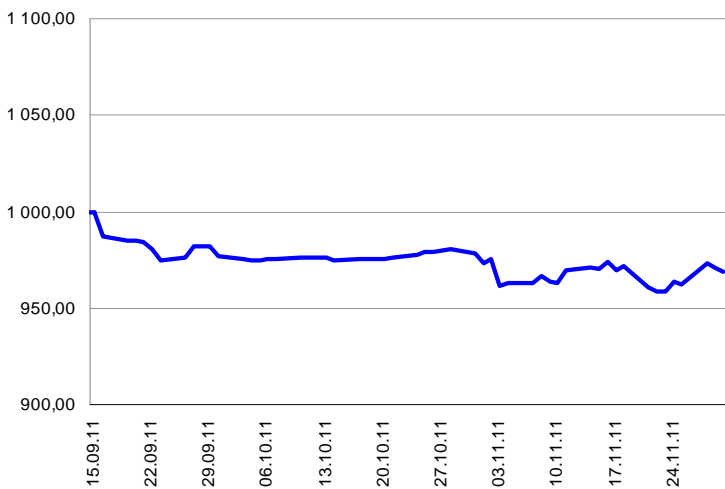
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"A-VISTA" IF Performance Report

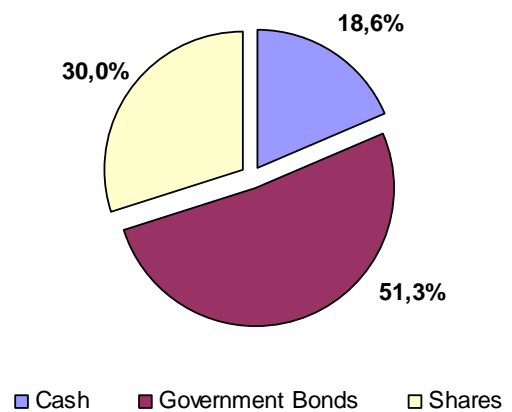
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Fund's indices as of 30.11.2011	CURRENT VALUE
NAV of the fund, UAH.	2 007 385,97
NAV calculating per 1 share, UAH	968,82
Lower-limit investment ¹	
NET ASSETS VALUE PER SHARE DYNAMICS, % (HISTORICAL ²)	
Per week	1,03%
Per month	-0,97%
Per quarter	-3,12%
Since the beginning of the Fund's functioning	-3,12%

Dynamics of the Fund's net assets value per share, UAH



Structure of the Fund's assets



As of 30.11.2011 net asset value of "A-VISTA" made up UAH 2 007 385,97. Stock value of the Fund totaled UAH 968,82. As of 30.11.2011 the value of the Fund's investment portfolio made up UAH 1 638 650,65, cash and other assets of the Fund totaled UAH 375 542,61.

¹ For making a model of current investment in the Fund you can use the site www.ukrsibfunds.com. Calculation will include reinvestment of the revenue from Fund's capital increase and won't show others outgoing including purchase and sale commission that can make the above mentioned indices lower. Model calculation shall not be considered as a basic for determination of future investment and for comparison with the results of fund's performance.

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