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**Wermuth Asset Management GmbH**

**Press Release**

November 11, 2009

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**Wermuth Asset Management Senior Advisory Board Meeting**

Wermuth Asset Manager (WAM), investment advisor to the Greater Europe Funds, held its annual Senior Advisory Board meeting and investor day in Moscow. Senior Advisors Dr Garret FitzGerald, Dr Hans-Friedrich von Ploetz, Dr Dieter Wermuth and Professor Yevgeny Yasin were joined by Greater Europe Fund directors, including Allan Andersen and Andy Pitter, WAM partners and investors for a discussion on Russian and global economic and political issues.

Board members expressed concern over widespread falsifications at the recent local elections in Moscow. Vote rigging is a criminal offense which should be pursued in the courts. It leads to cynical attitudes towards the ruling class and has the potential for political upheavals further down the road. The concern is that if authorities feel they need to resort to such measures, they may have less popular support than they pretend.

It would be a breakthrough if the courts ruled in favor of the opposition. As an example: in a district where the head of Yabloko, his family and many of his friends live, not a single vote was registered for his party. President Medvedev has now the opportunity to back up his fine words on fighting political corruption by supporting an investigation into election irregularities. The benefits for the rule of law, democracy and Russia's reputation would be invaluable.

Dieter Wermuth commented that the global economic the situation looks rather good near-term which is why commodity markets have been so firm lately. Longer term, after the effects of extremely expansionary fiscal and monetary policies have run out, things are less clear. It is hard to imagine that growth can remain buoyant without support from the US consumer or without a pick-up in bank lending. The banking sector is not yet back in rude health.

Yevgeny Yasin, former Russian Minister of Economy, noted that the Russian economic situation is improving again. Growth has begun to revive, even though the overall situation is still dire. On the back of rising commodity prices and trade surpluses the rouble continues to appreciate. State revenues are boosted as well while inflation is finally falling to single digits. The crisis has shown that Russia must put its economy on a broader base but policy makers have not yet responded vigorously to this challenge.

For Russians it has been a great relief that new US President Obama has given up plans to install a missile defense shield in Poland and the Czech Republic. Closer cooperation with NATO is now a realistic possibility again. The brief war with Georgia and the irritations it caused in the West are increasingly less of a stumbling block.

Hans-Friedrich von Ploetz, former German ambassador to the Russian Federation and now member of an expert group on NATO strategy, pointed out that NATO had created a zone within which military

conflict was excluded; any conflicts are decided in court. He says that from recent discussions in Russia he has reason to hope that one day Russia would directly or indirectly join such a zone.

On another topic, Garret FitzGerald, former Irish Prime Minister and also former President of the Council of Europe suggested that the European Union was not in need of some big country representative as its first permanent president when the Lisbon Treaty comes into effect next year, certainly not in need of Mr Blair, a eurosceptic and a controversial figure after his pro-US stance in the Iraq war. The ideal candidate is one who skillfully chairs meetings and allows the new High (foreign policy) Representative to do his or her job. Assuming such a candidate is chosen, the EU - no longer in need of full consensus to take decisions under the Lisbon treaty – could at long last start to play a role in geopolitics.

Wermuth Asset Management GmbH is the exclusive investment adviser to three investment funds with approximately USD 250m in assets under management, specializing in both fundamental and macro economic analysis as well as in shareholder activism. Its regional focus is Eastern and Western Europe, including Russia and the countries of the former Soviet Union (the "Greater Europe" area): "Greater Europe Fund Limited" (Bloomberg ticker: GREURU JY), "Greater Europe Deep Value Fund Limited" (Bloomberg ticker GREDFVALJY), "Greater Europe Deep Value Fund II Limited" (Bloomberg ticker GREDFVII JY).

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