



## Pharos Russia Hedge Fund Holds Up In June

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West Palm Beach (HedgeCo.Net)- Russia has held up very well over the month of June according to one of the most experienced Russian hedge fund managers, Pharos Financial Group. For the first half of 2008, the Pharos Russia Fund was up 3.8%, the Pharos Small Cap Fund was up 6.8% and the Pharos Gas Investment Fund was up 3.3%. This compares very favorably with the MSCI Russia Index which was down 2.9% over the same period.

Trading activity throughout June was primarily driven by developments in global markets as domestic news flow was relatively light. However, Russia was very resilient through this very difficult month. The best performing stocks in June were fertilizers, metals and mining companies, which have also been the best performers over the first half of 2008.

Meanwhile, one of the most important developments in June was the final dissolution of utility holding company RAO UES. UES has been one of the most liquid stocks in Russia since it began trading in 1995, and for much of the following 10 years it was traded as the market proxy for Russia. The de-listing and final break up of UES on June 6 was the culmination of a very thorough restructuring of the entire utility sector which has seen \$100B of assets split into a series of independent companies, and is one of the great underreported business stories of this decade.

"We expect financial markets to continue to be challenging throughout the summer as the credit crisis continues to wrack global markets." Pharos said, "Russia's economy remains a beacon of stability in these turbulent times and the country is in excellent financial shape. However, global nervousness and uncertainty will cause short term volatility that will at times push fundamental valuation metrics aside. Our funds are positioned relatively defensively here, and we are focusing on investments that should outperform in this difficult environment."

Pharos Financial Group is specializing in the securities markets of Russia and the former Soviet Union. With a eleven year history through up and down markets, Pharos has a proven record of superior absolute returns with Russian Hedge Funds and Russia Hedge Fund Investing.

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