

# UFG Asset Management



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## United Financial Group (“UFG”)

- Parent company of UFG Asset Management was a Russian investment bank founded in 1994 by Charles Ryan and the late Boris Fedorov
- UFG became a leading investment bank with brokerages and offices in Moscow and London
- UFG sold its investment banking business to Deutsche Bank in 2005; UFG Asset Management remained independent and in control of the founders

## UFG Asset Management (“UFG AM”)

- Since its foundation in 1996, UFG AM has grown to become a leader in the Russian financial markets
- UFG AM pioneered the asset management business in Russia; one of the first Russian financial services companies to introduce alternative investment instruments for both onshore and offshore investors
- In September 2008 UFG AM concluded a strategic partnership with Deutsche Bank to develop its Russian onshore mutual fund business (this part of UFG AM’s business now operates under the brand “Deutsche UFG Capital Management”)
- UFG AM brings together a unique combination of exceptional international asset management expertise and proven Russian on-the-ground investment capabilities
- UFG AM is owned by its founders and employees
- UFG AM provides over 30,000 domestic and international clients with both absolute return and traditional investment strategies

## Competence and work experience with different categories of assets

- Liquid public markets asset management: 5 offshore equity and fixed income funds + 5 onshore mutual funds + a number of managed accounts
- Mid cap/pre-IPO public markets asset management: 2 funds (one of each, offshore and onshore)
- Private markets asset management: 2 private equity funds and 2 real estate funds
- A profitable wealth management / family office business

## Russia’s leading alternative asset management company

- UFG AM is the only financial group investing in the Russian Federation and the CIS with an integrated asset management business model and a universal product offer across all asset classes
- UFG AM’s founding partners and UFG brand is well-known and highly respected in the Russian and international financial communities
- UFG AM employs 140 Russian and Western professionals



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# Corporate Structure



- UFG Asset Management advises on and manages approximately \$1.65 billion in assets under management

## Public Markets Funds

		AUM (\$m)	Comments
<b>Deutsche UFG Capital Management</b>	Mutual Funds	190.8	Local Russian fully licensed asset management company in partnership with Deutsche Bank. Manages 5 rouble-based equity and fixed income mutual funds
	Managed Accounts	235.7	
<b>UFG AM Hedge Funds &amp; Managed Accounts</b>	UFG Russia Select	148.8	Growth: equity portfolio Blue-chip liquidity-focused equity risk-managed strategy
	UFG Russia Alternative	80.9	Alternative: mid-cap equity strategy Long-biased “best ideas” portfolio
	UFG Russia Debt	9.0	Conservative: Primarily Russian corporate debt portfolio Discretionary fixed income hedged high yield strategy
	UFG Credit Opportunities	119.7	Conservative: mid-term target duration non-rouble portfolio Quasi-sovereign Eurobond exposure
	UFG Debt Fund	99.1	Conservative: ruble-denominated local corporate and sovereign bonds - rated BBB or higher or eligible for Central Bank of Russia refinancing (CBR Repo/Lombard lists)
	Managed Accounts	97.8	
<b>Total public markets funds</b>		<b>\$981.8</b>	



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# Managed Accounts

UFG AM manages segregated accounts for non-government pension funds in Russia, insurance companies and other institutional and private Russian and international investors based on the following five investment strategies:

- Conservative strategy
- Moderately risky portfolio
- Equity portfolio
- Alternative strategy
- Hedge strategy

UFG Asset Management's portfolios are modifications of these strategies taking into account the investment needs of the individual investor (risk propensity, investment period and yield expectations).



**UFG** Asset Management

# Private Equity Funds

Summary Overview	UFG Private Equity Fund I	UFG Private Equity Fund II
Launch date	November 2005	First closing: June 2008 Final closing: June 2010
Fund size	\$280 million	\$225 million
Investors	Institutional and private investors from Europe, North America and the Middle East	
Investment strategy	Min. \$10 million investment size Target ownership: min. 25% stake	Investments in companies with \$20-400 million in revenues; \$10-50 million per equity investment.
Portfolio	<p>Invested \$270 million in 13 companies since inception; 7 exits with 19.9% gross IRR on realized investments, 6 remaining portfolio companies.</p> <p>Aggregated distributions since inception plus fair value of the remaining portfolio put the fund at a break-even to return committed capital to investors.</p>	<p>Fund is 56% committed, 5 portfolio companies since inception; 2 successful exits with 128% IRR:</p> <p><u>TMT sector:</u></p> <ul style="list-style-type: none"> <li>- Yandex (partially exited)</li> <li>- Russian Towers</li> <li>- Enforta</li> </ul> <p><u>Media/Entertainment</u></p> <ul style="list-style-type: none"> <li>- Rising Star Media (exited)</li> </ul> <p><u>Transportation</u></p> <ul style="list-style-type: none"> <li>-Brunswick Rail Leasing</li> </ul>
Investment Team	11 Russian and Western professionals	



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## Real Estate Funds

Real Estate Funds	UFG Real Estate Fund	UFG Real Estate Fund II	Russia Commercial Properties Partners Fund
Launch date	June 2007	First closing: June 2008 Final closing: June 2009	July 2011
Fund size	\$130.5 million	\$81.4 million	\$118.0 million
Investors	International private and institutional investors		
Investment strategy	Land plots in prime locations in Russia and Russian regions, typically in proximity to major traffic arteries and airports. Land plots to be developed by emulating international development patterns, leased out to prime tenants or sold to institutional investors.	Buy completed high quality commercial properties primarily in Moscow as well as in St. Petersburg with established international tenants and quality construction, or take limited development risk in partnership with prominent developers and co-investors. Fund is fully committed in 5 projects.	A co-investment Fund raised alongside RE II in July 2011, initially seeded by a large institutional international investor and invested in 3 projects together with RE II.  The co-investment Fund is expected to raise new finance on investment-by-investment basis.
Portfolio	5 projects in the city of St. Petersburg, Leningrad and Moscow regions, and Oryol and Bryansk regions.	The Fund's five portfolio assets are: - 3 Class A office buildings and 4 assets in total in the center of Moscow: 3 business centers and a retail cluster co-located in one of the business centers. - Outlet retail development in St. Pete alongside a prominent US developer.	Together with RE II owns 2 Class A office buildings plus the retail cluster.
Investment Team	11 Russian and Western professionals		



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## Appendix: Biographies of the Firm's Principals



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Moscow, October 2011



### **Charles E. Ryan, Chairman of UFG Asset Management**

- In addition to his role as Chairman of UFG AM, Mr. Ryan is responsible for the overall management of UFG Private Equity business. He also sits on the Investment Committee of UFG Real Estate fund and on the Board of Directors of UFG AM Family of Public Markets funds.
- Mr. Ryan is a widely acknowledged leader in the business community in Russia. He began his professional career in 1989 with CS First Boston as Financial Analyst. From 1991 to 1994, Mr. Ryan was an Associate and Principal Banker with the European Bank for Reconstruction and Development (“EBRD”) in London, where he played a crucial role in the city of St. Petersburg’s privatization program for industry and real estate. In 1994, Mr. Ryan co-founded United Financial Group (UFG) together with his Russian partner, the late Boris Fedorov. After the sale of UFG’s investment banking business to Deutsche Bank in 2006, Mr. Ryan was appointed Chief Country Officer and CEO of Deutsche Bank in Russia. He stepped down as DB’s CEO in September 2008 and in October 2008 became Chairman of UFG Asset Management.
- Mr. Ryan graduated with honors in Government from Harvard College.
- Mr. Ryan speaks Russian.



**UFG Asset Management**

### **Florian Fenner, Managing Partner, UFG Asset Management**

- In addition to his role as Managing Partner of UFG AM, Mr. Fenner is responsible for the overall management of UFG's public markets business. He also sits on the Investment Committees of UFG Private Equity fund and UFG Real Estate fund.
- Mr. Fenner joined UFG AM as Managing Partner in July 2002. He is an experienced investment manager who has directed investments in Russian securities for over ten years. Prior to joining UFG, from 2000 to 2002, he was head of the Unifund's Moscow office with responsibility for its Russia portfolio. Starting in 1996, Mr. Fenner served as deputy head of research at Brunswick Brokerage, one of Russia's leading investment banks, before joining Brunswick Capital Management in 1997. Before joining Brunswick Brokerage, he worked for Schroeder Muenchmeyer Hengst Co, a German investment bank, from 1992 to 1996, in their Frankfurt office.
- Mr. Fenner is a Chartered Financial Analyst and holds a degree in banking from Industrie- und Handelskammer in Frankfurt-am-Main.
- Mr. Fenner speaks fluent Russian.



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