

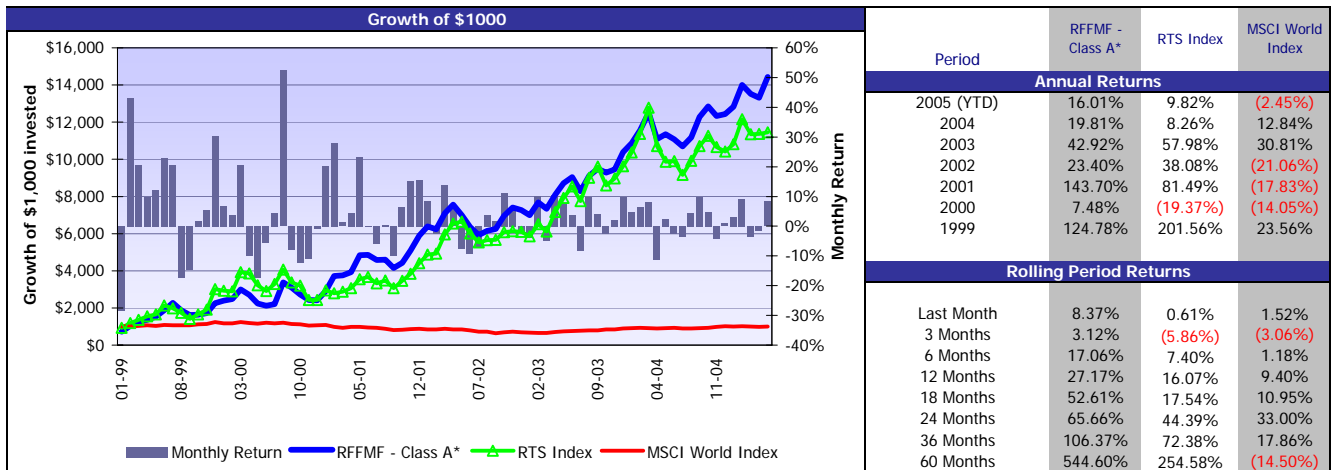


Russian Federation First Mercantile Fund (RFFMF)



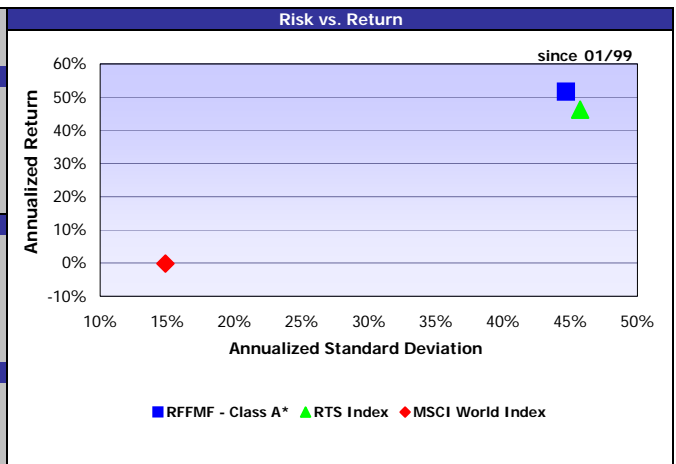
May 2005

NAV \$ 29.77 (as of June 3rd)



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2005	3.12%	9.11%	(3.43%)	(1.47%)	8.37%								16.01%
2004	4.63%	6.43%	8.09%	(11.25%)	2.32%	(2.43%)	(3.42%)	4.53%	9.80%	4.66%	(4.04%)	0.90%	19.81%
2003	(3.87%)	10.07%	(4.54%)	10.40%	7.54%	3.70%	(8.22%)	9.95%	4.10%	(2.25%)	1.94%	9.80%	42.92%
2002	8.48%	(2.43%)	13.77%	6.57%	(7.45%)	(9.15%)	(6.79%)	3.71%	1.87%	11.16%	6.49%	(1.90%)	23.40%
2001	20.15%	28.05%	1.19%	4.47%	23.20%	0.18%	(5.70%)	0.42%	(9.61%)	6.43%	15.26%	15.62%	143.70%
2000	6.69%	3.69%	20.64%	(9.73%)	(17.32%)	(5.53%)	4.60%	52.40%	(7.87%)	(12.25%)	(10.71%)	(0.73%)	7.48%
1999	-28.32%	43.21%	20.69%	10.00%	12.34%	23.12%	20.66%	(17.12%)	(14.55%)	1.65%	5.41%	30.26%	124.78%

Statistical Analysis	RFFMF - Class A*	RTS Index	MSCI World Index
Returns			
Compounded Annual Return	51.59%	46.21%	(0.13%)
Average Monthly Return	4.28%	4.01%	0.08%
Cumulative Return	1343.22%	1044.48%	(0.81%)
Largest Monthly Gain	52.40%	58.16%	8.64%
Largest Monthly Loss	(28.32%)	(24.12%)	(11.12%)
% Of Positive Months	64.94%	62.34%	53.25%
Risk			
Standard Deviation	44.69%	45.75%	14.86%
Sharpe Ratio (5.0%)	1.04	0.94	-0.26
Downside Deviation (10.0%)	21.69%	22.97%	12.22%
Max Drawdown	(29.50%)	(40.14%)	(48.45%)
Months In Maximum Drawdown	3	4	30
Months To Recover	2	12	0
Comparison To Benchmarks			
Alpha		1.34%	4.21%
Beta		0.73	0.87
Correlation		0.75	0.29
R-Squared		0.56	0.08



Investment Strategy	Fund Information
<p>A Russia Long Only Equity Fund</p> <p>The Fund is managed by First Mercantile Capital Group, which is controlled by Yury Lopatinsky (YL). FMG has had a managed account with YL since 1995. YL's group is one of the few teams of Russians in Moscow that has stuck together and today they are over 60 people involved in fund management, corporate finance, brokerage and advisory services. The funds assets are shifted between blue chips, second tier, third tier stocks, Russian bonds and US\$ cash. Their "edge" has been to find undervalued second tier stocks early.</p> <p>Since the collapse of the Russian stock market in 1998, Russia's economy has improved dramatically. Today, most Russian stocks are valued between 5 to 10 times P/E, being very attractively priced versus any stock market. We expect volatility as well as returns to be very high for investments into Russia going forward.</p> <p>As of 04/29/05 the largest positions were: *5% cash * Banking 6% * Telecommunications 21% * Oil & Gas 33% * Metals 31%</p> <p>AUM: \$60.2 million in this strategy Location: Moscow Staff: Fifteen professionals in fund management, over 60 in total</p>	<p>Launch Date: September 1, 1995 Fund Domicile: Bermuda Currency: USD Information: Prices are available on rffmf.com and www.fmgfunds.com Listing: Bermuda Stock Exchange Notice Period: Weekly subscriptions with 1 business day notice and redemptions with 5 business days notice prior to the dealing day. Min. Initial Inv.: US\$10,000 Subscription Fee: 5% Redemption Fee: 0% Management Fee: 2% p.a. Incentive Fee: Upon reaching a new high, 20% of new profits over 8% p.a. Custodian: Bank of Bermuda, Bermuda, (HSBC group) Administrator: Apex Fund Services, Bermuda Lawyers: Appleby Spurling Hunter, Bermuda</p> <p>Auditors: KPMG, Bermuda</p>

*Prior to start of share class A on 6/01, the track record of Yury Lopatinsky shown as follows: managed account from 9/95 - 12/97 (bid), further CAIB and later FM Emerging Russia Fund (bid), mid prices from 5/01 - now called RFFMF. The information contained herein is based on sources believed to be reliable but FMG doesn't warrant its completeness or accuracy.

This summary is for information purposes only and doesn't constitute an offer to sell or a solicitation to buy. Citizens or residents of the United States may not invest in this Fund. Past performance is not indicative of future results.