INVEST
WITH RUSSIA-CHINA INVESTMENT FUND
Greetings and thank you for your interest in the Russia-China Investment Fund.

The Russia-China Investment Fund is evidence of the outstanding results of increased economic cooperation, trade and investment between Russia and China. The leaders of both nations have recognized the substantial gains from their economic relationship and have pledged to forge stronger ties.

China is now Russia’s largest trade partner while Russia is China’s fastest growing major trade partner, with trade volume between the two countries reaching $95.3 billion in 2014.

The development of trade has corresponded with increased cross-border investment, which is the cornerstone of our economic relationship. Investors in both countries are moving beyond traditional areas of cooperation and are cultivating new fields of mutual investment. In 2011, the China Investment Corporation recognized the potential of the Russian economy by making investments in the financial sector while Russian companies have increasingly been looking East to China. We look forward to many more such pioneering investments in the years to come.

While strong economic growth in both countries certainly will produce many domestic opportunities for productive investments, we believe particularly promising transactions will be found in deals that capitalize on the Russia-China relationship. We look toward the huge potential for mutually beneficial growth in sectors such as infrastructure, logistics, food and agriculture, natural resources, financial services, and consumer goods and services.

We look forward to a prosperous future together.

Kirill Dmitriev  
Co-CEO

Bing Hu  
Co-CEO
Trade between Russia and China has grown rapidly as the leaders of both countries have committed to advancing bilateral economic cooperation. The two countries are reducing the use of US dollar in bilateral trade in favor of their own currencies, calling attention to the importance of their economic relationship.

Bilateral trade volume between the two countries, which amounted to $15.8 billion in 2003, has increased more than 6 times over the last 10 years, reaching $95.3 billion in 2014.

According to forecasts, bilateral commerce could grow up to $100 billion in 2015 and if the two countries continue to nurture the right conditions for trade investment growth, it is likely to reach $200 billion by 2020. The total trading value between China & Russia has grown 17.8% p.a. in the past 11 years.

Source: General Administration of Customs of People’s Republic of China
THE OPPORTUNITY: RUSSIA

ONE OF THE LARGEST ECONOMIES

Russia is the 6th largest economy in the world by GDP. Russia’s GDP per capita (PPP) has almost tripled since 1999 and currently is the largest among the BRICS countries. The Russian economy is expected to reach $4 trillion by 2020 according to a recent IMF forecast.

LARGE DOMESTIC MARKET

Russia has one of the largest domestic markets in the world, ranking 7th out of 144 countries. Russia’s middle class tripled in the last 5 years.

SOLID FUNDAMENTALS

Russia has one of the lowest levels of public debt of any major economy. Russia also possesses foreign exchange reserves exceeding $385 billion.

RESOURCES RICH

Russia is the world’s top commodities producer. In addition to well-known major commodities such as oil, gas, coal and metals, Russia has the world’s largest reserves of timber, fresh water, agricultural land, fertilizers and many other resources.

GOVERNMENT SUPPORT FOR INVESTMENT

The Russian government is committed to increasing competitiveness and making Russia a more attractive investment destination. With a personal income tax rate of 13% for residents, corporate tax rate of 20% and VAT rate of 18%. Russia has one of the most generous non-offshore tax regimes in the world.
THE OPPORTUNITY: CHINA

EXPANDING ECONOMY

China is the world’s largest economy with GDP based on PPP of $17.6 trillion. GDP CAGR was 11.9% from 2000-2014 and it is expected to remain at around 8.2% until 2020. China’s foreign exchange reserves are by far the world’s largest at $3.84 trillion as of March 31, 2015.

HUGE DOMESTIC MARKET

China became the world’s largest energy consumer in 2010. As one of the indicators, private car ownership is growing rapidly, with China surpassing the United States as the largest automobile market in the world in 2009.

INDUSTRIAL POWERHOUSE

China is the world’s largest exporter and leading industrial power. It is a member of the WTO with a 2014 total international trade value of $4.3 trillion, $2.34 trillion of which are exports. Its output of major industrial products including crude steel, coal, electricity, cement, fertilizer.

STABILITY

China has been enjoying decades of relative social and political stability. Its unemployment rate was 4.05% as of 2014 and has been declining consistently. China is the third-most-visited country in the world, with 26.3 million inbound international visitors in 2013.
Russia-China Investment Fund (RCIF) is a private equity fund established jointly by RDIF and CIC in October 2011 to stimulate the bilateral investment and generate strong risk-adjusted return for investors, taking advantage of rapid development of economic cooperation, fast growing trade, and the increasing purchasing power of the middle class in Russia and China.

- The fund received $2 billion in commitments from each of RDIF and CIC in equal share, with up to $2 billion expected to be raised from international institutional investors;
- In June 2012, CEOs of RDIF and CIC, in the presence of Russian and Chinese presidents, signed official documents to set up the Russia-China Investment Fund;
- In March 2013, RCIF signed an MoU with VEB, RDIF and CIC, and launched operations.

Russian Direct Investment Fund (RDIF) is a $10 billion fund established to make equity investments primarily in the Russian economy. RDIF was created in 2011 under the leadership of the President and Prime Minister of Russia to co-invest alongside top global investors, acting as a catalyst for direct investment in Russia.
China Investment Corporation (CIC) is a wholly state-owned company with a mandate to invest and manage overseas assets. CIC was established as a vehicle to diversify China’s foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerance. CIC holds the investment principles and approaches of independent decision-making grounded in market conditions.

AUM: $652.7BN
COMMITMENT TO RCIF: $1BN
ESTABLISHED: SEPTEMBER 29, 2007
HEADQUARTERS: BEIJING, CHINA
CEO: XUEDONG DING

UNIQUE ANGLE AND POSITIONING

- Russia and China are among the world’s largest and fastest growing economies with unique fundamentals and strengthening cross-border investment
- The only PE fund dedicated to investment opportunities across Russia and China backed by their respective governments
- The largest Chinese government-funded PE fund that can also invest directly in China

STRONG ABILITY TO SOURCE DEALS AND ADD VALUE

- Unparalleled advantage for sourcing proprietary deals by leveraging extensive business relationships and strong government support
- Ability to leverage sponsors’ support to engage valuable resources for sourcing transactions, deal execution, and adding value to portfolio companies post-investment

EXPERIENCED INVESTMENT TEAM

- Experienced senior investment team in Moscow and Beijing with established local and global connections
- Extensive experience in operating international companies and domestic firms, private equity investment and management consulting

RDIF and CIC are the most prominent government-backed investment organizations in their respective countries.
Russia-China Investment Fund (RCIF) invested in RFP Group (Russian Forest Products), Russia’s second largest wood processing company.

RCIF invested in the Moscow Exchange as part of the placement of the Central Bank of Russia block alongside the Russian Direct Investment Fund and other leading international co-investors. The Moscow Exchange is the largest exchange in Russia, the CIS and Central and Eastern Europe.

Russia-China Investment Fund (RCIF) and other leading institutional co-investors announced an investment to construct the first ever railway bridge over the Amur river on the border between Russia and China. The new bridge will have a capacity of up to 21 million tonnes per year and will connect the Jewish Autonomous Region with the Chinese province of Heilongjiang.

Russia-China Investment Fund (RCIF) and Russian Direct Investment Fund (RDIF) were joined by their co-investors and partners from the Middle East and Europe alongside other investors to support growth and development of Lenta Ltd. in Russia. RCIF participated in the SPO of Lenta Ltd., one of the largest and most successful retail chains in Russia.

Russia-China Investment Fund (RCIF) and other leading institutional co-investors participated in equity offering of PJSC Magnit. Magnit is the Russia’s largest retailer.

RDIF, Russia-China Investment Fund (RCIF), the joint fund of RDIF and China Investment Corporation (CIC), and other leading institutional co-investors participated in equity offering of PJSC Magnit. Magnit is the Russia’s largest retailer.

Russia China Investment Fund (RCIF) has signed a Memorandum of Understanding (MOU) with Vcanland, a leading developer of tourism infrastructure and senior living communities in China. Together the parties will create a joint investment fund targeting USD 800 million (RMB 5 billion) with a focus on the tourism and senior living infrastructure in China and Russia. The fund will focus on opportunities in desirable tourism destinations across both countries, including Hainan in China and Lake Baikal, Vladivostok and the Sochi region in Russia, as well as opportunities in the senior living sector.
RCIF will target opportunities created by the rapid development of economic cooperation, fast growing trade, and the increasing purchasing power of the middle class in Russia and China. This approach will allow the fund to generate strong risk adjusted return for investors.

Above all, RCIF seeks to invest in projects that advance bilateral economic cooperation between Russia and China. Within this context, the Fund has identified six key focus areas in which we see considerable potential for generating returns. RCIF may invest in other sectors in order to provide investors with maximum exposure to growth.
INVEST
WITH
RUSSIA-CHINA
INVESTMENT FUND

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