



Monthly Letter to Investors – July 2012

In July, the Fund gained fractionally +0.38%, and, in fact, delivered on the Investment Advisor's promise to meaningfully decrease volatility. Here are the weekly returns since the Fund's portfolio was re-configured to produce more stable and low volatility returns: +2.40% (week ending June 8th), +2.55% (June 15th), -1.50% (June 22nd), +1.97% (June 29th), +0.50% (July 6th), +0.34% (July 13th), -0.38% (July 20th), -0.07% (July 27th).

The outlook remains bullish for US equities, with the forward 12 month earnings yield for the SPX versus the 10 year Treasury yield standing at 7.8% versus 1.65%. Being a locomotive of the global equity market, the US market is likely to reflect constructively on emerging markets equities, including Russian and CIS stocks.

The biggest risk to the Russian market is Russia itself (please see a Der Spiegel recent article attached). And yet, Russia and emerging markets, especially in Asia, still represent huge potential going forward, as one of Russia's richest businessmen recently pointed out (please see his article attached).

International Business Partners and Terms		Historical Performance																																											
<i>Investment Advisor</i>	<i>Diamond Age Capital Advisors Ltd.</i>		2005	2006	2007	2008	2009	2010	2011	2012																																			
<i>Administrator</i>	<i>CIBC Bank and Trust Co. (Cayman) Ltd.</i>	Jan	-	13.67%	1.29%	-10.44%	-11.34%	-0.79%	0.50%	20.43%																																			
<i>Russian Custodian</i>	<i>Citigroup – ZAO Citibank (Russia)</i>	Feb	2.24%	2.73%	5.70%	2.75%	-11.37%	0.03%	-3.09%	2.83%																																			
<i>Auditors</i>	<i>Deloitte – Cayman Islands</i>	Mar	-0.27%	4.05%	-0.29%	-3.48%	20.53%	11.16%	1.30%	-3.75%																																			
<i>Tax Consultants</i>	<i>Ernst & Young – Russia and Cyprus</i>	Apr	-2.54%	8.80%	1.88%	3.03%	20.86%	1.02%	2.42%	-3.62%																																			
<i>Legal Counsel</i>	<i>Campbells – Cayman Islands</i>	May	-0.51%	-3.78%	-0.71%	9.17%	18.71%	-21.49%	-13.14%	-21.98%																																			
<i>Base Currency</i>	<i>US Dollar</i>	Jun	1.84%	-1.67%	2.88%	-7.02%	-3.28%	-2.00%	-4.88%	0.42%																																			
<i>Advisory Fee</i>	<i>2% per annum</i>	Jul	7.77%	0.37%	1.75%	-13.09%	3.37%	7.72%	6.17%	0.38%																																			
<i>Performance Fee</i>	<i>20% of profits above hurdle rate</i>	Aug	8.76%	2.33%	-4.69%	-8.69%	1.93%	-4.96%	-26.65%																																				
<i>Hurdle Rate</i>	<i>US Dollar 3-month LIBOR + 50 bps</i>	Sep	12.64%	0.01%	5.07%	-10.76%	18.41%	12.14%	-30.60%																																				
<i>Inception Date</i>	<i>18 February 2005 at US\$100 per share</i>	Oct	-6.56%	3.70%	4.99%	-35.75%	10.24%	6.31%	22.32%																																				
<i>Dealing Day</i>	<i>Friday</i>	Nov	7.49%	5.36%	-2.96%	n/a	3.66%	-0.13%	-22.84%																																				
<i>Subscriptions#</i>	<i>Weekly</i>	Dec	7.33%	9.49%	0.80%	n/a	8.34%	16.66%	4.55%																																				
<i>Redemptions</i>	<i>Monthly, 14-day notice</i>	Year	43.27%	53.70%	16.26%	-57.73%	103.00%	21.92%	-55.48%	-9.65%																																			
<i>Min. Subscription</i>	<i>US\$100,000</i>	NAV Data, Current Asset Allocation																																											
<i>ISIN</i>	<i>KYG2863P1090</i>	Fund Price (W/Avg), Main Class		Bid \$107.28; Offer \$107.72																																									
<i>CUSIP</i>	<i>G2863P 10 9</i>	Designated Investment Share Class		\$65.08																																									
<i>Bloomberg Ticker</i>	<i>DIAMRUS KY <Equity> <Go></i>	Total Fund Assets (AUM)		\$ 13,751,205																																									
		Total Firm AUM		\$192,541,981																																									
		<table border="1"> <thead> <tr> <th>Asset Class</th> <th>Long</th> <th>Short</th> <th>Gross</th> <th>Net</th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td>82.4%</td> <td>9.3%</td> <td>91.7%</td> <td>73.1%</td> </tr> <tr> <td>Derivatives</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> </tr> <tr> <td>Commodities</td> <td>0.0%</td> <td>10.6%</td> <td>10.6%</td> <td>-10.6%</td> </tr> <tr> <td>FX</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> </tr> <tr> <td>Total All</td> <td>82.4%</td> <td>19.9%</td> <td>102.3%</td> <td>62.5%</td> </tr> <tr> <td>Leverage</td> <td>2.3%</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>									Asset Class	Long	Short	Gross	Net	Equities	82.4%	9.3%	91.7%	73.1%	Derivatives	0.0%	0.0%	0.0%	0.0%	Commodities	0.0%	10.6%	10.6%	-10.6%	FX	0.0%	0.0%	0.0%	0.0%	Total All	82.4%	19.9%	102.3%	62.5%	Leverage	2.3%			
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Sector Allocation	
Financials	17.46%
Metals and Mining	12.40%
Commodities	10.37%
Telecoms	10.04%
Conglomerate	6.09%
Media	5.73%
Agriculture	5.53%
Gas Utilities	4.20%
Coal	4.14%
Fisheries	4.11%
Industrials	3.25%
Airlines	3.10%
Construction/Infrastructure	2.97%
Chemicals	2.91%
Consumer Durables	2.89%
Electrical Utilities	2.73%
Real Estate	2.08%
Total	100%

Geographic Dispersion	
Russia	45.69%
Ukraine	10.50%
United States	10.37%
Kazakhstan	8.23%
Georgia	7.98%
South Korea	5.80%
Thailand	4.11%
Turkey	2.97%
Singapore	1.80%
Guinea	1.55%
China	1.01%
Total	100%

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The Path to Tyranny

Putin's Russia Is Becoming a Flawless Dictatorship

By Georg Diez, [Walter Mayr](#) and Matthias Schepp

Vladimir Putin is rapidly transforming Russia into a repressive state reminiscent of the Soviet Union, and the Pussy Riot trial is the climax in his campaign against the opposition. However, following massive media attention, his crackdown on the punk band could backfire.

The window through which the world currently views Vladimir Putin's Russia is narrow and can only be opened from the outside -- like the feeding door of a cage.

The window is part of the glass enclosure in which the defendants are held during trials in Moscow's Khamovniki district court. As long as it's open, it serves as their connection to the outside world. Mikhail Khodorkovsky, who was Russia's richest man until 2003 and has been its most famous prisoner since then, used it to deliver a couple of words to the world when he was put on trial here for a second time in 2010.

Last Wednesday, it was the voice of Nadezhda Tolokonnikova that was coming from the cage. Tolokonnikova, a 22-year-old student, together with two other members of the feminist punk band Pussy Riot, were being charged with "hooliganism." When the verdict is pronounced on Friday, the women could be sentenced to up to three years in prison.

The charge is documented in videos showing the musicians, wearing wool ski masks, giving a performance on Feb. 21, 2012, in front of the wall of icons in the Cathedral of Christ the Savior in Moscow. The lyrics included the following: "Mother of God, Virgin Mary, drive Putin away," "Holy shit, shit, Lord's shit," and "The patriarch believes in Putin / Bastard, better believe in God."

In their closing statements to the court, the defendants tried to refute the charge of "hooliganism." Tolokonnikova, with her neatly plucked eyebrows and perfect styled hair, unabashedly referred to other people who went to extremes to defend their beliefs: St. Stephen, the first martyr of the Christian church; the writer Fyodor Dostoyevsky, who was sentenced to death for his resistance to religious and secular rulers alike; and Gulag chronicler Aleksander Solzhenitsyn, who predicted "that words will crush concrete."

Ridiculing Putin

Was it hubris or heartfelt? What will really be at stake in the court building on the banks of the Moskva River when the women of Pussy Riot are sentenced before the eyes of the global public? Some say it is merely a case of poorly behaved, defiant regime opponents who would not have met with as much approval in Russia if it hadn't been for the regime's reaction, which included five-and-a-half months of pretrial detention for the accused, two of them young mothers. Others say that the case exposes the entire Putin system to ridicule.

The video of their performance in the Cathedral of Christ the Savior has been viewed hundreds of thousands of times on the Internet, and the images of Tolokonnikova's fiery statements against the Putin state will be viewed millions of times.

As a result, the attractive young woman and her companions have already achieved more than many of the opposition leaders and critical artists who have grown old in their resistance against Putin. The members of the punk band, notwithstanding their simple messages, stand for a Russia that is fed up with an arbitrary legal system, state control and corrupt elites.

Most of all, it has had enough of the man who had once promised to liberate his country from the legacy of the communist dictatorship, whose tough leadership style that involved crushing all opposition was met with great approval in large parts of the country. Instead, he has guided his autocratic state along a path that is already heading for a repressive regime in which opposition members are arrested indiscriminately and their homes searched by the authorities, a regime where prosecutors shape their

indictments to suit political requirements and intimidate opponents through interrogation. The whole thing is controlled by a man who could very well rule Russia with his tyrannical methods until 2024: Vladimir Vladimirovich Putin, 59.

'Flawless Democrat'

It was an oligarch, the media czar Boris Berezovsky, who orchestrated Putin's move into the Kremlin around the turn of the millennium. At the time, most Russians welcomed Putin, a judo practitioner and staunch opponent of alcohol. They had had enough of his eternally sickly predecessor Boris Yeltsin, who was increasingly drunk in public. The West hoped that the young, apparently inexperienced Kremlin leader would continue Yeltsin's foreign policy, which emphasized rapprochement, and that it would also be less erratic.

Putin's speech to the German parliament, the Bundestag, on Sept. 25, 2001, fueled expectations that the former KGB officer, who spoke German fluently, would modernize Russia and champion European values. Such illusions culminated in a now-famous comment by then Chancellor Gerhard Schröder who, in November 2004, described his Moscow friend as a "flawless democrat."

Meanwhile, Putin has disappointed his German friends, whose expectations were in any case too high. They had refused to believe that Russia still viewed itself as an independent power between Europe and Asia, that 500 years of authoritarian rule under the czars and the Communists, could not be shed overnight, and the reservations against the West would not simply disappear because Russians like to drink Coca-Cola and carry designer bags by Yves Saint Laurent.

They also knew too little about Putin himself, who, in the years of turmoil, had only made it as far as deputy mayor of St. Petersburg.

Severity and Ruthlessness

Nevertheless, there had always been signs that Putin was convinced that he could only perform his duties with severity and ruthlessness. In the summer of 1991, for example, when the Soviet realm was collapsing, Putin moved into his office in St. Petersburg and promptly had the portrait of Lenin removed and replaced with one of Peter the Great.

A janitor had brought Putin two images of the czar. The first one depicted the young Peter, looking amiable and idealistic, a modernizer who wanted to open the "window to Europe" for his giant, backward country. Putin rejected the picture.

Instead, he chose one of a serious-looking older czar, marked by many battles and conflicts, one who had expanded his realm with new conquests, and one whose rule was so ruthless that he had his own son tortured to death after accusing him of being involved in a conspiracy.

Putin's preference for the ruthless version of Peter the Great could be symptomatic of the entire Putin era, which has already lasted for 12 years and, according to the constitution, could persist for another 12 years.

Solidifying Power

Putin, nervous and insecure in the early days of his rule, had hardly assumed the office of president before he used an overdue judicial reform to put all senior judges under the Kremlin's control. That move meant that the separation of the executive and the judiciary, a fundamental aspect of every Western democracy, had been suspended in a key area.

The war in the Caucasus offered the young president the opportunity to solidify his power. After repeated attacks by Chechen terrorists, which claimed hundreds of lives, Putin went about strengthening the Kremlin's centralized power and, in December 2004, eliminated the direct election of provincial governors by the people for the next eight years.

Putin also expected loyalty from the oligarchs, who had been coddled by Yeltsin. Those who did not toe the line were forced out of the country or inundated with trials. With the help of the FSB, the country's domestic intelligence agency, Putin created new empires of oligarchs devoted to him. From then on, the property of the wealthiest Russians was only secure if they remained loyal to Putin.

In his first two terms, Putin still tried to preserve a delicate balance between conservative hardliners and liberal-minded parts of the Moscow power elite. He used the struggle between the two camps over the global power's foreign policy direction and control over the most lucrative parts of the Russian economy to expand his own power. It gave him the role of an arbitrator, making Putin the ultimate judge.

Rolling Back Reforms

But after his four years as prime minister and his return to the Kremlin in early May, Putin abandoned his conciliatory approach. Demands for more democracy and development of Russia's weak civil society were suddenly viewed as subversive.

He quickly had his party, United Russia, which had increasingly taken on the structures and rituals of the former Communist Party of the Soviet Union in the more than 10 years of its existence, implement a drastic tightening of laws against demonstrations. Leading members of the opposition were attacked with smear campaigns.

In only three months Putin, with the help of his absolute majority in the Duma, repealed the few reforms that his predecessor Dmitry Medvedev, with whom he had switched places, had managed to carry out. The president and his closest advisers saw these reforms as the real fuel for the mass protests that had become part of everyday life in Moscow since the parliamentary election at the end of last year. Most of all, Medvedev's essay "Forward, Russia," published in September 2009, had triggered hopes of a freer Russia within the well-educated urban middle class.

Putin's successor had created an atmosphere in which the middle class had become active, recognizing that a different, modern Russia could be possible. This political thaw had since been recognized as a mistake, says Moscow political scientist Vitaly Ivanov. Putin's team responded to Medvedev's stated principle that freedom is always preferable to the lack of freedom with the conviction that order is always better than disorder.

Attacking Opponents with Sex Videos

Medvedev, who reconciled himself to the office of prime minister following the switch that many Russians viewed with outrage, has so far accepted all humiliations by his friend and mentor. His position as a prime minister who is dependent on Putin is now so weak that it seems doubtful whether he will be able to remain in office for long.

In the week before last, a 47-minute documentary film appeared on the Internet in Russia. In the film, generals who commanded the war against Georgia in August 2008 level serious accusations against Medvedev. They say that he was responsible for the deaths of hundreds of civilians and many soldiers because of his indecisiveness and long hesitation after Georgian forces launched their offensive.

"Before that, any criticism of Medvedev was taboo, even in academic publications," says prominent Russian sociologist Olga Kryshтанovskaya, who recently left United Russia. "He was under Putin's protection. That's over now." She sees the accusations as a signal that the public should be prepared for Medvedev's ouster.

'Return of Political Terror'

In late June, another prominent member of the Moscow power elite was confronted with a video. It depicted finance magnate Alexander Lebedev having sex with two Ukrainian prostitutes. Along with the reformist former leader Mikhail Gorbachev, Lebedev is part-owner of *Novaya Gazeta*, a newspaper critical of the Kremlin. The oligarch had recently attracted attention with his biting remarks that Russia was enduring a "time of repression."

The vile film reveals the methods that the Putin system uses to discredit its opponents. Lebedev, a former intelligence official himself, suspects the FSB of having organized the video and placed it online. He is now thinking of emigrating.

Vladimir Pastukhov, a political scientist and attorney, points to what he views as the "return of political terror as an instrument of the government." Naturally, he adds, Putin is not another Stalin, and yet the president has created a new form of equality, not before the law but before his despotism. "Everyone understands that the law no longer protects people," he says. "All business owners know that their companies can be taken away from them at any second, as can freedom and perhaps even their lives."

Pastukhov left the country in 2008. At the time, he represented British investor William Browder in a conflict with senior officials at the Interior Ministry and the Russian tax authority, who had apparently appropriated a few of his client's companies. In the eyes of Putin's supporters, this made Pastukhov a champion of Western interest who was being paid by foreigners. He now teaches at the University of Oxford.

Unfazed by Criticism

Putin's Kremlin also views the West's protests against the Pussy Riot trial as a targeted campaign to discredit what they view as an increasingly strong Russia.

His underlings claim that the young women would be punished much more harshly for desecrating a house of worship in other countries than in Russia, "especially in Islamic countries, which the West is bringing into its sphere of influence with military force." This, at any rate, is how one Putin confidant interprets Western support for the Arab Spring, which Moscow views as an "Islamist takeover."

The president is unfazed by the West's criticism of the treatment of Pussy Riot. With his policy of uncompromising toughness, Putin wants to demonstrate that Russia has once again acquired the status in the world that it had during the Cold War, when the Soviet Union battled for supremacy with the United States.

But now Putin's approach could prove to be a mistake, one that threatens rather than reinforces his power. Many Russians -- especially in Moscow, where Putin no longer has the support of the majority -- are demanding a greater say in politics. Only one in three Russians now feels that the country is a democracy.

'Launching into Tyranny'

Gleb Pavlovsky, a veteran of "political technology," the term used in Russia for manipulating public opinion, recently pointed out that every reaction produces a counter-reaction. During the Soviet era, the historian lived in internal exile after allegedly distributing anti-socialist propaganda. He worked for the Kremlin under Yeltsin and Putin and then became a Medvedev supporter.

Pavlovsky, who for many years defended Putin as a guarantor of stability in Russian politics, now accuses his former boss of destroying this very stability with his repressive policies. The political strategist characterizes the new, draconian decrees as emergency legislation and a "counter-perestroika," a reference to the reforms carried out by Gorbachev. "Putin is demonstratively launching into tyranny. It is a warning to all those who were once loyal to him and have now become unsure."

Pavlovsky predicts that in order to further intimidate his enemies, Putin will have to carry out "a quasi-sacred sacrifice" of one of his supporters. The possible candidates include Medvedev and prominent oligarchs. Bloggers and opposition members like Kseniya Sobchak or attorney Alexei Navalny are not, however, big enough fish to play this role, says Pavlovsky.

Prominent regimes critics in Moscow are currently being harassed, mainly with house searches which often involve significant damage to their apartments. At 8 a.m. on a morning in early June, tax investigators suddenly showed up at the apartment of Kseniya Sobchak, the daughter of former St. Petersburg Mayor Anatoly Sobchak, Putin's former boss. The 30-year-old, who has transformed herself from a television star and society girl into something of a Joan of Arc for the protest movement, had trouble explaining why she had the equivalent of about €1.5 million (\$1.84 million) in cash in her apartment.

Vulnerable to Attack

Her case clearly illustrates the Russian opposition's weakness: It lacks a political structure and leaders who are unassailable. Moreover, many of its leaders have little popular support, and almost all have made themselves vulnerable in their personal lives.

Although Sobchak was guaranteed the sympathy of Putin critics, many ordinary Russians felt validated in their suspicions that celebrities are all swimming in money and have no understanding of citizens' real problems.

Another critic of Putin, former Deputy Prime Minister Boris Nemtsov, has also acquired a reputation as a bon vivant in recent years. In addition, the Kremlin's propaganda machine successfully blamed him for the painful reforms of the 1990s.

Author Boris Akunin has millions of readers, and yet he is by no means a Russian version of Vaclav Havel, the Czech writer and dissident who went on to become the country's president. Unlike Havel, Akunin has so far refrained from sharply attacking the Putin regime.

'Afraid of His Own People'

Finally, there is the lawyer and blogger Alexei Navalny, who famously described United Russia as "a party of crooks and thieves," a coinage that has stuck to Putin and his cronies. But the 36-year-old is also regarded with suspicion by liberal sections of the opposition, because he has repeatedly appeared in the company of Russian neo-Nazis.

In addition, the list of Navalny's financial backers raises doubts as to whether he is indeed the independent figure he claims to be. The magnates backing the populist activist include the founder of Russia's second-largest mobile telephone company, the country's biggest auto dealer and the vice-president of its biggest insurance company.

But heroic words alone are not enough to drive someone like Putin out of office. Of course Navalny, who will soon face trial on corruption charges, is right when he declares the legal system to be bankrupt.

For his part, Nemtsov reflects widespread public opinion when he says, referring to the Pussy Riot trial: "If they were my daughters, I would have slapped them across the backside. But seven years is an absurd sentence. Putin is simply afraid of his own people."

But neither Navalny nor Nemtsov has a convincing plan to win over a majority of the population. Is it possible, therefore, that the women of Pussy Riot pose a greater threat to the president, because they expose him to ridicule in the eyes of an entire generation?

Punk Rock Protests

The Pussy Riot affair will reach its climax on Friday when the verdict in the trial is delivered. Last winter, Russia still appeared to be on its way to becoming the next stop in the global movement for more democracy, following Tunisia, Egypt and Occupy Wall Street. Some 60,000 demonstrated against Putin in Moscow, and Pussy Riot, a group of naïve, wild young women, became famous when they gave an illegal concert on Red Square in January.

"The mangy dogs behind the red walls are pissing in their pants," they shouted across the Kremlin walls, only months after their establishment as an art collective. The group only agreed to clandestine interviews, at which its members -- five at the time -- wore yellow, red and green masks and the same summer dresses they had worn in frigid temperatures on Red Square. They talked about how furious they were with society and Putin, with his macho demeanor.

At the time, Pussy Riot used the symbols of sexism, which they turned around for their own purposes. They looked like dolls, ones that could speak and sing, more or less well. They portrayed themselves as delicate, cute, toy-like creatures with attractive breasts emphasized by their outfits, bare shoulders and bare legs. Look, you sad Russian women, the outfits seemed to say, do you really want to be as stupid as you look?

They were calm and determined at the time. And yet they were only one piece in a larger puzzle of spontaneous, anarchic change that had emerged in parts of Russian society.

But the artists and people who agitated on the Internet and demonstrated in the streets were not the only ones pursuing open resistance against Putin. There were also doctors, computer scientists and lawyers -- and even the wealthy, who wanted legal certainty for their assets. Even some who could afford to buy €40 bottles of wine and luxury cars drove through the city with a white bow on their side mirrors, a symbol of protest against Putin.

Ecstatic Mood

The Pussy Riot phenomenon would also be hard to explain without the almost ecstatic mood of the time, which extended from September 2011 to the presidential election in March 2012. The three members of the group now on trial, Maria Alyokhina, Yekaterina Samutsevich and Nadezhda Tolokonnikova -- known to their friends as Masha, Katya and Nadia -- were young women with ordinary Russian names and backgrounds that had little to do with hooliganism. They came from good families and now, suddenly, their lives had taken a sharp turn in a different direction.

Maria Alyokhina wasn't even 24 when the group staged its performance at the Cathedral of Christ the Savior. She had a five-year-old son and was living with her mother in Moscow. She did volunteer work with Greenpeace to protect Lake Baikal and with Danilovzy, a charitable organization, where she worked with mentally ill children in Moscow. As a student, she acquired the knowledge that, in her trial, would later enable her to counter the judge's derision of Pussy Riot's "so-called contemporary art" with the remark that the future Nobel laureate Joseph Brodsky was mocked for his "so-called poetry" during the Soviet era, something that this "so-called court" probably didn't wish to be reminded of.

Yekaterina Samutsevich, the oldest of the three women, was living with her father at the time of their arrest. After obtaining a degree in computer science, she worked as a programmer for a Moscow defense contractor, where she was involved in the

development of the "K-152 Nerpa" nuclear submarine. After leaving the company, she worked freelance for a while, before deciding to study photography. She met Tolokonnikova during this period.

Nadezhda Tolokonnikova, a 22-year-old philosophy student with a four-year-old daughter, was the youngest of the Pussy Riot trio, and yet she was the most experienced when it came to performance art. Born in the Siberian mining city of Norilsk, Tolokonnikova was in Moscow with her husband Pyotr Verzilov when the street-art group Voina ("War") was established. The collective has since become internationally famous as a result of their provocative actions.

A Divided Russia

Though nine months pregnant, she and Pyotr took part in a 2008 public sex performance on live camera at the Moscow biology museum which Voina had called for. The performance was supposed to be about producing an heir for Medvedev, who the artists dubbed "little bear" because his name derives from the Russian word for bear.

The Voina performance artists, named co-curators at this year's Berlin Biennale, are now deeply divided. The group's leader, Oleg Vorotnikov, against whom an international arrest warrant was issued in the summer of 2011, levels serious accusations against Verzilov. Vorotnikov claims that Verzilov was expelled from Voina and that he was a police informer. Verzilov denies the accusations.

In any case, it is hard to deny that Russians are divided over whether the performance of the masked punk rockers in the cathedral should be punished as an act of civil disobedience or a criminal offence. The old, orthodox Russia and the young, fearless Russia are irreconcilably at odds. Sometimes the fault lines run straight through families. For instance, the father of Pussy Riot activist Yekaterina Samutsevich has told the authorities that he does not share his daughter's views.

While almost half of Russians initially supported convicting the punks, only a third feel that way today. At the same time, Russians do not like being lectured by the West on the question of where to draw the line between free speech and blasphemy.

The venomous tweet Deputy Prime Minister Dmitry Rogozin sent to Madonna after she had expressed her solidarity with Pussy Riot reflected this displeasure. "With age, every former s. tries to lecture everyone on morality," he wrote in Russian, using the first letter of the Russian word for "slut."

Making Revolution Sexy

But isn't it the case that the masked punk rockers, with their performance in the Cathedral of Christ the Savior, actually put their finger on a sore point in the hypocritical restoration of pre-Soviet values under Putin? Are they getting attention because, or in spite of, the fact that they are women?

Women make up only 13 percent of all members of the lower house of Russian parliament, the Duma. They hold only one out of 83 governorships and 6 of 165 seats in the Federation Council, the upper house of the parliament. On the other hand, they are at the forefront in demonstrations, non-governmental organizations and at all levels of civil disobedience.

Perhaps the fact that the Pussy Riot affair has become such a big problem for Putin has more to do with the gender of the defendants than the significance of the case. If the women had been released early, the world would probably never have heard about them. Instead, the media was unintentionally invited to witness a perfect dramatic performance: three weak women versus one strong man. The seemingly uneven battle makes the trial all the more alluring and mysterious.

Revolution can be sexy, and doe-eyed female wannabe revolutionaries, especially when they quote Solzhenitsyn and Simone de Beauvoir from inside a glass cage, make for more appealing headlines than the tirades of a grey-bearded dissident, no matter how great the suffering he experienced. And it is undeniable that their story is also more accessible than the tragic fate of murdered female champions of human rights, like the journalist Anna Politkovskaya and activist Natalya Estemirova.

The three women of Pussy Riot have understood the rules of the game, and they have used them brilliantly. They will be, probably for the last time, a focus of global attention once again on Friday. But only after that, when the verdict has been pronounced and the pathos of their final words has died down, will the lasting effects of their protest become clear.

It remains to be seen to what extent the reputation of the despot in the Kremlin has also been harmed.

Translated from the German by Christopher Sultan

Russia must wake the sleeping Siberian tiger

http://deripaska.com/in_focus/detail.php?ELEMENT_ID=534#UESrT9ZIT4R

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By Oleg Deripaska

For centuries Russia has walked in step with Europe. Our country and its citizens have been at the centre of the continent's history. It is our biggest trade and foreign investment partner. But while Russia is rightly proud of its place in Europe, this focus has left our eastern regions underdeveloped. We need to put this right if we are to develop the full potential of Siberia for the benefit of the country and of the rest of the world.

Two thirds of Russia is in Asia and it is the Asian tigers, not Europe or North America, which are the great hope for the global economy. As the summit of the Asian-Pacific Economic Co-operation Forum next week will hear, the continent's share of world GDP has virtually doubled since 2000. With the eurozone crisis set to dampen European economies for years, Russia cannot rely only on its old partners – a shift which puts Siberia and the Far East firmly in the spotlight.



For these regions are no longer on the periphery but at the new centre of the world economy. Even more importantly, it is Russia's east that contains the overwhelming majority of our country's rich natural resources and potential for rapid economic growth. To realise this promise, and facilitate trade with eastern neighbours, a big new effort must be made to develop the region's infrastructure.

If you consider that 70 per cent of Russia's copper and nickel reserves and 80 per cent of coal are in eastern Siberia and the Far East, the geographical position is ideal for building efficient supply chains. It takes as little as four days to transport goods by sea, for example, from Russia's Far East to China compared to 14 days from Australia, 23 days from South America and 35 days from Brazil. Siberia can also help address global problems such as water and food shortages in heavily-populated Asian countries by exporting agricultural products and supplying much-needed fresh water.

Siberia's natural advantages should be the basis for creating a new Asian tiger, providing a much-needed boost to the wider region and world economy.

This can only be achieved, however, if the damaging legacy of lack of interest and investment are tackled. Despite all its advantages, the region remains Russia's poor relation. Incomes are well below the national average, and poor infrastructure is directly holding back long-term ambitions. Supplying coal requires modern ports and rail routes. Yet transport links remain poor with the region's railways capable of carrying only 60 per cent of freight traffic demand.



Generating and exporting energy needs new dams and transmission capacity. But a lack of modern power lines prevents energy being exported. Less than 20 per cent of the hydro-electric potential of the rivers of Siberia and the Far East is being utilised.

It is not just roads, rail links, airports, power and IT infrastructure that must be transformed. We need to accelerate the modernization of the region's industries, invest in technology, renew communities and improve quality of life. For too long, the needs of Russia's Eastern regions and its people have been overlooked.

Delivering this transformation won't come cheap. According to the Russian Academy of Science, the bill for modernising infrastructure could come to \$220bn. Nor will it happen overnight. It took China decades to deliver major change.

At the moment, China spends 9 per cent of GDP on infrastructure compared to 2.5 per cent in Russia. This is the future. America's total spending on infrastructure is steadily falling and now stands at around 2.4 per cent, while Europe invests 5 per

cent but is dramatically cutting back. The challenges these economies face should act as a warning and a motivation for Russia to shore-up its infrastructure.

Siberia is, however, starting from a strong position. Its natural resource base and advantageous geographic location are such vital ingredients for economic growth that they will lead to much quicker progress. I expect to see great benefits within 10 years. I am convinced, too, that the impact could, in its own way, be as important as in China where the economic miracle is now driving global growth.

Closing this gap requires the private and public sector to work together in new innovative ways to deliver the funding and expertise. There has to be greater involvement, too, of foreign investment from Asia and beyond including support for cross-border projects.

Asia itself has shown how investment in improving infrastructure and strengthening private-public partnerships provide the platform for outstanding economic growth. I believe, with the right investment, we could see Siberia's per capita annual GDP increase four-fold within 20 years from today's level of \$5,800. And the full integration of Russia into the Asia-Pacific regional economy will provide powerful benefits for the global economy.

While bringing this transformation about the ultimate goal must be to preserve the unique Siberian natural environment such as Lake Baikal for future generations. Siberia's future industry must be the one of the greenest on the planet by embracing modern technology.

This week's APEC summit in Vladivostok will address how to boost cross-border economic integration, improve supply lines and foster innovation. The attendance of Russia's most senior government figures and business chiefs underlines how the country's eastern regions are increasingly seen as central to its economic future.

Russia's regional and national governments are also prioritizing the modernisation of the country's creaking infrastructure. Stronger legal safeguards and frameworks have been put in place.

Russia and the wider Asian region cannot afford to leave Siberia and Eastern Russia behind. The demand for infrastructure in Russia must now be met with investment.

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