

### Dear fellow shareholder,

At VEF, we have always stated that we have two focus principles when it comes to creating value for our shareholders; 1) focus every day on growing our NAV per share and 2) accompany this with an on-going drive to reduce any traded discount between the share price and NAV per share. Duly, we are extremely satisfied that through 2Q17 and into the early part of 3Q17, we saw significant progress on both fronts. At the end of 2Q17 our NAV per share reached new highs of USD 0.24. While there are many factors (people, pipeline, investments etc.) that go into building a successful investment company over time, we remain acutely aware of these key benchmark factors and are happy that investors new and old have been able to partake in the value creation that has evolved in VEF to date.

Geographically, as we highlighted in our 1Q17 update, Latin America and more specifically Brazil has become a big focus for us at VEF. Apart from some of the larger Asian markets, we struggle to find a fintech market that is more exciting and ripe for investment than Brazil right now in the Emerging world for a number of reasons:

- > Scale – with over 200 mln inhabitants, Brazil is the kind of scale market we like to invest in.
- > Online – Brazil is one of the most “online” markets in the world with top 5 per capita usage across most top named social media sites and a very robust and growing e-commerce market.
- > Deep financial market – the Brazilian banking system is first world in many aspects and its populous is experienced and comfortable in the use in a broad array of financial products.

> Massively inefficient – a key factor for us, Brazil is one of the most beautifully inefficient financial systems we have engaged with, with generous interest rate spreads and payment terms ripe for disruption.

> People and ecosystem – we have found many strong entrepreneurs and teams in Brazil and also a very supportive VC and investment ecosystem into which to invest and partner.

In summary, Brazil continues to be one of the most fruitful fintech markets we have experienced and we see real potential to add to our two current Brazilian portfolio holdings, FinanZero and Nibo.

On the deal front, 2Q17 continued our busy start to 2017. A lot of the travel, integrating, pipeline building and due diligence through 2015-16 has really started to culminate in investment conversion in this calendar year. Year to date we have closed new investments into Iyzico in Turkey and Nibo in Brazil, while providing follow on finance and support to current portfolio companies REVO, Sorsdata, FinanZero and Finja. At the end of the second quarter we provided a convertible debt facility to TransferGo, the EU focused digital cross border remittance company in our portfolio. Finally, on the exits front, post June 30, we sold approximately 17% of our holding in Tinkoff Bank in two separate transactions, yielding a total of USD 13 mln. While we continue to see Tinkoff as a core part of our portfolio, after a strong run in the share price, we took the opportunity to take some money off the table, with one eye on our cash position and another on the healthy pipeline we are working on.

We held our AGM and a productive board meeting in Stockholm in May and it was great to meet and interact with many of our shareholders at the event and get first hand feedback on all. One of the major changes from the AGM was an expansion of our board of directors to 6 members. In that regard, I would like to formally welcome Ranjan Tandon to the board of VEF. Ranjan runs Libra advisors, a very successful family office and previously investment fund in New York. His deep investment knowledge and emerging market experience can only be welcome news to our board's oversight of our business.

As always, I would like to close off my comments by thanking my supportive board of directors and the deepening loyal team at Vostok Emerging Finance for all their input and efforts over the period. To fellow shareholders, we appreciate your on-going support. At VEF, we remain committed to delivering shareholder value through a focused approach on increasing the NAV per share, coupled with healthy level of company transparency and investor communication as we go. We take a long-term view on our company, investments and indeed life, which is a necessary positive when investing in the space that we do.

August 2017,  
David Nangle