

Investment Analysis

Finland domiciled Russia mutual funds
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Monthly Performance Review 02/2015: Good returns, subscriptions remain low

Key takeaways

1. **With an average monthly return of almost 20%, February saw the best performance (% terms) during LTM**
2. **AuM increased in excess of EUR 50 million, driven entirely by the strong returns**
3. **In summary, the sentiment for portfolio investments in Russia might be changing**

About the report:

This report provides an overview of the monthly performance of Finland domiciled Russia mutual funds. The sample consists of 10 mutual funds by 8 different asset managers. Analyzed performance metrics comprise monthly return (%), assets under management (EURm), monthly subscriptions net (EURm), and total investors (nr). All analyzed funds are long-only equity funds.

The purpose of the report is to provide a perspective on Finnish (retail) interest for Russian public equity markets (investor sentiment). Data for the report is provided by Investment Research Finland.

Analyzed mutual fund sample:

Manager	Fund
Danske Invest	Russia
Danske Invest	Russia Small Cap
Danske Invest	Arvo Venaja
eQ	Venaja 1 K
Evli	Venaja B
FIM	Russia
Nordea	Venaja
OP	Venaja
Saastopankki	Venaja
Seligson & Co	Russian Prosp. Euro

About Finnish mutual fund investments:

As of 02/2015, total assets under management (AuM) of all Finland domiciled equity mutual funds were app. EUR 36 billion, with the 10 analyzed Russia funds accounting for app. 1.0% of total AuM.

In addition to the 10 analyzed Russia funds, investments with Russian equity market exposure (allocation) can also be found in funds focused on e.g. Central & Eastern Europe and Emerging Markets.

Figure 1: Monthly performance indicators, LTM

Year	Unit	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014	2015	LTM
Total funds	Unit													
Monthly return	EURm	-51	-40	88	30	-36	-6	-9	-21	-39	-73	15	54	-87
Monthly subscriptions, net	EURm	-180	-47	9	-15	-23	-26	-59	-20	-15	-23	-3	1	-400
Change in AuM	EURm	-231	-87	96	15	-58	-32	-68	-41	-54	-96	12	55	-487
Change in investors, net	Nr	-4,236	-2,438	-703	-435	-1,458	-1,786	-1,537	-1,437	-1,774	-1,806	1,287	-153	-16,476

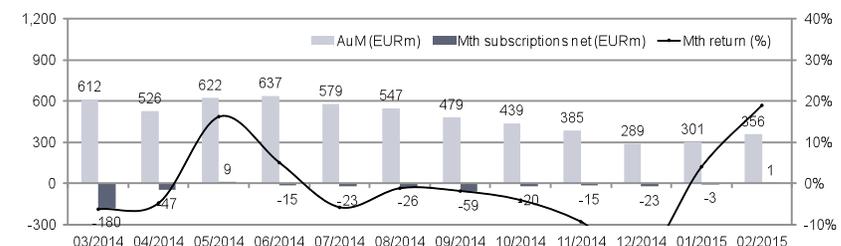
* In 02/2015, Taalenterhdas (TT) Rupia Osake was merged into TT Troikka Osake. In 01/2015, TT Rupia Osake had AuM EUR 2.1m and 107 investors.

Source: Investment Research Finland, Capwill analysis

February was the second consecutive month with positive returns. So far this year, the analyzed funds have returned in average almost 25% (cumulative basis), making them the top performing mutual funds YTD. Despite the impressive numbers, Finnish retail investors still appear hesitant to increase their Russia exposure. However, the bleeding seems to have stopped – subscriptions (net) turned positive for the first time since May last year, albeit only at EUR 1 million.

Last year almost EUR 500 million was pulled out of the funds. In the first two months this year, the net effect is essentially zero. The amount of investors has also remained stable, after falling heavily in 2014. Looking ahead, will some of the money and / or investors that left last year find their way back?

Figure 2: Total assets under management, LTM



Source: Investment Research Finland, Capwill analysis

Figure 3: Data summary, LTM

Mth return (%)		03/2014	04/2014	05/2014	06/2014	07/2014	08/2014	09/2014	10/2014	11/2014	12/2014	01/2015	02/2015
Manager	Fund												
Danske Invest	Russia	-3.0%	-5.7%	16.9%	5.8%	-8.8%	-0.4%	-1.1%	-3.9%	-9.4%	-19.4%	2.6%	20.6%
Danske Invest	Russia Small Cap	-12.3%	-6.0%	19.9%	4.5%	-7.0%	-3.3%	1.0%	-6.4%	-9.4%	-20.5%	-2.9%	21.5%
Danske Invest	Arvo Venaja	-7.0%	-1.4%	13.3%	5.5%	-3.6%	-2.3%	-1.6%	-6.7%	-7.7%	-19.8%	-2.1%	22.0%
eQ	Venaja 1 K	-5.2%	-3.8%	14.4%	1.2%	-3.2%	3.6%	0.3%	-4.5%	-7.1%	-17.0%	-2.1%	18.4%
Evli	Venaja B	-8.8%	-6.2%	16.6%	4.1%	-4.9%	-2.0%	-1.8%	-7.3%	-10.6%	-21.0%	-1.0%	22.4%
FIM*	Russia*	-6.1%	-6.2%	19.4%	4.1%	-5.9%	-1.9%	-1.1%	-6.4%	-11.9%	-21.3%	2.6%	20.3%
Nordea	Venaja	-6.2%	-6.1%	16.4%	5.1%	-5.9%	-0.8%	-0.5%	-3.2%	-9.6%	-18.8%	4.5%	18.4%
OP	Venaja	-4.4%	-3.5%	15.9%	6.2%	-6.1%	-0.7%	-2.2%	-3.1%	-8.7%	-16.9%	6.4%	17.7%
Saastopankki	Venaja	-6.9%	-5.6%	14.1%	4.3%	-6.1%	-1.2%	-2.2%	-3.1%	-9.4%	-18.3%	5.2%	18.3%
Seligson & Co	Russian Prosperity Euro	-5.7%	-2.6%	14.5%	3.6%	-5.1%	-2.8%	-6.0%	-5.5%	-8.7%	-18.8%	2.5%	19.3%
Taalertehdas**	Rupla Osake**	-3.6%	-3.4%	16.3%	4.1%	-6.5%	0.5%	-1.0%	-4.2%	-5.4%	-16.3%	3.4%	
Total		-6.3%	-4.8%	16.2%	5.0%	-5.8%	-1.2%	-1.9%	-4.1%	-9.3%	-18.6%	4.0%	18.9%
AUM (EURm)													
Manager	Fund	03/2014	04/2014	05/2014	06/2014	07/2014	08/2014	09/2014	10/2014	11/2014	12/2014	01/2015	02/2015
Danske Invest	Russia	64.0	57.5	65.0	66.1	60.0	58.6	51.7	48.6	42.1	32.3	32.6	38.8
Danske Invest	Russia Small Cap	9.9	8.5	9.7	9.3	6.7	6.1	5.7	5.6	4.0	2.9	2.6	3.6
Danske Invest	Arvo Venaja	13.7	12.9	14.5	15.3	14.1	13.5	13.1	11.9	10.5	7.9	7.5	9.3
eQ	Venaja 1 K	2.8	2.5	2.6	2.6	2.4	2.3	2.2	2.1	2.1	1.7	1.6	2.1
Evli	Venaja B	35.6	33.2	41.1	29.7	28.0	27.3	19.1	12.5	10.9	9.1	9.0	11.0
FIM*	Russia*	42.6	38.9	45.7	49.0	42.9	40.2	38.8	34.3	29.7	21.9	25.0	30.6
Nordea	Venaja	218.7	157.1	184.7	192.3	175.8	171.3	143.4	135.4	118.7	96.4	101.6	119.2
OP	Venaja	118.7	113.2	142.2	152.4	135.9	129.9	121.1	106.4	89.5	83.6	83.6	99.4
Saastopankki	Venaja	6.6	6.2	7.1	7.5	7.0	6.8	6.7	6.8	6.1	4.6	4.9	5.9
Seligson & Co	Russian Prosperity Euro	88.2	84.7	96.7	99.8	93.8	76.1	60.7	56.7	51.2	29.7	30.6	36.5
Taalertehdas**	Rupla Osake**	11.5	11.1	12.9	13.4	12.5	12.6	8.0	3.5	3.0	2.1	2.1	
Total		612.3	625.8	622.2	637.4	579.1	547.0	479.3	438.5	384.7	289.1	301.1	356.4
Change in AUM		-231.1	-86.5	96.4	15.2	-68.3	-32.1	-67.7	-40.8	-53.8	-95.6	12.0	55.3
Mth subscriptions net (EURm)													
Manager	Fund	03/2014	04/2014	05/2014	06/2014	07/2014	08/2014	09/2014	10/2014	11/2014	12/2014	01/2015	02/2015
Danske Invest	Russia	-21.9	-1.4	-1.9	-2.6	-1.8	-1.6	-5.7	-0.5	-2.1	-2.0	-0.6	-0.5
Danske Invest	Russia Small Cap	-3.4	-0.8	-0.3	-0.9	-2.1	-0.4	-0.5	0.4	-1.3	-0.3	-0.1	0.5
Danske Invest	Arvo Venaja	-1.1	-0.8	-0.1	0.0	-0.7	-0.3	-0.1	-0.2	-0.6	-0.5	-0.3	0.2
eQ	Venaja 1 K	-0.4	-0.3	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.1	0.0	-0.1	0.2
Evli	Venaja B	-11.9	-0.5	0.2	-13.1	-0.3	0.0	-8.0	-5.2	-0.3	0.7	-0.3	0.0
FIM*	Russia*	-14.8	-0.8	-0.8	1.4	-3.2	-1.8	-0.9	-2.1	-0.6	-1.7	0.0	0.6
Nordea	Venaja	-75.4	-39.7	1.1	-0.7	-5.9	-3.4	-27.6	-3.1	-4.4	0.0	0.7	-0.8
OP	Venaja	-10.6	-1.3	10.7	1.3	-7.5	-2.8	0.2	-4.8	-4.4	-3.3	-2.0	1.0
Saastopankki	Venaja	-0.3	0.0	0.0	0.1	-0.1	-0.1	0.0	0.4	-0.1	-0.4	0.1	0.1
Seligson & Co	Russian Prosperity Euro	-40.0	-1.3	-0.2	-0.4	-1.1	-15.4	-11.5	-0.6	-0.6	-9.8	0.1	0.0
Taalertehdas**	Rupla Osake**	-0.1	0.0	0.0	0.0	0.0	-0.5	-4.6	-4.1	-0.3	-0.5	0.0	
Total		-179.9	-46.9	6.6	-15.0	-22.8	-26.4	-58.8	-19.8	-14.6	-22.8	-2.5	1.3
Investors (nr)													
Manager	Fund	03/2014	04/2014	05/2014	06/2014	07/2014	08/2014	09/2014	10/2014	11/2014	12/2014	01/2015	02/2015
Danske Invest	Russia	9,810	9,080	8,972	8,850	8,660	8,516	8,356	8,201	8,042	7,796	7,718	7,622
Danske Invest	Russia Small Cap	1,189	1,122	1,128	1,119	1,084	1,016	1,001	990	960	927	924	918
Danske Invest	Arvo Venaja	3,374	3,165	3,135	3,101	3,043	2,978	2,913	2,858	2,802	2,715	2,690	2,650
eQ	Venaja 1 K	206	192	183	181	170	168	163	161	155	151	146	153
Evli	Venaja B	426	410	466	461	448	442	425	412	399	387	385	385
FIM*	Russia*	7,815	7,700	7,668	7,795	7,662	7,529	7,408	7,268	7,118	6,974	6,895	6,756
Nordea	Venaja	38,212	37,168	36,741	36,382	35,856	34,816	34,000	33,188	32,260	31,271	30,703	31,210
OP	Venaja	18,519	18,310	18,143	18,110	17,711	17,430	17,132	16,907	16,515	16,226	16,185	15,832
Saastopankki	Venaja	2,484	2,469	2,470	2,478	2,441	2,424	2,416	2,428	2,414	2,385	2,404	2,432
Seligson & Co	Russian Prosperity Euro	3,918	3,899	3,907	3,902	3,848	3,821	3,791	3,758	3,739	3,783	3,853	3,899
Taalertehdas**	Rupla Osake**	144	144	143	142	140	137	135	132	125	108	107	
Total		86,097	83,659	82,956	82,521	81,063	79,277	77,740	76,303	74,529	72,723	74,010	73,857
Change in investors, net		-4,236	-2,438	-703	-435	-1,458	-1,786	-1,537	-1,437	-1,774	-1,806	1,287	-153
Avg ticket size (EUR)		7,112	6,285	7,500	7,724	7,144	6,900	6,185	5,747	5,162	3,975	4,088	4,826

* In 01/2015, FIM Russia Small Cap was merged into FIM Russia. In 12/2014, FIM Russia Small Cap had AUM EUR 5.7m and 2,684 investors.
** In 02/2015, Taalertehdas (TT) Rupla Osake was merged into TT Troikka Osake. In 01/2015, TT Rupla Osake had AUM EUR 2.1m and 107 investors.

Source: Investment Research Finland, Capwill analysis

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