

Investment Analysis

Finland domiciled Russia mutual funds
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Monthly Performance Review 03/2015: Positive returns continues

Key takeaways

1. March continued the positive returns trend observed this year, with the month yielding on average 6%
2. AuM increased modestly, entirely on the back of returns, as fund subscriptions (net) were negative
3. In summary, the sentiment for portfolio investments in Russia remains fragile

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 eQ	Arvo Venaja
Evli	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 03/2015, 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

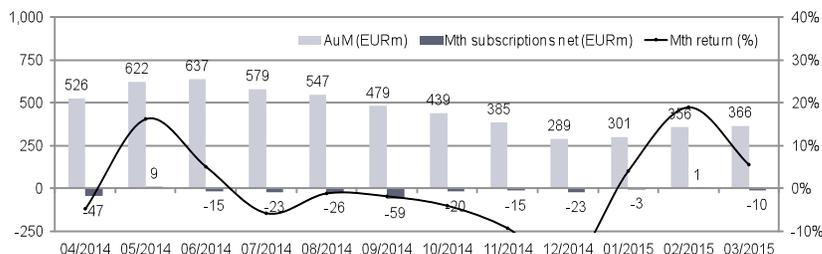
Year	Unit	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014	Jan	Feb	Mar	2015	LTM
Total funds	Unit															
Monthly return	EURm	-40	88	30	-36	-6	-9	-21	-39	-73	-15	54	19	-17		
Monthly subscriptions, net	EURm	-47	9	-15	-23	-26	-59	-20	-15	-23	-3	1	-10	-230		
Change in AuM	EURm	-87	96	15	-58	-32	-68	-41	-54	-96	12	55	9	-247		
Change in investors, net	Nr	-2,438	-703	-435	-1,458	-1,786	-1,537	-1,437	-1,774	-1,806	1,287	-153	-187	-12,427		

Source: Investment Research Finland, Capwill analysis

Cumulatively for the first three months this year, the analyzed funds have on average returned almost 30%. Also, despite the weak performance in 2014, on LTM basis absolute returns are actually close to break-even. The situation in Ukraine has been reasonably stable since implementation of the Minsk-II accord in early February, and it seems the broader market has gradually reduced its assessment of geopolitical risk related to Russian equities following the agreement. The rouble, too, has rallied recently.

However, after fleeing Russia *en masse* last year, there are still no signs of Finnish retail investors returning to the market. In fact, cumulative subscriptions (net) YTD remain negative, and the last two months have seen a minor reduction (net) in investors. How long will they stay on the sidelines?

Figure 2: Total assets under management, LTM



Source: Investment Research Finland, Capwill analysis

Figure 3: Data summary, LTM

Mth return (%)		04/2014	05/2014	06/2014	07/2014	08/2014	09/2014	10/2014	11/2014	12/2014	01/2015	02/2015	03/2015
Manager	Fund												
Danske Invest	Russia	-5.7%	16.8%	5.8%	-6.3%	-0.4%	-1.1%	-3.9%	-9.4%	-19.4%	2.6%	20.8%	4.4%
Danske Invest	Russia Small Cap	-6.0%	19.9%	4.5%	-7.0%	-3.3%	1.0%	-6.4%	-9.4%	-20.5%	-2.9%	21.5%	4.8%
Danske Invest	Arvo Venaja	-1.4%	13.3%	5.5%	-3.6%	-2.3%	-1.6%	-6.7%	-7.7%	-19.8%	-2.1%	22.0%	2.9%
eQ	Venaja 1 K	-3.8%	14.4%	1.2%	-3.2%	3.6%	0.3%	-4.5%	-7.1%	-17.0%	-2.1%	18.4%	1.8%
Evil	Venaja B	-6.2%	16.6%	4.1%	-4.9%	-2.0%	-1.8%	-7.3%	-10.6%	-21.0%	-1.0%	22.4%	6.0%
FIM*	Russia*	-6.2%	19.4%	4.1%	-5.9%	-1.9%	-1.1%	-6.4%	-11.9%	-21.3%	2.6%	20.3%	2.8%
Nordea	Venaja	-6.1%	16.4%	5.1%	-5.9%	-0.8%	-0.5%	-3.2%	-9.6%	-18.8%	4.5%	18.4%	4.3%
OP	Venaja	-3.5%	15.9%	6.2%	-6.1%	-0.7%	-2.2%	-3.1%	-8.7%	-16.9%	6.4%	17.7%	7.6%
Saastopankki	Venaja	-5.6%	14.1%	4.3%	-6.1%	-1.2%	-2.2%	-3.1%	-9.4%	-18.3%	5.2%	18.3%	3.9%
Seligson & Co	Russian Prosperity Euro	-2.6%	14.6%	3.6%	-5.1%	-2.8%	-6.0%	-5.5%	-8.7%	-18.8%	2.5%	19.3%	8.5%
Taalritehdas**	Rupla Osake**	-3.4%	16.3%	4.1%	-6.5%	0.5%	-1.0%	-4.2%	-5.4%	-16.3%	3.4%		
Total		-4.8%	16.2%	5.0%	-5.8%	-1.2%	-1.9%	-4.1%	-9.3%	-18.6%	4.0%	18.9%	5.5%
AUM (EURm)													
Manager	Fund												
Danske Invest	Russia	57.5	65.0	66.1	60.0	58.6	51.7	48.6	42.1	32.3	32.6	38.8	39.0
Danske Invest	Russia Small Cap	8.5	9.7	9.3	6.7	6.1	5.7	5.6	4.0	2.9	2.6	3.6	3.5
Danske Invest	Arvo Venaja	12.9	14.5	15.3	14.1	13.5	13.1	11.9	10.5	7.9	7.5	9.3	9.5
eQ	Venaja 1 K	2.5	2.6	2.6	2.4	2.3	2.2	2.1	2.1	1.7	1.6	2.1	2.1
Evil	Venaja B	33.2	41.1	29.7	28.0	27.3	19.1	12.5	10.9	9.1	9.0	11.0	11.2
FIM*	Russia*	38.9	45.7	49.0	42.9	40.2	38.8	34.3	29.7	21.9	25.0	30.6	31.0
Nordea	Venaja	157.1	184.7	192.3	175.8	171.3	143.4	135.4	118.7	96.4	101.6	119.2	122.1
OP	Venaja	113.2	142.2	152.4	135.9	132.2	129.9	121.1	106.4	80.5	83.6	99.4	105.8
Saastopankki	Venaja	6.2	7.1	7.5	7.0	6.8	6.7	6.8	6.1	4.6	4.9	5.9	6.2
Seligson & Co	Russian Prosperity Euro	84.7	96.7	99.8	93.8	76.1	60.7	56.7	51.2	29.7	30.6	36.5	35.3
Taalritehdas**	Rupla Osake**	11.1	12.9	13.4	12.5	12.6	8.0	3.5	3.0	2.1	2.1		
Total		525.8	622.2	637.4	579.1	547.0	479.3	438.5	384.7	289.1	301.1	366.4	365.7
Change in AUM		-86.5	96.4	15.2	-68.3	-32.1	-67.7	-40.8	-53.8	-95.6	12.0	55.3	9.3
Mth subscriptions net (EURm)													
Manager	Fund												
Danske Invest	Russia	-1.4	-1.9	-2.6	-1.8	-1.6	-5.7	-0.5	-2.1	-2.0	-0.6	-0.5	-1.5
Danske Invest	Russia Small Cap	-0.8	-0.3	-0.9	-2.1	-0.4	-0.5	0.4	-1.3	-0.3	-0.1	0.5	-0.3
Danske Invest	Arvo Venaja	-0.8	-0.1	0.0	-0.7	-0.3	-0.1	-0.2	-0.6	-0.5	-0.3	0.2	-0.1
eQ	Venaja 1 K	-0.3	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.1	0.0	-0.1	0.2	0.0
Evil	Venaja B	-0.5	0.2	-13.1	-0.3	0.0	-8.0	-5.2	-0.3	0.7	-0.3	0.0	-0.3
FIM*	Russia*	-0.8	-0.8	1.4	-3.2	-1.8	-0.9	-2.1	-0.6	-1.7	0.0	0.6	-0.4
Nordea	Venaja	-39.7	1.1	-0.7	-5.9	-3.4	-27.6	-3.1	-4.4	0.0	0.7	-0.8	-2.4
OP	Venaja	-1.3	10.7	1.3	-7.5	-2.8	0.2	-4.8	-4.4	-8.3	-2.0	1.0	-1.1
Saastopankki	Venaja	0.0	0.0	0.1	-0.1	-0.1	0.0	0.4	-0.1	-0.4	0.1	0.1	0.1
Seligson & Co	Russian Prosperity Euro	-1.3	-0.2	-0.4	-1.1	-15.4	-11.5	-0.6	-0.6	-9.8	0.1	0.0	-4.0
Taalritehdas**	Rupla Osake**	0.0	0.0	0.0	0.0	-0.5	-4.6	-4.1	-0.3	-0.5	0.0		
Total		-46.9	8.6	-15.0	-22.8	-26.4	-58.8	-19.8	-14.6	-22.8	-2.5	1.3	-10.0
Investors (nr)													
Manager	Fund												
Danske Invest	Russia	9,080	8,972	8,850	8,660	8,516	8,356	8,201	8,042	7,796	7,718	7,622	7,483
Danske Invest	Russia Small Cap	1,122	1,128	1,119	1,084	1,016	1,001	990	960	927	924	918	905
Danske Invest	Arvo Venaja	3,165	3,135	3,101	3,043	2,978	2,913	2,858	2,802	2,715	2,690	2,650	2,608
eQ	Venaja 1 K	192	183	181	170	168	163	161	155	151	146	153	150
Evil	Venaja B	410	466	461	448	442	425	412	399	387	385	385	381
FIM*	Russia*	7,700	7,668	7,795	7,662	7,529	7,408	7,268	7,118	6,974	6,895	6,756	6,736
Nordea	Venaja	37,168	36,741	36,382	35,856	34,816	34,000	33,188	32,260	31,271	30,703	31,210	30,955
OP	Venaja	18,310	18,143	18,110	17,711	17,430	17,132	16,907	16,515	16,226	16,185	15,832	16,085
Saastopankki	Venaja	2,469	2,470	2,478	2,441	2,424	2,416	2,428	2,414	2,385	2,404	2,432	2,476
Seligson & Co	Russian Prosperity Euro	3,899	3,907	3,902	3,848	3,821	3,791	3,758	3,739	3,783	3,853	3,899	3,891
Taalritehdas**	Rupla Osake**	144	143	142	140	137	135	132	125	108	107		
Total		83,659	82,956	82,521	81,063	79,277	77,740	76,303	74,529	72,723	74,010	73,857	73,670
Change in investors, net		-2,438	-703	-436	-1,458	-1,786	-1,537	-1,437	-1,774	-1,806	1,287	-153	-187
Avg ticket size (EUR)		6,285	7,500	7,724	7,144	6,900	6,165	5,747	5,162	3,975	4,068	4,826	4,964

* 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, Taalritehdas (TT) Rupla Osake was merged into TT Trolikka 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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