



Author
For more information, please contact

Wilhelm Lindholm
Managing Director
+7 926 0398489
wilhelm.lindholm@capwill.com

Monthly performance review 07/2015: Right direction, but still red

Key takeaways

1. Both monthly returns and subscriptions (net) were negative for the third consecutive month, causing AuM to decline
2. The drop in AuM and investors (net) was, however, significantly lower compared to Jun
3. In summary, the good momentum in Russian portfolio investments witnessed earlier this year seem to be lost

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 07/2015, total assets under management (AuM) of all Finland domiciled equity mutual funds were app. EUR 37 billion, with the 10 analyzed Russia funds accounting for app. 0.9% 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

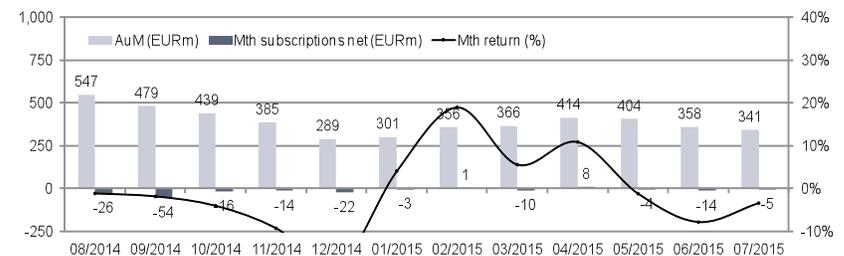
Period	Unit	2014						2015						YTD	LTM
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul		
Total funds	EURm	-6	-14	-25	-40	-73	15	54	19	41	-6	-32	-13	78	-73
Monthly return	EURm	-26	-54	-16	-14	-22	-3	1	-10	8	-4	-14	-5	-26	-159
Monthly subscriptions net	EURm	-32	-68	-41	-54	-96	12	55	9	49	-10	-46	-17	52	-238
Change in AuM	EURm	-1,786	-1,537	-1,437	-1,774	-1,806	1,287	-153	-187	90	171	-1,295	-599	-681	-9,021
Change in investors net	Nr														

Source: Investment Research Finland, Capwill analysis

Total AuM shrank by EUR 17m, primarily driven by the poor monthly returns (avg -3.5%). Subscriptions (net) and changes in investors (net) were also in red territory, but the negative numbers were comparatively moderate – perhaps due to investors being out town in the peak of the holiday season...

The sentiment has suffered some recent set-backs. Oil price started to fall in the middle of Jul, triggering a depreciation of the rouble. Second quarter GDP data in Russia also came in slightly weaker than expected (-4.6% y/y). Sanctions regimes in both US and Russia have been expanded. The base of many indicators/values is now fairly low, and provides ample upside should the sentiment reverse. How will investors returning to their desks after a weather-wise rather disappointing summer view the situation?

Figure 2: Total assets under management (AuM), LTM



Source: Investment Research Finland, Capwill analysis

Figure 3: Data summary, LTM

Mth return (%)		08/2014	09/2014	10/2014	11/2014	12/2014	01/2015	02/2015	03/2015	04/2015	05/2015	06/2015	07/2015
Manager	Fund												
Danske Invest	Russia	-0.4%	-1.1%	-3.9%	-3.4%	-19.4%	2.6%	20.6%	4.4%	10.8%	-0.9%	-8.5%	-2.0%
Danske Invest	Russia Small Cap	-3.3%	1.0%	-8.4%	-9.4%	-20.5%	-2.9%	21.5%	4.8%	15.3%	0.6%	-8.6%	-1.9%
Danske Invest	Arvo Venaja	-2.3%	-1.6%	-6.7%	-7.7%	-19.8%	-2.1%	22.0%	2.9%	14.3%	-0.1%	-10.2%	-4.1%
eQ	Venaja 1 K	3.6%	0.3%	-4.5%	-7.1%	-17.0%	-2.1%	18.4%	1.8%	10.2%	-0.1%	-7.4%	-2.5%
Evli	Venaja B	-2.0%	-1.8%	-7.3%	-10.6%	-21.0%	-1.0%	22.4%	6.0%	12.8%	-1.1%	-7.6%	-4.4%
FIM*	Russia*	-1.9%	-1.1%	-6.4%	-11.9%	-21.3%	2.6%	20.3%	2.8%	13.6%	-0.1%	-9.6%	-3.7%
Nordea	Venaja	-0.8%	-0.5%	-3.2%	-9.6%	-18.8%	4.5%	18.4%	4.3%	10.3%	-0.5%	-8.1%	-3.4%
OP	Venaja	-0.7%	-2.2%	-3.1%	-8.7%	-16.9%	6.4%	17.7%	7.6%	9.2%	-2.2%	-8.3%	-4.0%
Saastopankki	Venaja	-1.2%	-2.2%	-3.1%	-9.4%	-18.3%	5.2%	18.3%	3.9%	11.5%	-2.7%	-8.5%	-3.0%
Seligson & Co	Russian Prosperity Euro	-2.8%	-6.0%	-5.5%	-8.7%	-18.8%	2.5%	19.3%	8.5%	13.4%	-2.7%	-8.6%	-3.0%
Taalritehdas**	Rupla Osake**	0.5%	-1.0%	-4.2%	-5.4%	-16.3%	3.4%						
Total		-1.2%	-1.9%	-4.1%	-9.3%	-18.6%	4.0%	18.9%	5.5%	10.9%	-1.2%	-7.9%	-3.4%
AUM (EURm)													
Manager	Fund												
Danske Invest	Russia	58.6	51.7	48.6	42.1	32.3	32.8	38.8	39.0	41.7	40.4	35.9	35.1
Danske Invest	Russia Small Cap	6.1	5.7	5.6	4.0	2.9	2.6	3.6	3.5	4.1	4.1	3.5	3.4
Danske Invest	Arvo Venaja	13.5	13.1	11.9	10.5	7.9	7.5	9.3	9.5	10.9	10.8	9.1	8.6
eQ	Venaja 1 K	2.3	2.2	2.1	2.1	1.7	1.8	2.1	2.1	2.4	2.4	2.2	2.2
Evli	Venaja B	27.3	19.1	12.5	10.9	9.1	8.0	11.0	11.2	11.3	11.0	9.3	8.5
FIM*	Russia*	40.2	38.8	34.3	29.7	21.9	25.0	30.6	31.0	36.6	36.4	31.7	30.1
Nordea	Venaja	171.3	143.4	135.4	118.7	96.4	101.8	119.2	122.1	144.5	141.8	121.8	115.0
OP	Venaja	132.2	129.9	121.1	106.4	80.5	83.6	99.4	105.8	116.1	112.4	104.4	98.9
Saastopankki	Venaja	6.8	6.7	6.6	6.1	4.6	4.9	5.9	6.2	7.1	6.8	6.2	6.0
Seligson & Co	Russian Prosperity Euro	76.1	60.7	56.7	51.2	29.7	30.6	36.5	35.3	39.5	38.1	34.2	33.3
Taalritehdas**	Rupla Osake**	12.6	8.0	3.5	3.0	2.1	2.1						
Total		547.0	479.3	438.5	384.7	289.1	301.1	366.4	365.7	414.2	404.2	358.3	341.1
Change in AUM		-32.1	-67.7	-40.8	-63.8	-95.6	12.0	55.3	9.3	48.5	-10.0	-45.9	-17.2
Mth subscriptions net (EURm)													
Manager	Fund												
Danske Invest	Russia	-1.6	-5.7	-0.5	-2.1	-2.0	-0.6	-0.5	-1.5	-1.4	-0.9	-1.0	-0.1
Danske Invest	Russia Small Cap	-0.4	-0.5	0.4	-1.3	-0.3	-0.1	0.5	-0.3	0.2	-0.1	-0.2	0.0
Danske Invest	Arvo Venaja	-0.3	-0.1	-0.2	-0.6	-0.5	-0.3	0.2	-0.1	0.0	-0.2	-0.4	-0.1
eQ	Venaja 1 K	-0.1	-0.1	0.0	0.1	0.0	-0.1	0.2	0.0	0.1	0.0	0.0	0.0
Evli	Venaja B	0.0	-8.0	-5.2	-0.3	0.7	-0.3	0.0	-0.3	-1.5	-0.2	-0.9	-0.3
FIM*	Russia*	-1.8	-0.9	-2.1	-0.6	-1.7	0.0	0.6	-0.4	1.5	-0.2	-1.3	-0.4
Nordea	Venaja	-3.4	-27.6	-3.1	-4.4	0.0	0.7	-0.8	-2.4	8.5	-0.9	-8.8	-2.3
OP	Venaja	-2.8	0.2	-4.8	-4.4	-8.3	-2.0	1.0	-1.1	0.5	-1.2	-0.9	-1.4
Saastopankki	Venaja	-0.1	0.0	0.4	-0.1	-0.4	0.1	0.1	0.1	0.2	-0.1	-0.1	0.0
Seligson & Co	Russian Prosperity Euro	-15.4	-11.5	-0.6	-0.6	-9.8	0.1	0.0	-4.0	-0.6	-0.3	-0.5	0.1
Taalritehdas**	Rupla Osake**	-0.5	-4.6	-4.1	-0.3	-0.5	0.0						
Total		-25.9	-54.2	-15.7	-14.3	-22.3	-2.5	1.3	-10.0	7.5	-4.1	-14.1	-4.5
Investors (nr)													
Manager	Fund												
Danske Invest	Russia	8,516	8,356	8,201	8,042	7,796	7,718	7,622	7,483	7,357	7,288	7,186	7,121
Danske Invest	Russia Small Cap	1,016	1,001	990	960	927	924	918	905	895	885	870	858
Danske Invest	Arvo Venaja	2,978	2,913	2,858	2,802	2,715	2,690	2,650	2,608	2,575	2,553	2,499	2,487
eQ	Venaja 1 K	168	163	161	155	151	148	153	150	150	156	157	159
Evli	Venaja B	442	425	412	399	387	385	385	381	382	376	366	366
FIM*	Russia*	7,529	7,408	7,268	7,118	6,974	6,895	6,756	6,736	6,654	6,623	6,374	6,279
Nordea	Venaja	34,816	34,000	33,188	32,260	31,271	30,703	31,210	30,955	31,303	31,796	31,158	30,944
OP	Venaja	17,430	17,132	16,907	16,515	16,226	16,185	15,832	16,085	16,049	15,878	15,699	15,534
Saastopankki	Venaja	2,424	2,416	2,428	2,414	2,385	2,404	2,432	2,476	2,541	2,554	2,536	2,525
Seligson & Co	Russian Prosperity Euro	3,821	3,791	3,758	3,739	3,783	3,853	3,899	3,891	3,854	3,822	3,791	3,769
Taalritehdas**	Rupla Osake**	137	135	132	125	108	107						
Total		79,277	77,740	76,303	74,529	72,723	74,010	73,857	73,670	73,760	73,931	72,636	72,042
Change in investors, net		-1,786	-1,537	-1,437	-1,774	-1,806	1,287	-153	-187	90	171	-1,295	-594
Avg ticket size (EUR)		6,900	6,165	5,747	5,162	3,975	4,068	4,826	4,964	5,616	5,467	4,933	4,735

* 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 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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Contact us

Capwill LLC
 Advisory | Investments
 www.capwill.com

Wilhelm Lindholm
 +7 926 0398489
 wilhelm.lindholm@capwill.com