

Investment analysis

Finland domiciled Russia mutual funds
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Author

For more information, please contact

Wilhelm Lindholm

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

Monthly performance review 08/2015: Global sell-off inflicts pain

Key takeaways

1. For the third consecutive month, all analyzed performance indicators were in red territory
2. The global sentiment was adversely affected by worries over the Chinese economy, and oil price continued to tumble
3. Despite unfavourable conditions, monthly subscriptions (net) remained only modestly negative

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 08/2015, 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. 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

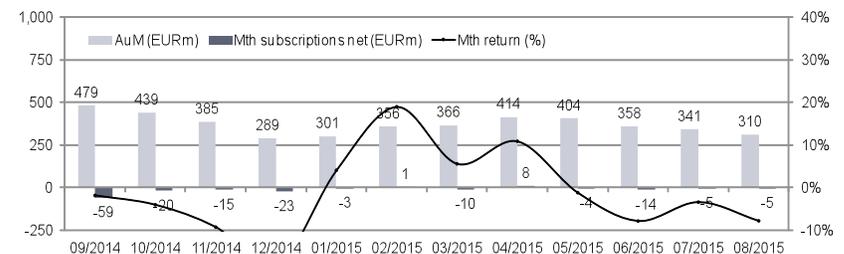
Period	Unit	2014				2015								YTD Tot	LTM Tot
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug		
Total funds	EURm	-9	-21	-39	-73	15	54	19	41	-6	-32	-13	-27	52	-90
Monthly return	EURm	-59	-20	-15	-23	-3	1	-10	8	-4	-14	-5	-5	-31	-147
Monthly subscriptions net	EURm	-68	-41	-54	-96	12	55	9	49	-10	-46	-17	-31	21	-237
Change in AuM	EURm	Nr	-1,537	-1,437	-1,774	-1,806	1,287	-163	-187	90	171	-1,295	-694	-1,053	-1,734
Change in investors net	Nr														-8,288

Source: Investment Research Finland, Capwill analysis

Total AuM shrank by almost 10% (EUR 31m) to EUR 310m. In line with the previous three months, the decline in AuM was caused by poor returns rather than fund redemptions. Monthly subscriptions (net) remained at the same level as in Jul, although the volume of investors exiting funds (net) was nearly twice as large, indicating small-ticket redemptions.

On an YTD basis, monthly returns and change in AuM are still positive, due to strong performance in the beginning of the year. However, AuM has recently fallen close to the all-time-low levels seen at the peak of the rouble crises in the end of last year. In the short term, it seems that apart from exceptionally low (relative) valuation levels (MSCI Russia Index P/E 6x), investors are struggling to construct a meaningful investment case for Russia.

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



Source: Investment Research Finland, Capwill analysis

Figure 3: Data summary, LTM

Mth return (%)		09/2014	10/2014	11/2014	12/2014	01/2015	02/2015	03/2015	04/2015	05/2015	06/2015	07/2015	08/2015
Manager	Fund												
Danske Invest	Russia	-1.1%	-3.9%	-9.4%	-19.4%	2.9%	20.6%	4.4%	10.6%	-0.9%	-8.6%	-2.0%	-8.6%
Danske Invest	Russia Small Cap	-1.0%	-6.4%	-9.4%	-20.5%	-2.9%	21.5%	4.8%	15.3%	0.6%	-8.6%	-1.9%	-8.6%
Danske Invest	Arvo Venaja	-1.6%	-6.7%	-7.7%	-19.8%	-2.1%	22.0%	2.9%	14.3%	-0.1%	-10.2%	-4.1%	-6.8%
eQ	Venaja 1 K	0.3%	-4.5%	-7.1%	-17.0%	-2.1%	18.4%	1.8%	10.2%	-0.1%	-7.4%	-2.5%	-8.1%
Evli	Venaja B	-1.8%	-7.3%	-10.6%	-21.0%	-1.0%	22.4%	6.0%	12.8%	-1.1%	-7.6%	-4.4%	-4.4%
FIM*	Russia*	-1.1%	-6.4%	-11.9%	-21.3%	2.6%	20.3%	2.8%	13.6%	-0.1%	-9.6%	-3.7%	-9.4%
Nordea	Venaja	-0.5%	-3.2%	-9.6%	-18.8%	4.5%	18.4%	4.3%	10.3%	-0.5%	-8.1%	-3.4%	-8.7%
OP	Venaja	-2.2%	-3.1%	-8.7%	-16.9%	6.4%	17.7%	7.6%	9.2%	-2.2%	-6.3%	-4.0%	-6.5%
Saastopankki	Venaja	-2.2%	-3.1%	-9.4%	-18.3%	5.2%	18.3%	3.9%	11.5%	-2.7%	-8.5%	-3.0%	-7.6%
Seligson & Co	Russian Prosperity Euro	-6.0%	-5.5%	-8.7%	-18.8%	2.5%	19.3%	8.5%	13.4%	-2.7%	-8.8%	-3.0%	-10.0%
Taalritehdas**	Rupla Osake**	-1.0%	-4.2%	-5.4%	-16.3%	3.4%							
Total		-1.9%	-4.1%	-9.3%	-18.6%	4.0%	18.9%	5.5%	10.9%	-1.2%	-7.9%	-3.4%	-7.8%
AUM (EURm)													
Manager	Fund												
Danske Invest	Russia	51.7	48.6	42.1	32.3	32.6	38.8	39.0	41.7	40.4	35.9	35.1	32.5
Danske Invest	Russia Small Cap	5.7	5.6	4.0	2.9	2.6	3.6	3.5	4.1	4.1	3.5	3.4	3.0
Danske Invest	Arvo Venaja	13.1	11.9	10.5	7.9	7.5	8.3	9.5	10.9	10.8	9.1	8.6	7.9
eQ	Venaja 1 K	2.2	2.1	2.1	1.7	1.6	2.1	2.1	2.4	2.4	2.2	2.2	2.0
Evli	Venaja B	19.1	12.5	10.9	9.1	9.0	11.0	11.2	11.3	11.0	9.3	8.5	7.9
FIM*	Russia*	38.8	34.3	29.7	21.9	25.0	30.6	31.0	36.6	36.4	31.7	30.1	26.9
Nordea	Venaja	143.4	135.4	118.7	96.4	101.6	119.2	122.1	144.5	141.8	121.8	115.0	101.5
OP	Venaja	129.9	121.1	106.4	80.5	83.6	99.4	105.8	116.1	112.4	104.4	98.9	92.7
Saastopankki	Venaja	6.7	6.8	6.1	4.6	4.9	5.9	6.2	7.1	6.8	6.2	6.0	5.5
Seligson & Co	Russian Prosperity Euro	60.7	56.7	51.2	29.7	30.6	36.5	35.3	39.5	38.1	34.2	33.3	29.8
Taalritehdas**	Rupla Osake**	8.0	3.5	3.0	2.1	2.1							
Total		479.3	438.5	384.7	289.1	301.1	356.4	365.7	414.2	404.2	358.3	341.1	309.7
Change in AUM		-67.7	-40.8	-53.8	-95.6	12.0	55.3	9.3	48.5	-10.0	-45.9	-17.2	-31.4
Mth subscriptions net (EURm)													
Manager	Fund												
Danske Invest	Russia	-5.7	-0.5	-2.1	-2.0	-0.6	-0.5	-1.5	-1.4	-0.9	-1.0	-0.1	-0.3
Danske Invest	Russia Small Cap	-0.5	0.4	-1.3	-0.3	-0.1	0.5	-0.3	0.2	-0.1	-0.2	0.0	-0.1
Danske Invest	Arvo Venaja	-0.1	-0.2	-0.6	-0.5	-0.3	0.2	-0.1	0.0	-0.2	-0.4	-0.1	-0.2
eQ	Venaja 1 K	-0.1	0.0	0.1	0.0	-0.1	0.2	0.0	0.1	0.0	0.0	0.0	0.0
Evli	Venaja B	-8.0	-5.2	-0.3	0.7	-0.3	0.0	-0.3	-1.5	-0.2	-0.9	-0.3	-0.2
FIM*	Russia*	-0.9	-2.1	-0.6	-1.7	0.0	0.6	-0.4	1.5	-0.2	-1.3	-0.4	-0.5
Nordea	Venaja	-27.6	-3.1	-4.4	0.0	0.7	-0.8	-2.4	8.5	-0.9	-8.8	-2.3	-3.4
OP	Venaja	0.2	-4.8	-4.4	-8.3	-2.0	1.0	-1.1	0.5	-1.2	-0.9	-1.4	0.2
Saastopankki	Venaja	0.0	0.4	-0.1	-0.4	0.1	0.1	-0.1	0.2	-0.1	-0.1	0.0	0.0
Seligson & Co	Russian Prosperity Euro	-11.5	-0.6	-0.6	-9.8	0.1	0.0	-4.0	-0.6	-0.3	-0.5	0.1	-0.1
Taalritehdas**	Rupla Osake**	-4.6	-4.1	-0.3	-0.5	0.0							
Total		-58.8	-19.8	-14.6	-22.8	-2.5	1.3	-10.0	7.5	-4.1	-14.1	-4.5	-4.6
Investors (nr)													
Manager	Fund												
Danske Invest	Russia	8,356	8,201	8,042	7,796	7,718	7,622	7,483	7,357	7,288	7,186	7,121	7,042
Danske Invest	Russia Small Cap	1,001	990	960	927	924	918	905	895	885	870	858	849
Danske Invest	Arvo Venaja	2,913	2,858	2,802	2,715	2,690	2,650	2,608	2,575	2,553	2,499	2,487	2,457
eQ	Venaja 1 K	163	161	155	151	146	153	150	150	156	157	159	155
Evli	Venaja B	425	412	399	387	385	385	381	382	376	366	366	362
FIM*	Russia*	7,408	7,268	7,118	6,974	6,895	6,756	6,736	6,654	6,623	6,574	6,529	6,454
Nordea	Venaja	34,000	33,188	32,260	31,271	30,703	31,210	30,955	31,303	31,796	31,158	30,944	30,341
OP	Venaja	17,132	16,907	16,515	16,226	16,185	15,832	16,085	16,049	15,878	15,689	15,534	15,368
Saastopankki	Venaja	2,416	2,428	2,414	2,385	2,404	2,432	2,476	2,541	2,554	2,536	2,525	2,519
Seligson & Co	Russian Prosperity Euro	3,791	3,758	3,739	3,783	3,853	3,899	3,891	3,854	3,822	3,791	3,769	3,744
Taalritehdas**	Rupla Osake**	135	132	125	108	107							
Total		77,740	76,303	74,529	72,723	74,010	73,857	73,670	73,760	73,931	72,636	72,042	70,989
Change in investors, net		-1,537	-1,437	-1,774	-1,806	1,287	-153	-187	90	171	-1,295	-594	-1,053
Avg ticket size (EUR)		6,165	5,747	5,162	3,975	4,068	4,826	4,964	5,616	5,467	4,933	4,735	4,363

* 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