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Monthly performance review 09/2015: Oil and geopolitics dominate the agenda

Key takeaways

1. The four-month losing streak in subscriptions (net) was broken, as capital flows to funds turned positive in Sep
2. AuM development, however, remained in red due to negative monthly returns in a volatile market place
3. Principally affected by uncertainty related to oil price outlook and geopolitics, the sentiment 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	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 09/2015, 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

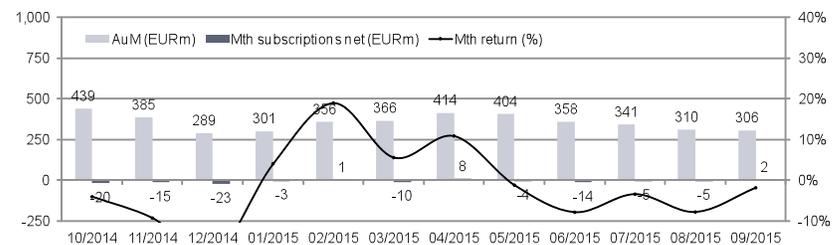
Period	Unit	2014				2015				YTD	LTM				
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Tot	Tot
Total funds	EURm	-21	-39	-73	15	54	19	41	-6	-32	-13	-27	-6	46	-87
Monthly return	EURm	-20	-15	-23	-3	1	-10	8	-4	-14	-5	-5	-2	-29	-86
Monthly subscriptions net	EURm	-41	-54	96	12	55	9	49	-10	-46	-17	-31	-3	17	-173
Change in AuM	Nr	-1,437	-1,774	-1,806	1,287	-153	-187	90	171	-1,295	-594	-1,053	-577	-2,311	-7,328
Change in investors net															

Source: Investment Research Finland, Capwill analysis

The change in AuM during the period was cosmetic, and entirely explained by the return component. Since 05/2015, cumulative returns are down over 20%, which is largely in line with other emerging markets. However, the downward trend in monthly subscriptions reversed in the period, primarily on the back of EUR 3.2m inflows (net) to OP Venaja fund.

In Sep, Russia launched a new geopolitical initiative, as it engaged in military activities in Syria. The motives remain murky, but at least for now, it seems Putin has elbowed his way back to the negotiation table. At the same time, tensions have eased somewhat in East Ukraine, where heavy weaponry has been pulled back by both sides. The dominant external factor, however, remains oil price. After mostly descending through Sep, prices started to recover in Oct, setting the stage, perhaps, also for a comeback in equities.

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



Source: Investment Research Finland, Capwill analysis

Figure 3: Data summary, LTM

Mth return (%)		10/2014	11/2014	12/2014	01/2015	02/2015	03/2015	04/2015	05/2015	06/2015	07/2015	08/2015	09/2015
Manager	Fund												
Danske Invest	Russia	-3.3%	-9.4%	-19.4%	2.6%	20.6%	4.4%	10.6%	-0.9%	-8.8%	-2.0%	-8.6%	-4.8%
Danske Invest	Russia Small Cap	-6.4%	-9.4%	-20.5%	-2.9%	21.5%	4.8%	15.3%	0.6%	-8.6%	-1.9%	-8.6%	-2.8%
Danske Invest	Arvo Venaja	-6.7%	-7.7%	-19.8%	-2.1%	22.0%	2.9%	14.3%	-0.1%	-10.2%	-4.1%	-8.8%	-1.6%
eQ	Venaja 1 K	-4.5%	-7.1%	-17.0%	-2.1%	18.4%	1.8%	10.2%	-0.1%	-7.4%	-2.5%	-8.1%	-2.1%
Evli	Venaja B	-7.3%	-10.6%	-21.0%	-1.0%	22.4%	6.0%	12.8%	-1.1%	-7.6%	-4.4%	-4.4%	-3.2%
FIM*	Russia*	-6.4%	-11.9%	-21.3%	2.6%	20.3%	2.8%	13.6%	-1.1%	-9.6%	-3.7%	-9.4%	-3.5%
Nordea	Venaja	-3.2%	-9.6%	-18.8%	4.5%	18.4%	4.3%	10.3%	-0.5%	-8.1%	-3.4%	-8.7%	0.2%
OP	Venaja	-3.1%	-8.7%	-16.9%	6.4%	17.7%	7.6%	9.2%	-2.2%	-6.3%	-4.0%	-6.5%	-2.6%
Saastopankki	Venaja	-3.1%	-9.4%	-18.3%	5.2%	18.3%	3.9%	11.5%	-2.7%	-8.5%	-3.0%	-7.6%	-1.6%
Seligson & Co	Russian Prosperity Euro	-5.5%	-8.7%	-18.8%	2.5%	19.3%	8.5%	13.4%	-2.7%	-8.8%	-3.0%	-10.0%	-1.7%
Taalritehdas**	Rupla Osake**	-4.2%	-5.4%	-16.3%	3.4%								
Total		-4.1%	-9.3%	-18.6%	4.0%	18.9%	5.5%	10.9%	-1.2%	-7.9%	-3.4%	-7.8%	-1.9%
AUM (EURm)													
Manager	Fund												
Danske Invest	Russia	48.6	42.1	32.3	32.6	38.8	39.0	41.7	40.4	35.9	35.1	32.5	31.0
Danske Invest	Russia Small Cap	5.6	4.0	2.9	2.6	3.6	3.5	4.1	4.1	3.5	3.4	3.0	2.9
Danske Invest	Arvo Venaja	11.9	10.5	7.9	7.5	9.3	9.5	10.9	10.8	9.1	8.6	7.9	7.9
eQ	Venaja 1 K	2.1	2.1	1.7	1.6	2.1	2.1	2.4	2.4	2.2	2.2	2.0	1.9
Evli	Venaja B	12.5	10.9	9.1	9.0	11.0	11.2	11.3	11.0	9.3	8.5	7.9	7.6
FIM*	Russia*	34.3	29.7	21.9	25.0	30.6	31.0	36.6	36.4	31.7	30.1	26.9	25.6
Nordea	Venaja	135.4	118.7	96.4	101.6	119.2	122.1	144.5	141.8	121.8	115.0	101.5	101.0
OP	Venaja	121.1	106.4	80.5	83.6	99.4	105.8	116.1	112.4	104.4	98.9	92.7	93.6
Saastopankki	Venaja	6.8	6.1	4.6	4.9	5.9	6.2	7.1	6.8	6.2	6.0	5.5	5.5
Seligson & Co	Russian Prosperity Euro	56.7	51.2	29.7	30.6	36.5	35.3	39.5	38.1	34.2	33.3	29.8	29.4
Taalritehdas**	Rupla Osake**	3.5	3.0	2.1	2.1								
Total		438.5	384.7	289.1	301.1	356.4	365.7	414.2	404.2	358.3	341.1	309.7	306.4
Change in AUM		-40.8	-53.8	-95.6	12.0	55.3	9.3	48.5	-10.0	-45.9	-17.2	-31.4	-3.3
Mth subscriptions net (EURm)													
Manager	Fund												
Danske Invest	Russia	-0.5	-2.1	-2.0	-0.6	-0.5	-1.5	-1.4	-0.9	-1.0	-0.1	-0.3	0.0
Danske Invest	Russia Small Cap	0.4	-1.3	-0.3	-0.1	0.5	-0.3	0.2	-0.1	-0.2	0.0	-0.1	0.0
Danske Invest	Arvo Venaja	-0.2	-0.6	-0.5	-0.3	0.2	-0.1	0.0	-0.2	-0.4	-0.1	-0.2	0.1
eQ	Venaja 1 K	0.0	0.1	0.0	-0.1	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Evli	Venaja B	-5.2	-0.3	0.7	-0.3	0.0	-0.3	-1.5	-0.2	-0.9	-0.3	-0.2	-0.1
FIM*	Russia*	-2.1	-0.6	-1.7	0.0	0.6	-0.4	1.5	-0.2	-1.3	-0.4	-0.5	-0.3
Nordea	Venaja	-3.1	-4.4	0.0	0.7	-0.8	-2.4	8.5	-0.9	-8.8	-2.3	-3.4	-0.6
OP	Venaja	-4.8	-4.4	-8.3	-2.0	1.0	-1.1	0.5	-1.2	-0.9	-1.4	0.2	3.2
Saastopankki	Venaja	0.4	-0.1	-0.4	0.1	0.1	0.1	0.2	-0.1	-0.1	0.0	0.0	0.0
Seligson & Co	Russian Prosperity Euro	-0.6	-0.6	-9.8	0.1	0.0	-4.0	-0.6	-0.3	-0.5	0.1	-0.1	0.1
Taalritehdas**	Rupla Osake**	-4.1	-0.3	-0.5	0.0								
Total		-19.8	-14.6	-22.8	-2.5	1.3	-10.0	7.6	-4.1	-14.1	-4.5	-4.6	2.4
Investors (nr)													
Manager	Fund												
Danske Invest	Russia	8,201	8,042	7,796	7,718	7,622	7,483	7,357	7,288	7,186	7,121	7,042	6,961
Danske Invest	Russia Small Cap	990	960	927	924	918	905	895	885	870	858	849	846
Danske Invest	Arvo Venaja	2,858	2,802	2,715	2,690	2,650	2,608	2,575	2,553	2,499	2,487	2,457	2,436
eQ	Venaja 1 K	161	155	151	146	153	150	150	156	157	159	155	154
Evli	Venaja B	412	399	387	385	385	381	382	376	366	366	362	360
FIM*	Russia*	7,268	7,118	6,974	6,895	6,756	6,736	6,654	6,623	6,374	6,279	6,154	6,082
Nordea	Venaja	33,188	32,260	31,271	30,703	31,210	30,955	31,303	31,796	31,158	30,944	30,341	30,042
OP	Venaja	16,907	16,515	16,226	16,185	15,832	16,085	16,049	15,878	15,699	15,534	15,366	15,278
Saastopankki	Venaja	2,428	2,414	2,385	2,404	2,432	2,476	2,541	2,554	2,536	2,525	2,519	2,512
Seligson & Co	Russian Prosperity Euro	3,758	3,739	3,783	3,853	3,899	3,891	3,854	3,822	3,791	3,769	3,744	3,741
Taalritehdas**	Rupla Osake**	132	125	108	107								
Total		76,303	74,529	72,723	74,010	73,857	73,670	73,760	73,931	72,636	72,042	70,989	70,412
Change in investors, net		-1,437	-1,774	-1,806	1,287	-163	-187	90	171	-1,295	-594	-1,053	-577
Avg ticket size (EUR)		5,747	5,162	3,975	4,068	4,826	4,964	5,616	5,467	4,933	4,735	4,363	4,352

* 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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