

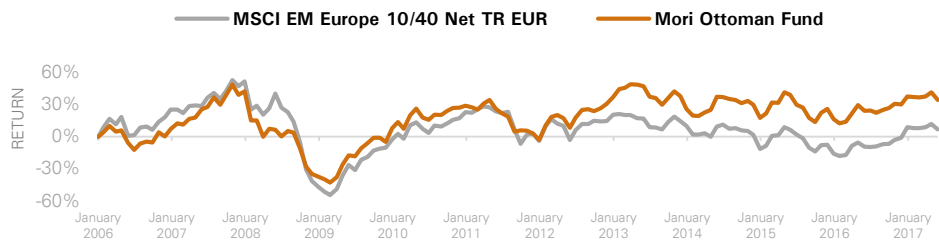
# Mori Ottoman Fund



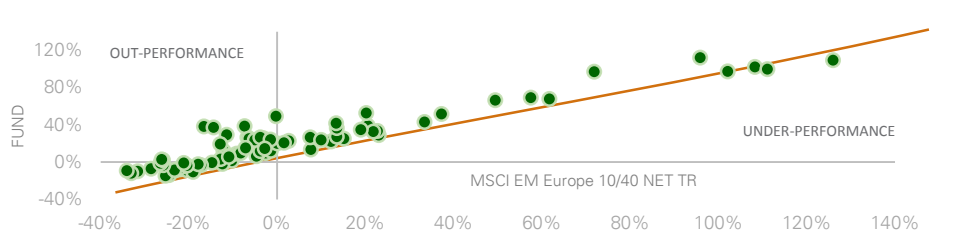
## Fund Objective

The Fund seeks long-term capital appreciation through investment primarily in a portfolio of Emerging European securities and opportunistically Middle East and North Africa region securities. The Fund manager specialises in investment in Emerging Europe and uses a bottom-up approach that incorporates both stock and sector views. The stock-picking style uses proprietary valuation models, target prices, stock market capitalisation, liquidity and view on management's quality.

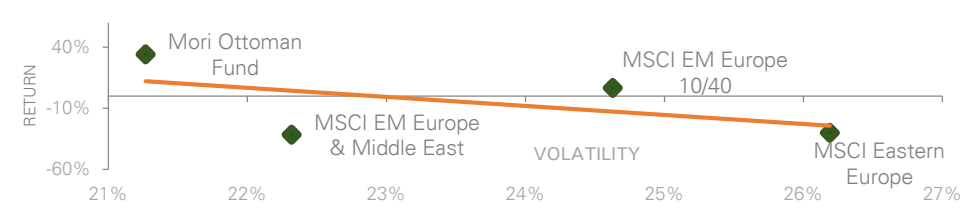
## Historical Performance<sup>1</sup> (Since Inception to 31 May 2017, EUR)



## 5-Year Rolling Returns<sup>2</sup> (Since Inception to 31 May 2017, EUR A-Share Class)



## Return / Volatility<sup>2</sup> (Since Inception to 31 May 2017, EUR A-Share Class)

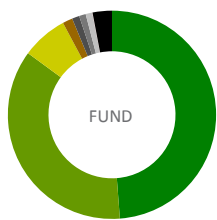


## Performance<sup>3</sup> (%)

	1mth	YtD	1Yr	2Yr	3Yr	5Yr	10Yr	Since Inception
Fund	-2.4%	0.5%	11.2%	-0.8%	0.6%	24.0%	6.9%	34.2%
Index	-4.6%	-2.0%	17.5%	0.3%	-2.7%	9.9%	-17.1%	6.6%

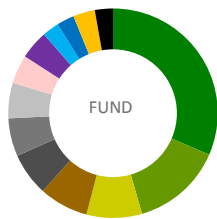
## Portfolio Overview<sup>4</sup> (%)

### Country Breakdown



	% of Port.	vs. Index
Turkey	47.2	30.0
Russia	35.1	-14.8
Czech Republic	6.9	4.1
Romania	1.5	1.5
Greece	1.1	-4.6
Ukraine	1.0	1.0
Poland	1.0	-18.5
Austria	0.1	0.1
Hungary	0.0	-4.8
Cash & Equivalents	2.9	2.9

### Sector Breakdown



	% of Port.	vs. Index
Financials	32.7	-2.0
Energy	14.6	-17.9
Materials	8.9	-0.4
Industrials	7.9	6.9
Consumer Discretionary	6.9	2.6
Consumer Staples	6.1	-1.0
Telecommunications	5.7	0.4
Utilities	4.6	1.3
Real Estate	4.6	4.0
Diversified	2.7	0.7
Others	2.8	2.8
Index Derivatives	-3.5	-3.5
Cash & Equivalents	2.9	2.9

## Investment Process

- Bottom-up stock picking
- In-house qualitative and quantitative proprietary valuation database
- Unconstrained, non-benchmark
- Active Beta management (1) Cash management (2) Opportunistic use of futures, options and FX hedging
- Disciplined "sell" process

## Fund Summary

Fund Type	UCITS IV
Domicile	Dublin
Currency	EUR
Index	MSCI EM Europe 10/40 Index
Fund Manager	Aziz Unan (Since inception)
Launch Date	3 January 2006
AUM	EUR 43.0m

## Portfolio Characteristics

	Fund	Index
(%) Volatility	14.9	16.3
(%) Active Share	65.8	
(%) Tracking Error	7.2	
Information Ratio	0.4	

## Financial Ratios

	Fund	Index
Price Earnings (12 months forward)	7.0	7.3
Price to Book	1.6	0.9
Return on Equity	18.5	10.0
Dividend Yield (12 months forward)	3.4	4.3

## Top 10 Holdings

Sberbank	6.9
Lukoil	5.4
Halkbank	5.2
Vakifbank	4.9
Gazprom	4.3
Isbank	4.1
Karsan	3.7
Central Media Enterprises	3.2
Garanti Bank	2.8
Tupras	2.8

## Market Cap

> 5 Bln	46.8%
1-5 Bln	28.4%
< 1 Bln	22.2%

<sup>1</sup> Cumulative total return, net of fees, of the A EUR Share Class until 11 July 2012, then C EUR Share Class. <sup>2</sup> Performance based on monthly total returns in EUR (A Share Class), net of fees, excluding initial charge. <sup>3</sup> Performance based on monthly total returns in EUR (C Share Class), net of fees, except 5-Year, 10-Year & since inception (A EUR Share Class). <sup>4</sup> Table weights shown adjusted for delta exposure, pie chart shows table weights to 100. Past performance is not a guide to future performance. The value of investments may go down as well as up and investors may lose money. SOURCE: Unless otherwise stated, all data sourced from Bloomberg and Northern Trust as of 31 May 2017.

# Mori Ottoman Fund



## Performance

After a strong month in April, the Central European and Turkish bourses consolidated in May. However, Russian equities lost over 8% in euro terms with weak oil prices. The net asset value of Mori Ottoman Fund declined 2.4% in euro terms (C share class) in May, while the MSCI Emerging Europe 10/40 Index was down 4.6% during the same period.

## Portfolio Activity

In Russia, we materially reduced Gazprom exposure in a timely manner. The shareholders approved a RUB 8.04 per share dividend on 2016 net profit, which was higher than the previous year's 25% pay-out ratio. However, it fell short of 50% pay out of last year's net profit which was speculated by some market participants. The approved dividend still gives a hefty 6.7% dividend yield based on Gazprom's share price at the end of May. However, based on our projections, we expect Gazprom to turn cash flow negative in 2017, which has raised our concern over the sustainability of the dividend stream as of 2018. Thus, we decided to reduce our exposure in the name with an idea to revisit the stock at lower share price levels again. We also reduced the Russian retailer Magnit as the company's trading update and quarterly financials fell short of our and consensus estimates. On the buy side, we increased our holding in Lukoil as the company posted very good results for the first quarter of 2017, which pointed to a significant cash flow generation.

In Turkey, we added onto our Vakifbank position as the bank released superb results for the first quarter, which lead us to revise our projections for 2017 significantly upwards. We believe Vakifbank and Halkbank offer the biggest upside potential among the blue chip Turkish and regional banks. We also bought Turkcell as it seems that the major shareholders are in agreement of dividend distribution of 2016 net profit. The stock carried a dividend yield above 11% based on the share price at the end of May. Dividends will be distributed in three equal instalments in June, September and December.

After reviewing our valuation model, we concluded that the upside potential was rather exhausted for Erste Bank. Hence, we locked in profits in the name.

## Outlook

As we pointed out last month, "sell in May and go away" did not turn out to be the theme in Emerging Europe with the exception of Russian equities. It looks like a significant majority of market participants have priced in a rate hike by the U.S. Fed in June, but the language for the remainder of the year will be important for market direction. With the first quarter earnings and dividends announcements mostly over, we expect Emerging European bourses to follow the global markets for direction in the very short term.



## Contacts

Investor Relations Mori Capital Management Limited +356 2033 0110  
 Regent House, Office 35 info@mori-capital.com  
 Bisazza Street, Sliema  
 SLM 1640 Malta

**SOURCE:** Bloomberg as of 31 May 2017, unless stated otherwise. **Past performance is not a guide to future returns.**

Please Note For professional investors only  
 This investment is not for sale to US persons in the US

Securities may not be offered or sold in the United States (US) absent registration with the US Securities and Exchange Commission or an exemption from registration under the US Securities Act of 1933, as amended. Mori Capital Management has not registered, and does not intend to register, any securities referenced herein in the US and does not intend to conduct a public offering of securities in the US.

Past performance is not a guide to future performance. The value of investments can fall as well as rise and you may get back less than what you originally invested. Where a fund invests in overseas currencies, changes in currency exchange rates may affect the value of your investment. Investments in small and/or emerging markets can be more volatile than in other more developed markets.

The information contained in this document is neither an offer to sell nor a solicitation of an offer to purchase interests in the Fund, nor does it represent a research report. Please consult your financial and tax advisers if you are considering investing in this Fund. For further information, a copy of the KIID or a copy of the current Prospectus please contact [info@mori-capital.com](mailto:info@mori-capital.com).

This document may contain certain forward-looking statements with respect to the investment managers strategies or expectations. Forward-looking statements speak only as of the date they are made, and investment manager assumes no duty to and does not undertake to update forward-looking statements.

Mori Capital Management Ltd is licensed and regulated by the Malta Financial Services Authority (License no: I/S 66999). Registered office: Regent House, Office 35, Bisazza Street, Sliema SLM 1640, Malta.

© 2017 Mori Capital Management Limited.

Fund Facts	
Management Fee	1.75% (A), 2.00% (AA), 1.25% (C)
Performance Fees	15% of increase over highest of any previous quarter end NAV (A)
Initial Min. Investment	€ , £ 10,000 (A, AA) € , \$ , £ 1,000,000 (C)
Dealings	Daily
Redemptions	Daily
Redemption Notice	T+3 T+4 (GBP share classes)
Redemption Fee*	3.0%
Administrator	Northern Trust Fiduciary Services (Ireland) Limited
Entry Charges*	Max. 5.0%
* At Investment Manager discretion.	
Launch Date	
A EUR	03.01.2006
AA GBP	10.05.2013
C EUR	01.06.2012
C USD	01.06.2012
C GBP	01.11.2012
Launch Price	
A EUR	100.00
AA GBP	10.00
C EUR	10.00
C USD	10.00
C GBP	10.00
Current NAV	
A EUR	134.19
AA GBP	9.23
C EUR	11.23
C USD	11.32
C GBP	10.72
Bloomberg Codes	
A EUR	GRIOTTO ID
AA GBP	RAOTAAG ID
C EUR	RAOTTCE ID
C USD	RAOTTCC ID
C GBP	RAOTTCC ID
ISIN Codes	
A EUR	IE00B0T0FN89
AA GBP	IE00B87G5S97
C EUR	IE00B8G12179
C USD	IE00B4XYZP64
C GBP	IE00B87PYK12