

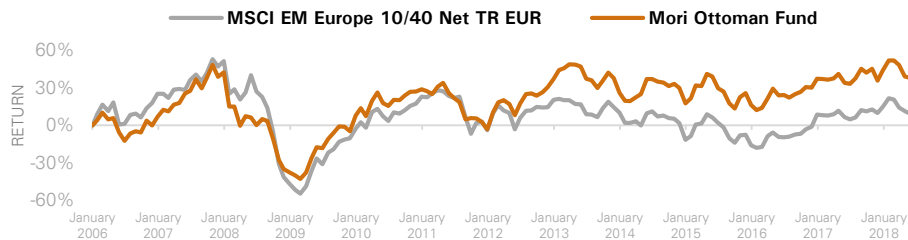
# Mori Ottoman Fund



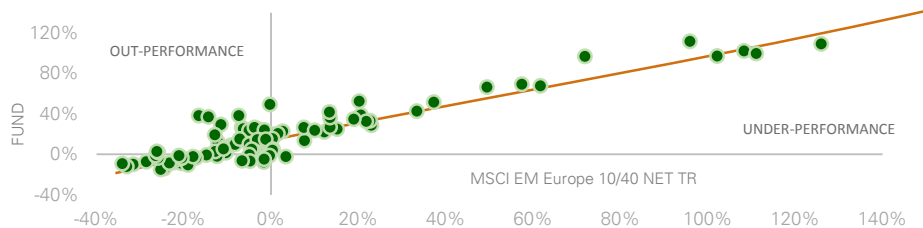
## Fund Objective

The Fund seeks long-term capital appreciation through investment primarily in a portfolio of Emerging European securities. The Fund may also invest opportunistically Middle East and North Africa region securities from time to time. 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.

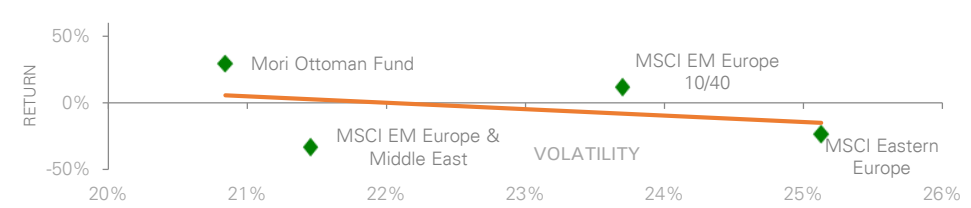
## Historical Performance<sup>1</sup> (Since Inception to 28 September 2018, EUR A-Share Class)



## 5-Year Rolling Returns<sup>2</sup> (Since Inception to 28 September 2018, EUR A-Share Class)



## Return / Volatility<sup>2</sup> (Since Inception to 28 September 2018, EUR A-Share Class)

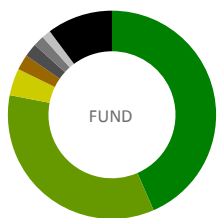


## Performance<sup>3</sup> (%)

	1mth	YtD	1Yr	2Yr	3Yr	5Yr	10Yr	Since Inception
Fund	7.6%	-10.0%	-8.5%	5.7%	18.0%	-1.4%	45.3%	29.5%
Index	6.6%	-2.7%	0.5%	19.9%	29.8%	-1.7%	18.1%	11.9%

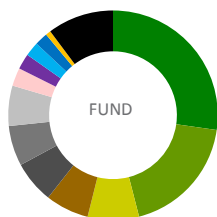
## Portfolio Overview<sup>4</sup> (%)

### Country Breakdown



	% of Port.	vs. Index
Russia	43.6	-13.5
Turkey	34.5	24.4
Czech Republic	4.2	1.1
Greece	2.3	-2.4
Romania	2.1	2.1
Poland	1.7	-18.6
Ukraine	1.4	1.4
Hungary	0.0	-4.8
Cash & Equivalents	10.2	10.2

### Sector Breakdown



	% of Port.	vs. Index
Financials	27.2	0.1
Energy	18.7	-23.3
Telecommunications	7.9	3.7
Materials	6.7	-4.6
Consumer Discretionary	6.5	3.0
Consumer Staples	6.2	1.0
Industrials	6.2	4.8
Utilities	2.8	-0.2
Real Estate	2.5	2.4
Information Technology	2.3	1.3
Diversified	2.0	1.0
Health Care	0.8	0.8
Cash & Equivalents	10.2	10.2

## 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
Domicile	Dublin
Currency	EUR
Index	MSCI EM Europe 10/40 Index
Fund Manager	Aziz Unan (Since inception)
Launch Date	3 January 2006
AUM	EUR 37.8m

## Portfolio Characteristics

	Fund	Index
(%) Volatility	15.3	15.7
(%) Active Share	62.7	
(%) Tracking Error	7.5	
Information Ratio	0.1	

## Financial Ratios

	Fund	Index
Price Earnings (12 months forward)	5.8	7.0
Price to Book	1.3	1.0
Return on Equity	20.0	12.2
Dividend Yield (12 months forward)	4.0	5.1

## Top 10 Holdings

Lukoil	9.6
Sberbank	7.7
Gazprom	5.7
Vakifbank	3.6
Moneta Bank	2.9
MTS	2.8
Koza Altin	2.5
Mail.Ru	2.5
Yandex	2.2
Karsan	2.2

## Market Cap

> 5 Bln	38.6%
1-5 Bln	34.2%
< 1 Bln	17.0%

<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 28.09.2018.

# Mori Ottoman Fund



## Performance

Following two months of outperformance, Central European bourses lagged the Turkish and Russian indices significantly in September. Turkish assets rallied following the presentation of the New Economic Program by the new Minister of Finance and Treasury. Preliminary foreign trade figures for August indicated an immediate shrinkage of the trade deficit for Turkey, which also helped the Turkish lira appreciate through September. Russian indices rallied led primarily by the energy stocks as the Brent oil price moved to about USD 80 per barrel with the US sanctions on Iran nearing at the beginning of November. The net asset value of **Mori Ottoman Fund** increased by 7.6% in euro terms (C share class) in September, while the MSCI Emerging Europe 10/40 Index gained 6.6% during the same period.

## Portfolio Activity

Monthly foreign trade figures coming from Turkey point to a quick re-balancing of the economy, which is positive for the shrinkage of the country's current account deficit. Turkey's exports in August covered around 84% of the same month's imports. This coverage increased to around 89% in September according to the preliminary foreign trade figures which were released shortly before we went to press. By comparison, the export/import coverage ratio was as low as 58% in January of 2018, based on the Statistical Institute figures. Given the heavy tourism revenues in August and September, we think the country may record a current account surplus rather than a deficit for the last two months. Despite political pressure, the Central Bank of Turkey (CBT) decisively hiked the policy interest rate much higher than market consensus by 625 basis points to 24% at its meeting on September 13, as the inflation expectations for this and next year worsened considerably in the latest CBT surveys. The New Economic Program was also taken positively by the market as targets presented prioritise tackling inflation and the current account deficit at the expense of high growth (which for the last 5 years had produced a large current account imbalance). We added onto the banking positions we like in Turkey last month after the heavy sell-off this year. Investors were also concerned about the roll-over of syndicated loans. However, the banking stocks rallied towards the end of September after Akbank successfully completed the first roll-over with a 104% ratio. We also bought Koza Altin, which is the largest gold miner in the country. Based on the latest financial statements, Koza Altin had no debt on its balance sheet, cash held accounted for about 30% of its market capitalization and its revenues do not carry any Turkish lira risk. Koza is one of the lowest cost gold producers in the world and we think they may benefit further as a result of the lira depreciation this year. Energy stocks were the primary drivers of the rally in Russia last month. The US sanctions on Iran will become effective as of November 5 and the oil market surged due to the anticipated supply reduction post Iran sanctions. There were reports that the EU, Russia and China had been working on an alternative route to bypass the US sanctions on Iran. However, no concrete plan has been released yet. Our preferred name in the energy sector remains Lukoil given its capital discipline. Moreover, the company started a new share buy back program and said it will cancel treasury shares, which is value accretive based on our valuation of the stock.

## Outlook

As expected, the US Fed increased its base interest rate by 25 basis points in September and hinted one more hike before the end of the year and potentially 3 hikes in 2019, which is largely priced in by the market. Hence, the Fed's rate hike did not have a negative impact on the lira or the ruble. The Turkish court will be hearing the Pastor Brunson case on October 12. A quick verdict and his potential release from house arrest would not change the geopolitical differences between Turkey and the US, in our view. However, the market may view it positively for the short-term as a step of improving relations. Otherwise, the attitude of the EU, Russia and OPEC will be the key ahead of Iran sanctions at the beginning of November.



## Contacts

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**SOURCE:** Bloomberg as of 28 September 2018, unless stated otherwise. **Past performance is not a guide to future returns.**

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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	0%
Administrator	Northern Trust Fiduciary Services (Ireland) Limited
Entry Charges	0%
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	129.47
AA GBP	9.14
C EUR	10.91
C USD	11.36
C GBP	10.71
Bloomberg Codes	
A EUR	GRIOTTO ID
AA GBP	RAOTAAG ID
C EUR	RAOTTCE ID
C USD	RAOTTCCU ID
C GBP	RAOTTCCG ID
ISIN Codes	
A EUR	IE00B0T0FN89
AA GBP	IE00B87G5S97
C EUR	IE00B8G12179
C USD	IE00B4XYZP64
C GBP	IE00B87PYK12