

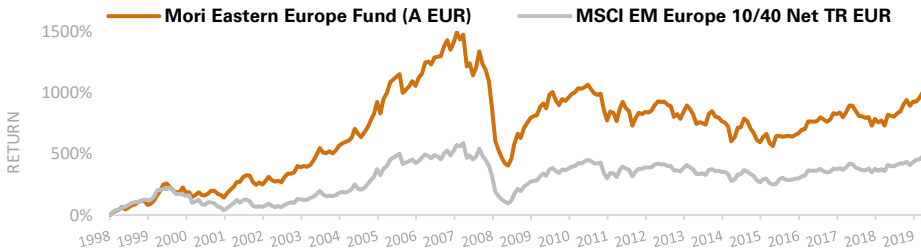
# Mori Eastern European Fund



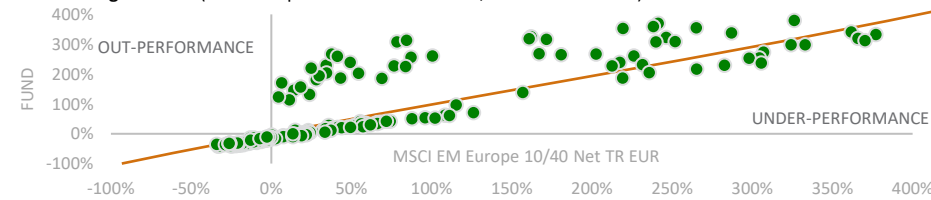
## Fund Objective

The Fund seeks long-term capital appreciation through investments primarily in a portfolio of Eastern European securities. The manager uses a bottom-up approach to incorporate both stock and sector views. The manager's stock-picking style is a combination of proprietary valuation models, target prices, stock market capitalisation, liquidity and his view on the management's quality. Please note that A Euro shares are closed to new subscriptions.

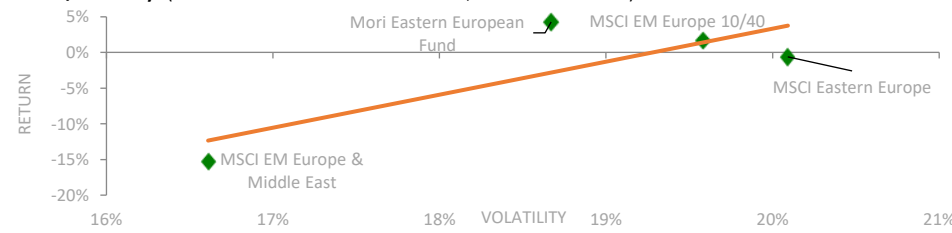
## Historical Performance<sup>1</sup> (Since inception to 31 March 2020, EUR A-Share Class)



## 5-Year Rolling Returns<sup>2</sup> (Since inception to 31 March 2020, EUR A-Share Class)



## Return / Volatility<sup>3</sup> (Since launch date to 31 March 2020, EUR M-Share Class)



## Performance<sup>4</sup> (%)

	1mth	YtD	1Yr	2Yr	3Yr	5Yr	10Yr	Since Inception
Fund	-19.7%	-30.3%	-14.7%	-18.8%	-10.6%	-6.1%	-29.2%	668.7%
Index	-22.0%	-34.3%	-19.7%	-18.2%	-14.2%	-7.9%	-15.5%	299.3%

## Portfolio Overview<sup>5</sup> (%)

Country Breakdown	% of Port.	vs. Index
Russia	48.6	-12.5
Turkey	11.5	1.5
Poland	11.3	-5.1
Greece	4.1	-0.6
Multinational	2.9	2.9
Czech Republic	1.6	-0.8
Ukraine	1.5	1.5
Hungary	0.0	-5.4
Cash & Equivalents	13.0	13.0

## Sector Breakdown

Sector Breakdown	% of Port.	vs. Index
Financials	23.1	-1.3
Energy	20.8	-15.7
Materials	14.0	-2.8
Telecommunications	7.5	2.3
Consumer Staples	7.2	0.3
Industrials	5.8	4.6
Real Estate	2.3	2.3
Information Technology	2.0	-0.2
Diversified	1.8	0.6
Others	2.6	-2.9
Index Derivatives	-5.5	-5.5
Cash & Equivalents	13.0	13.0

## 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 Net TR EUR
Fund Manager	Aziz Unan (Since January 2015)
Launch Date	7 October 1998 (A)
AuM	EUR 53.5m

## Portfolio Characteristics

	Fund	Index
(%) Volatility	18.7	19.6
(%) Active Share	48.7	
(%) Tracking Error	4.8	
Information Ratio	0.3	

## Financial Ratios

	Fund	Index
Price Earnings (12 months forward)	5.5	5.9
Price to Book	1.7	0.8
Return on Equity	32.6	13.4
Dividend Yield (12 months forward)	5.8	7.9

## Top 10 Holdings

Lukoil	7.7
Sberbank	6.9
Norilsk Nickel	4.3
Gazprom	4.0
PKO	3.8
Vakifbank	3.1
PZU	3.1
Novatek	3.0
Wisdomtree Gold	2.9
Severstal	2.6

## Market Cap

> 5 Bln	50.2%
1-5 Bln	17.1%
< 1 Bln	19.7%

<sup>1</sup> Cumulative total returns in EUR (A Share Class), net of fees, excluding initial charge. <sup>2</sup> Performance based on total returns in EUR (A Share Class), net of fees, excluding initial charge. <sup>3</sup> Performance based on monthly total returns in EUR (M Share Class), net of fees, excluding initial charge. <sup>4</sup> Performance based on monthly total returns in EUR (M Share Class), net of fees, except 5-Year, 10-Year & since inception (A EUR Share Class). Benchmark index was the MSCI EM Europe Index to December 2008, then MSCI EM Europe 10/40 Net Total Return Index. <sup>5</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 at 31.03.2020.

# Mori Eastern European Fund



## Performance

First of all, we all hope our partners, readers and followers are keeping safe and healthy during these difficult times. We, at Mori Capital, implemented strict Covid-19 measures in early March for the safety and health of our colleagues and have been working remotely. All stock indices dived on the back of the coronavirus pandemic and oil prices also dropped sharply. The epicentre of coronavirus moved to Europe from China as the number of cases and death tolls reportedly increased exponentially in Italy, Spain, France and the like. While the oil price was already trending lower in view of concerns that demand would soften with decreasing economic activity, disagreement between major oil producers Saudi Arabia and Russia over proposed production cuts resulted in oil price opening on Monday March 9<sup>th</sup> with an over 25% decline vs the Friday March 6<sup>th</sup> close. Thus, the oil price started March at around USD 52 per barrel and closed the month at around USD 23 per barrel. As a result, equities opened with large gaps down (i.e. 20-30% in the case of energy stocks) compared to their previous closing prices. All major Emerging European indices lost between 20% and 25% in euro terms in March. The net asset value of Mori Eastern European Fund declined by 19.7% in euro terms (M share class) in March, while the MSCI Emerging Europe 10/40 Total Return Index was down 22% on the month.

## Portfolio Activity

A relatively defensive portfolio combined with higher than usual cash and some index hedges helped us to drop less than the markets. However, we learned that some of our holdings, which we thought would protect us better during times of market stress, did not quite reach expectations. Our gold-related exposure is the most obvious example. While all countries started to announce several hundreds of billions (trillions in the case of the US) dollars/euros of economic support packages – in other words, a new wave of quantitative easing the scale of which had not been seen before – it did not stop the gold price from selling off from around USD 1,700/oz around March 6<sup>th</sup> to almost USD 1,450/oz (a 15% price drop) in the following two weeks. Our preferred gold stock, Koza Altin, tumbled by over 40% from the end of February to March 23, despite the fact that the company has no debt and its cash cost per oz is below USD 500/oz based on our calculations.

Our relatively light exposure to the Russian oil and gas helped somewhat. However, the stocks we liked and held including Lukoil and Novatek took their share of the beating as well. We would like to highlight the fact that a sharp drop or a sharp rally in the oil price does not translate into the earnings and/or cash generation of the Russian oil and gas companies with the same magnitude, due to the MET (mineral extraction tax). In other words, while the Russian companies did not fully benefit from the rallying oil prices in the past, they will not lose as much with the current slide in the oil price.

## Outlook

We believe the non-financial stocks that we hold in the portfolio have strong balance sheets with none to low leverage ratios depending on the company. However, there will be damage on the Profit & Loss front as revenues/sales will be hit as a result of the halt in the economic activity that will be fully felt from the second quarter on. In this environment, we think the telecom, consumer and IT/internet holdings will weather the storm better than the cyclical sectors. In the meantime, we wish all our readers good health and high morale during the lockdown which has been implemented in several countries.

## Contacts

### Investor Relations

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**SOURCE:** Bloomberg as of 31 March 2020, 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

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Fund Facts	
Management Fees	1.65% (A), 1.75% (B) 2.0% (AA), 1.25% (C, M)
Performance Fees	Class A: 15% of the NAV per Share increase over the higher of (1) the highest NAV per Share on any preceding Calculation day or (2) the Benchmark NAV (EUR 3 Month LIBOR). Class B: 20% of the outperformance of the NAV per Share to the percentage return of the MSCI EM Europe 10/40 Total Return Index (EUR) (MN40MUE Index) in the period from the preceding Calculation Day – subject to a clawback provision) AA, C and M share classes: no performance fee.
Initial Min. Investment	€, £ 10,000 (B, AA) €, £, \$ 1,000,000 (C, M)
Dealings	Daily
Redemptions	Daily
Dealing Day Cut-Off	10:00am Irish Time
Settlement	T+3 T+4 (GBP share classes)
Redemption Fee	0%
Administrator	Northern Trust Fiduciary Services (Ireland) Limited
Entry Charges	0%
Launch Date	
A EUR	07.10.1998
AA GBP	02.03.2012
B EUR	27.11.2009
C GBP	02.03.2012
M EUR	01.09.2016
Current NAV	
A EUR	393.01
AA GBP	8.05
B EUR	83.32
C GBP	9.46
M EUR	104.28
Bloomberg Code	
A EUR	GRIEEUI ID
AA GBP	RAMEAAG ID
B EUR	GRIEEUB ID
C GBP	RAMEECG ID
M EUR	RAMEEME ID
ISIN Code	
A EUR	IE0002787442
AA GBP	IE00B74GCZ17
B EUR	IE00B53RTW70
C GBP	IE00B762ZY72
M EUR	IE00BD03V952

Signatory of:

