

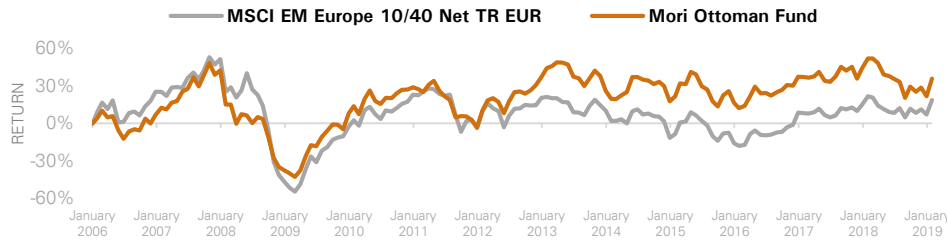
# Mori Ottoman Fund



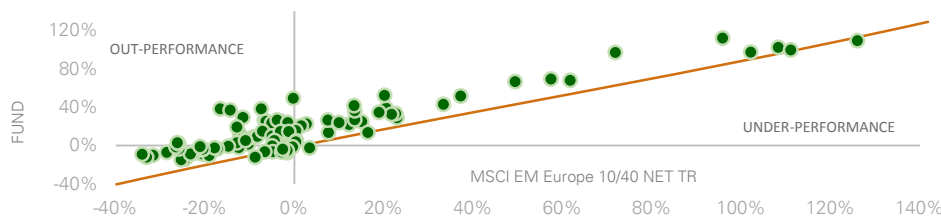
## Fund Objective

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.

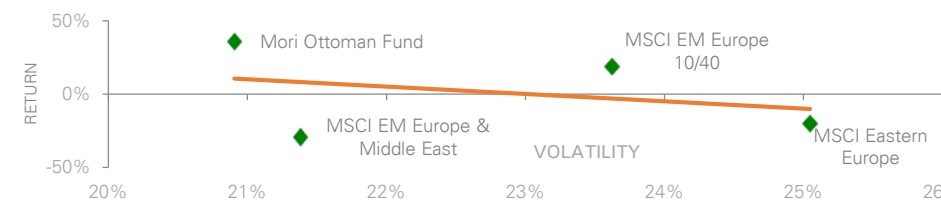
## Historical Performance<sup>1</sup> (Since Inception to 31 January 2019, EUR A-Share Class)



## 5-Year Rolling Returns<sup>2</sup> (Since Inception to 31 January 2019, EUR A-Share Class)



## Return / Volatility<sup>2</sup> (Since Inception to 31 January 2019, EUR A-Share Class)

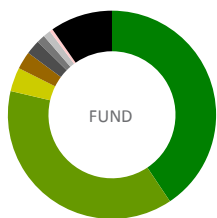


## Performance<sup>3</sup> (%)

	1mth	YtD	1Yr	2Yr	3Yr	5Yr	10Yr	Since Inception
Fund	11.7%	11.7%	-10.5%	2.9%	25.5%	17.9%	127.0%	35.9%
Index	10.8%	10.8%	-2.4%	9.9%	45.0%	16.5%	145.8%	18.8%

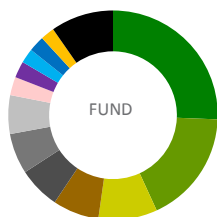
## Portfolio Overview<sup>4</sup> (%)

### Country Breakdown



	% of Port.	vs. Index
Russia	41.5	-14.7
Turkey	38.9	27.4
Czech Republic	3.8	1.0
Poland	2.8	-17.7
Greece	2.3	-1.2
Romania	1.3	1.3
Ukraine	1.2	1.2
Slovenia	0.5	0.5
Hungary	0.0	-5.4
Cash & Equivalents	9.9	9.9

### Sector Breakdown



	% of Port.	vs. Index
Financials	26.2	-0.8
Energy	17.9	-22.5
Telecommunications	9.3	5.1
Consumer Discretionary	7.3	3.8
Industrials	6.6	5.2
Materials	6.4	-6.3
Consumer Staples	6.1	0.4
Information Technology	2.9	1.8
Real Estate	2.6	2.6
Utilities	2.3	-0.4
Others	2.5	1.1
Currency Derivatives	2.2	2.2
Cash & Equivalents	9.9	9.9

## 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
Domicile	Dublin
Currency	EUR
Index	MSCI EM Europe 10/40 Index
Fund Manager	Aziz Unan (Since inception)
Launch Date	3 January 2006
AUM	EUR 39.6m

## Portfolio Characteristics

	Fund	Index
(%) Volatility	15.8	16.0
(%) Active Share	66.2	
(%) Tracking Error	7.3	
Information Ratio	0.1	

## Financial Ratios

	Fund	Index
Price Earnings (12 months forward)	6.6	7.0
Price to Book	1.3	1.0
Return on Equity	18.7	13.8
Dividend Yield (12 months forward)	4.2	5.4

## Top 10 Holdings

Sberbank	8.3
Gazprom	6.5
Lukoil	6.2
Vakifbank	4.1
MTS	2.6
Moneta Bank	2.6
Karsan	2.5
Isbank	2.4
TAV Airports	2.3
Yandex	2.2

## Market Cap

> 5 Bln	35.7%
1-5 Bln	37.6%
< 1 Bln	16.8%

<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 31.01.2019.

# Mori Ottoman Fund



## Performance

Equities across the board started the new year on a strong note with hope that the trade negotiations between the US and China would bear fruit and an agreement would be reached by March. Investors would recall that asset prices declined sharply in December due to steep slowdown concerns in global economic growth. Commodities also had a good month in January with Brent oil price managing to climb above USD 60 per barrel. In Emerging Europe, Turkey and Russia outperformed while Central European and Greek bourses lagged in January. The net asset value of **Mori Ottoman Fund** increased by 11.7% in euro terms (C share class) in January, while the MSCI Emerging Europe 10/40 Index was up 10.8% on the month.

## Portfolio Activity

Based on Central Bank of Turkey statistics, foreign investors bought net USD 1.3 billion of Turkish equities in January, which is a big figure considering that the net outflow was USD 0.9 billion during the course of 2018. The ETF flows that we track also pointed to healthy inflows into Russian equities since the start of the new year.

According to Central Bank of Russia and our GDP projection, current account surplus in Russia reached 6.9% of GDP in 2018. Furthermore, based on the Ministry of Finance, the government budget generated a 2.6% surplus of GDP, which makes Russia one of the healthiest countries globally based on macroeconomic balances. The two percentage point hike in VAT rate as of January would likely lead to a short-term rise in inflation above 5%. However, we do not foresee any meaningful inflationary pressure in Russia for the time being. We topped up our holding in Sberbank last month as we feel that the high dividend pay-out expectations and closing of the Denizbank sale in the first quarter of 2019 may increase confidence for the stock. Based on our projections, Sberbank trades at 1.1 times book value, generates over 20% return on equity and around 5% dividend yield, which makes it one of the most attractively valued banking stocks in our investment universe.

We added onto our positions in Vakifbank, Yapi Kredi Bank and TSKB in Turkey early in the month. Vakifbank was trading at around 0.3 times book value while Yapi Kredi Bank stock was at around 0.4 times. The banking watchdog released the results of a stress test for the Turkish banks that pointed to non-performing loans (NPLs) increasing to 6% for the sector by the end of 2019, up from the 4% level at the end of 2018. This is in line with our expectation, as put forward in this space, of an NPL ratio in the 6-7% range, lower than many analysts' forecasts. The above resulted in Turkish banking stocks having a good month in January in terms of performance. We locked in some profits in Arcelik, Turkcell and Turk Telekom based on strong share price performance.

The planned introduction of a series of sector-based taxes led to investor appetite souring in Romania. Fortunately, we had highly selective and limited exposure there, which we reduced via SIF2 and SIF5.

## Outlook

We think a trade deal between the US and China combined with dovish interest rate hike remarks from the US Fed may result in another leg up for emerging markets in general. Dividend season is nearing. Based on our figures, Russian equities are currently trading at more than 6.5% dividend yield, which we believe is significantly higher than other countries that we know of.



## Contacts

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

**SOURCE:** Bloomberg as of 31 January 2019, 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.

© 2019 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
Dealing Day Cut-Off	10:00am Irish Time
Redemptions	Daily
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	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	135.90
AA GBP	9.41
C EUR	11.47
C USD	11.80
C GBP	11.05
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