

# Renasset Ottoman Fund



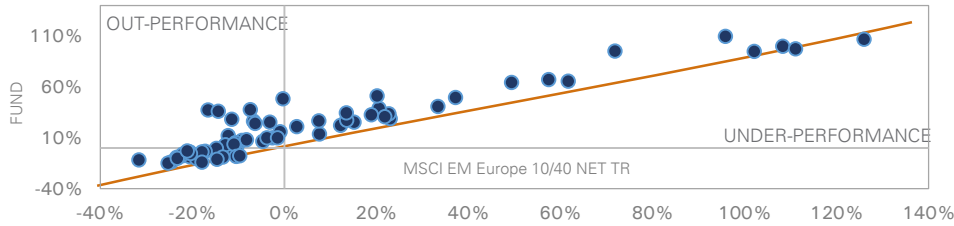
## Fund Objective

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.

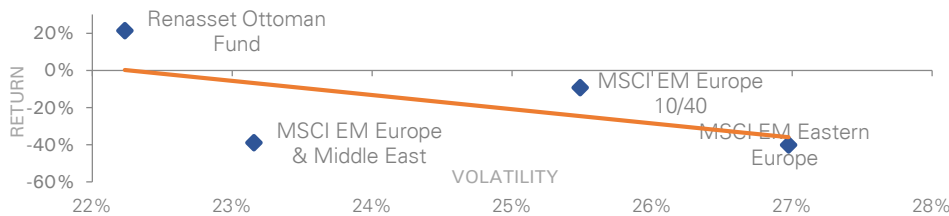
## Investment Process

- 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

## 5-Year Rolling Returns<sup>1</sup> (Since Inception to 31 May 2016, A Share Class: Monthly, %)



## Total Return / Volatility<sup>1</sup> (Since Inception to 31 May 2016, A Share Class, %)



## Recent Performance<sup>2</sup> (%)

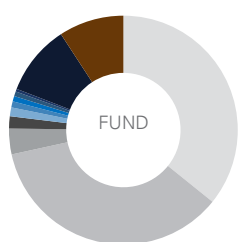
	1mth	3mth	6mth	YTD	2015	Since Inception
Fund	-4.2%	8.8%	-1.5%	6.6%	-1.1%	21.4%
Index	-3.9%	9.7%	-2.0%	8.0%	-5.0%	-9.3%

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Fund	-7.1%	-8.9%	41.2%	-24.8%	19.6%	73.1%	-56.3%	33.2%	7.0%
Index	-19.7%	-8.5%	25.5%	-21.9%	26.2%	84.1%	-65.1%	21.0%	25.3%

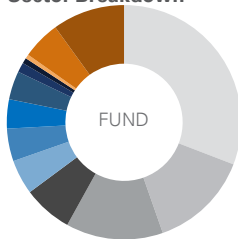
## Portfolio Overview<sup>4</sup> (%)

### Country Breakdown



	% of Port.	vs. Index
Turkey	37.4	18.4
Russia	37.4	-14.1
Czech Republic	3.8	1.3
Romania	1.8	1.8
Iraq	1.3	1.3
Greece	0.9	-5.7
Poland	0.8	-15.6
Ukraine	0.7	0.7
Kazakhstan	0.4	0.4
Cash & Equivalents	10.4	10.4

### Sector Breakdown



	% of Port.	vs. Index
Financials	32.2	-2.6
Energy	14.4	-19.7
Materials	14.0	6.8
Industrials	7.1	4.7
Consumer Discretionary	5.0	0.8
Consumer Staples	4.7	-2.0
Telecommunications	4.2	-1.9
Utilities	4.1	0.7
Information Technology	1.4	1.4
Miscellaneous	0.8	0.8
Health Care	0.6	-0.5
Index Derivatives	5.5	5.5
Cash & Equivalents	10.4	10.4

## 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 54.7m

## Portfolio Characteristics

	Fund	Index
(%) Volatility	22.2	25.5
(%) Active Share	50.6	
(%) Tracking Error	12.4	
Information Ratio	0.23	

## Financial Ratios

	Fund	Index
Price Earnings (12 months forward)	7.5	8.1
Price to Book	1.0	1.0
Return on Equity	13.1	6.6
Dividend Yield	3.6	3.8

## Top 10 Holdings

Sberbank	8.8
Gazprom	8.7
Lukoil	6.5
Petkim	4.4
Isbank	3.5
Turk Telekom	3.0
Karsan	2.9
Novolipetsk Steel	2.7
Halkbank	2.6
CEZ	2.5

## Market Cap

> 5 Bln	48.4%
1-5 Bln	17.1%
< 1 Bln	25.7%

<sup>1</sup> Performance based on monthly total returns in EUR, since inception, net of fees, excluding initial charge. <sup>2</sup> Performance based on monthly total returns in EUR (C Share Class), net of fees, except since inception (A EUR Share Class). <sup>3</sup> Performance based on monthly total returns in EUR, net of fees, A 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 as of 31 May 2016.

# Renasset Ottoman Fund



## Performance

As we anticipated in the previous month's factsheet, most equity markets went through a technical correction in May, which we believe is healthy. The net asset value of the Renasset Ottoman Fund decreased by 4.2% in euro terms (C share-class) in May, slightly underperforming the MSCI Emerging Europe 10/40 Index which lost 3.9%. All major emerging European bourses closed the month in the red with the exception of the Greek ASE Index, which bucked the negative trend after significant underperformance during the previous month.

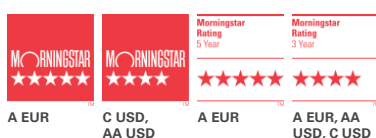
## Portfolio Activity

Turkish and Polish equities corrected the most in May in euro terms. However, we did not get affected much due to timely reduction of the fund's equity holdings in Turkey at the end of April and significant underweight position in Polish equities already for a long time already. There was a cabinet reshuffle in Turkey after previous Prime Minister Davudoglu resigned from the leadership of the ruling AK Party. The former Transport Minister Binali Yildirim was elected at the extraordinary general assembly of the AK Party on May 22 and formed the new cabinet within a couple days after that. We took the market correction to gradually reduce our hedges. At the same time, we started buying TAV Havalimanlari and Soda Sanayii both of which we believe have become very attractively valued based on our valuation models. We also took the market weakness to add the hard discounter BIM. We initiated a position in a Turkish smallcap company that we recently discovered, Avod Kurutulmus Gida ve Tarim, that has significant growth potential in the coming years, in our view. On the other hand, we reduced Petkim in Turkey to lock in profits after the stock's stellar share price performance in the last year.

In Russia, citing ongoing investments and cash flows, Gazprom's management requested a lower than 50% payout in dividends, that was recently required by the Russian government from state-controlled companies. The government accepted Gazprom's argument, which disappointed the market and led to a sell-off in the shares. We locked in some profits, as well. President Putin made public remarks that he was in favour of normalizing relations with Turkey, which we believe is the first step in the right direction. Recall that Russia rushed and has introduced a number of economic sanctions on Turkey earlier this year, while the Turkish side has acted more maturely and has not imposed anything on Russia. Normalization steps would be taken positively by the market as both countries are big trading partners for each other.

## Outlook

Markets are waiting to see whether the U.S. Fed would hike interest rates in June or not, which has also been taken as a reason to lock in some of the year-to-date profits in emerging European markets. We took/take the short term market correction as an opportunity to buy/add the stocks we like fundamentally at the cheap. As Turkey corrected the most in May, we added on our Turkish holdings the most. As we argued at the beginning of the year, valuations were too attractive to ignore in emerging Europe. Our region has outperformed developed Europe and most other asset classes year-to-date. However, based on the companies' strong fundamentals versus the low stock prices, we believe and expect the outperformance of emerging Europe to continue.



## Contacts

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SOURCE: Bloomberg as of 31 May 2016, 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*	3.0%
Administrator	Northern Trust Fiduciary Services (Ireland) Limited
Entry Charges*	5.0%
* At Investment Manager discretion.	
Launch Date	
A EUR	03.01.06
AA GBP	10.05.13
C EUR	01.06.12
C USD	01.06.12
C GBP	01.11.12
Launch Price	
A EUR	100.0
AA GBP	10.00
C EUR	10.00
C USD	10.00
C GBP	10.00
Current NAV	
A EUR	121.36
AA GBP	7.29
C EUR	10.10
C USD	10.09
C GBP	8.42
Bloomberg Codes	
A EUR	GRIOTTO ID
AA GBP	RAOTAAG ID
C EUR	RAOTTCE ID
C USD	RAOTTCU ID
C GBP	RAOTTCG ID
ISIN Codes	
A EUR	IE00B0T0FN89
AA GBP	IE00B87G5S97
C EUR	IE00B8G12179
C USD	IE00B4XYZP64
C GBP	IE00B87PYK12