

Investment Analysis

Finland domiciled Russia mutual funds
Moscow, 12 Jan 2015



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Monthly Performance Review 12/2014: Poor performance, fund flight continues

Key takeaways

1. December marked half year of consecutive periods with negative analyzed fund performance indicators
2. AuM declined by almost EUR 100m, primarily driven by poor returns in the month (avg -19%)
3. In summary, the sentiment for portfolio investments in Russia is currently weak

About the report:

This report provides an overview of the monthly performance of Finland domiciled Russia mutual funds. The sample consists of 12 mutual funds by 9 different asset managers. Analyzed performance metrics comprise monthly return (%), assets under management (EURm), monthly subscriptions net (EURm), and total investors (nr). All analyzed funds are long-only equity funds.

The purpose of the report is to provide a perspective on Finnish (retail) interest for Russian public equity markets (investor sentiment). Data for the report is provided by Investment Research Finland.

Analyzed mutual fund sample:

Manager	Fund
Danske Invest	Russia
Danske Invest	Russia Small Cap
Danske Invest	Arvo Venaja
eQ	Venaja 1 K
Evli	Venaja B
FIM	Russia
FIM	Russia Small Cap
Nordea	Venaja
OP	Venaja
Saastopankki	Venaja
Seligson & Co	Russian Prosp. Euro
Taalritehdas	Rupla

About Finnish mutual fund investments:

As of 12/2014, total assets under management (AuM) of all Finland domiciled equity mutual funds were app. EUR 32 billion, with the 12 analyzed Russia funds accounting for app. 0.9% of total AuM.

In addition to the 12 analyzed Russia funds, investments with Russian equity market exposure (allocation) can also be found in funds focused on e.g. Central & Eastern Europe and Emerging Markets.

Figure 1: Monthly performance indicators, LTM

Year	Unit	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	LTM
Total funds														
Monthly return	EURm	-107	-31	-52	-40	90	31	-36	-6	-9	-22	-41	-75	-298
Monthly subscriptions, net	EURm	-56	-28	-180	-47	9	-15	-24	-27	-59	-20	-15	-23	-484
Change in AuM	EURm	-162	-59	-232	-87	98	16	-60	-33	-68	-42	-55	-98	-782
Change in investors, net*	Nr	-1,526	-2,821	-4,271	-2,467	-717	-401	-2,384	-948	-1,583	-1,495	-1,819	-1,834	-22,268

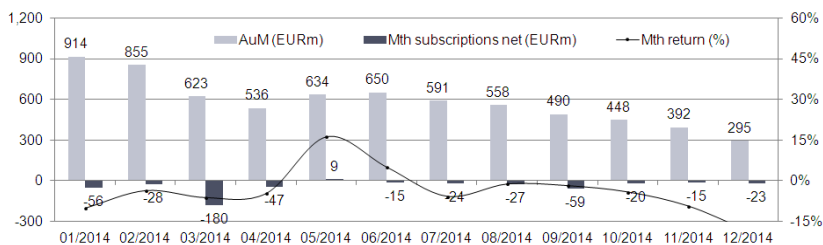
* Excl. Nordea 01/2014

Source: Investment Research Finland, Capwill analysis

On the back of sharp declines in oil and rouble prices, December showed the weakest monthly return in 2014. With an average return of -19% and EUR 23m of outflows (net), total AuM was down almost EUR 100m in the period. This was the highest monthly drop in AuM since inception of the Ukraine crisis in March last year.

Year 2014 was disappointing for the analyzed funds. In total, losses (net) amounted to EUR 300m. As investors additionally pulled (net) almost EUR 500m from the funds, AuM was reduced (net) by EUR 800m during the year. As of year-end 2014, some EUR 300m worth of assets remain in the funds.

Figure 2: Total assets under management, LTM



Source: Investment Research Finland, Capwill analysis

Figure 3: Data summary, LTM

Mth return (%)		01/2014	02/2014	03/2014	04/2014	05/2014	06/2014	07/2014	08/2014	09/2014	10/2014	11/2014	12/2014
Manager	Fund												
Danske Invest	Russia	-11.2%	-3.1%	-8.0%	-5.7%	16.9%	5.8%	-8.8%	-0.4%	-1.1%	-3.9%	-9.4%	-19.4%
Danske Invest	Russia Small Cap	-13.5%	-2.9%	-12.3%	-6.0%	19.9%	4.5%	-7.0%	-3.3%	1.0%	-6.4%	-9.4%	-20.5%
Danske Invest	Arvo Venaja	-8.5%	-4.9%	-7.0%	-1.4%	13.3%	5.5%	-3.6%	-2.3%	-1.6%	-6.7%	-7.7%	-19.8%
eQ	Venaja 1 K	-9.6%	-4.0%	-5.2%	-3.8%	14.4%	1.2%	-3.2%	3.6%	0.3%	-4.5%	-7.1%	-17.0%
Evli	Venaja B	-10.6%	-4.1%	-8.8%	-6.2%	16.6%	4.1%	-4.9%	-2.0%	-1.8%	-7.3%	-10.6%	-21.0%
FIM	Russia	-8.8%	-4.6%	-6.1%	-6.2%	19.4%	4.1%	-5.9%	-1.9%	-1.1%	-6.4%	-11.9%	-21.3%
FIM	Russia Small Cap	-7.3%	-6.8%	-8.5%	-4.3%	18.3%	4.1%	-5.6%	-5.4%	-1.3%	-11.1%	-13.3%	-23.6%
Nordea	Venaja	-11.0%	-3.7%	-6.2%	-6.1%	16.4%	5.1%	-5.9%	-0.8%	-0.5%	-3.2%	-9.6%	-18.8%
OP	Venaja	-9.8%	-3.0%	-4.4%	-3.5%	15.9%	6.2%	-6.1%	-0.7%	-2.2%	-3.1%	-8.7%	-16.9%
Saastopankki	Venaja	-8.7%	-4.1%	-6.9%	-5.6%	14.1%	4.3%	-6.1%	-1.2%	-2.2%	-3.1%	-9.4%	-18.3%
Seligson & Co	Russian Prosperity Euro	-8.5%	-3.8%	-5.7%	-2.6%	14.5%	3.6%	-5.1%	-2.8%	-6.0%	-5.5%	-8.7%	-18.8%
Taalertehdas	Rupla Osake	-12.0%	-4.1%	-8.6%	-3.4%	16.3%	4.1%	-6.5%	0.5%	-1.0%	-4.2%	-5.4%	-16.3%
Total	* Weighted return	-10.2%	-3.7%	-6.3%	-4.7%	16.3%	5.0%	-6.8%	-1.3%	-1.9%	-4.2%	-9.4%	-18.7%
AUM (EURm)													
Manager	Fund	01/2014	02/2014	03/2014	04/2014	05/2014	06/2014	07/2014	08/2014	09/2014	10/2014	11/2014	12/2014
Danske Invest	Russia	97	93	64	58	65	66	60	59	52	49	42	32
Danske Invest	Russia Small Cap	15	15	10	9	10	9	7	6	6	6	4	3
Danske Invest	Arvo Venaja	17	16	14	13	15	15	14	14	13	12	11	8
eQ	Venaja 1 K	4	4	3	3	3	3	2	2	2	2	2	2
Evli	Venaja B	55	53	36	33	41	30	28	27	19	13	11	9
FIM	Russia	66	62	43	39	46	49	43	40	39	34	30	22
FIM	Russia Small Cap	13	12	11	10	12	13	11	11	10	9	8	6
Nordea	Venaja	339	309	219	157	185	192	176	171	143	135	119	96
OP	Venaja	144	136	119	113	142	152	136	132	130	121	106	81
Saastopankki	Venaja	8	7	7	6	7	8	7	7	7	7	6	5
Seligson & Co	Russian Prosperity Euro	143	136	88	85	97	100	94	76	61	57	51	30
Taalertehdas	Rupla Osake	13	13	12	11	13	13	13	13	8	4	3	2
Total		914	865	623	536	634	650	591	558	490	448	392	295
Change in AUM		-162	-69	-232	-87	98	16	-60	-33	-68	-42	-55	-88
Mth subscriptions net (EURm)													
Manager	Fund	01/2014	02/2014	03/2014	04/2014	05/2014	06/2014	07/2014	08/2014	09/2014	10/2014	11/2014	12/2014
Danske Invest	Russia	-8	-2	-22	-1	-2	-3	-2	-2	-6	-1	-2	-2
Danske Invest	Russia Small Cap	-2	0	-3	-1	0	-1	-2	0	-1	0	-1	0
Danske Invest	Arvo Venaja	-1	0	-1	-1	0	0	-1	0	0	0	-1	-1
eQ	Venaja 1 K	0	0	0	0	0	0	0	0	0	0	0	0
Evli	Venaja B	-11	-1	-12	-1	0	-13	0	0	-8	-5	0	1
FIM	Russia	2	-1	-15	-1	-1	1	-3	-2	-1	-2	-1	-2
FIM	Russia Small Cap	-1	0	0	0	0	0	-1	0	0	0	0	0
Nordea	Venaja	-9	-19	-75	-40	1	-1	-6	-3	-28	-3	-4	0
OP	Venaja	-5	-3	-11	-1	11	1	-8	-3	0	-5	-4	-8
Saastopankki	Venaja	0	0	0	0	0	0	0	0	0	0	0	0
Seligson & Co	Russian Prosperity Euro	-21	-2	-40	-1	0	0	-1	-15	-12	-1	-1	-10
Taalertehdas	Rupla Osake	0	0	0	0	0	0	0	-1	-5	-4	0	-1
Total		-66	-28	-180	-47	9	-15	-24	-27	-59	-20	-15	-23
Investors (nr)													
Manager	Fund	01/2014	02/2014	03/2014	04/2014	05/2014	06/2014	07/2014	08/2014	09/2014	10/2014	11/2014	12/2014
Danske Invest	Russia	10,047	9,810	8,810	9,080	8,972	8,850	8,660	8,516	8,358	8,201	8,042	7,796
Danske Invest	Russia Small Cap	1,226	1,189	1,189	1,122	1,128	1,119	1,084	1,016	1,001	990	960	927
Danske Invest	Arvo Venaja	3,456	3,374	3,374	3,165	3,135	3,101	3,043	2,978	2,913	2,858	2,802	2,715
eQ	Venaja 1 K	230	221	206	192	183	181	170	168	163	161	155	151
Evli	Venaja B	504	490	426	410	466	461	448	442	425	412	399	387
FIM	Russia	8,287	8,044	7,815	7,700	7,668	7,795	7,662	7,529	7,408	7,268	7,118	6,974
FIM	Russia Small Cap	3,099	2,993	2,958	2,929	2,915	2,949	2,823	2,861	2,815	2,757	2,712	2,684
Nordea	Venaja	42,677	40,954	38,212	37,168	36,741	36,382	35,856	34,816	34,000	33,188	32,260	31,271
OP	Venaja	19,774	19,464	18,519	18,310	18,143	18,110	17,711	17,430	17,132	16,907	16,515	16,226
Saastopankki	Venaja	2,585	2,577	2,484	2,469	2,470	2,478	2,441	2,424	2,416	2,428	2,414	2,385
Seligson & Co	Russian Prosperity Euro	4,104	4,061	3,918	3,899	3,907	3,902	3,848	3,821	3,791	3,758	3,739	3,783
Taalertehdas	Rupla Osake	158	149	144	144	143	142	140	137	135	132	125	108
Total		96,147	93,326	89,055	86,588	86,871	85,470	83,086	82,138	80,555	79,060	77,241	75,407
Change in investors, net*		-1,526	-2,821	-4,271	-2,467	-717	-401	-2,384	-948	-1,583	-1,495	-1,819	-1,834
Avg ticket size (EUR)		9,232	9,509	9,164	6,996	6,189	7,385	7,607	7,107	6,789	6,077	5,660	5,080
* Excl. Nordea 01/2014													

Source: Investment Research Finland, Capwill analysis

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