

# Marmara Capital Equity Fund

Monthly Newsletter

March 2020

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## MAC Net Performance (%)

Currency	Current month				February				Y-t-d				Since Launch			
	TL	€	\$	£	TL	€	\$	£	TL	€	\$	£	TL	€	\$	£
MAC	-12,0	-16,3	-16,6	-12,9	-9,7	-13,3	-13,3	-11,7	-12,0	-18,7	-20,5	-15,2	222,8	31,4	4,7	40,3
BIST-100	-15,4	-19,5	-19,9	-16,3	-11,0	-14,6	-14,7	-13,1	-21,7	-27,6	-29,2	-24,4	32,2	-46,2	-57,1	-42,5

Fund Facts		Top Ten Holdings		(%)	Movers	Chg (%)	Fund (%)
Launch Date	January 2, 2014	Celik Halat		9,23	<b>Best Performers</b>		
Base Currency	Turkish Lira	Coca Cola		7,71	GSD Holding	15,24	4,53
ISIN	TRYSRMD00010	Anadolu Efes		6,86	Pınar Et ve Un	7,37	5,43
Bloomberg ticker	SRMDSMH TI	Cimsa		6,79	Migros	4,14	4,28
Fund Dealing	Daily by 13:30 P.M.	Pınar Et ve Un		5,43	Pınar Sut	3,94	4,94
Management Fee	1.75%	Pınar Sut		4,94	<b>Worst Performers</b>		
Custodian	Garanti Bank	Ditas		4,91	Cimsa	-30,17	6,79
Fund Size	TL95,4m (US\$14,5m)	Halk Bankası		4,74	Borusan	-24,77	4,30
Unit Price (TL)	0.027268	Trakya Cam		4,66	Coca Cola	-22,39	7,71
No. of Stocks	19	GSD Holding		4,53	Cuhadaroglu Metal	-22,22	3,96
Assets (%)	96,7 Equities, 3,3 cash	<b>Top Ten Total</b>		<b>59,80</b>	Anadolu Efes	-21,47	6,86

Investment Highlights	Fund Performance	Sector Exposure
<p>The Fund aims to generate absolute return with a value-oriented approach. The primary goal is to invest in companies trading at a significant discount to their underlying values, identified by fundamental bottom-up research.</p> <p>In general, the Fund intends to hold a concentrated portfolio of around 20 stocks and hold cash reserves or hedge its position when there are no attractive investments available. At least 80% of the Fund's total assets will be invested in equities.</p>		

## Investment Manager's Comments

### The Market

The BIST-100 Index was down by 15.4% (20% in USD) in March as a result of Global Covid panic sell-off. Luckily Turkey and Russia had agreed on ceasefire in Syria earlier in the month.

Turkish government announced a TL100bn economic package which includes tax delays, low-cost loans, wage supports and financial aids to lower-income households. Turkish Central Bank also cut its policy rate by 100bps to 9.75%, fine tuning reserve ratios and providing liquidity to the financial system.

Turkey's exports declined by 18% in March yielding a y-o-y current account deficit of US\$5bn. Tourism, a major FX generator will have a substantial hit but its impact on balance of payments might be partially compensated thanks to collapsing oil prices. Turkey suspended all flights, shut schools and sports events, trying to reduce Covid spread.

### Our Fund

MAC fund was down by 12% (16.6% in USD) net of fees and expenses. The cement producer Çimsa, steel rope company Çelik Halat, the beer producer Anadolu Efes and its coke bottler CCI were among the main losers.

Our best performing stock (mostly because its name implied pharmaceutical) with largest contribution to the portfolio was Eczacıbaşı İlaç which we took profit. GSD Holding which we bought with Eczacıbaşı proceeds was also among the best performers (we partly attribute to its shipping business).

In general our portfolio was resilient to the turmoil and we expect a better relative performance in the short-term thanks to our limited position in banking stocks and around 15% stake in food retailer (Migros), meat and dairy producers (Pınar Et and Pınar Süt) which seem to be one of the fully functioning operations under current environment.

Marmara Capital Asset Management is authorised and regulated by the Turkish Capital Markets Board (CMB). This document does not constitute an offer to buy or sell units in Marmara Capital Equity Fund. Investment in the Fund carries risks which are more fully described in the investment memorandum. All data and statistics are sourced from Marmara unless otherwise stated. Past performance is not a reliable indicator of future returns and investors are reminded that their capital will be at risk and they may therefore lose some or all of the amount that they choose to invest in the Fund. All figures as at the period under review unless otherwise stated.

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