

# Marmara Capital Equity Fund

Monthly Newsletter

April 2020

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## MAC Net Performance (%)

Currency	Current month				March				Y-t-d				Since Launch			
	TL	€	\$	£	TL	€	\$	£	TL	€	\$	£	TL	€	\$	£
MAC	20,1	14,2	13,1	11,7	-12,0	-16,3	-16,6	-12,9	5,6	-7,2	-10,0	-5,2	287,6	50,0	18,4	56,8
BIST-100	12,8	7,3	6,3	5,0	-15,4	-19,5	-19,9	-16,3	-11,6	-22,4	-24,7	-20,7	49,1	-42,3	-54,4	-39,7

Fund Facts		Top Ten Holdings		(%)	Movers	Chg (%)	Fund (%)
Launch Date	January 2, 2014	Celik Halat		9,68	<b>Best Performers</b>		
Base Currency	Turkish Lira	Ditaş		7,78	Ditaş	50,38	7,78
ISIN	TRYSRMD00010	Coca Cola		7,46	Pınar Süt	41,69	4,27
Bloomberg ticker	SRMDSMH TI	Cimsa		6,93	Çelik Halat	40,12	9,68
Fund Dealing	Daily by 13:30 P.M.	Anadolu Efes		5,96	Migros	29,48	2,36
Management Fee	1.75%	Sabancı Holding		4,71	Borusan	28,90	4,67
Custodian	Garanti Bank	Borusan		4,67	<b>Worst Performers</b>		
Fund Size	TL123,3m (US\$17,7m)	Petkim		4,61	TSKB	-1,90	4,18
Unit Price (TL)	0.032742	Yapı Kredi Bankası		4,60	Eczacıbaşı Yatırım	-1,28	4,46
No. of Stocks	19	Eczacıbaşı Yatırım		4,46			
Assets (%)	97,0 Equities, 3,0 cash	<b>Top Ten Total</b>		<b>60,86</b>			

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 up by 12.8% in line with recovery in global markets, driven by various stimulus packages. Turkish Lira slid by around 5% on clouds over Central Bank reserves. There were rumours that Turkey has applied to FED for swap lines. Turkey's increasing foreign currency deficit (around 5bn USD in March) is a concern but hopefully it will not be a major issue thanks to sharp decline in oil prices as the country is a net importer.

Fitch lowered GDP growth expectations for Turkey from 3.9% in 2020 to 0.8% (World Bank 0.5%, IMF -5%) due to corona impact adding that Turkish banks have substantial FX liquidity buffers if needed.

Turkey has around 127k confirmed Covid cases with 3.5k deaths and 68k recoveries. Number of daily cases started to decline (1.6k now) and the government just announced a plan to open up the economy.

### Our Fund

Marmara Capital Equity Fund (MAC) was up by 20.1% in April net of fees and expenses. Year to date our fund is up by 5.6% in TL terms but down 10% in US\$ terms as a result of covid related devaluation. Major contribution to our performance came from Çelik Halat and Ditaş, followed by milk and dairy group Pınar.

We sold our Petun position after a sharp rally driven by local investors' aggressive demand for food companies. We also reduced our Migros position. Nevertheless we still remain as a shareholder in Pınar süt which is trading below its book value (also a stake holder in Petun).

We increased our existing positions with the proceeds and mainly added in Coke bottler, Sabancı Holding and auto spare part producer Ditaş, which is owned by Doğan Holding.

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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