

Marmara Capital Equity Fund

Monthly Newsletter

May 2020

Issue No: 2020/5

MAC Net Performance (%)

Currency	Current month				April				Y-t-d				Since Launch			
	TL	€	\$	£	TL	€	\$	£	TL	€	\$	£	TL	€	\$	£
MAC	6,3	6,4	8,7	10,2	20,1	14,2	13,1	11,7	12,2	-1,3	-2,1	4,4	311,9	59,5	28,8	72,7
BIST-100	4,4	4,4	6,8	8,2	12,8	7,3	6,3	5,0	-7,8	-18,9	-19,6	-14,2	55,6	-39,7	-51,3	-34,7

Fund Facts		Top Ten Holdings		(%)	Movers	Chg (%)	Fund (%)
Launch Date	January 2, 2014	Celik Halat		8,67	Best Performers		
Base Currency	Turkish Lira	Coca Cola		8,29	Eczacıbaşı Yatırım	22,90	4,75
ISIN	TRYSRMD00010	Ditaş		7,61	Çuhadaroğlu Metal	15,11	4,28
Bloomberg ticker	SRMDSMH TI	Cimsa		6,50	GSD Holding	14,86	2,53
Fund Dealing	Daily by 13:30 P.M.	Anadolu Efes		6,21	Migros	13,97	2,47
Management Fee	1.75%	Yapı Kredi Bankası		4,83	Yapı Kredi Bankası	10,48	4,83
Custodian	Garanti Bank	Eczacıbaşı Yatırım		4,75	Worst Performers		
Fund Size	TL134,4m (US\$19,7m)	TSKB		4,70	Akbank	-3,40	4,66
Unit Price (TL)	0.034796	Akbank		4,66	Petkim	-0,56	4,46
No. of Stocks	19	Borusan		4,66	Ereğli Demir Çelik	-0,49	4,19
Assets (%)	95,2 Equities, 4,8 cash	Top Ten Total		60,88	Trakya Cam	-0,31	3,83

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 rose by 4.4% in May thanks to increasing interest from local investors, swap news with Qatar, easing Covid concerns. Currently Turkey has around 171k confirmed corona cases with around 3% fatality rate and 141k recovered cases (total number of tests 2.4m).

The government is planning to introduce further measures to support the job market such as extending the temporary work allowance for another 3 months. Gasoline prices were raised by 6% after the recent rebound in oil prices, creating pressure on current account deficit (US\$11bn in 2020e) and inflation (around 9% in 2020e). One of the largest game companies Zynga bought Turkish game company "Peak" for a record US\$1.8bn, supporting expectations that net foreign direct investments could reach US\$6.5bn in 2020. Turkish economy is expected to improve by 4.5% in 2021, with lower current account deficit (around USD\$4-5bn) mainly thanks to recovering tourism revenues.

Our Fund

Our MAC fund had a net return of 6.3% in May (+8.7% in USD terms). Year to date our fund is up by 12.2% while the market is down by 7.8%. Our performance in May was largely driven by Eczacıbaşı, Coca Cola and Cusan.

We have not made any changes to our current portfolio except reducing GSD and adding up some banking stocks such as Akbank, Yapı Kredi and TSKB.

While foreign investor continued to outflow from Turkish equities (US\$3.6bn y-t-d) due to corona related sell-off, local retail investors have been rushing to the stock market (around 250k new accounts opened over the past 6 months) due to low interest rates and lack of alternative investment returns.

Despite recent recovery, Turkish equities still down by 7.9% relative to EM markets, trading close to its historical lows.

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.