

# Marmara Capital Equity Fund

Monthly Newsletter

June 2020

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## MAC Net Performance (%)

Currency	Current month				May				Y-t-d				Since Launch			
	TL	€	\$	£	TL	€	\$	£	TL	€	\$	£	TL	€	\$	£
MAC	11,0	9,6	10,5	11,0	6,3	6,4	8,7	10,2	24,6	8,2	8,1	15,9	357,7	75,0	42,5	91,9
BIST-100	10,4	9,1	10,0	10,4	4,4	4,4	6,8	8,2	1,8	-11,6	-11,6	-5,2	74,0	-33,5	-45,8	-27,1

Fund Facts		Top Ten Holdings		(%)	Movers	Chg (%)	Fund (%)
Launch Date	January 2, 2014	Coca Cola		8,51	<b>Best Performers</b>		
Base Currency	Turkish Lira	Çelik Halat		7,71	Çimsa	24,81	6,88
ISIN	TRYSRMD00010	Çimsa		6,88	Eczacıbaşı Yatırım	21,24	4,68
Bloomberg ticker	SRMDSMH TI	Anadolu Efes		6,76	Petkim	20,96	4,64
Fund Dealing	Daily by 13:30 P.M.	Ditaş		6,24	Halk Bankası	20,49	3,87
Management Fee	1.75%	Eczacıbaşı Yatırım		4,68	GSD Holding	20,00	2,46
Custodian	Garanti Bank	Petkim		4,64	<b>Worst Performers</b>		
Fund Size	TL165,6m (US\$24,2m)	Garanti Bankası		4,60	Pınar Süt	-3,76	3,34
Unit Price (TL)	0.038618	Akbank		4,59			
No. of Stocks	20	Borusan		4,58			
Assets (%)	96,9 Equities, 3,1 cash	<b>Top Ten Total</b>		<b>59,19</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 10.4% (10% in USD thanks to stable Lira) in June in line with improving sentiment in Global markets and strong banking profits.

Turkey's current account deficit is widening again with exports declining 41% in May to US\$9.9bn and imports 28% to US\$13.3bn. Export/import coverage ratio dropped to 75% from 91% a year ago. May CPI was also announced as 1.36%, above expectations, bringing y-o-y inflation to 11.4% from 10.9%. Loss of tourism revenues due to Pandemic (US\$20bn estimated) is a main concern as the EU kept Turkey among the unsafe list for international travel along with the US, Russia, Israel and Brazil. We think the decision is a bit unfair considering Turkey's successful measures to prevent spread of corona virus.

Turkey's regulated removed short ban following MSCI's warning that Turkey could be expelled from Emerging Market Index.

### Our Fund

MAC was up 11% in June (10.5% in USD) net of fees and expenses. Year to date our fund is up 8.1% in where the market is down by 11.6%, both in USD terms.

In addition to increasing our existing positions with the new fund inflows, we also added Garanti Bank to our portfolio.

We believe most of the banks have discounted bad news with trading at around 0.5x P/BV and credit boom will attract investor interest (despite S&P forecast that NPLs will rise to 11% by 2021).

Our fund's June performance was largely driven by Çimsa, Eczyt, Aefes, Petkim and Halkbank. The stock was up 20% following Trump's decision to step down Judge Richard Berman, increasing hopes about ongoing Halkbank case in the US.

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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