

# Marmara Capital Equity Fund

Monthly Newsletter

August 2020

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## MAC Net Performance (%)

Currency	Current month				July				Y-t-d				Since Launch			
	TL	€	\$	£	TL	€	\$	£	TL	€	\$	£	TL	€	\$	£
MAC	-0,6	-7,2	-5,9	-8,4	4,2	-1,9	2,8	-2,7	29,0	-1,5	4,6	3,3	374,0	59,3	37,8	71,0
BIST-100	-4,3	-10,6	-9,4	-11,8	-3,3	-8,9	-4,6	-9,7	-5,7	-28,1	-23,6	-24,5	61,0	-45,9	-53,2	-41,9

Fund Facts		Top Ten Holdings		(%)	Movers	Chg (%)	Fund (%)
Launch Date	January 2, 2014	Ditaş		8,82	<b>Best Performers</b>		
Base Currency	Turkish Lira	Coca Cola		8,55	Ereğli Demir Çelik	14,14	4,10
ISIN	TRYSRMD00010	Anadolu Efes		7,30	Trakya Cam	3,97	4,43
Bloomberg ticker	SRMDSMH TI	Çelik Halat		7,28	İş Bankası	2,29	4,61
Fund Dealing	Daily by 13:30 P.M.	Çimsa		6,99	Anadolu Efes	0,36	7,30
Management Fee	1.75%	İş Bankası		4,61	<b>Worst Performers</b>		
Custodian	Garanti Bank	Garanti Bankası		4,61	Halk Bankası	-11,05	3,46
Fund Size	TL212,8m (US\$29,4m)	Eczacıbaşı Yatırım		4,60	Borusan	-11,03	4,36
Unit Price (TL)	0.039994	Akbank		4,60	Vakıfbank	-9,56	4,59
No. of Stocks	18	Vakıfbank		4,59	Sabancı Holding	-7,76	3,63
Assets (%)	95,1 Equities, 4,9 cash	<b>Top Ten Total</b>		<b>61,95</b>	Akbank	-6,68	4,60

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

BIST-100 Index was down by 4.3% in August but 9.4% in USD terms (MSCI Emerging market +2%) due to TL weakness, mainly driven by CBRT's unchanged lending rate policy (8.25%). It seems raising rates via liquidity arrangements (such as increasing reserve ratios) or discovery of a large natural gas resource in the Black Sea did not help much to stabilize the currency. We believe that it will be difficult to spend rest of the year without making an actual rate hike since Turkey is still offering one of the lowest real policy rates among Emerging markets.

Turkish economy shrank by 9.9% in 2Q y-o-y, (Eurozone -12%) better than expectations. We believe that worst is over in terms of growth figures. In the absence of a second wave of pandemic hit, a possible rate hike combined with slowing credit stimulus and loan growth during the rest of the year might end Turkish Market's suffering and major decoupling from other emerging markets.

### Our Fund

MAC was down by -0.6% (5.9% in USD) net of fees and expenses. We disposed our Petkim shares after a strong rally following news about discovery of natural gas in the Black Sea.

We also sold our Cusan shares after local speculation. Petkim and Cusan were the main reasons for our relative performance in August. Finally we disposed our remaining Pinar süt shares as well with around 100% gain thanks to increasing popularity of food and dairy stocks during the Covid season. Our new addition to the portfolio is Turkish Airlines, probably a worst time to buy an airlines company due to extremely negative sentiment (we are proud to buy unpopular stocks) but we believe 2021 could be a better year for the flagship carrier for two reasons: 1) a strong improvement in tourist arrivals after a 75% drop 2) THY is cutting all costs dramatically (just yesterday announced 30-50% reduction in salaries).

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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