Marmara Capital Equity Fund (MAC)

September 2020

	September			Previous Month			Year-to-date			Since Launch		
	TL	€	US$	TL	€	US$	TL	€	US$	TL	€	US$
MAC (Net %)	10,5	6,2	4,4	-0,6	-7,2	-5,9	42,6	4,6	9,3	423,8	69,2	44,0
BIST-100 Index	6,2	2,0	0,3	-4,3	-10,6	-9,4	0,1	-26,6	-23,3	71,0	-44,8	-53,0

Fund Facts

Launch Date	January 2, 2014
Base Currency	TL
ISIN Code	TRYSRMD00010
Bloomberg ticker	SRMDSMH TI
Fund Dealing	Daily by 13:30 P.M.
Management Fee	1.75%
Custodian	Garanti Bank BBVA
Fund Size	TL236,4m (U$30,5m)
Unit Price (TL)	0.044201
No. of Stocks	19
Equities	98,3%
Cash	1,7%

Top Ten Holdings

	(%)
Ditaş	8,58
Çimsa	8,08
Coca Cola	8,06
Anadolu Efes	7,00
Çelik Halat	6,45
Eczacıbaşı Yatırım	4,91
Borusan	4,89
Alarko Gayrimenkul	4,77
Akbank	4,68
Trakya Cam	4,56
Top Ten Total	**61,98**

Movers

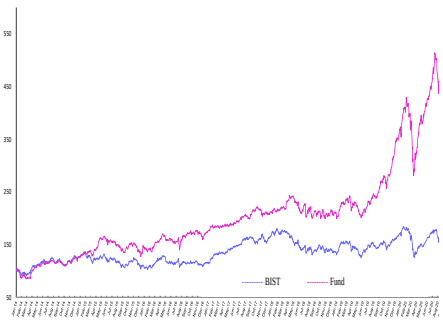
	Chg (%)	Fund (%)
Best Performers		
Eczacıbaşı Yatırım	37,72	4,91
Çimsa	28,50	8,08
Borusan	24,88	4,89
Trakya Cam	21,88	4,56
Ditaş	13,82	8,58
Worst Performers		
Çelik Halat	-2,30	6,45
Türk Hava Yolları	-0,57	3,78

Investment Highlights

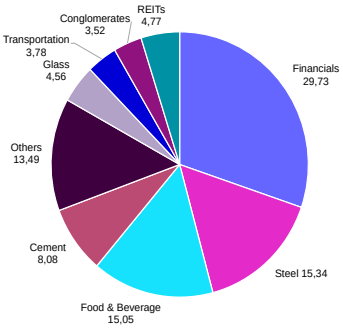
The Fund aims to generate absolute return with a value-oriented approach. The primary goal is to invest in companies trading at a significant discount to their underlying values, identified by fundamental bottom-up research.

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 shall be invested in equities at all times.

MAC vs the Market



Sector Exposure



Investment Manager's Comments

The Market

Turkish market was up by 6.2% in September thanks to rally driven by banks folowing CBRT's unexpected rate hike (from 8.25% to 10.25%). Market sentiment has gradually improved with government lowering taxes on FX transactions (from 1% to 0.2%) and witholding tax on TL deposits from 10% to 0% until the end of the year. The Banking Regulatory Body BRSA's easing pressure on banks with low loan/deposit ratio was also welcome.

We believe that rate hike was a right step but will not completely lift pressure on Turkish Lira until unless policy rate offers a a real return above inflation (11.75% y-o-y in September).

Market sentiment still seems fragile with US elections approaching, rising Covid-19 figures and ongoing Azeri-Armenian conflict. We expect macro outlook to improve in 2021 mainly because of low base effect (from tourist arrivals to industrial output).

Our Fund

MAC was up 10.5% (4.4% in US$) in September after fees and expenses, thanks to strong performance in cement producer Çimsa, Eczacıbaşı Yatırım and Ditaş. All stocks in our portfolio gained in September except Turkish Airlines and Çelik Halat.

We added Alarko REIT to our portfolio due to its 40% stated NAV discount (which we believe is understated by around 10-15% points) and strong net cash position which is mainly kept in US dollars, thus increasing our "natural hedge" position for a further TL weakness.

Trakya Cam, flat glass producer will no longer exists as the company merged with its parent holding Şişe Cam. Our 2.25m Trakya shares have been converted to 1.5m Şişe Cam which we intend to hold as long as the valuation is attractive.

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 any shares 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.

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