

Russian Equities Weekly

September 9–13, 2019

	Week	YTD
RTS Total return (TR) in USD	2.1%	35.2%
MOEX index TR in RUB		
Composite	-0.2%	24.3%
Blue chip	-0.7%	26.1%
Small and mid-cap	0.8%	12.2%
MOEX sector indices TR in RUB		
Power Utilities	4.2%	30.3%
Financial Services	0.7%	25.8%
Consumer Goods	0.1%	13.3%
Metals & Mining	-0.2%	11.9%
Oil & Gas	-0.3%	19.2%
FX		
RUB/USD	2.0%	7.4%
RUB/EUR	1.4%	11.1%

Data as of September 13, 2019

TKB Investment Partners (JSC) calculations; Bloomberg

New talks over dividend pay-outs

Russian equity market dynamics

For the fourth week in a row, the Russian equity market outperformed other emerging markets (EM). The RTS gained 2.1% while MSCI EM index rose by 1.9% (all figures in USD terms). The strengthening rouble and expectations over higher dividend pay-outs by state-owned enterprise (SOE) subsidiaries supported the Russian market.

The power utilities sector outperformed the market. This was mainly due to Inter RAO and Rosseti, whose shares rose by 12.6% and 7.7%, respectively, in rouble terms. The sharp increase in the stocks of these companies was triggered by the Ministry of Finance's proposal to extend a mandatory 50% pay-out rule to SOE subsidiaries.

The oil and gas sector was the worst performer of the week, dragged down mainly by Novatek, Rosneft and Lukoil. There was no news to justify the sector's poor performance.

Main Russian news

Rosstat published GDP data for the second quarter and first half of 2019. In Q2 2019, economic growth in Russia reached 0.9% YoY. This figure confirmed the previously published preliminary assessment. The largest growth was seen in mining, transportation and financial sectors. In the first half of the year, GDP grew by 0.7% YoY.

*Author: Marina Tsutskiridze,
Junior Investment Specialist*

To watch...

Rosstat is due to publish industrial production and key macroeconomic figures.

Sources: Vedomosti, Rosstat, Bloomberg, TKB Investment Partners (JSC); August 2019

Quarterly results: actual vs. consensus for EPS

(earnings per share), adjusted, (US dollars) *

Major RTS index constituents	Q3 '18	Q4 '18	Q1 '19	Q2 '19
Lukoil	22.3%	18.8%	-9.6%	32.4%
Gazprom	29.2%	-	1.2%	2.3%
Sberbank	4.5%	14.1%	6.4%	0.5%
Novatek	20.5%	-	-	-0.9%
Tatneft	41.2%	-18.8%	2.0%	-1.3%
Magnit	12.4%	7.8%	-49.5%	-
MTS	13.6%	-46.1%	21.3%	-7.8%
VTB	-90.7%	0.0%	0.0%	
Alosa	-10.9%	-12.2%	14.3%	
Severstal	0.0%	-10.7%	-1.9%	-11.2%
NLMK	12.3%	-	238.9%	0.3%
Moscow Exchange	4.2%	10.6%	0.0%	12.8%
Magnitogorsk Iron & Steel	0.0%	-20.0%	18.2%	-83.2%
Phosagro	-8.0%	-41.5%	-20.9%	

* based on Bloomberg consensus

	Actual figure is better than consensus by more than 5%
	Actual figure is worse than consensus by more than 5%
	The deviation of actual results from consensus is between -5% and +5%

Source: Bloomberg, TKB Investment Partners; data as of September 13, 2019

The above-mentioned companies are for illustrative purpose only, are not intended as solicitation of the purchase of such securities, and does not constitute any investment advice or recommendation

For more information:

TKB Investment Partners (JSC)
69/71, lit. A, Marata Street
Saint Petersburg, 191119, Russia

Tel: +7 812 332 73 32

Fax: +7 812 324 65 57

info@tkbip.ru
www.tkbip.com

This material is issued and has been prepared by TKB Investment Partners (JSC).

This material is produced for information purposes only and does not constitute:

1. an offer to buy nor a solicitation to sell, nor shall it form the basis of or be relied upon in connection with any contract or commitment whatsoever or
2. any investment advice.

Opinions included in this material constitute the judgment of TKB Investment Partners (JSC) at the time specified and may be subject to change without notice. TKB Investment Partners (JSC) is not obliged to update or alter the information or opinions contained within this material. Investors should consult their own legal and tax advisors in respect of legal, accounting, domicile and tax advice prior to investing in the Financial Instrument(s) in order to make an independent determination of the suitability and consequences of an investment therein, if permitted. Please note that different types of investments, if contained within this material, involve varying degrees of risk and there can be no assurance that any specific investment may either be suitable, appropriate or profitable for a client or prospective client's investment portfolio.

Given the economic and market risks, there can be no assurance that any investment strategy or strategies mentioned herein will achieve its/their investment objectives.

This material shall not be considered as any kind of a guarantee or a promise of the future effectiveness (profitability or break-even) of investment activity. Results of investments in the past shall not be considered as a guarantee of such results in future. All past performance data have documental confirmation. There are no guarantees of profits or returns from financial instruments unless otherwise clearly indicated in respective prospectus or fund's legal documentation.

Returns may be affected by, amongst other things, investment strategies or objectives of the financial instrument(s) and material market and economic conditions, including interest rates, market terms and general market conditions. The different strategies applied to the financial instruments may have a significant effect on the results portrayed in this material. The value of an investment account may decline as well as rise.

Investors may not get back the amount they originally invested.

The performance data, as applicable, reflected in this material, do not take into account the commissions, costs incurred on the issue and redemption and taxes.

TKB Investment Partners (JSC) is the legal entity registered under laws of Russian Federation with principal state registration number (ORGN) 1027809213596, having its registered address at: 69/71, lit. A, Marata street, Saint-Petersburg, 191119, Russia, holding the license issued by FFMS of Russia to carry out asset management of mutual funds & non-state pension funds Nr. 21-000-1-00069 as of 17 of June 2002 (validity of license – unlimited), and the license of FFMS of Russia of professional securities market participant to carry out the trust management activity Nr. 040-09042-001000 as of 11 April 2006 (validity of license – unlimited). Phone: +7 (812) 332-7332, fax: +7 (812) 346-6557.