

KALTCHUGA FUND

Russia Equities A (USD)

Fund fact sheet as of 30 December 2020

Quick facts

Fund category	Russian Equities
Reco. placement period	10 years
Last NAV (USD)	10 218.66
NAV frequency	Daily
ISIN	LU0290813871
Distributed in	LU, CH, FR
Risk and reward profile	1 2 3 4 5 6 7 Lower Risk Higher Risk

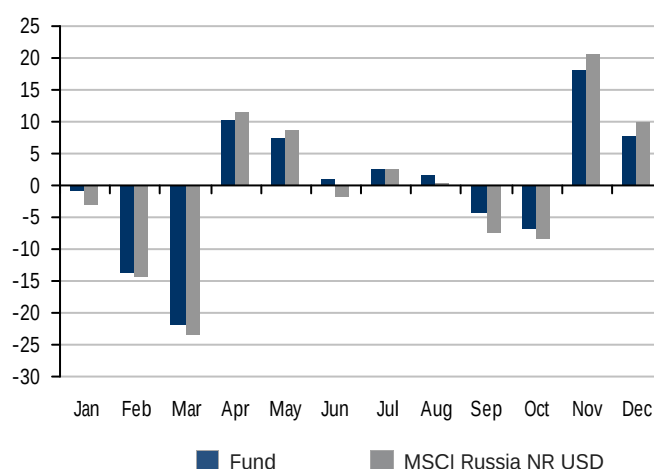
Investment objective

The Fund's objective is to outperform the MSCI Russia and achieve medium to long-term capital appreciation from long-only investments in liquid Russian equities, mainly Blue Chips. The Fund's strategy combines top down analysis together with a bottom-up stock-picking approach and doesn't use leverage or derivatives.

Cumulative performance



Monthly performances over 1 year (%)



Past performance (%) - Net returns

	Cumulative						Annualised		
	Month-to-date	Year-to-date	1 year	3 years	5 years	10 years	3 years	5 years	10 years
Fund	7.91%	-5.13%	-5.13%	22.71%	92.58%	14.60%	7.06%	14.00%	1.37%
Index*	10.15%	-12.48%	-12.48%	31.56%	114.28%	10.54%	9.57%	16.46%	1.01%

*MSCI Russia NR USD / Origin: 01/04/2007

Fund information

Legal form	SICAV UCITS
Fund domicile	Luxembourg
Fund launch date	31/03/2007
Total AUM (USD)	23 746 562.17
Fiscal year end	December 31st
Fund currency	USD
Cut-off time	See prospectus
Management company	Lemanik AM
Custodian bank	Quintet Private Bank
Auditor	E&Y Luxembourg
FATCA status	Reporting FI
Solvency II	TPT file contributor
German tax	Transparent

Investment team

Jean-Louis Tauvy has been managing the Kaltchuga Funds since 1994. After being responsible for the realization of large industrial projects in Singapore, France and the USSR he became a pioneer of the Russian stock market with unique knowledge of the Russian and other FSU markets. He has a MS of Engineering from ENS des Arts et Métiers.

Alexandre Starinsky is Head of Research. MSc in Physics from Univ. Paris VI. MA in Economics & Finance and postgraduate in Post Soviet Studies from Sciences Po Paris. He has worked in Russia and Ukraine since 1993. He joined the Group in 2006.

NAV analysis

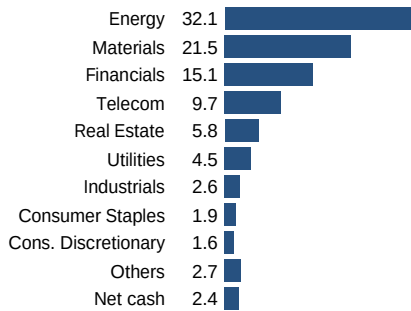
3 years figures (ann.)	Fund	Index	Value	Date
Annual volatility	25.93	29.18	52-week NAV high	11 466.98 20/01/2020
Beta	0.88		52-week NAV low	5 977.56 18/03/2020
Tracking error	5.57		Max drawdown (%)	-47.87 20/01/20-18/03/20
Sharpe	0.34	0.41		
Information ratio	-0.45			

KALTCHUGA FUND

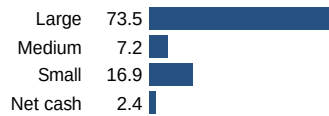
Russia Equities A (USD)

December 2020

Sectorial allocation (%)



Market cap breakdown (%)



Asset class breakdown (%)



Top 10 holdings (%)

Sberbank	9.1	Rosneft	4.6
Lukoil	7.9	Magnitogorsk	4.5
Gazprom	7.6	Etalon	4.1
MMC Norilsk Nickel	6.2	Surgutneftegas	4.0
Novatek	5.3	Mail.Ru	3.8
Top 5 positions	36.1	Top 10 positions (%)	57.1

Available share classes

Class Name	ISIN	BLMG ticker	Curr.	Type	Launch date	Min. invest.	Mgt. fees	Perf. fees	OGC	Front / back load
A USD	LU0290813871	KALRUSA LX	USD	A	30/03/2007	None	2.00%	None	3.14%	Closed for subs/up to 1%
B EUR	LU0290814093	KALRUSB LX	EUR	A	16/07/2007	None	2.00%	None	3.14%	Closed for subs/up to 1%
C USD	LU0462676486	KALRUSC LX	USD	A	04/12/2009	None	1.70%	None	2.83%	Up to 2%/up to 1%
D EUR	LU0462681726	KALRUSD LX	EUR	A	04/12/2009	None	1.70%	None	2.81%	Up to 2%/up to 1%

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Disclaimer

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Switzerland

The prospectus and the Key Investor Information Documents for Switzerland, the articles of incorporation, the annual and semi-annual report in French, the list of the purchases and sales and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. The last share prices can be found on www.fundinfo.com. For the shares of the Fund distributed to non-qualified investors in and from Switzerland and for the shares of the Fund distributed to qualified investors in Switzerland, the place of jurisdiction is Geneva. Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of shares. Please read the Prospectus before considering an investment in Kaltchuga Fund.

France

The centralising correspondent is Société Générale, 29 Boulevard Haussman - 75009 Paris. The official prospectus as well as the Key Investor Information Documents for France and the annual and semi-annual reports in French are available free of charge from Société Générale, 29 Boulevard Haussman - 75009 Paris, web: www.securities-services.societegenerale.com/fr.

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Commentary

Fueled by faster-than-expected vaccine roll-out and by progress on the US stimulus bill and the Federal Reserve's pledge to remain accommodative, stock markets extended their rally to the end of the year. Brent prices rose above \$50/bbl for the first time since March (+9% to \$51 /bbl), boosted by expectations of strengthening oil demand. The rouble continued to strengthen (+3%), supported by the rise in oil prices. And a resumption of the cyclical rally fueled Russian equities higher. The RTSI (+8.3%) broke above the resistance level of 1,400 last week for the first time since February and the MSCI Russia (+9.7%) outperformed its emerging (MSCI EM +7.2%) and developed (S&P 500 +3.7%) peers. The rouble-denominated MOEX is trading at an all-time high.

The Fund gained 7.9% (vs MSCI Russia NR +10.2%) and ended the year down by 5.1% (vs MSCI Russia NR -12.5%).

Cyclical stocks outperformed with metals & miners, banks and oil & gas stocks rising the most. Best performer this month was Gazprom (+20%, ex-div), boosted by rising spot gas prices in Europe and Asia.

We topped up our allocation into Lukoil (+5%, ex-dividend).

Strong industrial numbers out of China for November also provided a tailwind to Russian commodities exporters, particularly steels – MMK +18% and NLMK +11% (ex-dividends). Iron ore futures in Singapore hit \$160/t as supply from Australia declined, and Brazilian Vale SA trimmed 2021 production guidance. Therefore, we saw a solid cost-push across the global steel curve and HRC prices jumped 20-30% this month. Norilsk gained 13% (ex-div), as Platinum prices gained 9.5% and LME nickel rose by 3% to \$17,780/t - its highest level since October 2019 following a rally in stainless steel. Alrosa (+14%) released strong sales results for November: diamond sales came in at 391 mln\$, up 26% mom and +36% yoy. The company noted a seasonal recovery of demand for diamond jewelry in the key markets (US and China). We expect a continuation of recovery in the diamond market and keep a positive view on Alrosa. We entered back into Polyus after the gold price bounced from its MA200 (+6.5% this month), boosted by the negative real yields across the globe.

We took profits in Detsky Mir (-1%, ex-dividend) after its strong rally (+25% since the September SPO) has brought the stock price to fair level, in our opinion.

Banks (+9%) rose on the back of the stronger rouble. Sberbank (+11%) published 11M20 net profit down by 12% yoy to 719 blnR and 16.7% ROE. In November, net income of 78 blnR (20.1% ROE) was pretty resilient given a slight slowdown in activity due to the worsening Covid situation. The bank guided for 2020E net profit down-12-13% yoy, 16% ROE, and 50% dividend payout. Sberbank trades on consensus 8.5/6.7x 2021E P/E and 1.2x 2020 P/BV. Tinkoff Bank (+8%) October and 10M20 RAS numbers showed a continuation of the recovery in loan growth, with 1.8% mom, and 11% yoy gross loan growth, while retail accounts are up 45% yoy. October net income of 2.4 blnR brought 10M20 RAS earnings to 27.8 blnR, up 10% yoy. Main shareholder Oleg Tinkov family sold 300 mln\$ (4.6% of the capital) TCS GDRs through an ABB.

The newly passed law on pre-installing Russian software on electronic devices favors Yandex (+1%) and Mail.ru Group (-9%), which erased its November gains, victim of the rotation into cyclical stocks.

On 18 December 2020, the Bank of Russia decided to keep the key rate at 4.25% per annum. Inflation accelerated from 4% yoy in October to 4.4% yoy in November, which is above the upper level of the CBR's 3.9-4.2% inflation target range for this year. Rosstat reported that 3Q20 GDP contracted 3.4% yoy (9M20 GDP -3.4% yoy), supportive of our 3.8-4.0% yoy 2020 GDP contraction forecast. The worsening epidemic situation in Russia and worldwide is constraining economic activity significantly less than in 2Q20. The situation in external financial and commodity markets has improved, supported by expectations of faster global economic recovery on the back of vaccine development progress. But England entering its third full lockdown as well as the impact from the ongoing second lockdown in Europe caution against too much optimism within the coming months. Nevertheless, 2021 is all about the global economic rebound and reflation trade, fueled by lower rates, a weaker dollar and higher commodity prices. Since the end of October and the rebound in oil price, Russian stocks have been the main beneficiary of the rotation into cyclical and economically sensitive stocks. We expect this trend to extend well into 2021, with Russian stocks offering one of the best value propositions to play the carry trade.