

January 2021

Investment Objective

Long term capital appreciation by investing in a selected list of Russian companies with the highest growth potential and attractive valuations. The Fund's return is a combination of stock value growth and dividend payoffs.

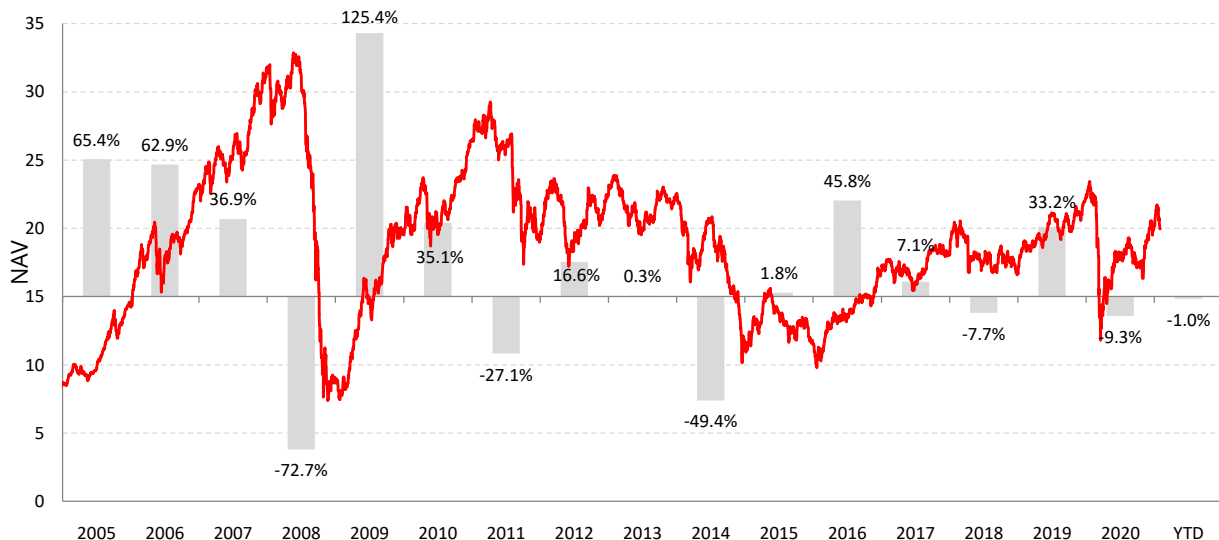
Investment Process

- Top-down and bottom-up idea generation
- Active management
- Fundamental approach
- Industry diversification
- Daily market monitoring

Fund Overview

Management Company	CBL Asset Management
Fund Manager	Igor Lahtadir, CFA Andrejs Pilka
Custodian bank	Citadele banka
Inception Date	17/03/2004
Fund Size	USD 3.7 mln
Management Fee	2.0% p.a.
Front Load Fee	Up to 2.5%
Issue/redemption	Daily
Distribution Status	Accumulative
Legal Status	UCITS IV, Latvia
ISIN	LV0000400190
Bloomberg Code	PARRUEQ LR

Performance History



Total Return by Period

	YTD	1M	3M	6M	1Y	2Y	3Y	5Y	SI	2020	2019	2018
Fund	-1.0%	-1.0%	22.2%	10.2%	-8.9%	2.4%	-0.2%	12.1%	4.2%	-9.3%	33.2%	-7.7%

Top 10 Holdings

	Weight
Norilsk Nickel	9.0%
Mail.Ru Group Ltd	8.8%
Lukoil	8.6%
Yandex Nv	8.5%
Phosagro	4.7%
Sistema Jscf	4.7%
Novolipetsk Steel Ojsc	4.4%
Severstal Oao	4.3%
Magnitogorsk Iron & Steel Works	4.3%
Rosneft Oil	4.2%
Total	61.5%

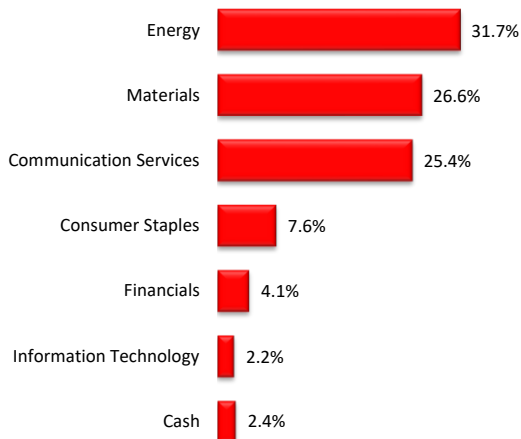
Portfolio Statistics

Number of Holdings	20
Average Security Weight	4.9%
Median P/E	18.4
Median P/B	2.4
Weighted Average Dividend Yield	5.5%

Performance Statistics (3Y)

Volatility (St. Dev., %)	25.9%
Sharpe Ratio	0.0
Sortino Ratio	-0.1
Value-at-Risk (30d / 95%)	9.6%

Sector Breakdown



Events of the Month

- After a strong rally in December, global equity markets took a breather in the first month of the year. Although S&P 500 printed another new all-time high during the course of the month, it still finished with about 1% decline. European and other developed markets showed similar performance, while Emerging markets were more resilient and managed to post 3% growth in January.
- Financial markets were supported by the intention of newly elected US President to deliver another substantial fiscal stimulus package, positive macro data from China and start of the vaccination worldwide. However, still one of the main concerns for investors which was weighing negatively on global stocks was more rapid coronavirus spread globally and related to that much stricter restrictions than anticipated few months ago.
- Russian stock market lost 1.4-3% of value over the month depending on the index, while rouble depreciated against US dollar by about 2.5%. Besides global fatigue on financial markets, Russian equities were negatively affected by political noise related to Alexei Navalny arrest. Worried about international reaction towards these events investors were taking profits and even strong surge in Brent crude price by almost 8% could not hold the market from falling.
- The Fund declined by 1% which is slightly better than overall market.
- Russian macro data showed some signs of recovery. Unemployment rate fell to 5.9% which is better than consensus forecasts. Russian industrial companies' operational results in Q4 exceeded analysts' expectations. Although Russian issuers will only start reporting on their annual financial results in February this could be an indication of possible improvements in their earnings.

Contributors and Detractors

+ In January, Energy, Materials and Industrial sector provided major positive contribution to the Fund's performance. Among individual securities, Phosagro jumped by more than 18% backed by higher phosphate prices, Rosneft (+7.1%) and Lukoil (+4.2%) were positively impacted by soaring oil price. Sistema and Norilsk were another top performers within the Fund growing by 9.2% and 4.6% accordingly.

- Consumer staples and communication services sectors contributed negatively to the Fund's results.

Portfolio Positioning

- In January we made only few transactions, mainly adjusting weights of existing positions.

Outlook and Strategy

Looking ahead, we think that political noise that currently is weighing negatively on Russian equities could gradually ease. Upbeat oil prices are clearly supportive for Russian stock market that moved in opposite direction in January. In general we expect that continuing vaccination process should finally allow lifting current COVID related restrictions and coupled with continuing extraordinary fiscal and monetary stimulus worldwide should propel global economic recovery, reinstating demand for risk assets, including Russian equities.

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