

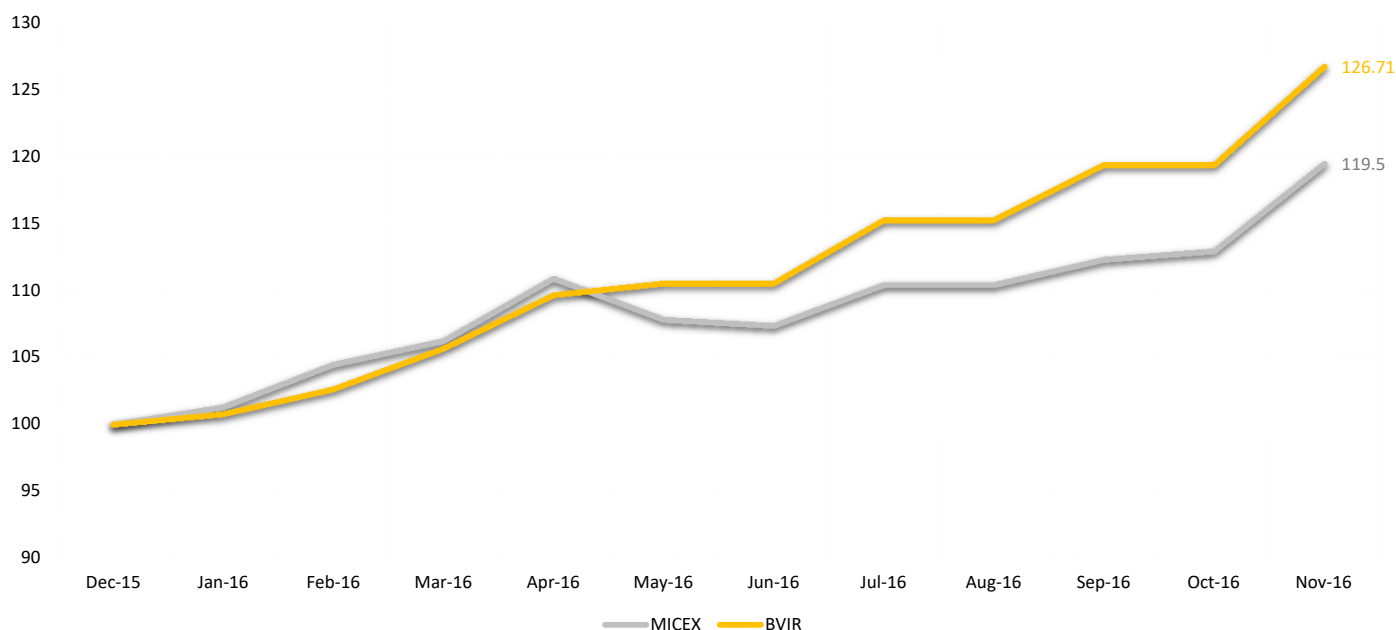
Market commentary

The Micex index of Russia's 50 biggest stocks jumped 5.8% in November as as Trump win stokes bets for sanctions relief. There is a possibility of a "reduction in sanctions in the coming months, allowing Russian businesses to more easily finance themselves," according to Barings Plc. From a speculative point of view, sanctioned Russian companies look good because now there's hope that sanctions will be reviewed and relations with the U.S. will improve," said Elena Loven, who helps manage more than 1 billion euros in Russian stocks at Swedbank Robur in Stockholm. The surge in oil prices since OPEC agreed to a production cut a few weeks ago is clearly helping, too.

Macro indicators

Indicator	Nxt. reporting date	Period	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
GDP (yoy)	14.11.2016	Q3 16	-2.8%	-4.5%	-3.7%	-3.8%	-0.6%	-0.4%
Inflation (yoy)	4.10.2016	Q3 16	14.3%	15.6%	15.6%	12.9%	7.2%	6.4%
Unemployment	19.10.2016	Q3 16	5.6%	5.3%	5.5%	5.8%	5.4%	5.4%
Services PMI	19.10.2016	Q3 16	49.5	51.8	47.9	47.0	55.0	54.7
EUR/RUB			62.5	67.8	70.5	81.8	72.3	64.3
Brent oil			\$55.1	\$63.6	\$48.4	\$37.3	\$48.4	\$55.4

Bernstein Value Index Russia



BVIR

Bernstein Value Index Russia is an equal-weighted index compiled of 18-20 Russian value plays selected using Bernstein's proprietary long-term value screening indicators.

MICEX

The MICEX Index is a capitalization-weighted composite index of the 50 most liquid Russian stocks of the largest and dynamically developing Russian issuers with economic activities related to the main sectors of the Russian economy.



Index constituents news

Ticker	Name	Date	Recent Key News and Events
AKRN:RM	Acron		
SIBN:RM	Gazprom Neft	16.12.2016	Russian oil producer Gazprom Neft said on Friday its average output next year would be slightly higher than in 2016 despite Russia's deal with OPEC to cut production
CHZN:RM	Chelyabinsk Zinc Plant		
KZOS:RM	Kazanorgsintez	20.12.2016	Russia's January-November HDPE output up 11% year on year
MVID:RM	M Video	15.12.2016	Russian financial group Safmar plans to acquire a majority stake in mobile retail chain M.Video for over USD 1 billion, reports Cnews.ru. The group already controls retail chains Eldorado and Tekhnosila.
MGNT:RM	Magnit	9.12.2016	Russia's Magnit says Nov sales rise 10.24 pct yr/yr
MTSS:RM	Mobile Telesystems		
NKNC:RM	Nizhnekamskneftekhim		
NVTK:RM	Novatek	7.12.2016	Russian gas producer Novatek is negotiating borrowing more than €1 billion (\$1.06 billion) for its Yamal project from European and Japanese lenders
TATN:RM	AO Tatneft	7.12.2016	The company would reduce its oil output by 20,000 barrels per day in 2017. The expected reduction is part of Russia's deal with OPEC countries on cutting oil output.
LKOH:RM	Lukoil	29.11.2016	Russia's Lukoil saw its profits plummet 71% in the third quarter on reduced sales and lower oil and gas prices.
PLZL:RM	Polyus Gold	24.11.2016	Billionaire Kerimov's family may sell up to 25% of Polyus. Chinese metal producers Zhaojin Mining Industry Co. and Zijin Mining Group Co. are among parties in talks to buy a stake in Polyus PJSC
SBER:RM	Sberbank	17.12.2016	Sberbank's stock should benefit as oil prices and Russia's economy strengthen in 2017
AFKS:RM	Sistema	11.12.2016	Russian state technology firm Rostec could be merging one of its units with major Russian defence contractors owned by the AFK Sistema conglomerate. This move could see the Rostec and Sistema claim up to 80 percent of the Russian market for electronic components.
SNGS:RM	Surgutneftegaz		
TRNFP:RM	Transneft	20.12.2016	Russia will cut oil exports to markets outside the former Soviet Union (FSU) by 0.7 percent in January-March from the fourth quarter of 2016
YNDX:RM	Yandex		



Index constituents performance

Ticker	Name	Industry	Last		Performance				Mcap EURb	Net Debt EURb	EV/EBITDA TTM	P/E			P/B TTM	EBITDA% TTM	Div yld N12M
			30.11.16	LTM Low	LTM High	% off L	% off H	TTM				2016F	TTM				
AKRN:RM	Acron	Agricultural Chemicals	3 420	2 911	4 069	17%	-16%	2.2	0.3	4.1x	8.4x	5.7x	1.9x	36.6%	4.7%		
SIBN:RM	Gazprom Neft	Integrated Oils	200	140	212	43%	-6%	14.7	9.8	5.4x	7.5x	4.2x	0.7x	19.9%	3.9%		
CHZN:RM	Chelyabinsk Zinc	Base Metals	619	260	650	138%	-5%	0.5	0.0	4.2x	6.0x		1.9x	23.4%	0.0%		
KZOS:RM	Organichesky sintez	Diversified Chemicals	42	27	46	55%	-8%	1.2	-0.2	1.9x	3.3x		2.1x	38.8%	7.5%		
MVID:RM	M Video	Consumer Elec	373	225	414	66%	-10%	1.0	-0.1	7.0x	15.1x	12.4x	5.3x	5.6%	5.8%		
MGNT:RM	Magnit	Food & Drug Stores	10 500	8 003	11 720	31%	-10%	15.4	0.4	10.2x	17.8x	17.2x	5.5x	10.7%	2.4%		
MTSS:RM	Mobile Telesystems	Telecom Carriers	230	198	273	16%	-16%	7.2	2.6	2.4x	6.4x	8.9x	3.5x	38.7%	10.9%		
NKNC:RM	Nizhnekamskneft	Diversified Chemicals	75	36	83	107%	-9%	1.9	-0.2	1.3x	2.0x	3.9x	1.2x	26.4%	5.5%		
NVTK:RM	Novatek	Expl & Prod	732	535	801	37%	-9%	34.6	2.4	9.4x	10.5x	12.7x	3.8x	48.2%	2.1%		
TATN:RM	OAo Tatneft	Integrated Oils	388	278	428	40%	-9%	13.2	-0.4	5.6x	8.9x	6.8x	1.3x	26.4%	3.3%		
LKOH:RM	Lukoil	Integrated Oils	3 188	2 040	3 430	56%	-7%	42.2	6.5	2.7x	6.0x	5.9x	0.8x	12.3%	5.8%		
PLZL:RM	Polyus Gold	Precious Metal Mining	4 260	2 775	4 950	54%	-14%	12.6	3.0	8.5x	8.4x		-12.3x	50.1%	0.0%		
SBER:RM	Sberbank	Banks	159	82	179	93%	-11%	53.3			7.2x	6.3x	1.3x		1.4%		
AFKS:RM	Sistema	Telecom	22	17	24	29%	-8%	3.3	3.0	2.4x			1.1x	23.2%	3.7%		
SNGS:RM	Surgutneftegaz	Integrated Oils	30	27	41	11%	-27%	16.6	-10.1	1.3x		8.1x	0.3x	33.2%	2.1%		
TRNFP:RM	Transneft	Midstream Oil	177 800	132 600	235 700	34%	-25%	4.3	3.9	1.4x	0.9x		0.2x	44.5%	0.5%		
YNDX:RM	Yandex	Internet Media	1 201	900	1 543	33%	-22%	5.2	-0.7	15.2x	39.4x	22.2x	4.3x	26.4%	0.0%		
FIVE:LI	X5 Retail Group NV	Supermarkets	30	15	30	105%	1%	7.8	1.7	8.7x	22.9x	13.7x	0.1x	7.2%	0.0%		
Bernstein Value Index Russia										4.2x	7.9x	8.1x	1.3x	26.4%	2.8%		

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