



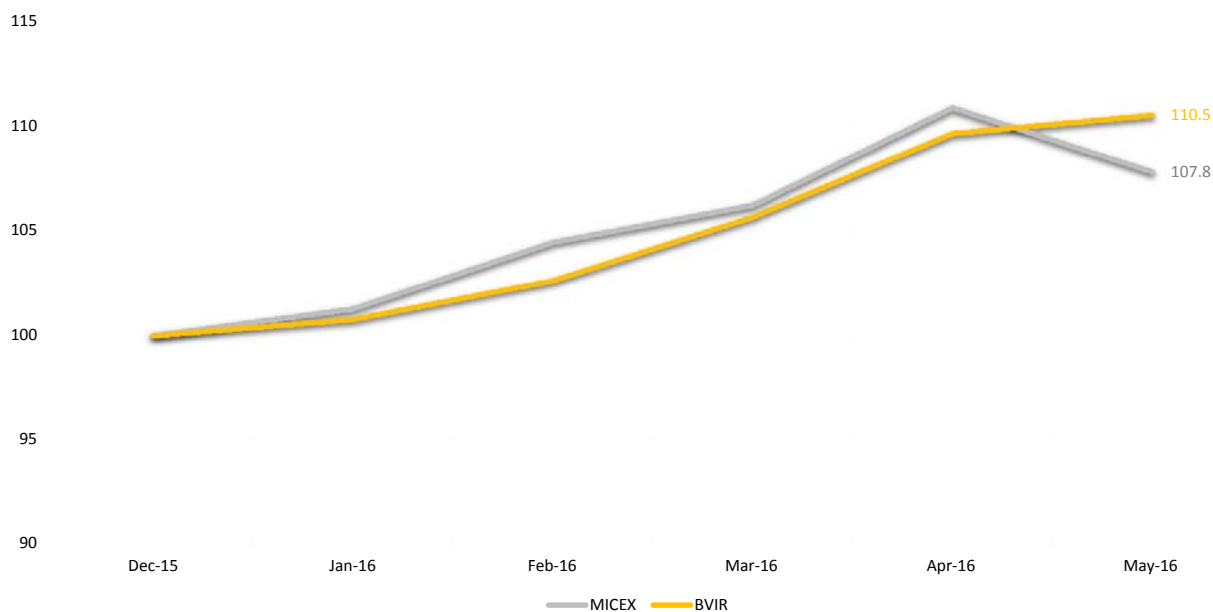
**Market commentary**

The Micex index of Russia’s 50 biggest stocks lost 2.8% in May as the possibility Britain will pull out of the European Union damped investor appetite for riskier assets in developing nations. Russian stocks have advanced 9.5 percent this year as crude oil, the nation’s main export earner, rallied from a record low in January. The economy has passed through the worst of the slump, Sberbank Chief Executive Officer Herman Gref said last week after the company reported its biggest quarterly profit on record. Russian stocks may extend its already impressive year-to-date gains as the Fed is unlikely to raise rates this summer and oil prices also provide support.

**Macro indicators**

Indicator	Nxt. reporting date	Period	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
GDP (yoy)	20.07.2016	Q1 16	-2.8%	-2.8%	-4.5%	-3.7%	-3.8%	-1.2%
Inflation (yoy)	9.07.2016	Q1 16	12.0%	14.3%	15.6%	15.6%	12.9%	7.3%
Unemployment	23.09.2015	Q1 16	5.2%	5.6%	5.3%	5.5%	5.8%	6.0%
Services PMI		Q1 16	49.2	49.5	51.8	47.9	47.0	54.1
EUR/RUB			78.1	62.5	67.8	70.5	81.8	74.1
Brent oil			\$57.3	\$55.1	\$63.6	\$48.4	\$37.3	\$45.0

**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
<b>AKRN:RM</b>	Acron	31.05.2016	Acron posts first quarter net profits of RUB 12,657 million - 79% up on last time. With a weak rouble in the first quarter of 2016, we almost completely offset lower global prices for our products. Due to increased net profit, we decreased our debt burden to the lowest level since 2007.
<b>SIBN:RM</b>	Gazprom Neft	10.06.2016	Gazprom Neft, one of Russia's top 4 oil producers, plans a more than 5 percent increase in its oil and gas output this year, chief executive Alexander Dyukov said, as the company starts up new fields.
<b>CHZN:RM</b>	Chelyabinsk Zinc Plant	8.06.2016	Chelyabinsk zinc plant has announced its consolidated results for 2015 under IAS. The annual revenue of Chelyabinsk zinc plant grew by 42% against 2014 to 17.9 bln roubles.
<b>KZOS:RM</b>	Kazanorgsintez	31.05.2016	Production of polyethylene (PE) in Russia increased to 556,600 tonnes in the first four months of 2016, up 7% year on year, according to MRC ScanPlast. The greatest increase in supply occurred for high density polyethylene (HDPE).
<b>MVID:RM</b>	M Video		
<b>MGNT:RM</b>	Magnit	9.06.2016	Magnit, Russia's biggest food retailer, has reported a sharp drop in revenue growth last month, adding to the evidence that the budget chains are not immune to the national squeeze on consumer spending
<b>MTSS:RM</b>	Mobile Telesystems	14.06.2016	Deutsche Bank downgrades its outlook on Mobile TeleSystems OJSC (NYSE:MBT). The current rating of the shares is Hold, according to the research report released by the firm. Previously, the company had a rating of Buy
<b>NKNC:RM</b>	Nizhnekamskneftekhim		
<b>NVTK:RM</b>	Novatek		
<b>TATN:RM</b>	AOO Tatneft	9.06.2016	Russian mid-sized oil producer Tatneft made a first-quarter net profit of 17.6 billion roubles (\$277 million), down from 26.6 billion roubles in the same period a year ago.
<b>LKOH:RM</b>	Lukoil	6.06.2016	Lukoil on Monday said it was responding to the rebound in oil prices this year by increasing investments in its ageing Siberian fields in the hope of slowing a sharp fall in production.
<b>PLZL:RM</b>	Polyus Gold		
<b>SBER:RM</b>	Sberbank	8.06.2016	Russia's biggest bank reported a record-breaking profit of 117.7 billion rubles (\$1.8 billion) over January-March, nearly four times more than in the same period last year.
<b>AFKS:RM</b>	Sistema	9.06.2016	Russia's Sistema conglomerate reported on Thursday a 2.5 billion ruble (\$37 million) net income for the first quarter compared to an underlying net loss a year ago.
<b>SNGS:RM</b>	Surgutneftegaz	5.06.2016	Russian oil producer Surgutneftegaz uses an oil price of \$35-\$50 per barrel for its 2016 plans, Nikolai Kiselyov, the company's deputy director told reporters on Thursday.
<b>TRNFP:RM</b>	Transneft	6.06.2016	UCP has lodged two more claims over Transneft's finances, including its financial investments worth 600 billion roubles (\$9.3 billion) and losses of 80 billion roubles from investments in financial derivatives.
<b>YNDX:RM</b>	Yandex	6.06.2016	As the economy slowly improves in Russia, search giant Yandex (YNDX) has plenty of opportunity for growth. But that likely is fully reflected in the stock price, according to a report from Deutsche Bank.
<b>FIVE:LI</b>	X5 Retail Group NV	6.06.2016	Russian retailer X5 Retail Group has launched its search for its new chief financial officer to replace its outgoing incumbent, Elena Milinova.



## 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
			31.05.16	LTM Low	LTM High	% off L	% off H				TTM	2016F			
AKRN:RM	Acron	Agricultural Chemicals	3 795	2 034	4 069	87%	-7%	2.1	0.6	5.2x	7.3x	5.0x	1.7x	36.2%	4.8%
SIBN:RM	Gazprom Neft	Integrated Oils	157	133	163	18%	-4%	10.1	9.8	4.7x	6.6x	4.1x	0.6x	21.2%	4.0%
CHZN:RM	Chelyabinsk Zinc	Base Metals	417	304	640	37%	-35%	0.3	0.0	3.3x	4.3x		1.3x	27.2%	0.0%
KZOS:RM	Organichesky sintez	Diversified Chemicals	36	18	44	101%	-17%	0.9	-0.1	1.8x	2.8x		1.8x	38.8%	8.8%
MVID:RM	M Video	Consumer Elec	292	178	310	64%	-6%	0.7	-0.1	5.0x	11.5x	11.5x	3.8x	5.5%	6.8%
MGNT:RM	Magnit	Food & Drug Stores	9 340	8 684	12 944	8%	-28%	11.9	1.2	8.5x	13.9x	14.0x	5.9x	11.2%	1.4%
MTSS:RM	Mobile Telesystems	Telecom Carriers	257	187	273	38%	-6%	7.2	3.4	4.6x	10.7x	9.8x	3.2x	39.5%	4.4%
NKNC:RM	Nizhnekamskneft	Diversified Chemicals	51	24	60	113%	-14%	1.1	-0.1	1.9x	3.0x	2.5x	0.9x	24.0%	8.3%
NVTK:RM	Novatek	Expl & Prod	659	530	674	24%	-2%	27.0	2.7	9.2x	12.6x	12.4x	3.7x	48.0%	2.1%
TATN:RM	OAO Tatneft	Integrated Oils	302	275	366	10%	-17%	8.9	-0.1	4.2x	6.6x	6.9x	1.0x	28.1%	3.4%
LKOH:RM	Lukoil	Integrated Oils	2 570	2 040	2 902	26%	-11%	29.5	8.4	2.2x	5.0x	6.4x	0.7x	12.6%	6.8%
PLZL:RM	Polyus Gold	Precious Metal Mining	4 682	1 478	4 950	217%	-5%	12.0	0.1	11.2x	14.8x		6.2x	60.3%	0.0%
SBER:RM	Sberbank	Banks	133	67	136	99%	-3%	38.6			9.2x	7.6x	1.1x		1.5%
AFKS:RM	Sistema	Telecom	21	16	21	31%	-2%	2.7	5.8	3.8x	50.9x	16.0x	1.1x	23.2%	3.1%
SNGS:RM	Surgutneftegaz	Integrated Oils	34	30	41	12%	-18%	16.3	-7.5	2.0x	1.6x	6.4x	0.3x	33.0%	1.8%
TRNFP:RM	Transneft	Midstream Oil	170 000	126 600	235 700	34%	-28%	3.6	4.2	1.6x	1.7x	6.3x	0.2x	44.3%	0.5%
YNDX:RM	Yandex	Internet Media	1 357	683	1 427	99%	-5%	5.0	-0.5	19.2x	42.7x	31.5x	5.1x	27.0%	0.0%
FIVE:LI	X5 Retail Group NV	Supermarkets	20	14	23	39%	-16%	4.7	1.8	9.3x	24.6x	14.4x	0.1x	6.5%	0.0%
<b>Bernstein Value Index Russia</b>										<b>4.7x</b>	<b>7.3x</b>	<b>7.2x</b>	<b>1.1x</b>	<b>27.2%</b>	<b>2.6%</b>

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