



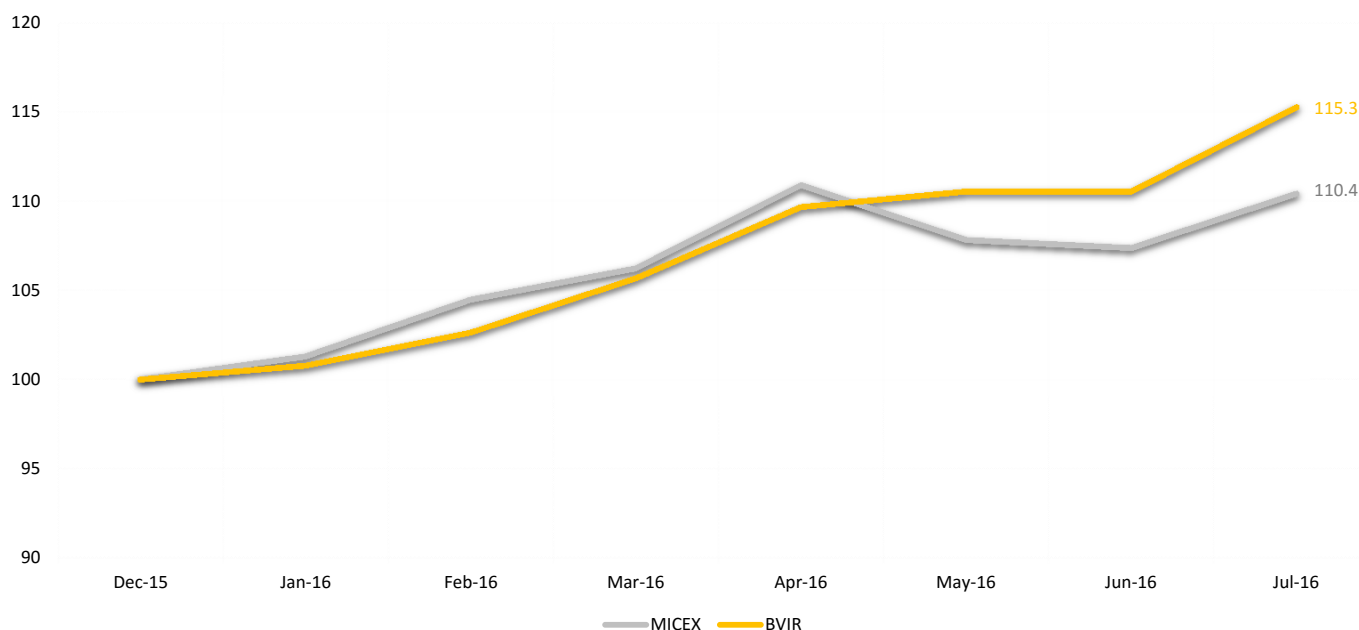
Market commentary

The Micex index of Russia's 50 biggest stocks gained 2.8% in July as the rebound in oil prices lured investors to the cheapest stocks in emerging markets. Oil is heading for \$50 and investors are piling into emerging markets, creating a boon for Russian stocks. Inflows into Russian stocks almost doubled to \$65 million in the week through Aug. 10, according to Sberbank CIB. The ruble added 1.1 percent widening its advance this year to 15 percent. The Micex Index trades at 6.7 times projected earnings, compared with a multiple of 12.7 times for the MSCI Emerging Markets Index. Shares of Sberbank PJSC beat all but one peer worldwide over the past year, rallying 85 percent, as the bank that's caretaker of half of Russia's consumer wealth offers the best evidence yet that the economy is poised to exit recession

Macro indicators

Indicator	Nxt. reporting date	Period	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16
GDP (yoy)	14.11.2016	Q3 16		-2.8%	-4.5%	-3.7%	-3.8%	-0.6%
Inflation (yoy)	4.10.2016	Q3 16		14.3%	15.6%	15.6%	12.9%	7.2%
Unemployment	19.10.2016	Q3 16		5.6%	5.3%	5.5%	5.8%	5.4%
Services PMI	19.10.2016	Q3 16		49.5	51.8	47.9	47.0	55.0
EUR/RUB				62.5	67.8	70.5	81.8	71.6
Brent oil				\$55.1	\$63.6	\$48.4	\$37.3	\$48.4

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	9.08.2016	Russian Acron group is considering selling its almost 20-percent stake in Polish chemical group Grupa Azoty, according to Puls Biznesu daily
SIBN:RM	Gazprom Neft	10.06.2016	
CHZN:RM	Chelyabinsk Zinc Plant	8.06.2016	
KZOS:RM	Kazanorgsintez	1.08.2016	Kazanorgsintez decreased HDPE production in June to 39,000 tonnes compared with 41,200 tonnes in May, producing around 237,500 tonnes in the first six months, down 9% year on year
MVID:RM	M Video	15.07.2016	Russian consumer electronics retailer M.Video said on Monday its second quarter sales were up 22 percent to 44 billion roubles (\$697.32 million), including value added taxes.
MGNT:RM	Magnit	25.07.2016	Russia's biggest food retailer Magnit lowered on Monday its full-year sales growth forecast following a slowdown in the first half of the year, Interfax news agency reported. Magnit now expects revenue to rise by 14-16 percent in 2016, having previously forecast a 17-18 percent increase
MTSS:RM	Mobile Telesystems	2.08.2016	Mobile TeleSystems Holds Dividend Yield At More Than 10%
NKNC:RM	Nizhnekamskneftekhim		
NVTK:RM	Novatek	27.07.2016	Russia's largest independent gas producer Novatek reported 2Q profits of 45.9bn roubles (\$695mn), up 9.6% year on year, on total revenues up 13.5% at 127.4bn roubles.
TATN:RM	AOO Tatneft	20.07.2016	Russian oil output will exceed the former Soviet record set almost 30 years ago by the end of 2018 as low-cost fields allow producers to defy the slump in prices, according to Goldman Sachs Group Inc.
LKOH:RM	Lukoil		
PLZL:RM	Polyus Gold	14.11.2016	
SBER:RM	Sberbank	19.10.2016	The lender, whose shares in London have had the fourth-biggest rally worldwide among banks with a market capitalization of at least \$4 billion, has rallied this year on signs a retreat in gross domestic product has bottomed out
AFKS:RM	Sistema		
SNGS:RM	Surgutneftegaz		Surgutneftegaz reported a 1H 2016 loss of RUB 140 bn according to RAS
TRNFP:RM	Transneft		
YNDX:RM	Yandex	28.07.2016	Yandex announced \$280.7 million (RUB 18.0 billion) in revenue for Q2 2016, a 30-percent increase compared to Q2 2015.



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
			31.07.16	LTM Low	LTM High	% off L	% off H	TTM				2016F	TTM				
AKRN:RM	Acron	Agricultural Chemicals	3 420	2 606	4 069	31%	-16%	1.9	0.6	4.8x	6.6x	5.5x	1.5x	36.2%	5.2%		
SIBN:RM	Gazprom Neft	Integrated Oils	166	138	168	20%	-1%	11.0	10.2	4.9x	7.0x	3.4x	0.6x	21.2%	3.9%		
CHZN:RM	Chelyabinsk Zinc	Base Metals	408	260	599	57%	-32%	0.3	0.0	4.3x	5.9x		1.3x	24.1%	0.0%		
KZOS:RM	Organichesky sintez	Diversified Chemicals	40	25	44	58%	-11%	1.0	-0.1	1.9x	3.0x		1.7x	42.6%	7.5%		
MVID:RM	M Video	Consumer Elec	322	187	349	72%	-8%	0.8	-0.1	5.6x	12.7x	12.5x	4.1x	5.5%	5.8%		
MGNT:RM	Magnit	Food & Drug Stores	10 210	8 003	12 371	28%	-17%	13.5	1.2	11.7x	15.6x	16.0x	6.7x	10.4%	2.4%		
MTSS:RM	Mobile Telesystems	Telecom Carriers	252	187	273	35%	-8%	7.3	3.5	4.5x	10.5x	9.6x	3.1x	39.5%	9.6%		
NKNC:RM	Nizhnekamskneft	Diversified Chemicals	57	24	70	136%	-19%	1.3	-0.2	2.1x	3.3x	2.9x	1.0x	24.0%	7.5%		
NVTK:RM	Novatek	Expl & Prod	648	535	684	21%	-5%	27.5	3.0	8.8x	12.1x	11.1x	3.4x	47.9%	2.1%		
TATN:RM	OAO Tatneft	Integrated Oils	317	275	366	16%	-13%	9.7	-0.2	4.8x	7.7x	7.4x	1.1x	26.3%	3.3%		
LKOH:RM	Lukoil	Integrated Oils	2 867	2 040	2 949	41%	-3%	34.1	8.7	2.4x	5.5x	7.4x	0.8x	12.6%	6.1%		
PLZL:RM	Polyus Gold	Precious Metal Mining	4 660	2 150	4 950	117%	-6%	12.4	2.9	11.7x	14.5x		-12.4x	62.1%	0.0%		
SBER:RM	Sberbank	Banks	139	67	142	108%	-2%	42.0			9.7x	7.3x	1.2x		1.4%		
AFKS:RM	Sistema	Telecom	23	16	24	44%	-3%	3.1	6.0	4.0x	56.0x	18.0x	1.2x	23.2%	1.6%		
SNGS:RM	Surgutneftegaz	Integrated Oils	31	30	41	3%	-24%	15.6	-7.8	1.7x	1.5x	12.2x	0.3x	33.0%	2.0%		
TRNFP:RM	Transneft	Midstream Oil	166 500	137 400	235 700	21%	-29%	3.6	4.4	1.6x	1.7x	6.5x	0.2x	44.3%	0.5%		
YNDX:RM	Yandex	Internet Media	1 442	683	1 543	111%	-7%	5.5	-0.5	20.5x	45.4x	31.8x	5.4x	27.0%	0.0%		
FIVE:LI	X5 Retail Group NV	Supermarkets	22	14	23	55%	-6%	5.3	1.9	9.8x	26.7x	15.9x	0.1x	6.5%	0.0%		
Bernstein Value Index Russia										4.8x	8.7x	9.6x	1.2x	26.3%	2.2%		

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