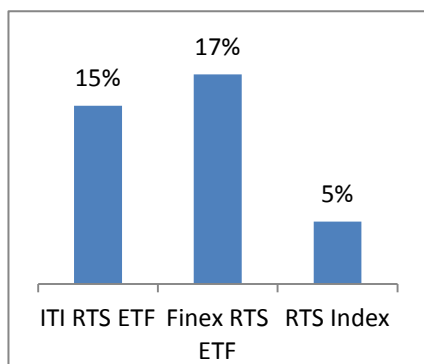
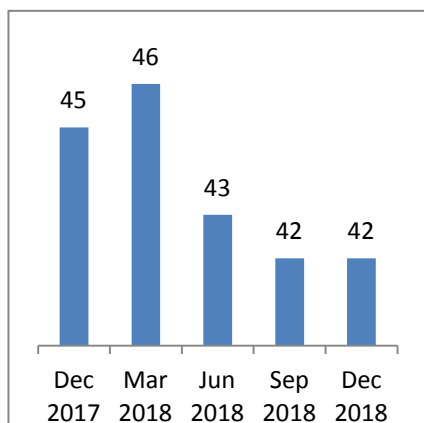




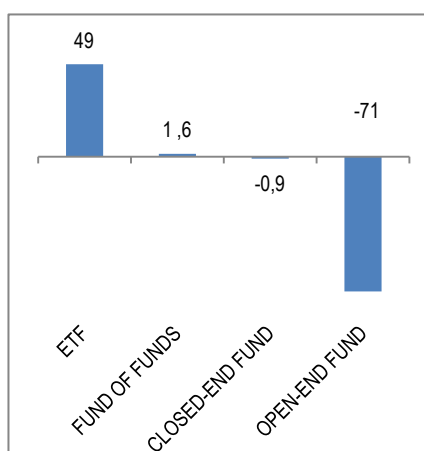
Performance of RTS ETFs Since 17 April 2018



Number of Stocks in the RTS Index in 2018



Global Inflows into Various Public Funds bn\$ in 2018



A year with new methodology - RTS industrials stocks getting replaced by consumer goods companies

RTS index is free float weighted, capped index containing stocks trading on Moscow exchange with stock selections criteria based on the liquidity of free float, size of the market cap and size of free float. Candidate inclusion/exclusion stocks are added to the respective index waiting lists a quarter ahead of the rebalancing minimizing rebalancing costs. Moscow Exchange RTS Index board is the body making the rebalancing decisions.

- In December 2017 Moscow Exchange changed its methodology for RTS Index. It has abandoned fixing number of stocks in index to 50 and switched to a variable number of stocks.
- In December 2017 the number of stocks which qualified according to new criteria has been set to 45. 5 Stocks were removed from the index upon the methodology change. Stocks that were excluded were Akron, Dixy, Lenta, LSR and Mosenergo.
- In March 2018 rebalancing X5 Retail GDR which were cross listed on Moscow Exchange were added to the Index and number of stocks in index reached 46.
- During rigorous June 2018 rebalancing shares of Rosagro, Novorosiysk Sea Port and Russian Grids were removed from the index and later on in August MegaFon was removed as liquidity in local shares dried up. Number of stocks has been set at 42.
- For September rebalancing there were no changes.
- In December during the 4th quarterly rebalancing for 2018 shares of retailer Lenta were added back to the index while shares capital goods company United Wagon Corporation were removed and the year finished with 42 stocks in the RTS Index.

A net effect for 2018 that number of stocks was reduced by 3.

Two retailers have been added to the index while 2 industrials, a telecom, a utility and a materials (agri) stock have been removed.

While overall the weight of consumer staples remained almost flat as inclusion of X5 has been offset by halving of Magnit's weighting following the later deal with VTB the number of stocks of consumer goods companies has been increased from 3 to 5.

(continued on second page)

RTS Index and key ETFs tracking the index



Source: Midlincoln, Bloomberg

The replacement of industrials stocks with retail stocks is not a good trend, as an important sector of Russian economy gets smaller representation in the RTS index.

Both ETFs (ITI and Finex) tracking the RTS index generated significant tracking error which is not completely explained by RTS chunky c.6% dividend yield, measured since inception of ITI Funds RTS ETF on April 17 2018 with Finex – generating a larger tracking error.

Partially the tracking error perhaps could be explained by instability of the composition of the RTS index for the time period and rebalancings including smaller weighted stocks.

The new methodology for the RTS index could be further tuned to avoid generation of these large tracking errors for the ETFs tracking the index and to have a better representation of Russian economic sectors in the index.

Moscow Exchange RTS Index Most Recent Composition

Code	Security name (eng)	Number of issued shares	Free-float factor	Restricting coefficient	Weight (30.11.2018)
SBER	Sberbank, Ordinary shares	21 586 948 000	48%	0.6820392	13.84%
SBERP	Sberbank, Preferred shares	1 000 000 000	100%	0.6820392	1.16%
LKOH	PJSC "LUKOIL", Ordinary shares	750 000 000	55%	0.7359298	15.00%
GAZP	PJSC "GAZPROM", Ordinary shares	23 673 512 900	46%	0.7408153	13.13%
NVTK	JSC "NOVATEK", Ordinary shares	3 036 306 000	24%	0.7408153	6.14%
GMKN	PJSC "MMC "NORILSK NICKEL", Ordinary	158 245 476	38%	0.7408153	5.73%
TATN	PJSC "TATNEFT", Ordinary shares	2 178 690 700	32%	0.992337	4.98%
TATNP	PJSC "TATNEFT", Preferred shares	147 508 500	100%	0.992337	0.75%
ROSN	Rosneft, Ordinary shares	10 598 177 817	11%	1	4.98%
SNGS	"Surgutneftegas" OJSC, Ordinary shares	35 725 994 705	25%	1	2.47%
SNGSP	"Surgutneftegas" OJSC, Preferred shares	7 701 998 235	73%	1	2.14%
YNDX	Yandex N.V., Shares of a foreign issuer	292 437 655	96%	0.5	2.78%
MGNT	PJSC "Magnit", Ordinary shares	101 911 355	71%	1	2.56%
ALRS	PJSC "ALROSA", Ordinary shares	7 364 965 630	34%	1	2.52%
MTSS	MTS PJSC, Ordinary shares	1 998 381 575	45%	1	2.25%
FIVE	X5 Retail Group N.V., DR (Issuer The Bank	271 572 872	41%	1	1.94%
CHMF	PAO Severstal, Ordinary shares	837 718 660	20%	1	1.70%
NLMK	NLMK, Ordinary shares	5 993 227 240	16%	1	1.53%
IRAO	PJSC "Inter RAO", Ordinary shares	104 400 000 000	33%	1	1.42%
VTBR	VTB Bank (PJSC), Ordinary shares	12 960 541 337 338	27%	1	1.32%
MOEX	Moscow Exchange, Ordinary shares	2 276 401 458	58%	1	1.19%
POLY	Polymetal International plc, Shares of a foreign issuer	455 881 730	38%	1	1.17%
PLZL	PJSC Polyus, Ordinary shares	133 561 119	16%	1	1.04%
TRNFP	Transneft, Preferred shares	1 554 875	32%	1	0.88%
PHOR	PJSC "PhosAgro", Ordinary shares	129 500 000	25%	1	0.85%
MAGN	PJSC MMK, Ordinary shares	11 174 330 000	16%	1	0.85%
RUAL	United Company RUSAL Plc, Shares	15 193 014 862	16%	1	0.71%
RTKM	PJSC "Rostelecom", Ordinary shares	2 574 914 954	32%	1	0.59%
AFLT	PJSC "Aeroflot", Ordinary shares	1 110 616 299	45%	1	0.58%
PIKK	PIK GROUP, Ordinary shares	660 497 344	18%	1	0.42%
HYDR	PJSC "RusHydro", Ordinary shares	426 288 813 551	19%	1	0.41%
FEES	"FGC UES", PJSC, Ordinary shares	1 274 665 323 063	18%	1	0.36%
LNTA	Lenta Ltd., DR (Issuer Deutsche Bank	487 541 325	58%	0.5	0.34%
RNFT	PJSC "RussNeft", Ordinary shares	294 120 000	20%	1	0.33%
AFKS	Sistema PJSC, Ordinary shares	9 650 000 000	36%	1	0.30%
SFIN	PJSC "SFI", Ordinary shares	111 637 791	43%	1	0.28%
UPRO	PJSC "Unipro", Ordinary shares	63 048 706 145	16%	1	0.28%
CBOM	CREDIT BANK OF MOSCOW, Ordinary shares	27 079 709 866	18%	1	0.26%
MVID	PJSC "M.video", Ordinary shares	179 768 227	32%	1	0.24%
DSKY	PJSC "Detsky mir", Ordinary shares	739 000 000	34%	1	0.24%
MTLR	Mechel PAO, Ordinary shares	416 270 745	50%	1	0.19%
TRMK	TMK, Ordinary shares	1 033 135 366	30%	1	0.17%