



MSCI Russia: Inflow into Lukoil stocks will amount to \$200 mln, out of which \$120 mln are already in the market

INFLOWS INTO LUKOIL STOCKS WILL AMOUNT TO \$200 MLN, OUT OF WHICH \$120 MLN HAVE ALREADY BEEN INVESTED

On Friday, January 31, MSCI index provider completed a review of Lukoil, raising the company's weight in the MSCI Russia index. The changes will be implemented on February 3. Under the MSCI rules, if the weight is up by 5% or more, the changes may be implemented the next working day, which in his case is Monday, February 3. Otherwise, the changes should have been implemented on March 2, 2020, after the February quarterly review.

According to our estimates, MSCI Russia will increase its FIF (foreign inclusion factor) estimate from 55% to 60%, pushing Lukoil's weight in the MSCI Russia index up by 1.2%, from 17% to 18.2%. Lukoil will therefore top MSCI Russia index by weight, triggering technical decrease of Sberbank's and Gazprom's weight, which will result in a small outflow from these securities. Lukoil's MSCI Russia 10/40 weight may decrease, as Lukoil's MSCI Russia weight increases.

On February 3, following Lukoil's weight increase, inflow of passive funds may reach \$80 mln, or about 90% of the average daily volume per month. A one-off inflow may reach as much as \$120 mln of active funds, which is 133% above the daily average volume for a month, as we have been witnessing in the morning trade.

MSCI RUSSIA STRUCTURE

Company name	30-Day average trading volume (ADTV), \$ mln	Price, \$	MCap, \$ mln	Volume above the minimum requirement, \$ mln	FF Mkt Cap, \$ mln	Volume above the minimum requirement, \$ mln	Current weight, %	Weight in the MSCI Index, %
LUKOIL PJSC	90.6	104.9	74977.4	72833.4	44986.4	43914.4	18.2%	60.0%
SBERBANK OF RUSSIA PJSC	147.5	4.1	88384.2	86240.2	44192.1	43120.1	17.9%	50.0%
GAZPROM PJSC	197.2	3.7	87258.6	85114.6	39266.4	38194.4	15.9%	45.0%
MMC NORILSK NICKEL PJSC	65.1	333.7	52803.3	50659.3	21121.3	20049.3	8.6%	40.0%
TATNEFT PJSC	26.9	12.4	27057.3	24913.3	18940.1	17868.1	7.7%	70.0%
NOVATEK PJSC-SPONS GDR REG S	17.4	187.2	56839.6	54695.6	17051.9	15979.9	6.9%	30.0%
ROSNEFT OIL CO PJSC	46.6	7.7	81092.1	78948.1	8920.1	7848.1	3.6%	11.0%
SURGUTNEFTEGAS PJSC	44.3	0.8	27256.5	25112.5	5451.3	4379.3	2.2%	20.0%
MAGNIT PJSC-SPON GDR REGS	4.9	13.9	7105.8	4961.8	4974.0	3902.0	2.0%	70.0%
MOBILE TELESYSTEMS-SP ADR	33.3	10.5	10481.5	8337.5	4716.7	3644.7	1.9%	45.0%
X 5 RETAIL GROUP NV-REGS GDR	8.0	37.2	10096.9	7952.9	4543.6	3471.6	1.8%	45.0%
SURGUTNEFTEGAS-PREFERENCE	16.9	0.6	4374.1	2230.1	3936.7	2864.7	1.6%	90.0%
POLYMETAL INTERNATIONAL PLC	5.3	16.6	7822.9	5678.9	3520.3	2448.3	1.4%	45.0%
INTER RAO UES PJSC	28.0	0.1	9895.0	7751.0	3463.3	2391.3	1.4%	35.0%
ALROSA PJSC	23.6	1.3	9736.3	7592.3	3407.7	2335.7	1.4%	35.0%
POLYUS PJSC	13.6	123.6	16594.1	14450.1	3301.5	2229.5	1.3%	19.9%
SEVERSTAL PJSC	14.9	14.9	12442.4	10298.4	3110.6	2038.6	1.3%	25.0%
NOVOLIPETSK STEEL PJSC	14.8	2.3	13656.5	11512.5	2731.3	1659.3	1.1%	20.0%
VTB BANK PJSC	30.0	0.0	9767.8	7623.8	2441.9	1369.9	1.0%	25.0%
MOSCOW EXCHANGE MICEX-RTS PJ	11.5	1.8	4053.5	1909.5	2432.1	1360.1	1.0%	60.0%
MAGNITOGORSK IRON & STEEL WO	11.5	0.7	8030.1	5886.1	1606.0	534.0	0.7%	20.0%
PHOSAGRO PJSC-GDR REG S	2.9	12.8	4977.2	2833.2	1493.0	421.0	0.6%	30.0%
TRANSNEFT PJSC	3.2	2657.3	4131.7	1987.7	1239.5	167.5	0.5%	30.0%

Source: MSCI, ITI Capital

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