



MSCI Russia announced the results of the May review

ANALYSIS:

Ozon joined the MSCI Russia Index with a 0.8% weight and a 20% free-float (FF). Ozon became the 25th company in the MSCI Russia Index, bringing its components number close to its all-time high, but Russia's weight in MSCI EM (Emerging Markets), at about 3%, remains low, amid rapid growth of Asian economies, mainly China. We expected a 1.1% weight and a 20% FF. The effective date is May 28, 2021.

NLMK's FIF (Free Float/Foreign Inclusion Factor) increased to 25%, Polymetal's - to 75% and the Moscow Exchange's - to 65%, driving an \$250 mln inflow. The effective date is May 28, 2021.

IMPLICATIONS AND RECOMMENDATIONS:

Ozon shares closed up 4.5% on Nasdaq on May 11 and advanced 2.9% on the Moscow Exchange on May 12. The growth is driven by an inflow of \$110 mln of active funds.

The rally will resume on May 28, when the review's results will take effect, driving a \$55 mln inflow of passive funds. **Our target for Ozon is ₪4 500 on the Moscow Exchange and \$59.4 on the Nasdaq.**

Rusal didn't join the MSCI Russia Index, which means that the minimum threshold for inclusion of companies by market capitalization and free float-adjusted capitalization criteria was raised.

The new threshold could be \$4 600 mln instead of \$3 600 mln, and the free float-adjusted threshold could be \$2 200-\$2 300 mln instead of \$1 600 mln earlier.

Therefore, the hike significantly reduces the chances of MMK's inclusion in November, as the company needs to increase its free-float capitalization by \$272 million. **However, there are still chances for Rusal to join the index in November, as its free-float capitalization is \$150 mln above the new MSI Russia threshold.**

Company name	30-Day ADTV, \$ mln	MCap, \$ mln	FF Mkt Cap, \$ mln	Volume above the minimum requirement, \$ mln	Weight in the MSCI Index, %	FF, MSCI
Sberbank	200.3	85 794.1	42 897.0	41 379.0	16.6%	50.0%
Gazprom	110.8	73 277.9	36 639.0	35 121.0	14.2%	50.0%
Lukoil	76.1	54 363.0	32 617.8	31 099.8	12.7%	60.0%
Norilsk Nickel	166.1	56 537.0	22 614.8	21 096.8	8.8%	40.0%
Yandex	58.8	20 557.4	19 735.1	18 217.1	7.7%	96.0%
Novatek	11.4	56 627.1	16 988.1	15 470.1	6.6%	30.0%
Tatneft	29.3	15 878.1	10 320.8	8 802.8	4.0%	65.0%
Rosneft	39.4	74 479.1	8 192.7	6 674.7	3.2%	11.0%
Polymetal	29.7	10 171.1	8 136.9	6 618.9	3.1%	75.0%
Polyus	27.1	26 352.6	6 588.2	5 070.2	2.6%	25.0%
NLMK	37.2	21 829.4	5 457.4	3 939.4	2.1%	25.0%
TCS	16.8	8 800.0	5 280.0	3 762.0	2.0%	60.0%
Magnit	4.1	7 401.3	5 180.9	3 662.9	2.0%	70.0%
Severstal	43.8	20 437.5	5 109.4	3 591.4	2.0%	25.0%
Surgutpref	17.0	4 433.6	3 990.2	2 472.2	1.5%	90.0%
MTS	24.1	8 573.1	3 857.9	2 339.9	1.5%	45.0%
X5 Retail Group	13.3	8 566.7	3 855.2	2 337.2	1.5%	45.0%
Alrosa	27.8	10 814.8	3 785.2	2 267.2	1.5%	35.0%
MOEX	15.6	5 360.1	3 484.1	1 966.1	1.4%	65.0%
Surgut	17.1	16 545.6	3 309.1	1 791.1	1.3%	20.0%
Ozon	51.2	13 617.8	2 723.6	423.6	1.1%	20.0%
Mail Group	10.1	5 229.7	2 614.9	1 096.9	1.0%	50.0%
PhosAgro	5.4	7 118.0	2 491.1	973.1	1.0%	35.0%
Inter RAO	12.9	7 078.8	2 477.6	959.6	1.0%	35.0%
VTB	43.1	8 789.7	2 197.4	679.4	0.9%	25.0%

Source: MSCI, ITI Capital

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