

## Going cold Turkey: why we're not invested

Emerging Markets are alive with elections just now. Hooray for democracy!!

We are often questioned on what we don't own (Russia, Evergrande, Adani, Saudi Arabia) - more so than on what we do own.

Turkey falls into the former category. The reason is quite simple: although there are several consumer names on our Watch List and a couple on our Focus List, none have made it into the portfolio for a number of years. The reasons are simple: (i) there have been more compelling stocks elsewhere and (ii) the macro situation in the country has provided sturdy headwinds and political risk. As you know, over the last 10 years the Turkish Lira has gone from 1.85 to the USD to 19.76. Quite a challenge for even the best run company. Even more so for a USD based investor.

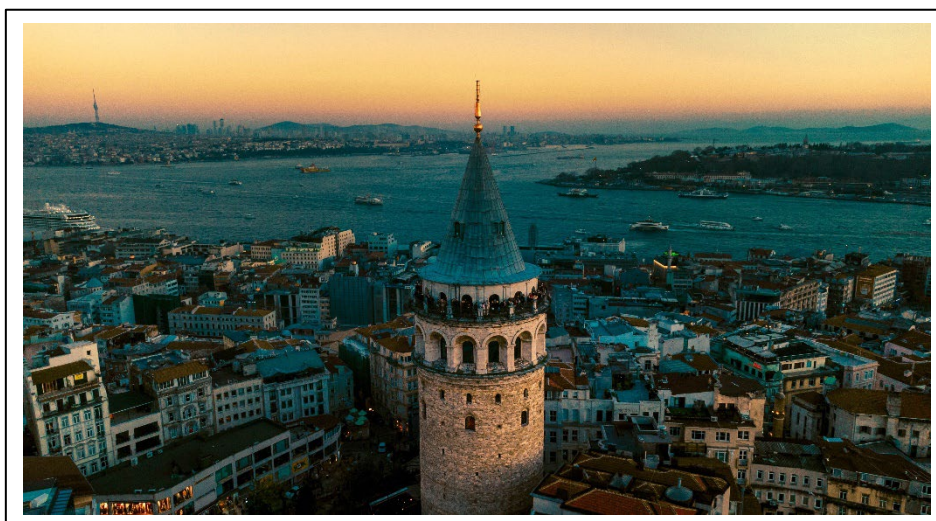


*Erdoğan and Kılıçdaroğlu*

Little wonder that the stock market over the last decade or so has been lacklustre. It bucked this trend last year however, appreciating by over 137%. Improving fundamentals? Not a bit of it. Rather, beleaguered local investors trying to find a store of value with inflation raging at over 80%. Desperation or what?

Clearly with the macro situation deteriorating, the prospect for the end of President Erdoğan's 20 years in power has been seen as a positive. But betting on a binary political outcome is always a dangerous game. Despite opposition parties banding together behind Kemal Kılıçdaroğlu and some encouraging showings in the polls, Erdoğan has a decent lead even if he did not manage to get over the 50% line that would have given him an outright victory. It seems he is the favourite in the run-off election to be held on this Sunday 28<sup>th</sup> May.

Whatever the outcome, it appears to us that there is better value elsewhere...



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Net Performance (USD) as at 30 April 2023	YTD	1 Year	3 Years	5 Years	7 Years	Inception
Aubrey Global Emerging Markets Strategy*	-0.2%	-7.5%	16.5%	9.7%	74.4%	137.4%
MSCI TR Net Emerging Markets USD (NDUEEGF)	2.8%	-6.5%	13.5%	-5.1%	37.6%	22.8%

\*All figures are presented net of fees in USD. MSCI Emerging Markets Index is used for comparative purposes only. Investment returns may increase or decrease as a result of currency fluctuations. Past performance is no guarantee of future results. Aubrey Institutional claims compliance with GIPS. The performance record disclosed in the table is that of the firm's composite for the Aubrey Global Emerging Markets Strategy. To obtain a GIPS Composite Report, please get in touch.

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Mark joined Aubrey in 2017, having known Andrew Dalrymple for several years whilst working in Hong Kong together.

Since 1987, Mark has been involved with Asian equities in a number of capacities. This began in equity sales before he established and managed a trading book for Crosby Securities in Hong Kong. He was also responsible for initiating a corporate finance business focused primarily on China. After the sale of Crosby Securities, he joined Warburgs with his China team. On his return to London, Mark founded a FCA registered fund management business with a number of Asian equity strategies. He managed that business until 2016 when he sold his interest.

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