



MSCI Russia November review

- On November 11, MSCI, the world's largest index, completed the November 2021 Semi-Annual Index Review. Following the review, 113 securities were added to the global MSCI indices, 78 from Southeast Asia (SE Asia), including 56 from China. All changes will take effect on November 30, after markets close.
- A total of 108 companies were excluded from the global indices, 80 of which were from Southeast Asia, mostly from China, amid rising volatility over the past two quarters.
- Only one Russian company, Rusal, was added to the MSCI Russia Index, although we had projected the inclusion of PIK since the homebuilder met all the previous MSCI criteria.
- PIK was not admitted, it implies that the threshold for inclusion in the MSCI Russia index has significantly increased in terms of total and free-float capitalization. We estimate the full market cap at \$5,000 mln and for free-float adjusted market cap \$2,500 mln, respectively. In any case, we expect PIK's admission following the May 2022 review, especially after companies free float has increased to 22% from the current 18% implying 25% from the current 20% under the MSCI criteria.
- MSCI Russia's share in the MSCI EM Index increased to just over 4% as has been one of the best performers YTD.

THE COMEBACK OF RUSAL, WHICH WAS EXCLUDED FROM THE INDEX IN MAY 2018, AND ADDITION OF NEW SECURITIES IN THE MSCI RUSSIA SMALL-CAP INDEX

- Rusal's weight in the MSCI Russia Index will be 1.02%. Admission could drive a total inflow of \$151+ mln including a passive investment inflow of \$51 mln, which is 3.5 times the 30-days average daily trading turnover (Average daily trading volume, ADTV). The total inflow, including active funds, will be 10 times the average daily turnover.
- Segezha Group, Global Energy Metals and Mechel were added to the small-cap index. NCSP dropped out of the index and Bashneft was not admitted.
- The next major review for Russia is that of the MSCI 10/40 index, which is based on the MSCI Russia Standard index and is used by foreign funds, mostly actively managed. Yandex is now well-positioned to push Novatek out of the index's top four based on share performance.

MSCI RUSSIA INDEX COMPOSITION

Company name	Average value traded 1M,		Adjusted Market cap,		FF adjusted market cap,		MSCI Weight, %	MSCI FF	Potential passive flow,		Active flow,
	\$ mln	Price, \$	\$ mln	Chances of exclusion	\$ mln	Chances of exclusion			\$ mln	\$ mln	
GAZPROM PJSC	261,1	4,6	109 817,5	106 869,5	54 908,7	53 434,7	16,9%	50,0%	890,4	1780,8	
SBERBANK OF RUSSIA PJSC	216,0	4,8	103 587,3	100 639,3	51 793,7	50 319,7	16,6%	50,0%	839,9	1679,8	
LUKOIL PJSC	94,6	95,3	66 058,7	63 110,7	39 635,2	38 161,2	12,2%	60,0%	642,7	1285,5	
YANDEX	49,3	80,8	26 073,5	21 073,5	24 544,2	22 044,2	7,9%	94,1%	397,0	794,0	
NOVATEK PJSC-SPONS GDR REG	13,2	246,4	74 814,6	71 866,6	22 444,4	20 970,4	7,4%	30,0%	364,0	727,9	
MMC NORILSK NICKEL PJSC	71,1	306,4	47 081,2	44 133,2	19 395,1	17 921,1	7,1%	41,2%	314,5	629,0	
TCS GROUP HOLDING-GDR REG S	38,7	100,4	8 800,0	3 800,0	5 280,0	2 780,0	3,6%	60,0%	181,5	363,0	
TATNEFT PJSC	29,7	7,4	16 150,6	13 202,6	10 497,9	9 023,9	3,2%	65,0%	170,2	340,5	
ROSNEFT OIL CO PJSC	55,2	8,6	91 088,9	88 140,9	10 019,8	8 545,8	2,9%	11,0%	162,5	325,0	
POLYMETAL INTERNATIONAL PLC	37,3	19,9	9 416,0	6 468,0	7 061,5	5 587,5	2,4%	75,0%	114,5	229,0	
POLYUS PJSC	42,6	220,3	29 977,4	27 029,4	7 494,4	6 020,4	2,1%	25,0%	121,5	243,1	
ALROSA PJSC	60,8	1,8	13 239,3	10 291,3	4 633,7	3 159,7	1,8%	35,0%	75,1	150,3	
NOVOLIPETSK STEEL PJSC	43,1	3,1	18 281,2	15 333,2	4 570,3	3 096,3	1,7%	25,0%	74,1	148,2	
MAGNIT GDR	5,5	18,2	9 271,4	6 323,4	6 026,4	4 552,4	1,7%	65,0%	97,7	195,5	
SEVERSTAL PJSC	32,9	23,1	19 322,3	16 374,3	4 830,6	3 356,6	1,7%	25,0%	78,3	156,7	
MOBILE TELESYSTEMS-SP ADR	15,8	9,1	9 098,6	6 150,6	4 094,4	2 620,4	1,4%	45,0%	66,4	132,8	
X 5 RETAIL GROUP NV-REGS GDR	14,6	33,2	9 002,9	6 054,9	4 051,6	2 577,6	1,4%	45,0%	65,7	131,4	
MOSCOW EXCHANGE MICEX-RTS	26,2	2,3	5 305,2	2 357,2	3 448,4	1 974,4	1,3%	65,0%	55,9	111,8	
SURGUTNEFTEGAS-PREFERENCE	20,8	0,6	4 296,4	1 348,4	3 866,8	2 392,8	1,3%	90,0%	62,7	125,4	
SURGUTNEFTEGAS PJSC	43,8	0,6	22 470,7	19 522,7	4 494,1	3 020,1	1,1%	20,0%	72,9	145,8	
RUSAL	45,0	1,0	15 580,7	10 580,7	3 116,1	616,1	1,0%	20,0%	51,4	102,8	
PHOSAGRO PJSC-GDR REG S	4,1	23,4	9 107,4	6 159,4	3 187,3	1 713,3	0,9%	35,0%	51,7	103,4	
OZON	29,2	42,1	8 761,0	3 761,0	2 098,7	-401,3	0,9%	24,0%	45,5	91,0	
VTB BANK PJSC	47,2	0,0	9 006,9	6 058,9	2 251,7	777,7	0,8%	25,0%	36,5	73,0	
MAIL.RU GROUP-GDR REGS	9,2	19,3	4 411,0	1 463,0	2 205,5	731,5	0,8%	50,0%	35,8	71,5	
INTER RAO UES PJSC	13,4	0,1	6 800,2	3 852,2	2 380,1	906,1	0,8%	35,0%	38,6	77,2	

Source: MSCI

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