

Fund Favors Turkey as Russian Election Nears

By [The Moscow Times](#)

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The Eastern European Trust, the stock fund run by BlackRock that beat the regional index by 19 percentage points in the past three years, has cut holdings in Russia before the presidential election and is buying in Turkey.

"Elections always have the possibility of throwing up surprises," Sam Vecht, the London-based money manager at BlackRock whose Eastern European Trust has gained about 79 percent since May 2009, said Friday. "We've turned a little more cautious on Russia. We're underweight relative to where we've historically been."

Prime Minister Vladimir Putin's campaign to return to the presidency in the March 4 election has spurred tens of thousands of people to protest in the streets against alleged fraud in December's legislative polls. The MICEX Index has climbed 9.3 percent this year, tracking a rally in London-traded crude oil, the country's main source of export earnings. The Russian equity gauge is valued at 5.7 times profit, the lowest in three years relative to MSCI's gauge

of global emerging markets, monthly data compiled by Bloomberg show.

"It's not a negative view on Russia long term, it's just that we can find better opportunities elsewhere," said Vecht, whose London-listed trust has topped the 60 percent return in the MSCI Emerging Markets Europe Index in pound terms since BlackRock, the world's largest money manager, began running it in May 2009.

"We've been buying in Turkey, which is something that we've been underweight for a long time," he said. "A lot of the bad news that we thought would come out has emerged."

The Istanbul Stock Exchange National 100 Index has dropped 16 percent from its November 2010 high as the lira weakened, the current-account deficit widened to the biggest in emerging markets and inflation jumped to the highest level since 2008. Vecht said he favors Turkish lenders including Turkiye Garanti Bankasi, the country's biggest listed bank by market value.

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