

Fund Outflows Hit Record High

By [The Moscow Times](#)

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Investors last week withdrew another \$235 million from funds investing in Russian companies on top of \$139 million that were taken out in the previous week, according to the data provided by the Emerging Portfolio Fund Research, or EPFR.

Total capital outflow from funds that invest in Russia exceeded \$721 million since the beginning of the year, Interfax reported Friday.

According to UralSib Capital, the outflow of cash from Russia-oriented investment funds during the last week was the biggest since September 2011.

As a result of the latest outflow, exchange traded funds sustained the most damage, having lost \$227 million. At the same time, net outflow from traditional investment funds was only \$8 million, Interfax said.

GEM funds specializing in emerging market investments also registered the loss of \$749 million this week. They have been losing funds for two weeks in a row. Among GEM funds only

ones working with Mexico saw an inflow, totaling \$406 million, while funds investing in Turkey attracted just \$13 million.

The combined outflow of almost \$340 million from investment funds oriented to Russia constitutes almost 75 percent of all weekly capital outflow from funds investing in emerging markets, Renaissance Capital said.

UralSib Capital said the banking crisis in Cyprus had amplified investors' skepticism regarding Russian exchange traded funds and provoked the run. At the same time, investors seem to have lowered their expectations of emerging markets following excessive enthusiasm in the beginning of the year.

"In our opinion, investors will hardly change their attitude in the short run," UralSib Capital said.

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