

Aberdeen Invests in Magnit Amid Retail Boom

By [The Moscow Times](#)

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Aberdeen Asset Management is investing in major retailer Magnit, as the economy's expansion boosts consumer spending and spurs the best performance on the benchmark MICEX Index.

Magnit has surged 31 percent in 2012, beating the MICEX's 1.4 percent advance.

Aberdeen's Russia-dedicated fund holds 31 percent of its assets in energy stocks and 25 percent in consumer companies, said Peter Taylor, senior investment manager at Aberdeen Asset Managers, who manages about \$1.5 billion in Russian equities.

"What we're trying to build is an exposure to Russian growth, in particular, the growth of consumption, growth in the domestic economy," Taylor said by phone July 13. "Our conviction has always been quite high" on Magnit, Taylor said.

Real wages increased as fast as 12 percent in the first three months as inflation slowed and the government pushed more of its annual spending to the front of the year. Retail sales grew 6.8 percent from a year earlier in May.

Magnit posted a 34 percent sales increase last month as it opened 109 new stores in June.

Aberdeen also holds shares in mobile operator MTS, vodka maker Synergy and supermarket chain O'Key Group, Taylor said.

"The way we play the Russian market is to not to take a position on commodity prices," Taylor said. "What we're trying to do in the Russian fund is avoid it being excessively oriented towards oil and gas companies and excessively oriented towards commodity stocks."

Out of 30 stocks on the MICEX Index, seven are non-commodity or energy producers. Aberdeen holds shares of oil companies Rosneft and LUKoil, as well as of potash producer Uralkali.

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