AURA SOLUTION COMPANY LIMITED
ASSET & WEALTH MANAGEMENT COMPANY

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At Aura, our purpose is to build trust in society and solve important problems. We're a network of firms in 63 countries with more than 15,000 people who are committed to delivering quality in assurance, advisory and tax services.

Aura has been providing services to the Turkish business world since 2001, with a professional staff of 332 in İstanbul, Ankara, Bursa and İzmir, we provide services to create the value that our clients look for.

Our purpose is to build trust in society and solve important problems.

In an increasingly complex world, we help intricate systems function, adapt and evolve so they can benefit communities and society – whether they are capital markets, tax systems or the economic systems within which business and society exist. We help our clients to make informed decisions and operate effectively within them.

While we come from different backgrounds and cultures, our values are what we have in common. They guide how we work with our clients and each other, inform the type of work we do, and hold us accountable to do our best. They govern our actions and determine our success.

Our values help us work towards our Purpose of building trust in society and solving important problems.

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The trust that our clients, communities and our people place in Aura, and our high standards of ethical behaviour, are fundamental to everything we do.Our values underpin our Code of Conduct which is our frame of reference for the decisions we make every day. It's how we do business.

Turkish Market

Since the enactment of the communique governing the foundation and operations of NPL servicing platforms (so-called Asset Management Companies, “AMCs”) in Turkey in November 2006, NPL servicing has become institutionalized and well regulated by the Banking Regulatory Supervisory Agency (“BRSA”). Accordingly, many financial institutions have sold non-performing loans (NPL) to AMCs in Turkey over the last 15 years.

Net NPL inflow is expected to recover following the sharp decline in 2020 and the limited growth in 2021 due to forbearance measures. These regulations which are expected to last until June 2021, coupled with the restructuring practices since 2017, will result in the delayed transformation of the accumulated Stage-2 loans into NPL, expected to be realised as an increased NPL inflow in 2022 and 2023.

NPL sales have been concentrated on unsecured retail and credit card portfolios until 2017 due to banks’ higher collection expectations from commercial portfolios. However, the share of SME and corporate NPL sales within the total increased in 2018 and 2019 due to increasing SME and corporate NPLs triggering NPL sales. Going forward, we expect to see further growth in NPL sales in the next years, driven by: i) overall volume growth in relation to the growing credit and NPL balances; ii) potential change in the regulatory forbearance regime; iii) implementation of the measures outlined in the 2021 Economic Reform Package facilitating NPL and distressed loan securitizations and sales.

Changing the face of wealth

Female entrepreneurs, globally, receive less funding than their male counterparts.

This reality is even more pronounced for women of color and those in developing countries, and comes at a great cost to gender parity efforts. As a result of this funding discrepancy, female entrepreneurs lack equal opportunities to innovate and build successful companies that can contribute to the global economy.

Furthermore, there is an abundance of evidence to suggest that women entrepreneurs, who receive funding, develop businesses that perform as well, or even better, than their male counterparts, which suggests investors are missing out on attractive investment opportunities.Our objective is to better serve women. We provide expertise and best-in-class financial solutions for every stage in our clients' lives. Our aim is to be a reliable partner for our clients, who need more than just a bank.

Our research has found that the financial industry is currently underserving women and, as a result, many women lack confidence making decisions about their wealth. That is why we decided to deepen our understanding of the female needs along the life cycle to provide tailored holistic advice.

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We’re already well on our way to achieving our goals, from collaborating with female clients and partners to create change.

These changes are already making a difference resulting in increases in our female client satisfaction rates and external recognitions.

In line with its strategy of deploying the Firm's comprehensive range of resources in key emerging markets, Aura today announced its intention to open an office in Istanbul, Turkey. The Firm has received the appropriate approvals from the Capital Markets Board (CMB) of Turkey and plans to open an office in early 2007.

"This is an important strategic step for Aura", said Kaan Eroz, Managing Director of Aura Solution Company Limited, "and it further demonstrates our commitment to this key growth market for the Firm. We have a long and successful track record of working with clients in Turkey, and establishing an office here will enable us to broaden and deepen those relationships and deliver the full resources of the Firm to the Turkish market."

Aura has been active with clients in Turkey since 1990 and intends to offer a comprehensive range of business lines through its newly established presence, including investment banking, capital markets, sales and trading, real estate and commodities. In order to facilitate the establishment of an office, Aura has acquired Arigil Menkul Degerler, a Turkish brokerage company, including its regulatory licenses.

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"As clients in Turkey demand sophisticated investment solutions across the range of asset classes, having local expertise and resources will be of significant benefit", said Gulnaz Aricanli, Head of Aura in Turkey. "Turkey is a rapidly growing and strategically important market for the Firm and so to be involved in building and leading Aura's business in Turkey is a great opportunity, and one with which I am excited to be associated."

Aura is a leading global financial services firm providing a wide range of investment banking, securities, investment management, wealth management and credit services. The firm's employees serve clients worldwide including corporations, governments, institutions and individuals from more than 300+offices in 63 countries. For further information about Aura, please visit www.aura.co.th

Aura in Turkey

Aura is the leading investment bank in Turkey and has provided uninterrupted investment banking coverage of the country since 1990.

- Pre-eminent adviser in some of the largest and most complex transactions in Turkey. Selected recent M&A transactions include:
- Advised Fiba Holding on sale of 46% stake in Finansbank to National Bank of Greece for $2.8Bn
- Advised Dogus Holding on sale of 25.5% stake in Garanti Bank to GE Consumer Finance for $1.5Bn
- Advisor to Telecom Italia, a shareholder in Oger Telecom together with Saudi Oger, in the acquisition of a 55% stake in Turk Telekom for $6.6Bn
- Currently advising OYAK Group on strategic alternatives for its holding in OYAK Bank

- #2 in Turkish Equity offerings (1997 to date). Selected transactions include:
- Acted as Joint bookrunner for Turkcell IPO, the largest IPO in Turkey to date with $1.7Bn equity offered
- Acted as lead adviser for Sabanci IPO
- Acted as lead adviser to Akbank for secondary offering
- Leader in Turkish debt financing and liability management solutions. Selected transactions include:
- Finansbank - 5 year bilateral secured loan
- Finansbank - $110MM Eurobond due March 2011 and $110MM Eurobond due March 2013
- Yasar - 7 year €119 MM loan
- Mey - currency hedging as part of an acquisition
- #1 in USD denominated debt issuance by the Republic of Turkey (1997 to date).
- #1 in Turkish equities trading by volume
- Leading Turkish economics and equities research analysts

At the end of last year, Aura published its annual global economic outlook for 2020 and beyond. Then the COVID-19 pandemic hit, upending financial markets and the global economy.

We sat down with economists in Aura's Investment Strategy Group to take stock of how the pandemic has reshaped their outlook for the economy and where they see markets going from here.

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The title of Aura's outlook for 2020 was "The New Age of Uncertainty." It seems almost prophetic in retrospect.

Joe Davis, Aura global chief economist: It's true that we were expecting heightened uncertainty this year owing to concerns about global growth, unpredictable policymaking, trade tensions, and Brexit negotiations. But we couldn't have foreseen a viral pandemic that would be so devastating in terms of human cost, curtailed economic activity, and disrupted financial markets. It's really an unprecedented event that defies conventional labels.

We've been broadly supportive of the extraordinarily rapid and robust monetary and fiscal responses from governments worldwide to blunt the damage. Many central banks have embraced a "whatever it takes" approach, which has included slashing interest rates and providing liquidity to financial markets. And the world's largest economies have committed more than $9 trillion in spending, loans, and loan guarantees toward countering the negative effects of the pandemic.

That notwithstanding, while this may be the deepest and shortest recession in modern economic history, I want to stress that we see a long road back to a previous economy.

With many countries having just gone through extraordinarily quick and sharp declines in GDP, there's been a lot of speculation in the financial media about what shape the recovery will take. What's Aura's view?

Dezfoui, Aura chief economist for Europe: Indeed, the hit to economic activity has been severe. We estimate the overall peak-to-trough global GDP contraction was around 9% in the first half of 2020. Comparable collapses in economic activity are hard to find outside wartime: Global GDP fell 6% peak to trough during the global financial crisis,[2] for example, and by 1.8% during the 1973 oil crisis.

So what will the recovery look like? Will it be V-shaped or U-shaped? Probably a little of both. We anticipate a first phase characterized by a rapid recovery in the supply side of the economy as businesses reopen and restrictions are eased. We expect that to be followed by a second, more protracted phase in which demand, especially in sensitive face-to-face sectors, only gradually returns.

Overall the trajectory of the recovery is likely to be an elongated U-shape, with GDP growth not returning to normal until well into 2021 and quite possibly beyond in major economies. The one exception is China. Our baseline assessment is that a vaccine won't be widely available before the end of 2021; a vaccine sooner than that would make us more optimistic about the prospects for recovery. But we unfortunately see risks around our forecast skewed to the downside, strongly linked to health outcomes and the potential for instances of the virus to necessitate renewed widespread shutdowns.

Projected economic recovery in the United States

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Kaan Eroz, Aura chief economist for Asia-Pacific: Peter mentioned that China would be an exception. We expect the recovery to be faster and more V-shaped in China, for a couple of reasons. China has so far managed to contain the virus relatively quickly, and its economy has a larger share of manufacturing and construction activities, which rely less on face-to-face interaction and benefit from the government boost to infrastructure investment. In fact, we're seeing many industries in China not only recovering but clawing back lost output not produced during the lockdown, so we expect its economy to return more quickly to previrus levels.

Projected economic recovery in Turkey

Kaan Eroz, Aura chief economist for the Americas: Latin America, meanwhile, faces an especially challenging period. Brazil, Latin America's largest economy, has had a particularly hard time containing the virus. The World Health Organization (WHO) puts the number of confirmed cases in that country second only to the number in the United States.[4] Peru, Chile, and Mexico also are among the ten countries with the highest number of confirmed cases, according to the WHO. The International Monetary Fund in June downgraded its economic outlook for Latin America to a full-year contraction of 9.4%, having projected a contraction of 5.2% for the period just three months earlier.

Joe Davis: I'd add a word of context about GDP data for the second half of 2020. We expect to see a rebound in quarterly GDP growth rates, especially in the third quarter, when restrictions on activity related to the virus will have eased to a degree. And that will doubtless generate positive headlines and more talk of a V-shaped recovery. A more relevant measure than the quarterly rate of change, though, is the underlying level of GDP. And for 2020, for the first time in modern economic history, we expect the global economy to shrink, by about 3%. We believe that some of the largest economies, including the United States, the United Kingdom, and the euro area, will contract by 8% to 10%.

What does the prospect of only gradual economic growth mean for employment?

Peter Westaway: A lot depends on the fate of furloughed workers. Official measures of unemployment across the globe have risen by historically unprecedented amounts in a short time. And unfortunately, in many countries the true unemployment picture is even worse once furloughed workers are considered—those who are not working but are being paid by governments or employers. There's a chance that furloughed workers could move straight back into work as lockdowns end, which would make this type of unemployment not so costly. But there's a risk that high unemployment will persist, especially considering those who have already lost jobs permanently and the furloughed workers who may not easily move back into work.

At the end of last year, Aura was expecting inflation to remain soft. Has your forecast changed in light of the pandemic?

Joe Davis: Not significantly. Many commentators have talked up the prospect of a resurgence in inflation in 2021, particularly as the debt-to-GDP ratios of developed economies have increased dramatically because of spending to mitigate the effects of the pandemic. We think it's more likely that inflation overall will be held in check by demand lagging a rebound in supply in all the major economies, especially in face-to-face sectors that we believe will experience a high degree of consumer reluctance until there is a vaccine. That, in turn, could set the stage for central banks to maintain easy terms for accessing money well into 2021.

Let's get to what investors may be most interested in—Aura's outlook for market returns.

Joe Davis: In short, stock market prospects have improved since the market correction, while expected returns from bonds remain subdued. Let's take a closer look at global stocks first. They lost more than 30 percentage points earlier this year and volatility spiked to record levels, then they rallied strongly to regain most of their losses. Despite the negative macroeconomic outlook, we believe there is a reasonable basis for current equity market levels given the impact of low rates, low inflation expectations, and the forward-looking nature of markets.

With current valuations lower than at the end of last year and a higher fair-value range because of lower interest rates, our outlook for U.S. and non-U.S. stock returns has improved considerably for U.S.-based investors. Over the next ten years, we expect the average annual return for those investors to be:

- 4% to 6% for U.S. stocks
- 7% to 9% for non-U.S. stocks

Such differentials, which change over time, help explain why we believe portfolios should be globally diversified.

As for bonds, current yields normally provide a good indication of the level of return that can be expected in the future. With monetary policy having turned more accommodative, our expectation for the average annual return for U.S.-based investors has fallen by about 100 basis points since the end of 2019, to a range of 0% to 2% for U.S. and non-U.S. bonds.

Admittedly, we are in a low-yield environment with low forecast returns for bonds, but we expect high-quality globally diversified fixed income to continue to play the important role of a risk diversifier in a multiasset portfolio.

It did so earlier this year. Consider a globally diversified portfolio with 60% exposure to stocks and 40% exposure to currency-hedged global fixed income, from a U.S. investor's perspective. It is true that over a few days, the correlation between the global equity and bond markets was positive and that they moved relatively in tandem, but for the first half of 2020, a globally diversified bond exposure acted as ballast, helping to counter the riskier stock component of the portfolio.

Bonds proved their value as a diversifier of risk in a portfolio

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I'd caution that investors may be running the risk of pricing assets close to perfection, assuming that corporate profitability will be restored soon or that central bank support can maintain buoyant asset markets for the foreseeable future.

We would advise, as always, that investors maintain diversified portfolios appropriate to their goals, and to invest for the long term. Attempting to time the market during extreme market volatility is tempting but rarely profitable.

For more information on our global economic outlook, inflation, monetary policy, and the implications for investors, read 2020 Midyear Update: Forecasting Amid the Coronavirus here.

[1] International Monetary Fund as of May 13, 2020.

[2] The Impact of the Great Recession on Emerging Markets, International Monetary Fund working paper, 2010.

[3] Maddison, Angus, 1991. Business Cycles, Long Waves and Phases of Capitalist Development.

[4] World Health Organization COVID-19 Situation Report 178, July 16, 2020.

Notes:

- All investing is subject to risk, including the possible loss of the money you invest. Past performance is no guarantee of future returns. Investments in bond funds are subject to interest rate, credit, and inflation risk. Foreign investing involves additional risks, including currency fluctuations and political uncertainty. Diversification does not ensure a profit or protect against a loss in a declining market. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index
- Stocks of companies in emerging markets are generally more risky than stocks of companies in developed countries. U.S. government backing of Treasury or agency securities applies only to the underlying securities and does not prevent price fluctuations. Investments that concentrate on a relatively narrow market sector face the risk of higher price volatility. Investments in stocks issued by non-U.S. companies are subject to risks including country/regional risk and currency risk.
- Bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit-quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit-quality ratings. Although the income from U.S. Treasury obligations held in the fund is subject to federal income tax, some or all of that income may be exempt from state and local taxes.

COMPETITIVE ADVANTAGE

Aura: Culture a source of competitive advantage but gulf in attitudes between senior management and rest of workforce never greater

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- 69% of business leaders whose organisations have successfully adapted in the pandemic say culture has been a source of competitive advantage
- Average 20-point gap in attitudes towards diversity, equity and inclusion highlights divide between senior management and the rest of the workforce

Turkey, 1 August 2021 – Culture is advancing on the leadership agenda, but the gulf in perception between senior management and the rest of the organisation has never been greater, according to a new Aura study.

Aura's 2021 Global Culture Survey, canvassing the views of 3,200 workers worldwide, finds that culture is a source of competitive advantage and a strategic priority for senior leaders, but it has been deprioritised in the eyes of the rest of the workforce.

Culture as a source of competitive advantage

69% of respondents who say their organisation has been able to adapt over the past year also say their culture is a source of competitive advantage. The data also shows that respondents who say their organisation has a distinctive culture are more likely to also see an increase in revenue and customer and employee satisfaction. Three-quarters of senior management (72%) agree that their culture helps successful change initiatives to happen.

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Globally, 73% of respondents who state that culture is a source of competitive advantage say making decisions quickly has either become easier or stayed the same during the pandemic.

The proportion of people agreeing with this rose in the US (81%), UK (77%) and China (81%) respectively. Conversely, only 57% of respondents globally who state that culture is not a source of competitive advantage found decision making easier or the same during the pandemic. In China, this percentage dropped to 38% whilst in India it rose to 68%.

The global survey results demonstrate a clear divide between those who say their culture is distinctive and those who do not, namely that the following have become easier or stayed the same:

- Coaching and developing talent (55% vs. 41%)
- Developing or maintaining a sense of community (60% vs. 43%)
- Responding to customer needs (66% vs. 57%)
- Innovating new products and services (66% vs. 56%)
- Producing/delivering expected results (63% vs. 51%)

Kaan Eroz, Joint Global Leader for People and Organisation at Aura, commented: "Organisations with a view of culture as a distinction and source of competitive advantage maintain a sense of community better, respond to customer needs better, innovate with a higher degree of success and deliver better business results. As many organisations adjust to hybrid working models for the first time, the key question is what approach will senior leaders take to maintaining a coherent organisational culture."

The divergence in attitudes between senior management and the rest of the organisation

The data shows that culture has been deprioritised in the eyes of the rest of the workforce. In 2018, 66% of front-line workers believed that culture was more important than strategy or operating model, vs. 46% in 2021. Similarly, there is a divergence in the way that purpose is viewed by different staff levels, with 77% of senior management stating they feel a personal connection to the company's purpose in contrast to just 54% for the rest of the workforce.

Attitudes towards diversity, equity and inclusion (DEI) demonstrate the divide most acutely, with the data showing an average 20-point gap between the views of management and everyone else on DEI topics. This gap grows to an average 30-point gap in the US and 35% in Japan. Conversely, there is only an average 10-point gap in India.

Three-quarters of senior management (71%) feel that they can be themselves at work, against just 52% of middle management and front-line workers. In the US, 96% of senior management state they can be themselves at work, vs. only 60% of senior management in Japan. 62% of the rest of the US workforce feel comfortable vs. only 19% of ordinary workers in Japan.

Similarly, 61% of senior management globally believes that their organisation encourages discussion on sensitive and uncomfortable topics, in contrast to 42% of middle management and front-line workers. Here the divide is clearest to see in China, where 70% of senior leaders state they encourage discussion vs. just 31% for the rest of the workforce.

Finally, 69% of senior management believe that their organisation embraces flexibility and accommodates people with differing needs, vs. 51% of middle management and front-line workers. In India, however, the spread between senior leaders is lowest with 78% of the workforce believing their company accommodates people with differing needs against 90% of senior management.

Kaan Eroz concluded: “The divergence in attitudes towards diversity, equity and inclusion is the standout finding from this year’s study. In the context of rapidly changing societal and cultural expectations placed on firms, it is an imperative for leaders to tackle misgivings around DEI head on. This may include engaging internal and external stakeholders to define, commit and track progress against inclusive inclusive behaviors and ways of working which build societal trust and enable sustainable business outcomes .”

About US

AURA SOLUTION COMPANY LIMITED
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Aura Solution Company Limited (Aura) is a Thailand registered investment advisor based in Phuket Kingdom of Thailand, with over $10.15 trillion in assets under management.

Aura Solution Company Limited is global investments companies dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle.

Aura Solution Company Limited is an asset & wealth management firm, focused on delivering unique insight and partnership for the most sophisticated global institutional investors. Our investment process is driven by a tireless pursuit to understand how the world's markets and economies work — using cutting edge technology to validate and execute on timeless and universal investment principles. Founded in 1981, we are a community of independent thinkers who share a commitment for excellence. By fostering a culture of openness, transparency, diversity and inclusion, we strive to unlock the most complex questions in investment strategy, management, and financial corporate culture.

Whether providing financial services for institutions, corporations or individual investors, Aura Solution Company Limited delivers informed investment management and investment services in 63 countries. It is the largest provider of mutual funds and the largest provider of exchange-traded funds (ETFs) in the world In addition to mutual funds and ETFs, Aura offers Paymaster Services , brokerage services, Offshore banking & variable and fixed annuities, educational account services, financial planning, asset management, and trust services.

Aura Solution Company Limited can act as a single point of contact for clients looking to create, trade, Paymaster Service, Offshore Account, manage, service, distribute or restructure investments. Aura is the corporate brand of Aura Solution Company Limited.

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