

ADVANCE EASTERN EUROPE

Investment Objective

The goal of the fund is to ensure high investment results in the long-term by investing in Eastern European equities in 7 regional markets.



31 January 2022

Fund Manager's Comment

Global equities had the worst month since March 2020 amid ever rising expectations of more and more hawkish Fed. MSCI ACWI declined 3.6%, with richly valued DM starting the new year on a markedly weaker footing compared to EM, down 4.0% and 0.5%, respectively. For a second consecutive month CEE indices were mixed on escalating geopolitical risks, with MSCI EFM Europe + CIS down 4.7%, while the benchmark excluding Russia rose by 1.0%.

MOEX Russia was broadly oversold, reaching extremely undervalued levels, comparable to the Crimea crisis. Even though negotiations between Russia and the US have so far been unsuccessful at deescalating the tension on the Ukrainian border, market sentiment improved somewhat in the last days of January, amid temporary calm. The stock index was down 6.8% in LCU terms, with energy and materials relatively more resilient to the selloff thanks to strong commodity prices. Meanwhile, the ruble lost 3.5% against the USD, and was markedly weaker compared to commodity currency peers. In fact, geopolitical pressure on the local currency was strong enough for the CBR to temporarily suspend FX purchases. In the short, we expect volatility to remain elevated, as the likelihood of renewed market turmoil under Crimean scenario in Donetsk and Lugansk cannot be easily dismissed.

Temporary pushed out of the spotlight by his Russian counterpart, president Erdogan is tirelessly setting the stage for yet another Turkish tragedy. His calls for lower interest rates continue, as does cabinet reshuffles. The national statistics chief was the latest head to roll on Erdogan's anger with the stratospheric inflation, up 48.7% YoY in January. Against this highly worrisome backdrop, the TCMB left its key rate unchanged at 14%, the lira stabilized, while BIST 100 gained 7.8%. However, monetary authorities are likely still intervening on the FX market, using the proceeds from a new regulation that forces exporters to sell 25% of their foreign currency earnings to the CB. This should have contributed around USD 1.25 bn a week to Turkey's international reserves. However, no such increase has been observed in the official data so far.

The Greek ASE index was among the leading CEE indices with a gain of 4.9%, led by cyclical – financials and consumer discretionary. The Romanian BET added 1.0%.

The fund was down 4.3%. This was slightly better than the benchmark index, as Greek, Romanian and Russian positions had positive selection effect. Industrials and consumer discretionary contributed the most to the monthly performance. At the same time, interest rate sensitive tech growth stocks weighed the portfolio's return down.

Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 2.2 M
NAV/share	EUR 1.0059
Launch date	4.10.2006
Benchmark*	MSCI EFM Europe&CIS
Benchmark**	MSCI EFM Europe + CIS ex RU
Currency of account	Euro
Subscription fee	up to 1.50%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

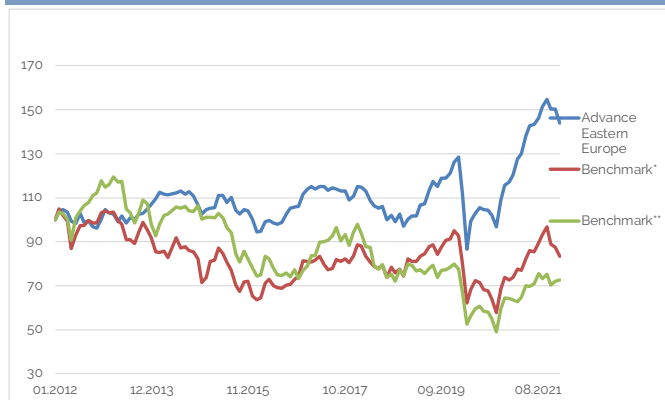
Fund Identifiers

ISIN	BG9000016063
Bloomberg Code	ADVEAEU.BU
Reuters Lipper	65095316
Valor	3079269
WICN-German	AOMXVY

Fund Results

	Fund	Benchmark*	Benchmark**
1 month	-4.28%	-4.72%	0.98%
1 year	23.03%	14.45%	13.21%
Year to Date	-4.28%	-4.72%	0.98%
Since Launch (annualized)	0.04%	-2.68%	-3.52%

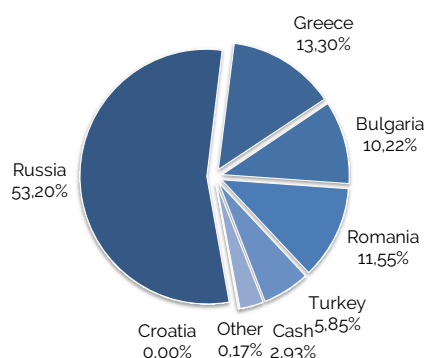
Fund Performance 10Y



Annual Performance

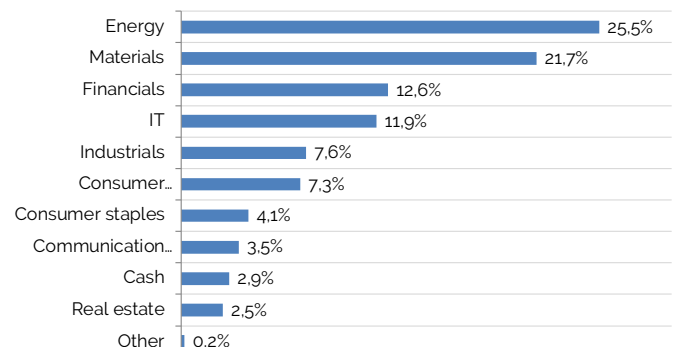
	Fund	Benchmark*	Benchmark**
2021	30.09%	18.34%	11.71%
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-22.53%	-29.75%
2010	18.44%	21.65%	16.29%
2009	36.50%	73.42%	51.49%
2008	-61.94%	-66.63%	-56.45%
2007	25.91%	11.54%	20.71%

Market Breakdown



Portfolio Breakdown

Sector Breakdown



TOP 5 HOLDINGS

ALLTERCO AD (Bulgaria), IT

FONDUL PROPRIETATEA SA
(Romania), FinancialsJSC "NOVATEK", Common
(Russia), Energy

Lukoil (common) (Russia), Energy

GAZPROM PJSC / Gazprom
(Russia), Energy