

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.



*This is marketing material

31 March 2022

*The NAV and NAV/share as of March 31 are indicative

Fund Manager's Comment

Risk assets sentiment rapidly improved in the second half of March, from extremely bearish levels, following Fed's long-overdue 25 bps hike and increasingly "hawkish" dot-plot. Although the market has priced in at least 225 bps of additional increases through December, long term real yields remain deeply negative, supporting equities' relative attractiveness. MSCI ACWI increased 2.9%, with US stocks markedly in the lead (+4.4%), while DM Europe lagged behind on weaker growth outlook amid the war in Ukraine. The regional MSCI EFM Europe + CIS ex RU bounced back 3.8%.

Trading on MOEX was restarted in the last days of March, although under significant restrictions, incl. only access for residents and initial ban on short selling. In these tightly-controlled conditions and amid lackluster volumes MOEX Russia gained 9.4% in RUB terms. Extremely strict capital control on hard currency transactions, coupled with mandatory sale of 80% of FX revenues for exporters, managed to stabilize the ruble, which recovered more than 40% from its weakest level. Meanwhile, there's anecdotal evidence of 2-3x higher exchange rate on the black market. CA surplus more than doubled in 2mo2022 (\$39.2 bn) and kept increasing at an accelerating pace in March, estimated at \$22 bn (compared to \$8 bn in March 2021).

Turkish stocks were the best performing in the CEE region last month. BIST 100 climbed 14.8% in LCU terms, but USD return stood markedly lower (+8.4%) on renewed TRY depreciation (-5.6% against the USD). TCMB maintained its unorthodox monetary course, even though macroeconomic indicators signaled growing imbalances. CPI accelerated to 61.4% YoY in March, while PPI inflation was almost double that. Meanwhile, the spike of commodity prices increased pressure on the CA deficit, which widened 138% YoY in Q1, to \$26.4 bn. Additionally, FX-protection scheme encouraged de-dollarization stalled in recent weeks and corporates have been dollarizing, although relatively modestly, indicating further TRY headwinds.

The Greek ASE recovered about half the losses since the start of the war, but still finished down 1.4% in March. Romanian equities recovered more convincingly, supported by index-heavy energy stocks.

The fund reported an indicative NAV per share of EUR 0.8445 in the end of March. Due to continuing effective inability to trade our Russian positions the fund has temporary suspended creations-redemptions of shares. The management has no clarity when the trading of Russian securities will be resumed on a special segment between non-residents.

Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size - indicative	EUR 1.85 M
NAV/share - indicative	EUR 0.8445
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

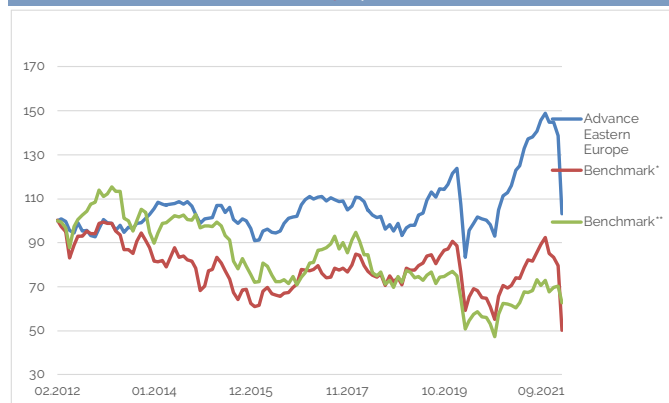
Fund Identifiers

ISIN	BG9000016063
Bloomberg Code	ADVEAEUBU
Reuters Lipper	65095316
Valor	3079269
WICN-German	AOMXVY

Fund Results (as of the date of the last published NAV - 25 Feb. 2022)

	Fund	Benchmark'	Benchmark**
1 month	-25.58%	-37.09%	-10.66%
1 year	-11.01%	-28.93%	2.11%
Year to Date	-28.77%	-40.06%	-9.79%
Since Launch (annualized)	-1.86%	-5.55%	-4.20%

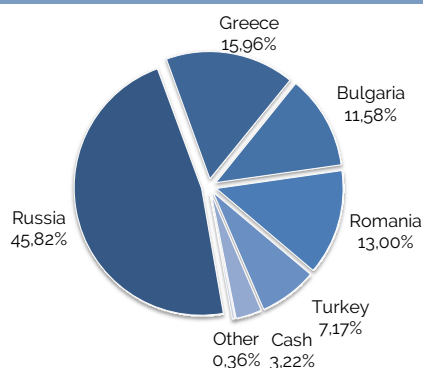
Fund Performance 10Y (as of the date of the last published NAV - 25 Feb. 2022)



Annual Performance

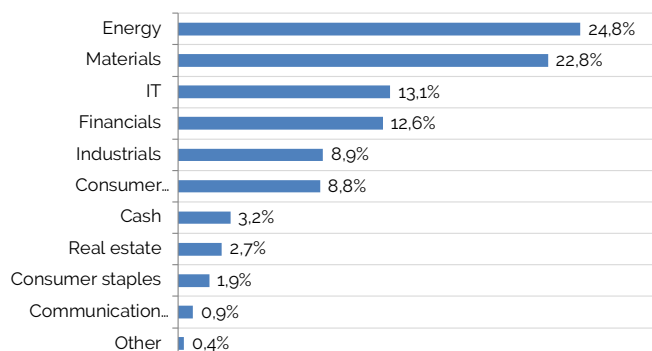
Year	Fund	Benchmark'	Benchmark**
2021	30.09%	18.34%	11.71%
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-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 (indicative)



Portfolio Breakdown

Sector Breakdown (indicative)



TOP 5 HOLDINGS

ALLTERCO AD (Bulgaria), IT

FONDUL PROPRIETATEA SA, Romania, Financials

Polyus Gold OJSC, Russia, Materials

GREEK ORGANISATION OF FOOTBALL PROGNOSTICS S.A., Greece, Consumer discretionary

JSC "NOVATEK", Common, Russia, Energy