

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 May 2022

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

Fund Manager's Comment

Negative economic surprises, growing expectations of recession and ever more hawkish Fed weighed down market sentiment. Despite a technical bounce in risk assets at the end of the month, MSCI World shed 1.7% in May, while MSCI EM declined 1.4%. Renewed TRY weakness and windfall tax induced sell-off of Hungarian equities led to underperformance of the regional MSCI EFM Europe + CIS ex RU, which lost 4.0%.

MOEX Russia index was down 3.7% in ruble terms, as daily liquidity continued to deteriorate, falling to USD 0.95 bn (-11% MoM). The market remains closed to non-residents, however the Moscow Exchange is currently testing a new trading system for foreign investors, with proceeds locked in Russia. There is still no official timeline for the reopening, but the infrastructure appears to be close to being finalized. In a key and surprising development last month, twelve companies (all non-SOEs) were granted permission to keep their DR programs, although the time limits of the waivers vary for unclear reasons. The ruble kept appreciating amid harsh capital controls and record high CA surplus – USD 133 bn in 4M22, compared to USD 39 bn a year earlier. The strength of the local currency reached levels uncomfortable for the state budget, forcing an emergency 300 bp rate cut by the CBR and reduction of mandatory FX conversion level for exporters to 50% (from 80%).

In Turkey, BIST 100 recorded a third consecutive monthly gain, up 4.8% in LCU terms, as real interest rates collapsed further into negative territory, driving the TINA trade. TCMB kept the key rate unchanged at 14%, despite that inflation continues to accelerate, reaching 74% in May. As expected, the widening of the CA deficit and depleted FX reserves unleashed a new wave of lira depreciation, as TRY lost 9.5% against the USD, the worst performance in the EM universe. The currency will likely remain under pressure, requiring emergency measures by the TCMB, although the start of the high tourism season could alleviate some of the CA gap.

The Greek ASE declined 3.4% last month, with consumer stocks demonstrating resilience. Romanian BET was down 1.7%, but among the key sectors, energy stocks maintained positive momentum.

The fund reported an indicative NAV per share of EUR 0.9472 in the end of May. This was 3.5% higher compared to end of April, with key driver being the positive currency effect of RUB. At the same time, better selection of Turkish and Greek stocks also contributed positively. 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

NAV/share (last published as of 25.02.2022)	EUR 0.7486
Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size - indicative	EUR 2.07 M
NAV/share - indicative	EUR 0.9472
Launch date	04/10/2006
Benchmark*	MSCI EFM Europe&CIS
Benchmark**	MSCI EFM Europe + CIS ex RU
Currency of account	Euro
Subscription fee	up to 150%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

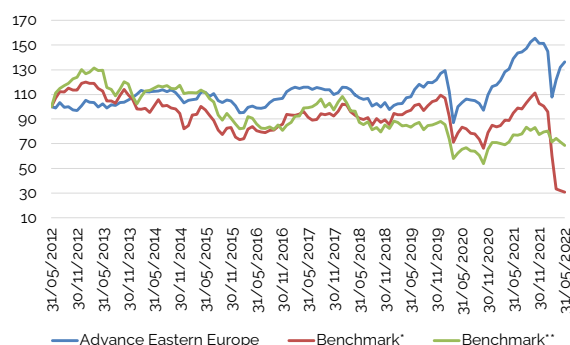
Fund Identifiers

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

Fund Results - **indicative**

	Fund	Benchmark*	Benchmark**
1 month	3.46%	-4.01%	-4.01%
1 year	-1.78%	-67.57%	-10.96%
Year to Date	-9.87%	-69.45%	-13.49%
Since Launch (annualized)	-0.35%	-9.45%	-4.39%

Fund Performance 10Y - **indicative**

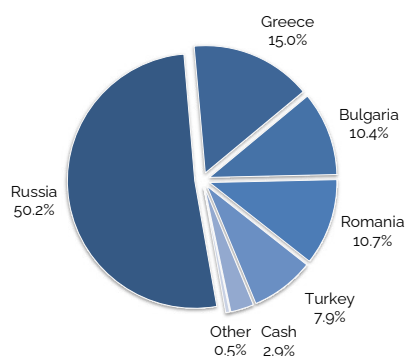


Annual Performance

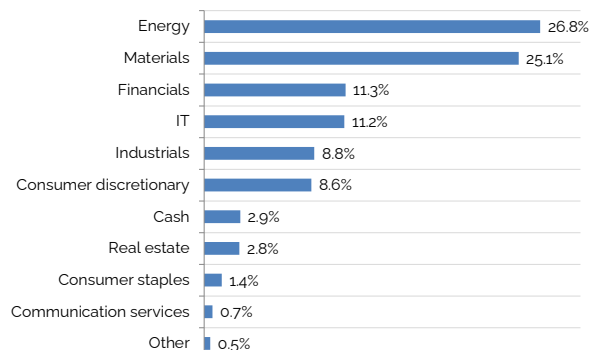
	Fund	Benchmark*	Benchmark**
2021	30.09%	18.34%	11.71%
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-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%

Portfolio Breakdown

Market Breakdown (**indicative**)



Sector Breakdown (**indicative**)



TOP 5 HOLDINGS

АЛТЕРКО АД, Bulgaria, IT

GMK Norliski Nikel, Russia, Materials

Polyus Gold OJSC, Russia, Materials

GAZPROM PJSC / Gazprom, Russia, Energy

FONDUL PROPRIETATEA SA, Romania, Financials