

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 August 2019

Fund Manager's Comment

August was rocky for global financial markets amid escalating trade war between US and China. Developed markets (MSCI World) tumbled 1.1% during the month, as European stocks underperformed US counterparts. Meanwhile, emerging markets were the hardest hit by the trade dispute between the world's major two economies, losing 4.0% in August. The CEE region fared even worse, with MSCI EFM Europe + CIS down by 4.9%, while the benchmark excluding Russia crumbled 6.9%. Among the markets of the fund's portfolio, Russia and Romania were relatively steady, while the rest finished in the red.

Russian equities were first hit by new round of US sanctions related to "Skripal" case under phase two of the CBW Act. Nevertheless, MOEX Russia index managed to pare losses in the final week of August, finishing almost unchanged at 16.2% YTD. At the same time, the ruble remained under geopolitical pressure, losing 4.9% against the US dollar during the month. The local currency also faces lesser support now from the decelerating portfolio flows to the Russian OFZ market, as the Ministry of Finance reduced primary supply.

The Turkish market was harder hit by the global risk-off sentiment. Monthly foreign flows to the local equity market turned negative for the first time since April. Thus, the BIST 100 index fell 5.3% in August. Meanwhile, the Turkish lira weakened 4.5% against the US dollar, as newly announced credit stimulus measures by the CB worsened the sentiment further.

It was risk-off for Greek equities too, as ASE index recorded monthly loss of 3.5%. Nevertheless, the main index is the top-performer globally, with gains of 41.5% YTD. At the same time, the Romanian market was resilient to the general global market volatility. The local BET index gained 0.3% in August and retained its position as the second best performing index in the region (+25.1% YTD).

Among the smaller Balkan stock markets, the Croatian CROBEX recorded 2.0% loss (+7.1% YTD), while the Bulgarian SOFIX continued to underperform, deepening its losses since the start of the year to 4.5%.

Our fund outperformed its benchmark in August, recording smaller loss compared MSCI EFM E+C (-1.85% vs -4.94%), mainly thanks to better selection effect in Russia and Turkey. Sector-wise, IT and Materials positions were the best performers during the month.

Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 2.69 M
NAV/share	EUR 0.8044
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 1.50%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

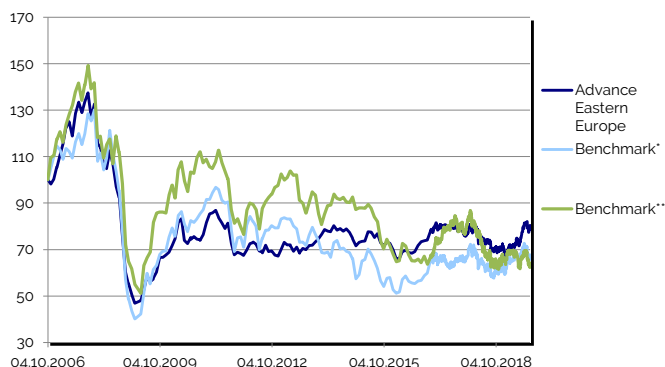
Fund Identifiers

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

Fund Results

	Fund	Benchmark*	Benchmark**
1 month	-1.85%	-4.94%	-6.89%
1 year	15.19%	13.98%	0.14%
Year to Date	18.59%	13.38%	-1.10%
Since Launch (annualized)	-1.67%	-3.09%	-4.05%

Fund Performance

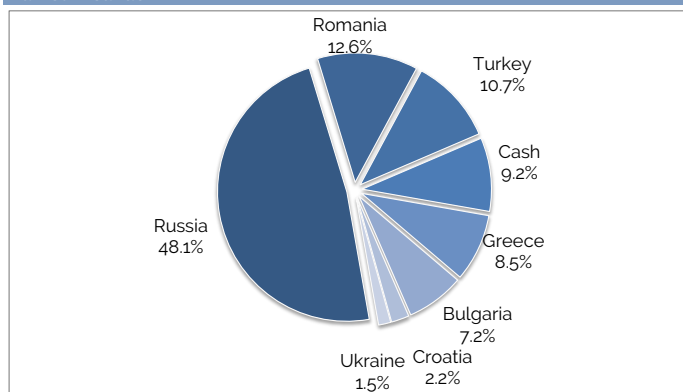


Annual Performance

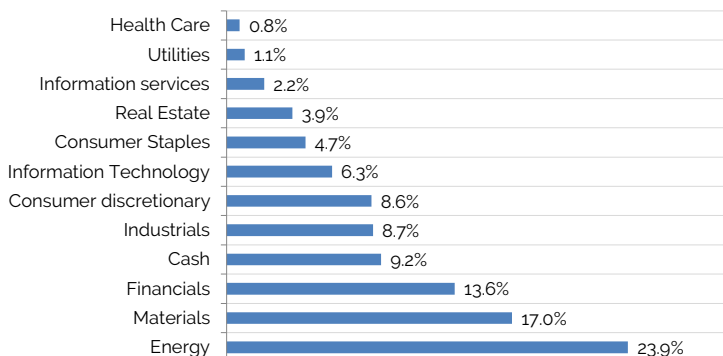
	Fund	Benchmark*	Benchmark**
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-22.53%	-29.75%
2010	18.44%	21.65%	16.29%
2009	36.50%	73.42%	51.49%
2008	-61.94%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

Portfolio Breakdown

Market Breakdown



Sector Breakdown



TOP 5 HOLDINGS

GMK Norliski Nikel (Russia), Materials	JSC "NOVATEK", Common (Russia), Energy	Lukoil (common) (Russia), Energy	JUMBO SA (Greek), Consumer Discretionary	Qiwi Plc (Russia), Information Technology
---	---	----------------------------------	---	--