

# ADVANCE EMERGING EUROPE OPPORTUNITIES

31 December 2020

## Investment Objective

The Fund invests in stocks of companies in the CEE region, and has a long-term holding horizon of the investments.



### Fund Manager's Comment

December was another bullish month for CEE equities, which once again were at the forefront of the global equity rally with a monthly return of 8.3% (in EUR terms), as measured by MSCI EFM Europe + CIS ex RU. The overall market sentiment remained upbeat as important uncertainties cleared out. In the US president Trump eventually signed a USD 900bn relief package bill, while in Europe the EU and UK struck a trade deal. In addition, after long negotiations, the 27 EU countries reached an agreement on the much-delayed EUR 1.8tn budget and coronavirus recovery package. Against this backdrop, MSCI World rose 1.8%, while MSCI EM was up by 4.8% (in EUR). Cyclical and value stocks continued to outperform, while the pandemic winners, such as growth and technology lagged.

Driven by value sectors, such as Oil&Gas (+9.3%), Banks (+8.6%) and Energy (+16.6%), Polish WIG20 climbed 8.4% in December, closing the year with a YTD return of -7.7%. The release of the long-awaited futuristic "Cyberpunk 2077" game, developed by Poland's biggest computer-games studio CD Projekt RED, became a hot topic during month. The game fell victim to its own massive hype, as the premiere turned into a real fiasco due to numerous bugs and problems, especially in the console version. This triggered negative user reviews and a high number of refund requests and as a result of this Sony decided to remove the game from its store. Going forward, we believe that the game will nevertheless become a big hit, as CDR will improve it. That said, we see a lot of risks that might have long-term consequences (i.e. impaired reputation, delays of future projects, employees leaving etc.). Thus, we took a decision to cut our position following the publication of the initial user reviews. Due to the negative newsflow in December, the stock was one of the biggest underperformers in Poland, losing 29.5% of its value. Meanwhile, on the currency side, PLN lost 1.8% vs. the euro, dragged down by a FX intervention of the NBP, aimed to spur the economic recovery.

Czech PX index appreciated by 6.3%, as all of the main constituents finished the month in black. In Hungary, the main BUX index recorded a slightly higher growth of 8.6%, led by OTP Bank (+12%) and the Oil & Gas company MOL (+8.7%). At the same time, Czech koruna remained barely at the same level vs. the euro (+0.1%), whereas Hungarian forint depreciated by 1.2%. Baltic indices, which ranked among the winners in CEE this year, continued to rise and finished 2020 with positive returns. The regional benchmark index - OMX Baltic surged 8.4% in December.

In 2020 the fund's unit value fell by 9.35%, which marked a significant outperformance vs. the benchmark (-19.2%). In December, the fund underperformed due to differences in the geographical asset allocation (no exposure to Turkey and Greece), higher cash reserves and lower exposure to value stocks. In the final weeks of the year we decided to reduce slightly our underweight in value stocks, by accumulating shares of blue-chip banking and Oil & Gas companies.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 9.76 M
NAV/share	EUR 0.9116
Launch date	23.11.2007
Currency of account	Euro
Subscription fee	up to 150%
Management fee	15 % NAV p.a.
Redemption fee	none
Minimum investment	none
Benchmark	MSCI EFM Europe + CIS ex RU

### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	4.35%	8.27%
1 year	-9.35%	-19.20%
Year to Date	-9.35%	-19.20%
Since Launch (annualized)	-0.70%	-6.70%

### Fund Performance

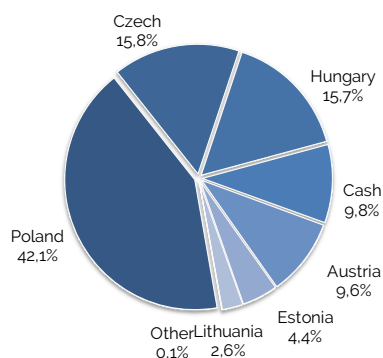


### Annual Performance

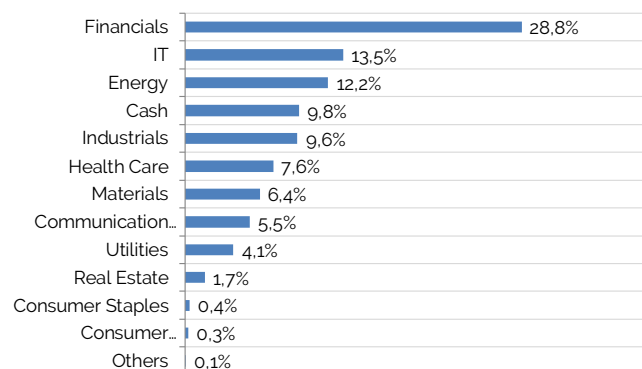
	Fund	Benchmark
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-14.09%	-20.91%
2017	20.96%	22.39%
2016	7.26%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	-22.13%
2013	3.47%	2.24%
2012	17.55%	-16.81%
2011	-23.26%	34.08%
2010	21.98%	-29.75%
2009	2.85%	16.29%
2008	-15.88%	51.49%

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### 5 Largest Holdings

LIVECHAT SOFTWARE SA (Poland), Information Technology	CEZ AS (Czech), Utilities	AVAST PLC ORD (Czech), Information technology	MONETA MONEY BANK (Czech), Financials	MOL HUNGARIAN OIL AND GAS PL (Hungary), Energy
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