

ADVANCE EMERGING EUROPE OPPORTUNITIES

Investment Objective

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



31 August 2021

Fund Manager's Comment

Emerging Europe was once again the best-performing global region in August, gaining 6.9% (in EUR), as measured by MSCI EFM Europe + CIS ex RU. The appreciation of CEE indices was driven by solid macro data, strong Q2 earnings season, as well as by more dovish than anticipated monetary policy message by the Fed, which led to lower yields, making riskier assets more attractive. At the same time, Chinese regulatory changes continued to weigh on global EM (MSCI EM), which still recovered in the second half of the month, closing August up by 2.9% (in EUR). Developed markets (MSCI World) lagged slightly behind, up by 2.8% (in EUR). Meanwhile, the fund's unit value appreciated by 2.9% (4.0pp below the benchmark). Some of the factors for the relative underperformance include underweight in financials, softer monthly performance of CEE and Czech banks (which prevail in the fund at the expense of Polish banks), as well as negative contribution from the IT sector (c. -0.5pp). Local currencies had a positive impact on the fund's return as Hungarian forint appreciated 2.7% vs. the euro, while Polish zloty and Czech koruna were up, 1.0% and 0.3%, respectively.

In Poland, the rally gathered steam and WIG20 advanced 5.1%. In contrast to the previous month, the Banks (+14.4%) were at the forefront as the high YoY CPI prints (5.4% YoY in August) led to mounting expectations for an earlier than expected interest rate hike. Utility stocks were also among the biggest winners, as WIG-Energy advanced 13.2%. We decided to reduce our position in the debt collector Kruk following the recent price increase, as we believe that stock is now close to its fair value.

That said, our weight in Financials remained almost unchanged, as in Austria we boosted our position in Raiffeisen Bank, whose valuation looks appealing against the backdrop of solid Q2 delivery and improved 2021E guidance. In addition, we bought more shares of the Oil&Gas company OMV, as petrochemical margins are forecasted to remain strong, while the environment for refiners is set to improve further.

Czech equities gained 6.2%, as measured by the PX index. Shares of the utility company CEZ (+13.7%) made the highest positive contribution, yet the biggest winner was Stock Spirits (+47.2%), whose shares surged over 40% following the news that the company will be bought by CVC-affiliated funds.

Hungarian BUX ranked among the top-performers, up 6.9%. The biggest appreciation in CEE, however, was delivered by the Estonian index OMX Tallinn, which soared 12.4%, driven by the financials. Meanwhile, Lithuanian OMX Vilnius Index advanced 4.0%. We added a new position to the portfolio - Ignitis grupė - Lithuanian utility company that is well-positioned to benefit from the upcoming energy transition in the CEE region.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 12.24 M
NAV/share	EUR 1.1361
Launch date	23.11.2007
Currency of account	Euro
Subscription fee	up to 1.50%
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	2.87%	6.93%
1 year	33.13%	30.44%
Year to Date	24.63%	17.39%
Since Launch (annualized)	0.93%	-5.29%

Fund Performance 10Y

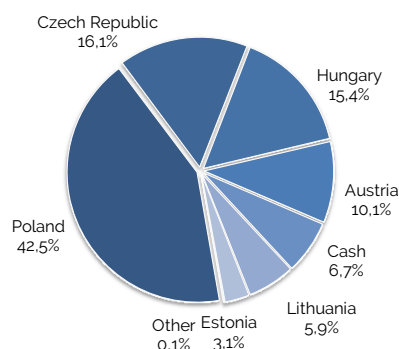


Annual Performance

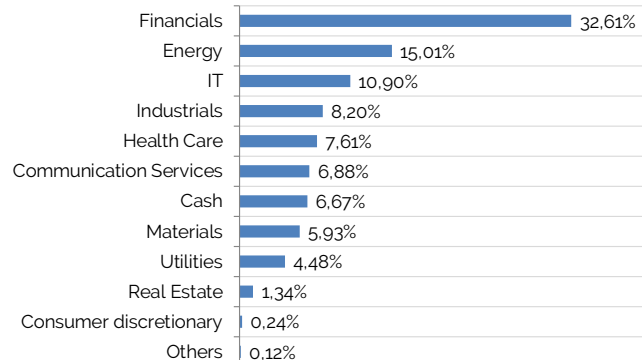
	Fund	Benchmark
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

LIVECHAT SOFTWARE SA
(Poland), Information
Technology

CEZ AS (Czech Republic),
Utilities

BANK PEKAO SA, Poland,
Financials

MONETA MONEY BANK (Czech
Republic), Financials

KRUK S.A. (Poland), Financials