

ADVANCE EMERGING EUROPE OPPORTUNITIES

Investment Objective

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

*This is marketing material

30 November 2022

Fund Manager's Comment

In November, global equity markets continued the upswing that started in October, with emerging markets (MSCI EM) rallying 10% and developed markets (MSCI World) gaining 2.5% in EUR. The favorable dynamics provided strong tailwind to the CEE region, which continued to outperform, up 10.5% in EUR, as measured by MSCI EFM Europe + CIS ex RU. Although monetary policy tightening continued in full force, investor sentiment improved significantly throughout the month, as expectations for a "soft landing" and approaching end of the rate hiking cycle intensified. In addition, the solid run of CEE equities was bolstered by the low valuations and a strong earnings season, with the majority of the companies within our coverage either beating or being in line with market expectations. CEE currencies remained volatile amid uncertainties related to EU funds absorption. The zloty and the Czech koruna appreciated by 1.0% and 0.5% against the euro, while the forint was up just 0.1%. Sector-wise, the rally was led by the value sectors, which added the most to the fund's performance. The largest contributors were Financials (+3.0 pp) and Energy (+1.9 pp), followed by Consumer Discretionary (+1.3 pp) and Materials (+1.2 pp). This resulted in a 9.0% overall gain for the fund's unit value.

After being in the doldrums for several months, the Polish market continued its swift recovery in November. The main index – WIG20 – rose 13%, second best performance in CEE, lagging only behind the Turkish BIST100 (+25.1%), which maintained its leading position. Oil & Gas (+14.9%) and Chemicals (+13.1%) were at the forefront amid favorable macro. We benefited strongly from our new largest position in Poland – PKN Orlen (+18.9%), which delivered solid Q3 results, marked by high refining profitability and strong cash flows. Boosted by an increased 2022E guidance and bullish soda ash outlook for 2023E, Ciech (+21.6%) ranked among the leaders as well. We took advantage of a temporary share price weakness and increased our position before the month-end rally. We also modified our exposure within Materials by opening a position in Grupa Kety (leading Polish supplier of aluminium components, systems and packaging materials). We funded the transaction by closing our position in the mining company KGHM, which is facing strong cost pressures.

Hungarian equities had a strong run as well, with main index BUX soaring 12%, driven by OTP Bank (+19%) and the energy company MOL (+13.5%). We benefited also from our exposure to the low-cost carrier Wizz Air (+29.6%), whose shares recovered partially after the recent pullback.

Market dynamics in the Czech Republic were more muted, with the main PX index up 2.6% as banks' Q3 results were broadly in line with estimates. Erste Bank stood out from the rest by delivering a solid 2023E guidance. As a result, it outperformed, surging 18.6% (in EUR). The rest of the markets within the portfolio also contributed positively, backed by a favorable stock selection (in Austria and Lithuania), as our positions outperformed the local indices.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 11.02 M
NAV/share	EUR 0.9585
Launch date	23.11.2007
Currency of account	Euro
Subscription fee	up to 1.50%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none
Benchmark	MSCI EFM Europe + CIS ex RU

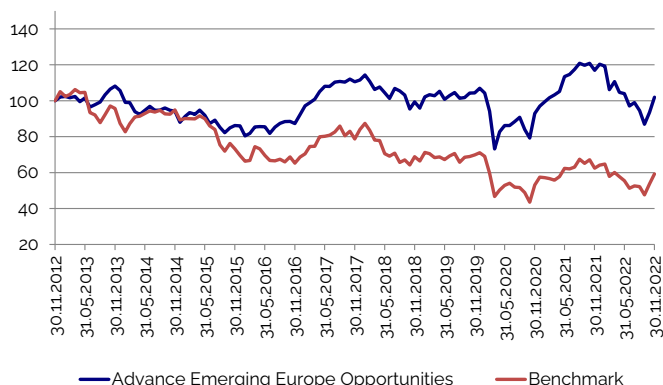
Fund Identifiers

ISIN	BG90000203077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	9.01%	10.54%
1 year	-12.82%	-5.08%
Year to Date	-15.30%	-7.54%
Since Launch (annualized)	-0.28%	-5.67%

Fund Performance 10Y

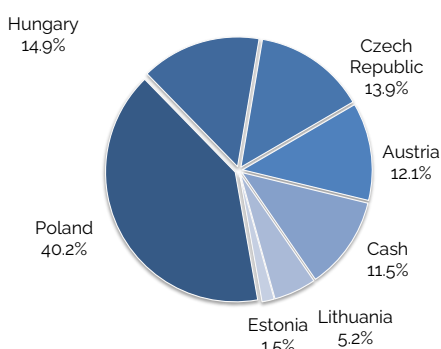


Annual Performance

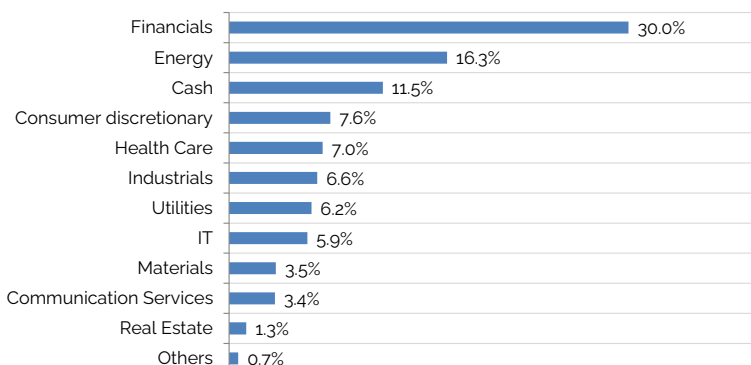
	Fund	Benchmark
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

CEZ AS, Czech Republic, Utilities

POLSKI KONCERN NAFTOWY ORLEN, Energy, Poland

RICHTER GEDEON NYRT, Hungary, Health Care

ERSTE GROUP BANK AG, Austria, Financials

LIVECHAT SOFTWARE SA, Poland, IT