

## Investment Objective

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



31 October 2022

### Fund Manager's Comment

Investors turned risk-on in October, following the declines in the prior two months. This happened against the backdrop of deteriorating macro outlook and subdued earnings growth in the US, implying that a lot of the bad news is already priced in. Global equity flows also saw an improvement. Attracted by the strikingly low valuations (12M FWD P/E of 7.1x on avr. for fund's positions), market participants turned their focus to the region of CEE, which became the top-performer globally, up by 12.7% (in EUR), as measured by MSCI EFM Europe + CIS ex RU. The normalization of the gas prices also improved the sentiment. Turkish equities continued their staggering rally, closing 25.1% higher, consolidating as the best-performing equity index globally YTD (+114.2%) and providing tailwind to the benchmark index. CEE massively outperformed GEM (MSCI EM), which closed 4% lower in EUR, dragged by Chinese equities, which suffered a harsh sell-off following the 20th Party Congress and the reappointment of President Xi. Meanwhile, Developed Markets (MSCI World) finished 6.2% (in EUR) higher. Focused on Central Europe, the fund lagged behind the benchmark, with a monthly gain of 7.6%. Besides the allocation differences, in contrast to the prior month, the result was affected by a negative selection effect in Poland due to the underweight of the Financials, which rebounded, offsetting part of the prior losses. The higher than usual cash levels, as well as the overweight of utilities also weighed on the performance. Meanwhile, Financials (+3.5pp) and Energy (+1.5pp) were the strongest contributors. The risk-on sentiment provided support also to the local currencies. Amid expectations for further rate hikes, Polish zloty appreciated 3.0% vs the euro. Meanwhile, Hungarian forint gained 3.3%, bolstered by an emergency hike by MNB, while Czech koruna was up by 0.5%.

Polish main index – WIG20 (+11.5%) – rebounded strongly, erasing the losses accumulated in the prior two months. With much of the uncertainties perceived to be priced in, Financials returned to favor, soaring 23.5% (WIG Banks). In the Oil&Gas sector, the increases were more muted (+3.6%) as the main focus was on the merger between PKN Orlen and PGNiG, which was completed in the beginning of November. As a result, PKN Orlen will become our largest position within Energy. On a positive note, the preliminary idea for a windfall tax on all large companies was scrapped. That said, the newsflow for the utilities sector became even more grim amid announced tariff freezes and a delay of the coal assets spin-off. As a result, WIG Energy plunged 7.2%.

Boosted by the blue-chips, Hungarian BUX also performed strongly, rising 8.5%. Meanwhile, Czech market was more driven by confusing news related to the introduction of windfall taxes, which brought higher volatility. With the utility company CEZ expected to be more affected, it underperformed (-5.8%), while banks were the relative winners. Austrian equities were a key positive contributor, adding 1.7pp to the fund's monthly return. Bolstered by solid Q3 results and the announcement of a special dividend, OMV finished the month on a strong foot, up by 24.8%.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 10.12 M
NAV/share	EUR 0.8793
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

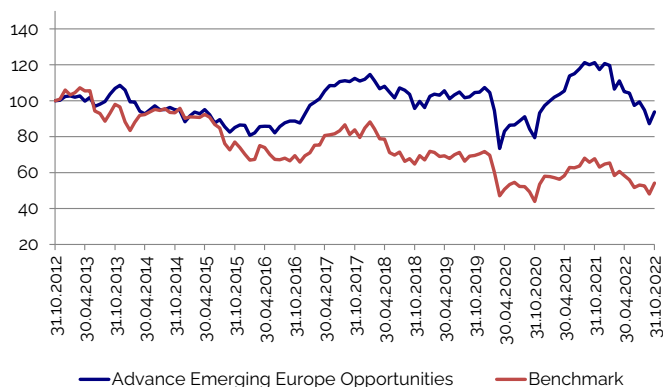
### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	7.60%	12.65%
1 year	-22.57%	-20.07%
Year to Date	-22.30%	-16.36%
Since Launch (annualized)	-0.86%	-6.33%

### Fund Performance 10Y

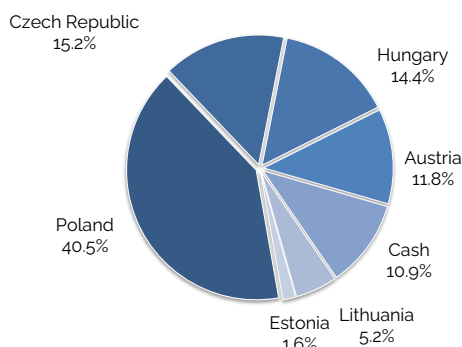


### Annual Performance

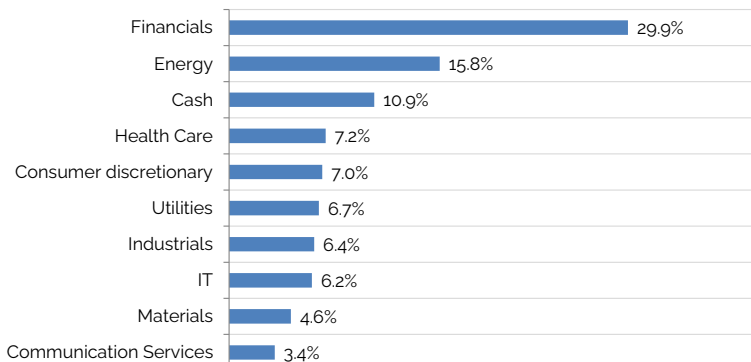
	Fund	Benchmark
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### 5 Largest Holdings

CEZ AS, Czech Republic, Utilities

RICHTER GEDEON NYRT, Hungary, Health Care

LIVECHAT SOFTWARE SA, Poland, IT

MONETA MONEY BANK, Czech Republic, Financials

ERSTE GROUP BANK AG, Austria, Financials