

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

31 January 2023

Fund Manager's Comment

Bolstered by a broader rally across equity markets, the Fund had a very strong start to the year (+7.0%). China's reopening, coupled with abating inflationary pressures globally, provided a tailwind for GEM, which rose 6% in EUR. The EM rally was accompanied by heavy inflows, which according to Refinitiv Lipper data reached \$13.2 bn. That said, Asian equities attracted most of the capital, while EEMEA equities continued to suffer outflows (according to EPFR data), implying that the surge was driven by domestic investors. Among CEE equities, Turkey witnessed the largest outflows (approx. 1% of AUM, EPFR), leading to a 9.7% decrease of the BIST100 index. The latter weighed significantly on the performance of the fund's benchmark index (MSCI EFM Europe + CIS ex RU), closing the month up by just 1.9% in EUR. Apart from the allocation differences, the fund's superior performance was also due to a positive selection effect in our key markets. Sector-wise, Financials (+3.4pp) and Utilities (+1.1pp) contributed the most, while Real Estate, Health Care and Energy underperformed, with a neutral contribution. On the currency side, the Hungarian forint continued its appreciation vs. the euro (+2.2%) as MNB maintained its hawkish tone, while EU funds-related risks softened. Czech koruna also appreciated vs. the euro (+1.7%), while the Polish zloty softened by 0.5%.

The main Polish index WIG20 rose 6.2%, maintaining the winning streak that started in October. Financials, which underperformed in 2022, continued to recover, with WIG Banks up by 7.5%. Among the large portfolio positions – shares of LiveChat Software outperformed, rising 17.8%. Following the rally, we decided to reduce slightly our position. Within Communication Services, we also closed our position in Cyfrowy Polsat due to an expected heavy CAPEX burden in the mid-term.

In Hungary, BUX rose 3.6%. Boosted by the shares of the LCC Wizz Air, (+40.4% in EUR) our portfolio positions delivered stronger return. Attracted by a larger than expected annual price hike (+14.5%), implemented by Magyar Telekom, we decided to open a position in the company. Among the other reasons for the inclusion were the low debt profile (ND/EBITDAaL of 1.6x), low mid-term capital requirements and high FCF yields (>20% on average in 2023-25E).

Rising by 10.6%, the Czech market delivered the strongest return within the CEE region. Speculations about the long-awaited restructuring of the utility CEZ (our largest portfolio position) sent the stock 15.3% higher. Financials also performed strongly. We reduced our position in Moneta Money Bank and simultaneously topped up our positions in Komerční and Erste Bank, which we view as less risky.

Among the rest of the markets, Austrian (+0.9pp) and Lithuanian (+0.3pp) equities also contributed positively.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 11.67 M
NAV/share	EUR 1.0145
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

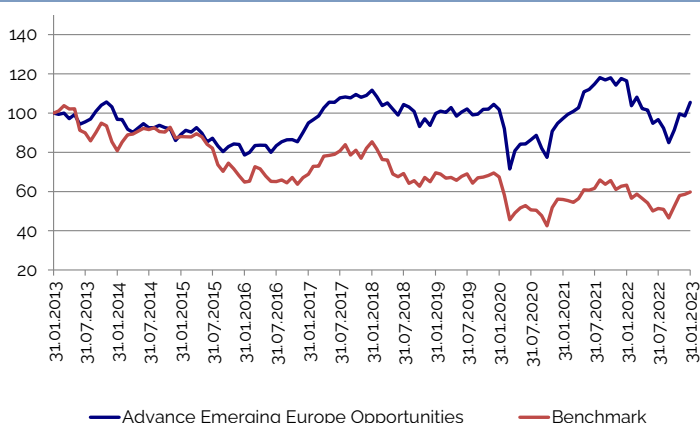
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	6.98%	1.94%
1 year	-9.48%	-5.60%
Year to Date	6.98%	1.94%
Since Launch (annualized)	0.09%	-5.42%

Fund Performance 10Y

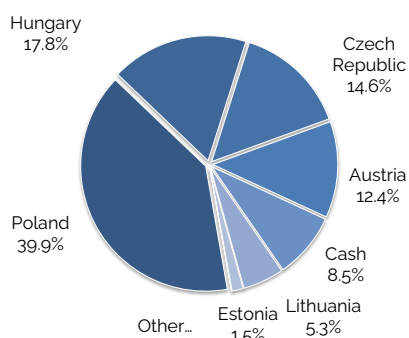


Annual Performance

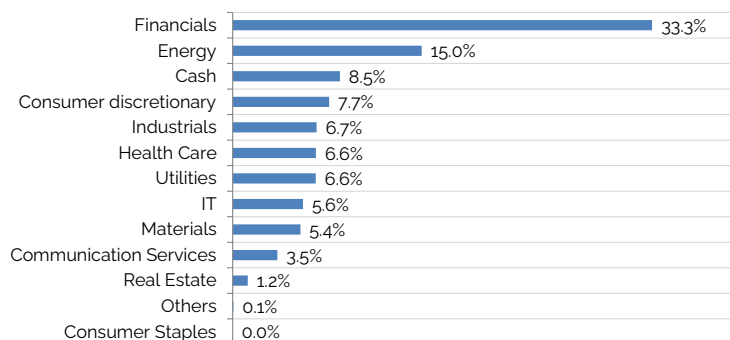
Year	Fund (%)	Benchmark (%)
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

CEZ AS, Czech Republic, Utilities	ERSTE GROUP BANK AG, Austria, Financials	POLSKI KONCERN NAFTOWY ORLEN, Energy, Poland	KOMERCNI BANKA, Czech Republic, Financials	RICHTER GEDEON NYRT, Hungary, Health Care
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