

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 July 2023

Fund Manager's Comment

The risk-on sentiment continued to navigate markets in July as inflation cooled further, and the US GDP data proved better than expected. This provided stronger tailwinds to the riskier assets, with MSCI EM gaining 4.7% in EUR, surpassing developed markets (MSCI World) which saw a 2.2% increase. CEE equities continued to shine, outperforming the rest of the world with a MoM return of 7.9%, as measured by the benchmark index MSCI EFM Europe + CIS ex RU. Largely due to strategic differences in the geographical structure, the fund lagged behind, gaining 3.9%. Soaring 18.6% in EUR terms (BIST 30) amid expectations for more orthodox policymaking, Turkish equities became the best-performers globally and were the primary factor behind the fund's negative benchmark-relative performance for the month. Sector-wise, IT and Consumer Discretionary stocks rallied the most within the fund, while Industrials became the biggest drag, subtracting c. 0.3pp of the return. Meanwhile, the divergence between CEE currencies widened further. Polish zloty continued to appreciate against the euro (+0.7%), while the Czech koruna and the forint retreated by 0.5% and 3.7%, respectively. The underperformance of the latter was partly driven by concerns about the public finances and the pace of monetary easing ahead, as the MNB continued with rates normalization.

The Polish WIG20 once again ranked among the winners in CEE, advancing 6.5%. Shares of state-controlled utilities topped the list after receiving non-binding offers from the government for the purchase of their coal-fired power plants. This was seen as a major step towards the long-awaited spin-offs, leading to a 19.4% gain for WIG-Energy. Among the rest, banks extended their winning streak, bolstered by the high interest rates environment. WIG-Oil&Gas (+10.6%) delivered a strong result as well. Within the portfolio, LiveChat Software (+15.9%) appreciated the most, driven by encouraging preliminary results for Q2, marked by solid growth dynamics. At the same time, Ciech (-10.1%) suffered the steepest decline as soda ash fundamentals continued to deteriorate.

In Czechia, the PX index rebounded with a 6.7% return as financials and the utility company CEZ thrived. Sentiment towards the latter continued to improve, fueled by speculations that the controversial bill on companies' transformation might be amended and that the windfall tax may not apply in 2024. The largest Hungarian stocks witnessed decent gains as well, pushing the main index BUX 5.7% higher. The off-benchmark position Wizz Air (-13.2%) underperformed amid capacity growth concerns and potential travel disruptions. Encouraged by the latest traffic data and the upbeat outlook for 23/24, we boosted our position in the company in the beginning of July. Our Austrian positions added c. 0.6pp to the fund's return in July, while Baltic stocks showed mixed performance.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 13.11 M
NAV/share	EUR 1.1403
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

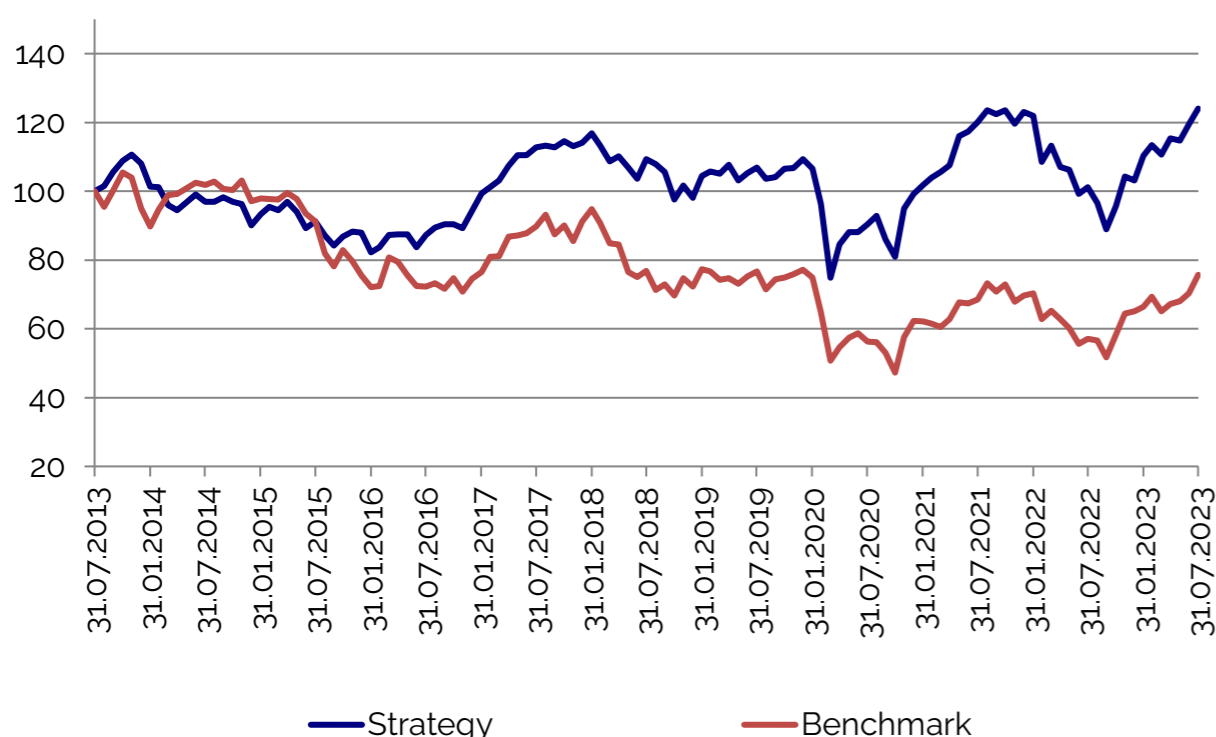
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	3.90%	7.85%
1 year	22.51%	32.57%
Year to Date	20.25%	16.28%
Since Launch (annualized)	0.84%	-4.45%

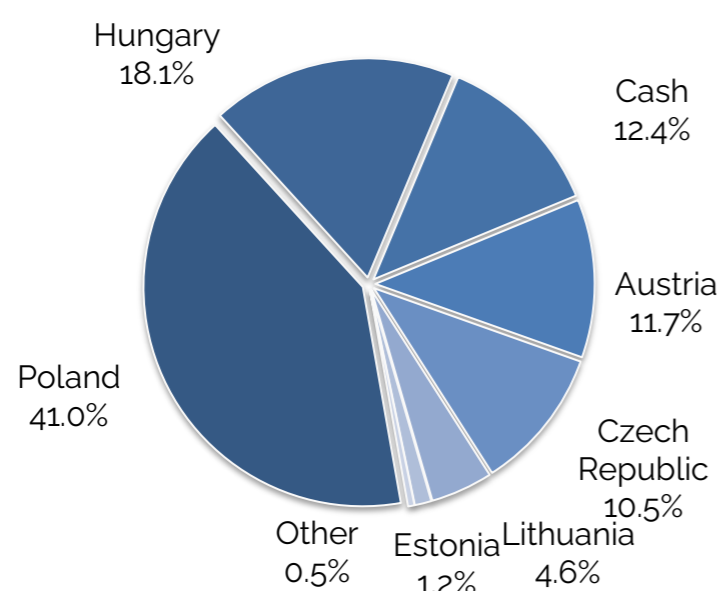
Fund Performance 10Y



Annual Performance

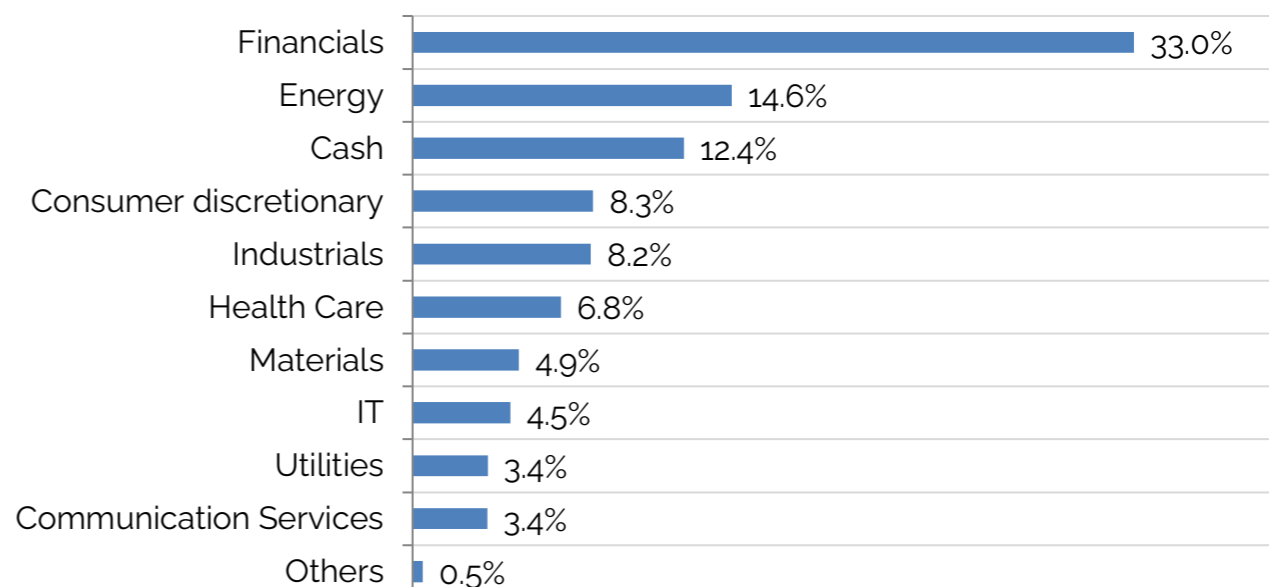
Year	Fund	Benchmark
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%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

Market Breakdown



Portfolio Breakdown

Sector Breakdown



5 Largest Holdings

ORLEN, Poland, Energy	ERSTE GROUP BANK AG, Austria, Financials	BANK PEKAO SA / PZU, Poland, Financials	KOMERCNI BANKA, Czech Republic, Financials	RICHTER GEDEON NYRT, Hungary, Health Care
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