

ADVANCE EASTERN EUROPE

Investment Objective

The goal of the fund is to ensure high investment results in the long-term by investing in Eastern European equities in 7 regional markets.



*This is marketing material

31 August 2022

*The NAV and NAV/share as of 31 August are indicative

Fund Manager's Comment

The second half of August had a sobering effect on the markets, with equities rapidly plunging from overbought to oversold territory. The US labor market kept surprising with strong data, while Jerome Powell's Jackson Hole speech poured cold water on hopes for a dovish pivot next year, as the Federal reserve is likely to "maintain a restrictive policy stance for some time". MSCI World declined 3.0%, with European stock underperforming NA peers. Meanwhile, MSCI EM diverged positively, up 1.4%, but the regional MSCI EFM Europe + CIS ex RU lost 0.9%.

The reopening of Russian equity trading for "friendly" non-residents was postponed once again. MOEX Russia gained 8.4% in LCU terms, led by Gazprom. The shares of the gas company soared 30%, as the BoD proposed a RUB 51.03 interim dividend, almost matching the cancelled FY2021 dividend recommendation. The interim dividend is subject for shareholders' approval at an EGM scheduled for the end of September, but the market appears to be pricing only a negligible risk of a negative vote. Meanwhile, a new decree was signed, banning foreign energy companies and banks from exiting their businesses in the country. Amid continuing capital control measures, the ruble appreciated 2.1% against the broadly-stronger US dollar. Still, the outlook for the rest of the year is for a controlled RUB softening, as the CBR is considering to diversify its foreign reserves, buying as much as USD 70 bn in yuan and other "friendly" currencies.

In Turkey, equities remained the only alternative to deeply negative interest rates. BIST 100 rallied 22.3% with banks still in the lead. Despite unabating inflation (+80.2% in August), TCMB surprisingly cut rates last month, by 100 bp to 13%, making the macroeconomic policy mix even more unsustainable going forward. TRY losses were relatively contained (-1.5% against the USD), as the current account has improved owing to the strong tourism season and, more importantly, FX reserves improved following foreign inflows related to funding for a nuclear power station to be built by Rosatom. The Greek ASE finished August almost flat (+0.6%) amid higher risk-appetite for financials and energy stocks. The Romanian BET was down 3.2%, as YTD outperforming energy shares saw some profit taking.

The fund reported an indicative NAV per share of EUR 0.9697 in the end of August. This was 5.8% higher compared to the end of July, with positive currency effect of RUB. At the same time, Bulgarian, Turkish and Romanian stocks also contributed positively. Due to continuing effective inability to trade our Russian positions the fund has temporary suspended creations-redemptions of shares. The management has no clarity when the trading of Russian securities will be resumed on a special segment between non-residents.

Fund Facts

NAV/share (last published as of 25.02.2022)	EUR 0.7486
Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size - indicative	EUR 2.12 M
NAV/share - indicative	EUR 0.9697
Launch date	04.10.2006
Benchmark*	MSCI EFM Europe&CIS
Benchmark**	MSCI EFM Europe + CIS ex RU
Currency of account	Euro
Subscription fee	up to 150%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

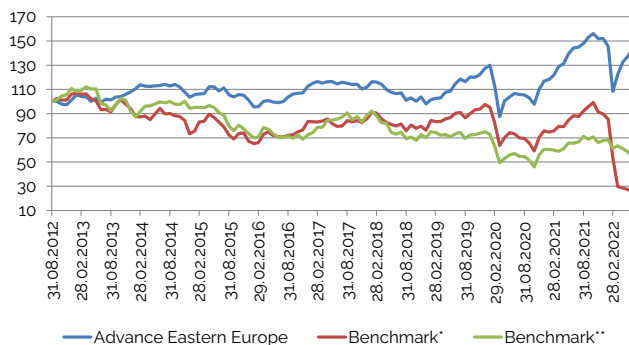
Fund Identifiers

ISIN	BG9000016063
Bloomberg Code	ADVEAEU.BU
Reuters Lipper	65095316
Valor	3079269
WICN-German	AOMXVY

Fund Results - **indicative**

	Fund	Benchmark*	Benchmark**
1 month	5.78%	-0.89%	-0.89%
1 year	-5.10%	-72.01%	-22.63%
Year to Date	-7.73%	-71.29%	-18.70%
Since Launch (annualized)	-0.19%	-9.66%	-4.70%

Fund Performance 10Y - **indicative**

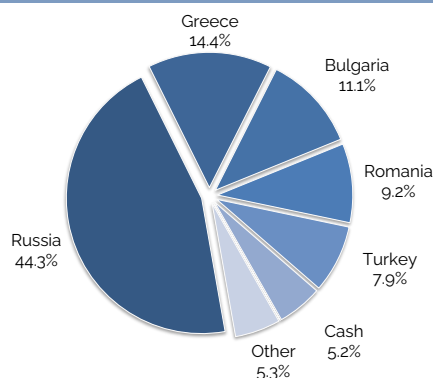


Annual Performance

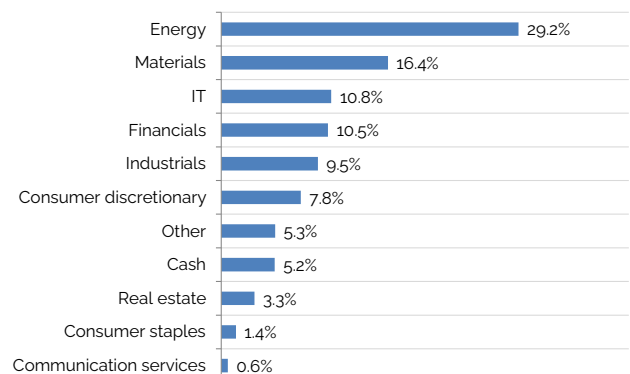
	Fund	Benchmark*	Benchmark**
2021	30.09%	18.34%	11.71%
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-22.53%	-29.75%
2010	18.44%	21.65%	16.29%
2009	36.50%	73.42%	51.49%
2008	-61.94%	-66.63%	-56.45%
2007	25.91%	11.54%	20.71%

Portfolio Breakdown

Market Breakdown (**indicative**)



Sector Breakdown (**indicative**)



TOP 5 HOLDINGS

Allterco, Bulgaria, IT	GAZPROM NEFT OAO-CLS / Gazprom, Russia, Energy	GAZPROM PJSC / Gazprom, Russia, Energy	JSC 'NOVATEK', Common, Russia, Energy	GMK Norliski Nikel, Russia, Materials
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