

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 January 2023

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



Fund Manager's Comment

Market sentiment improved across the world last month amid more optimistic outlook for global economic growth in 2023. The main factor was the rapid reopening of the Chinese economy around the Lunar New Year, while models suggest the Covid wave developed faster and likely peaked in the second half of January. Macro data from Europe surprised positively, with the current heating season half-way through and energy crunch avoided thanks to milder winter weather. The probability of a soft landing of the US economy also increased last month. Thus, MSCI World gained 5.2%, as European stocks outperformed, attracting net inflows for the first time in almost a year. Investors poured money into GEM at near-record rate, with MSCI EM up 6.0%. Against this positive backdrop, the regional index MSCI EFM Europe + CIS ex RU lagged, as Turkish equities weighed it down.

Following a violent rally and overheating in 4Q22, the Turkish BIST 100 corrected sharply, down 9.7% in January, with technical indicators approaching oversold levels. Volatility skyrocketed to record highs and is likely to stay elevated in the short term. The key factor behind this dynamic is the large influx of new retail investors in recent months (1.5mn new accounts in 2022) and foreign institutional investors' the diminishing participation, which used to be a stabilizing factor in the past. The TCMB continued to intervene on the FX market amid limited reserves, cushioning the depreciation of the lira (-0.6% against the USD).

The Greek ASE was the second-best performing index in the region, up 10.0%. Banks rallied the most (+22.0%), following a statement of the European Single Supervisory Mechanism's Chair, that SSM will give the green light for dividends if capital ratios are above the minimum regulatory requirements, in an adverse scenario of stress testing. Industrials also recorded solid gains (+15.6%), in anticipation of an improving European economic outlook.

The Romanian bet increased 4.1%, with almost all index constituents in the black. Index-heavy O&G names recovered from the initial sell-off that was triggered by the introduction of 60% solidarity tax. The management of OMV Petrom announced the company does not expect to be subject to the solidarity contribution for FY2022, having less than 75% of its turnover in the defined areas: the extraction of crude, the extraction of natural gas, the extraction of coal, and the refining business.

Following a ten-month long closure, the Fund was transformed in the beginning of January, by separation of the Russian assets of the Fund into a newly created share class B, while the initial shares formed class A. Class A decreased 3.3% last month due to the transfer of cash into class B, including frozen dividend payments from Russian emissions. Turkish positions in the portfolio, which were partially reduced, were a drag for the monthly return, but gains elsewhere, especially in Greece, more than offset Turkish losses. Sector-wise, industrials had the highest positive contribution, followed by energy and consumer discretionary stocks.

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	EUR 127 M
NAV/share	EUR 0.5881
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 1.50%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

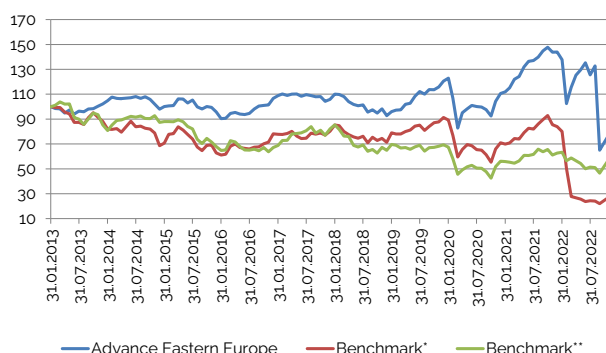
Fund Identifiers

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

Fund Results

	Fund	Benchmark*	Benchmark**
1 month	-3.32%	1.94%	1.94%
1 year	-41.53%	-64.66%	-5.60%
Year to Date	-3.32%	1.94%	1.94%
Since Launch (annualized)	-3.20%	-8.53%	-3.64%

Fund Performance 10Y

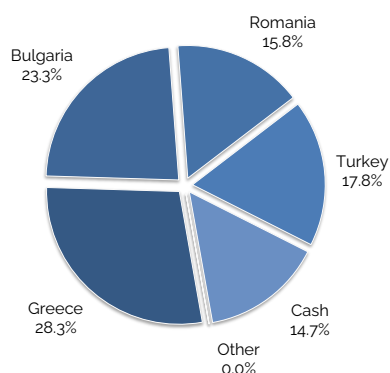


Annual Performance

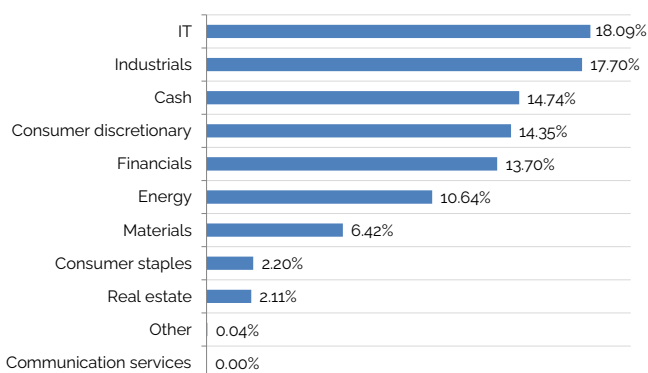
	Fund	Benchmark*	Benchmark**
2022 (indicative)	-42.12%	-66.97%	-6.49%
2021	30.09%	18.34%	11.71%
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
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



Sector Breakdown



TOP 5 HOLDINGS

Allterco, Bulgaria, IT	AEGEAN AIRLINES STOCK, Greece, Industrials	GREEK ORGANISATION OF FOOTBALL PROGNOSTICS S.A., Greece, Consumer discretionary	JUMBO SA, Greece, Consumer discretionary	TURKIYE SISE VE CAM FABRIKALARI AS, Turkey, Industrials
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