

ADVANCE EASTERN EUROPE class A

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

30 June 2023

Fund Manager's Comment

The bullish sentiment spilled over into June, with tech stocks still markedly in the lead. MSCI world gained 3.5%. For a second consecutive month North American stocks posted a solid gain (+4.1%), led by the tech sector, while European equities lagged again (+2.2%). MSCI EM was up 0.9%, underperforming on USD strength and lukewarm economic momentum in China. The regional MSCI EFM Europe + CIS ex RU increased 3.3% thanks to robust performance in Greece, Poland and Hungary.

The Greek ASE gained 4.9%. The rally remained broad-based, but leadership rotated from banks to consumer discretionary and industrials. The ruling centrist Nea Demokratia party secured a parliamentary majority following a second round of elections at the end of June. Thus, Prime minister Mitsotakis now has a strong mandate to continue with the reform agenda, while a return to investment-grade rating appears very likely in the next few months.

The Turkish market saw increased volatility amid rapid lira depreciation. Domestic retail investors' enthusiasm for Turkish stocks was unwavering, with BIST 100 index advancing 17.8% in LCU terms. Still, due to the sharp TRY drop, return in EUR terms was negative (-8.9%). Led by its new governor Hafize Erkan, TCMB began a long overdue tightening cycle. However, the first rate hike managed to surprise negatively market participants, although there was earlier guidance for a more gradual approach. The CB increased its key rate to 15% (+650bps), which was lower than the consensus estimate of 20%, thus, unleashing a new wave of lira weakness. TRY lost 20.2% against the USD in June, approaching fair value in REER terms. Thus, with much of the currency adjustment already done, foreign investors' monthly net flows into Turkish equities turned markedly positive in June (ca. USD 1bn).

The Romanian BET increased 2.1%. Among index-heavy components, financials regained strength (+9.8%), while energy stocks gains were more modest (+3.4%). The month was marked by two key events. First, the long-anticipated IPO of Fondul Proprietatea's 20% stake in Hidroelectrica - Romania's largest and entirely green electricity producer. Both local and foreign institutional investors showed strong interest in the share offering, with books fully covered (EUR 1.9bn) on the first day of the book building. Meanwhile, OMV Petrom announced FID for Neptun Deep offshore gas project, jointly operated with Romgaz. Production is expected to start in 2027, and from 2028 onwards the field is estimated to boost Petrom's hydrocarbon production by 60% vs 2022 output for a 10 year period.

Class A shares of the Fund were up 0.7% in June. The currency effect of TRY was markedly negative (-2.7pp) despite the relative UW of Turkish equities in the portfolio. Greek stocks contributed the most for the positive monthly return. Sector wise, consumer discretionary and staples were in the lead, followed by energy names.

Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 1.4 M
NAV/share	EUR 1395615.05
Launch date	04.10.2006
Benchmark*	MSCI EFM Europe&CIS
Benchmark**	MSCI EFM Europe&CIS
Currency of account	Euro
Subscription fee	up to 1.50%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

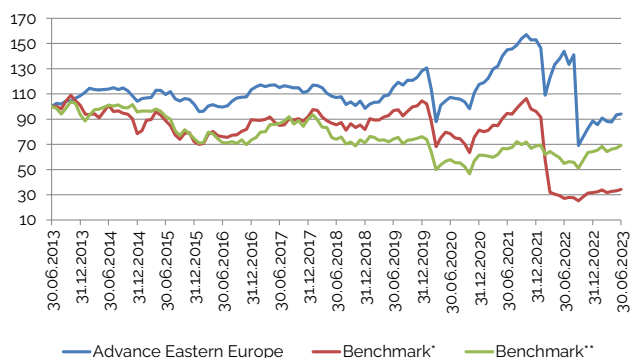
Fund Identifiers

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

Fund Results

	Fund	Benchmark*	Benchmark**
1 month	0.70%	3.34%	3.34%
1 year	-34.56%	26.21%	26.21%
Year to Date	6.33%	7.82%	7.82%
Since Launch (annualized)	-2.57%	-8.03%	-3.23%

Fund Performance 10Y

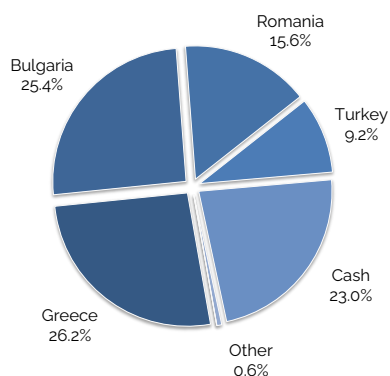


Annual Performance

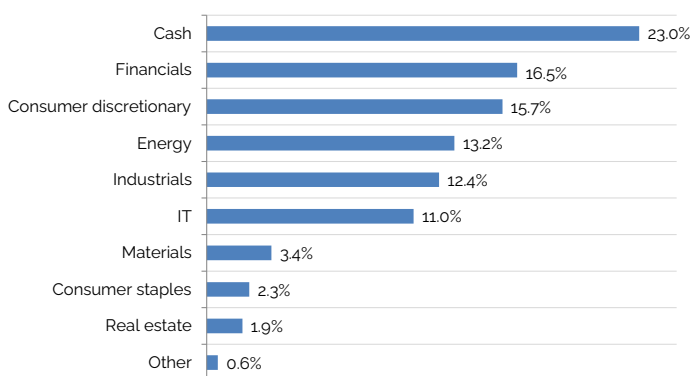
	Fund	Benchmark*	Benchmark**
2022 (indicative)	-42.12%	-66.97%	-6.49%
2021	30.09%	18.34%	11.71%
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%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

Alterco AD, Bulgaria, IT	JUMBO SA, Greece, Consumer discretionary	GREEK ORGANISATION OF FOOTBALL PROGNOSTICS S.A., Greece, Consumer discretionary	Motor Oil Hellas Corinth Refineries S.A., Greece, Energy	FONDUL PROPRIETATEA SA, Romania, Financials
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