

# ADVANCE EMERGING EUROPE OPPORTUNITIES

\*This is marketing material

## Investment Objective

The Fund invests in stocks of companies in the CEE region, and has long-term investment horizon.



31 July 2022

### Fund Manager's Comment

Although the growth backdrop deteriorated further in July, with inflation far from contained, equity markets ignored fundamentals and US stocks recorded their best month since 2020 (+9.2% for S&P 500). In line with expectations, the Fed raised its target range for the federal funds rate by 75 basis points to 2.25% to 2.5%, continuing the aggressive monetary policy tightening. The FOMC meeting, however, sparked a powerful market rally, with investors pricing in a dovish pivot in 2023E, as the Fed shifted to a more data-dependent approach. Meanwhile, in Europe the ECB delivered its first interest rate hike (+50bps) in over a decade, ending the negative rates era. Another major topic for Europe was the gas supply and the potential complete cut-off of Russian gas supply. Amid these uncertainties gas prices in Europe soared. This weighed on the performance of CEE markets, which lagged behind global equities, with a MoM return of 2.7% in EUR for MSCI EFM Europe + CIS ex RU. Against this backdrop, the fund's unit value increased 2.0%. On the currency side, the Czech koruna appreciated slightly (+0.6% vs the euro), while the forint (-2.1%) and the zloty (-0.8%) had a negative impact on the fund's return, depreciating vs. the euro. The Hungarian CB (MNB) aggressively hiked interest rates, which however was not enough to compensate for the selling pressure stemming from fears related to the EU funds absorption and the gas supply.

Mixed performance among the Polish large-caps sent WIG20 just 1.5% higher. Oil & Gas stocks ranked among the winners, surging 16.7% on average. PKN Orlen, Lotos and PGNiG agreed on the plan to merge the companies, creating a "national champion". The share swap ratios were also fixed and turned out to be more favorable for the shareholders of the latter two companies. Meanwhile, PKN Orlen posted an all-time high refining margin in June. Food retailer Jeronimo Martins reported exceptional Q2'22 results, which served as a tailwind also for its local peers. As a result, the industry outperformed the market. At the other extreme were the banks (-3.8%), which continued to suffer from the macro slowdown and political risks.

Dragged by the financials, Czech equities finished the month in red, down by 1.5%, as the introduction of windfall taxes remained a key topic on the stock exchange. At the same time, shares of the utility company CEZ returned to positive growth, appreciating 7.9% as investors shook off concerns about the introduction of special taxes, while power prices continued to rise.

Hungarian equities contributed the most to the fund's return (+1.3pp), as the main index outperformed, up by 6.5%. In addition to that, we benefited from our exposure to the low-cost carrier Wizz Air (+26.5%), which largely reiterated its projections for the summer. Meanwhile, the contribution of Austrian and Baltic equities was slightly negative.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 10.71 M
NAV/share	EUR 0.9308
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

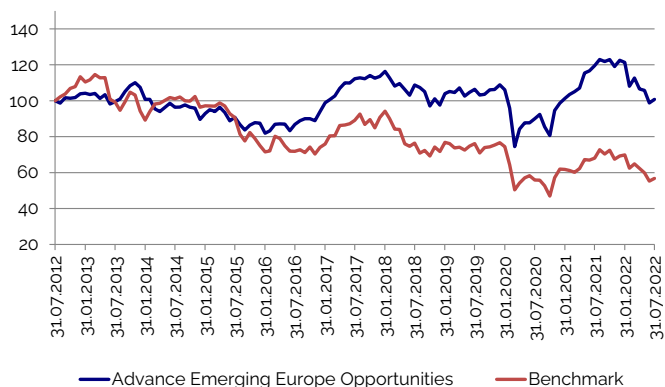
### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	2.04%	2.68%
1 year	-15.72%	-16.53%
Year to Date	-17.74%	-17.97%
Since Launch (annualized)	-0.49%	-6.56%

### Fund Performance 10Y

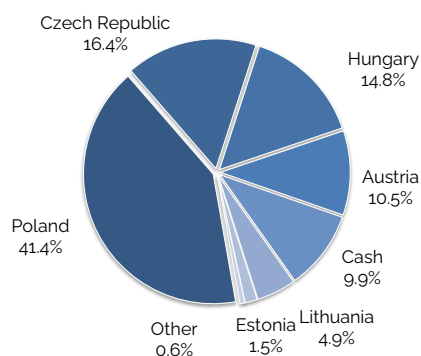


### Annual Performance

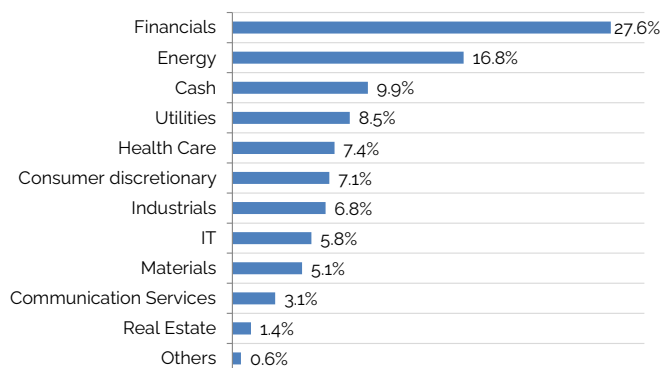
	Fund	Benchmark
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### 5 Largest Holdings

CEZ AS, Czech Republic, Utilities	MONETA MONEY BANK, Czech Republic, Financials	RICHTER GEDEON NYRT, Hungary, Health Care	MOL HUNGARIAN OIL AND GAS PL, Hungary, Energy	LIVECHAT SOFTWARE SA, Poland, IT
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