

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.



30 September 2022

Fund Manager's Comment

With major central banks staying on course to fight inflation at the expense of economic growth, risk assets saw another month of elevated volatility and sharp declines. As a result, Developed Markets (MSCI World) suffered a MoM decline of 7.1% in EUR. Meanwhile, the US dollar jumped to a new two-decade high, weighing on the performance of MSCI EM, which lost 9.6% in EUR. Down by 8.7% (in EUR), the region of CEE, as measured by MSCI EFM Europe + CIS ex RU, also closed in deep red territory. Despite the underweight of Turkey and Greece, which were relative winners during the month, but are not being part of the fund's strategy, the fund still managed to outperform, with a monthly decline of 8.0%. This was attributable to the higher than usual cash levels, as well as the positive selection effect in Poland. In addition to the above-mentioned factors, CEE shares were hit by higher geopolitical risks (i.e. the escalation in Ukraine) and uncertainty with regards to the introduction of windfall taxes. Within the portfolio, all sectors made negative contribution, with Energy (-2.1pp) and Financials (-1.7pp) weighing the most, while IT (-0.1pp) and the gaming companies became the relative winners. Local currencies had a significant impact on the performance given that the forint depreciated by 5.3% vs. the euro, while the zloty and koruna were down by 2.8% and 0.3%. The underperformance of the former was largely driven by the standoff over EU funds and the news that MNB has put an end to the rate-hike cycle.

Vague statements about a potential introduction of windfall taxes on all companies employing more than 250 people, with revenues exceeding EUR 50m (which meet specific margin-related criteria) wreaked havoc on the Polish stock exchange. As a result, the WIG20 lost 9.8%. Most affected were Utilities and Energy, which are facing the highest tax payments. Consumer stocks also underperformed amid expectations for slowing economic growth and diminishing purchasing power. Meanwhile, the relative winners were selected names from the "new economy", which had a positive impact on our performance.

Hungarian BUX also suffered a steep loss, falling 8.6%, with all of main stocks closing in the red. Shares of the low-cost carrier Wizz Air remained on a downward trajectory, plunging 25.9% amid the risk of a capital increase and recession fears. The favorable refining macro did not provide support to the shares of the Oil&Gas company MOL, which declined 12.5%.

Meanwhile, the Czech PX index was relatively more stable, declining 4.3%. There was a large divergence between the financial stocks. Komerční Bank, having stronger capital ratios and lower expected cost of risk, outperformed, rising 9.5%, while shares of Moneta Money Bank lost 8.7%. At the same time, expectations for introduction of windfall taxes in addition to the EU power price caps continued to weigh on the shares of the utility company CEZ, which underperformed, down by 12.9%. In this risk-off environment, Austrian and Baltic stocks contributed slightly negatively to the fund's result.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 9.41 M
NAV/share	EUR 0.8172
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

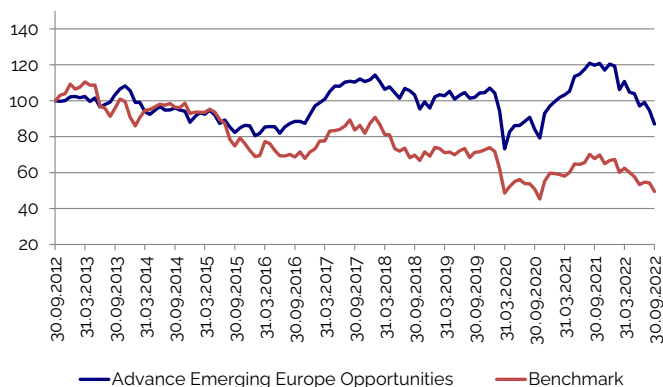
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	-8.02%	-8.67%
1 year	-27.37%	-26.92%
Year to Date	-27.78%	-25.75%
Since Launch (annualized)	-1.35%	-7.11%

Fund Performance 10Y

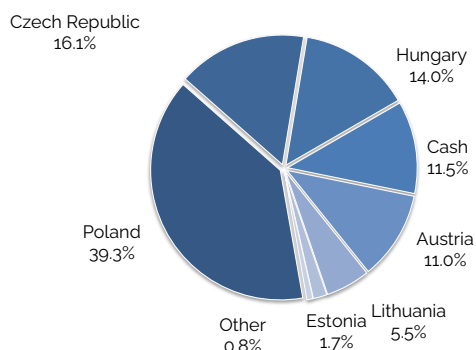


Annual Performance

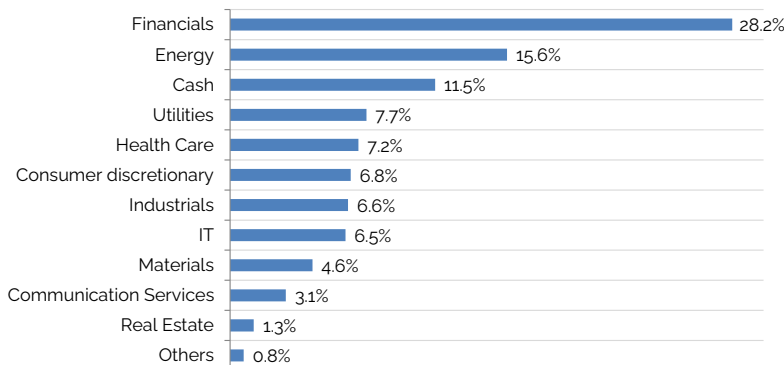
	Fund	Benchmark
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

CEZ AS, Czech Republic, Utilities

LIVECHAT SOFTWARE SA, Poland, IT

MONETA MONEY BANK, Czech Republic, Financials

RICHTER GEDEON NYRT, Hungary, Health Care

ERSTE GROUP BANK AG, Austria, Financials