

ADVANCE EMERGING EUROPE OPPORTUNITIES

Investment Objective

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



*This is marketing material

30 April 2023

Fund Manager's Comment

The start of the Q1 earnings season gave impetus to CEE equities in April, as most companies delivered positive surprises. As a result, the majority of the regional indices recouped losses from the prior month, with the benchmark MSCI EFM Europe + CIS ex RU closing 3.1% higher (in EUR). The fund outperformed it by 116bps, largely due to the geographical differences in allocation. Among other emerging markets, MSCI EM Asia disappointed, down by 4% in EUR, despite the encouraging macro data related to China's reopening. This resulted in a 2.9% (in EUR) decline of MSCI EM. Developed markets, as measured by MSCI World, ended barely unchanged. Value stocks emerged as winners, with Financials (+2.4pp), Energy(+0.9pp), Utilities (+0.9pp) and Healthcare (+0.7pp) contributing the most to the fund's return. The upbeat investor sentiment provided a tailwind to local currencies, with the Polish zloty and the Hungarian forint strengthening by 2.1% and 1.9%, respectively, against the euro, while the Czech koruna depreciated by 0.3%. The forint witnessed higher volatility amid first hints of monetary policy easing in the near term. That said, the effective interest rate was left unchanged at 18% in April and MNB assured that it will not act hastily, which provided support to the currency.

The Polish WIG20 became the top performer globally, soaring 9.4%. Bolstered by strong Q1 results, marked by high NII and low COR, banking stocks returned to favor, with WIG-Banks up 11.3%. Despite the downbeat retail sales dynamics in March (-7.3% YoY in real terms), consumer discretionary stocks recorded solid gains as well. The fashion retailer LPP (+25.3%) was at the forefront of the rally with strong Q4 delivery, characterized by stringent cost control and bullish 2023E guidance. In April, we opened a position in the waste management company Mo-Bruk. We took advantage of the discount that opened up by the decision of its founders to sell a 15% stake via ABB offering. Among the main rationales for the purchase were the company's leading market position, high profitability (~50% EBITDA Margin), strong FCF generation, solid cash position and favorable long-term growth perspectives for the industry.

The Czech PX index saw more muted performance, up by 1.9%. Shares of our largest position – CEZ – appreciated the most (+9.1%) amid speculations, fostered by the Ministry of Finance, that the payout ratio might be increased above 80%, which is implying a 2023E DY of c. 12.5% (assuming a 100% payout ratio), or c.11% on average for our Czech positions. Except for MONETA (-0.8%), financials also closed in black, supported by solid quarterly results. In Hungary, the BUX appreciated 5.9%. Our Austrian positions recovered somewhat as well, led by Erste Bank (+7.9%), which remains among our top picks due to its favorable 2023E prospects.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 11.71 M
NAV/share	EUR 1.0604
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

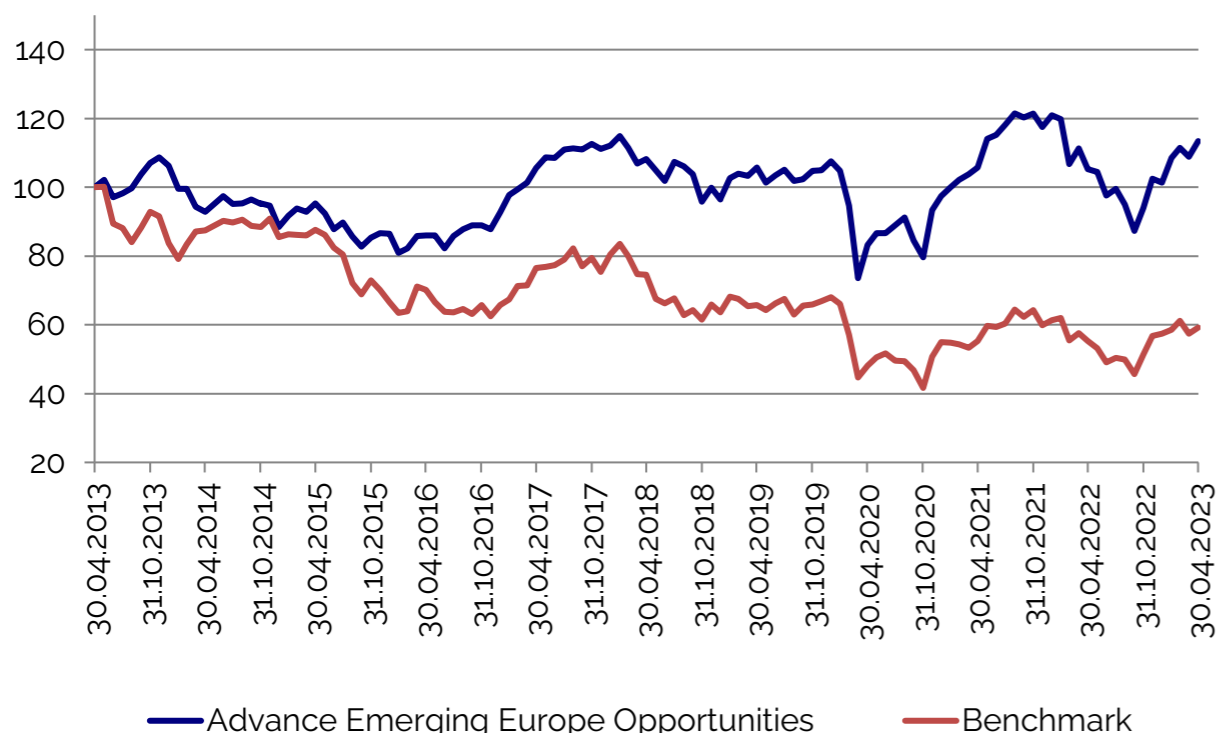
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	4.21%	3.10%
1 year	7.75%	6.93%
Year to Date	11.82%	3.05%
Since Launch (annualized)	0.38%	-5.27%

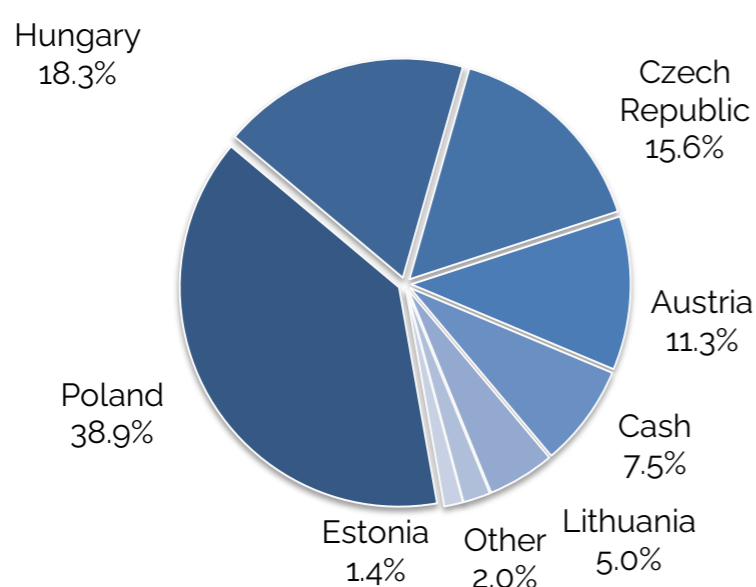
Fund Performance 10Y



Annual Performance

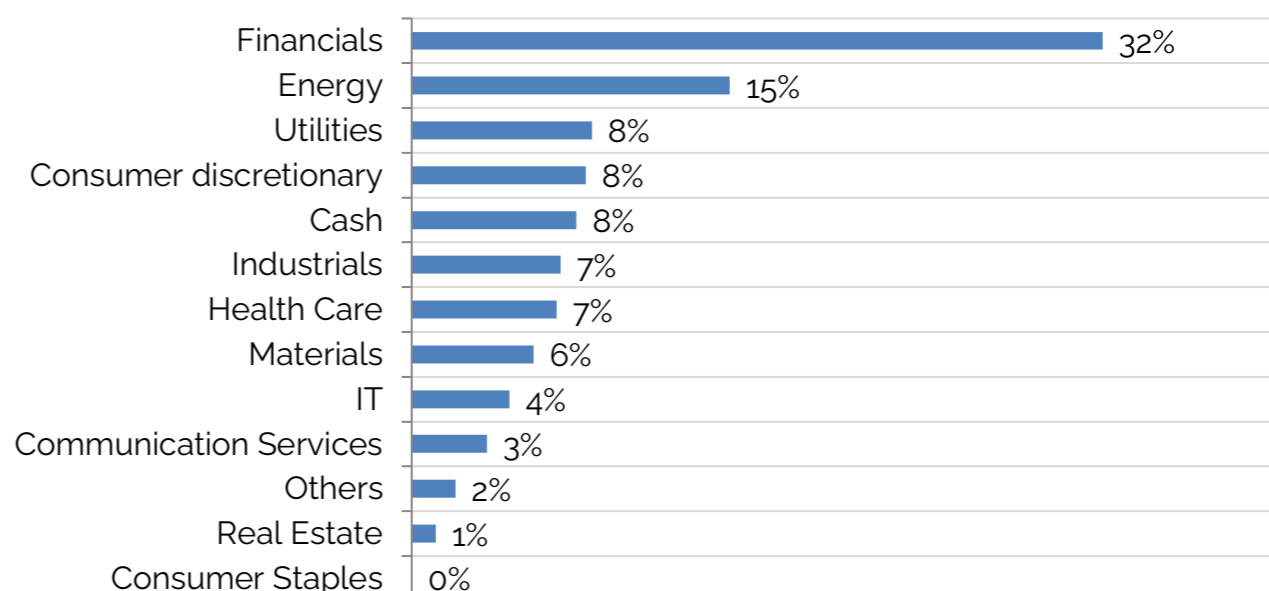
Year	Fund	Benchmark
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

Market Breakdown



Portfolio Breakdown

Sector Breakdown



5 Largest Holdings

CEZ AS, Czech Republic , Utilities

POLSKI KONCERN NAFTOWY ORLEN, Poland, Energy

ERSTE GROUP BANK AG, Austria, Financials

KOMERCNI BANKA, Czech Republic , Financials

RICHTER GEDEON NYRT, Hungary, Health Care