

# 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 June 2023

### Fund Manager's Comment

In June, global equity markets experienced a boost from a combination of positive economic data, diminishing recession concerns, and disinflationary trends. While the AI-related frenzy continued to bolster technology stocks, the rally became more broad-based, spilling over to small caps and cyclicals. The positive global market sentiment also propelled CEE stocks. Measured by MSCI EFM Europe + CIS ex RU the region appreciated 3.3% in EUR, slightly underperforming MSCI World (+3.5%). At the same time, the fading optimism over China continued to weigh on MSCI EM, which remained a laggard, up by 0.9% in EUR. Central European stocks topped the winners list, with only Latin America slightly outperforming them. As a result, the fund ended up slightly ahead of the benchmark index. Sector-wise, Financials (+2.1pp), Materials (+1.1pp) and Energy (+0.8pp) added the most, while Consumer Discretionary made a slightly negative contribution. Among the currencies, the Polish zloty continued its strong run, up by 2.1% vs. the euro, supported by a current account surplus and risk-on sentiment. Meanwhile, the Czech koruna and the forint depreciated slightly.

Polish WIG20 rebounded massively, soaring 8.8%, for an YTD return of 15%. The rally was spearheaded by the financial sector, with WIG Banks up 14.5%. Investors placed greater emphasis on the strong operating results, rather than concerns surrounding the extension of credit holidays and the CHF mortgage saga, which appear to have already been priced in. Despite expectations for additional provisions, the unfavorable final ruling by CJEU on CHF mortgage loan remuneration for capital usage did not trigger a significant market reaction. We decided to close our position in the developer GTC as we didn't see any strategic sense behind the announced acquisition. Besides, we decided to participate in the tender offer for Alumetal, expecting a minority shareholders squeeze-out.

The Hungarian BUX index recorded a strong result as well, rising by 6.9%. The market perceived the news regarding the extension of windfall taxes to have minimal impact, contributing to the positive outcome. In contrast, market dynamics in Czechia were relatively subdued, with the PX index declining 1.7%. The utility company CEZ, which carries a weight of 20% weight in PX, went ex-dividend, leading to a significant impact on the index. The DY stood at c.14%, following the surprising government proposal to raise the dividend payout ratio from 80% to 100%.

Austrian OMV, a constituent of the fund's portfolio, distributed a substantial dividend as well, resulting in a dividend yield of approximately 12%. We made the decision to reinvest it, slightly increasing our exposure in the company. Overall Austrian positions added 0.5pp to the return, while Baltic stocks didn't have a material effect.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 12.62 M
NAV/share	EUR 1.0975
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

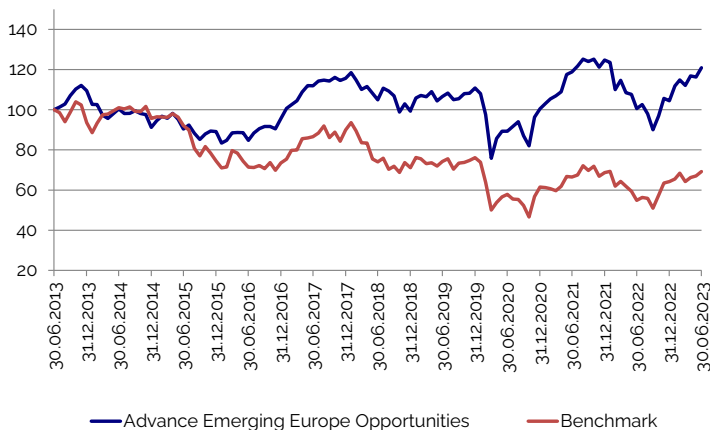
### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	4.03%	3.34%
1 year	20.31%	26.21%
Year to Date	15.73%	7.82%
Since Launch (annualized)	0.60%	-4.94%

### Fund Performance 10Y

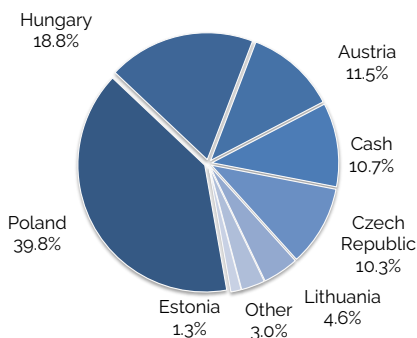


### Annual Performance

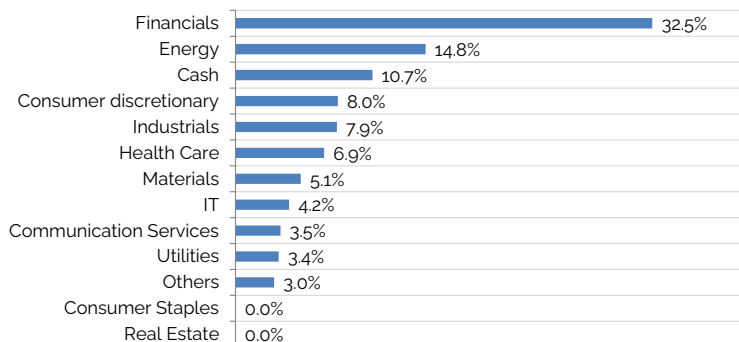
Year	Fund (%)	Benchmark (%)
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008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

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### 5 Largest Holdings

ERSTE GROUP BANK AG, Austria, Financials

POLSKI KONCERN NAFTOWY ORLEN, Poland, Energy

RICHTER GEDEON NYRT, Hungary, Health Care

BANK PEKAO SA / PZU, Poland, Financials

MOL HUNGARIAN OIL AND GAS PL, Hungary, Energy