

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

31 May 2023

Fund Manager's Comment

In May equity markets were mainly influenced by the surge in enthusiasm surrounding AI, the ongoing disinflationary processes and worries about weakening global demand. The former boosted significantly technology stocks, resulting in notable outperformance of growth over value stocks. As a result, MSCI World closed 2.3% higher in EUR. Emerging Markets (MSCI EM) lagged behind, up 1.6% in EUR, as the optimism related to the reopening of China's economy faded, with macro data worsening. In the CEE region there was significant divergence among the indices. The Greek index ASE emerged as a top performer, soaring 12.3% following a positive surprise from the parliamentary elections. It contributed the most to the benchmark MSCI EFM Europe + CIS ex RU, which closed 1.3% higher (in EUR). The returns in Central Europe were softer and this weighed on the fund's performance, leading to a decline of 0.5%. Sector-wise, Health Care (+0.5pp) and Consumer Discretionary (+0.3pp) added the most, while Utilities (-0.8pp) became the biggest drag. Among the currencies, Polish zloty continued its strong run, appreciating 1.3% vs. the euro as the Finance Ministry continued to exchange part of its foreign inflows in the currency market.

The Polish WIG20 index experienced a sell-off in the last days of the month, offsetting the gains from the prior weeks, closing 1.5% lower. Meanwhile, the fund benefited from its exposure to mid- and small cap stocks, which exhibited stronger returns.

In Czechia, market sentiment turned notably bearish, with the PX index experiencing a sharp decline of 5.9%. The largest index constituent - the utility company CEZ (-12.9%), had the most significant impact as a new government bill caused panic among investors. Concerns arose that this bill would grant the government, which owns 70% of the company, the ability to disadvantageously squeeze out minority shareholders. Consequently, the expectations of a generous premium for investors, which had been driving the rally thus far, began to wane. Bearing in mind the uninspiring quarterly results and the lower than expected 2023E dividend yield, we started to reduce our position before the sell-off and additionally locked in some gains following the government's proposal. Besides CEZ, the index was impacted by large positions going ex-dividend, further adding to the downward pressure. Austrian Erste Bank, which is also listed in Czechia, emerged as the largest position in the fund following our decision to increase our exposure in it. We were encouraged by the Q1 results, which in our view, remained underappreciated by the market.

In Hungary, large caps posted solid Q1 results and BUX ranked among the winners, up 5.4%. At the same time, Baltic indices closed slightly in red.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 1213 M
NAV/share	EUR 1.055
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

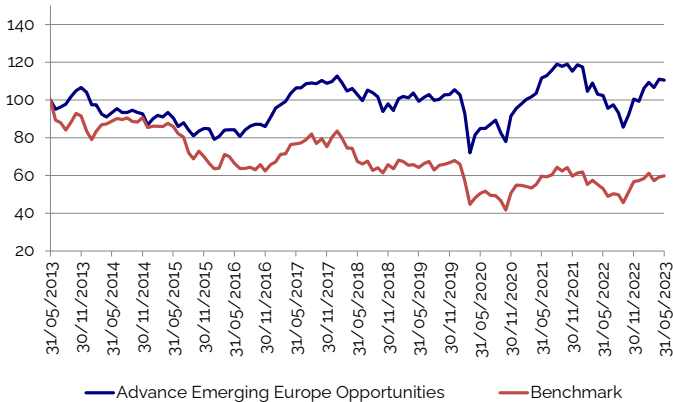
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	-0.51%	1.25%
1 year	7.99%	12.79%
Year to Date	11.25%	4.34%
Since Launch (annualized)	0.35%	-5.17%

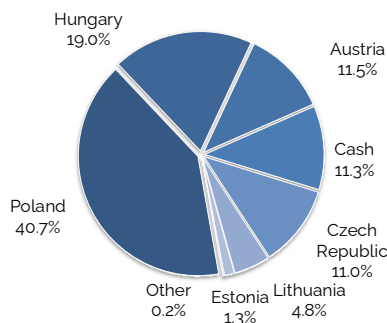
Fund Performance 10Y



Annual Performance

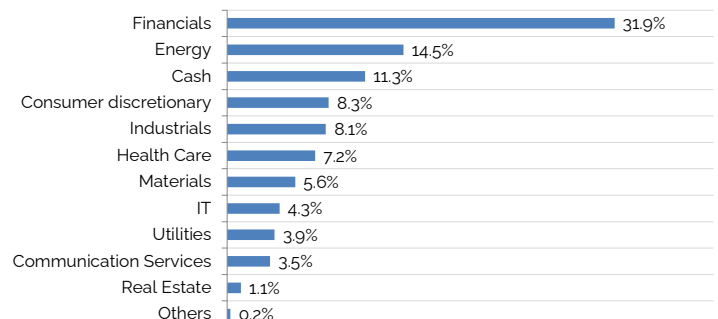
Year	Fund (%)	Benchmark (%)
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008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

Market Breakdown



Portfolio Breakdown

Sector Breakdown



5 Largest Holdings

ERSTE GROUP BANK AG, Austria, Financials	POLSKI KONCERN NAFTOWY ORLEN, Poland, Energy	RICHTER GEDEON NYRT, Hungary, Health Care	KOMERCNI BANKA, Czech Republic, Financials	MOL HUNGARIAN OIL AND GAS PL, Hungary, Energy
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