

# ADVANCE EASTERN EUROPE class A

## Investment Objective

The goal of the fund is to ensure high investment results in the long-term by investing in Eastern European equities in 7 regional markets.

\*This is marketing material

31 August 2024



### Fund Manager's Comment

Global equities staged a staggering recovery from the panic sell-offs in early August, that brought record-high intraday spike in the VIX index. Supported by the market participants' "muscle memory" of buying the dip, especially with over USD 6.2 tn parked in money market funds, as well as corporate buyback programmes, US stock indices quickly rebounded. In fact, the MSCI World Index managed to eke out a slight monthly gain of 0.2%. Weakening macroeconomic data from China weighed on emerging markets, with the MSCI EM Index falling 0.9%. The regional MSCI EFM Europe + CIS Index recorded a decline of 4.3%, with Turkish stocks contributing the most to the negative performance.

The Greek ASE Index lost 3.2%. The decline was widespread across sectors, with energy (-6.4%) and consumer discretionary (-4.4%) underperforming, while consumer staples (-2.0%) and utilities (-1.6%) were relatively more resilient. Due to their large weight in the index, banks had the most significant negative contribution, although the financial sector (-2.9%) performed in line with the broader market.

The Turkish BIST 100 Index sold-off sharply, down by 7.6% in LCU terms, while the loss was nearly double that in euro (-12.4%). The lira depreciated significantly, losing 2.7% against the U.S. dollar and 4.7% against the euro, under pressure from renewed dollarization of deposits in the local banking system and slowdown in capital inflows. Foreign investor interest in Turkish government bonds weakened compared to the high levels of the previous four months, with a net inflow of USD 917 mn in August. Meanwhile, portfolio investments in stocks continued to lag, with a net outflow of USD 744 mn. On the macroeconomic front, the TCMB left the key interest rate unchanged at 50%, while inflation continued to slow, with the growth rate falling to 52.0% in August, in line with consensus forecasts.

The Romanian BET Index fell by 2.6%. Among the index-heavy sectors, energy (-0.7%) and financials (-1.3%) outperformed the broader market, while utilities lagged (-2.8%). Banks' financial reports for 2Q2024 confirmed the ongoing trend of double-digit growth in loan portfolios, with both publicly traded names outperforming the sector, with net loans up 13.4% YoY for TLV and 13.9% YoY for BRD.

Class A shares of the fund declined by 3.5%. Turkish positions in the portfolio performed the worst, despite a positive selection effect, followed by Greek positions, where stock selection was negative. In sectoral terms, financial stocks had by far the largest negative contribution, followed by technology, consumer discretionary, and industrial companies. At the same time, positions in real estate, materials, consumer staples, and healthcare sectors, which have a relatively defensive profile, performed positively.

### Fund Facts

|                     |                                    |
|---------------------|------------------------------------|
| Fund type           | open-end                           |
| Fund Manager        | Georgi Raykov, Konstantin Prodanov |
| Fund size           | EUR 1.8 M                          |
| NAV/share           | EUR 0.826g                         |
| Launch date         | 04.10.2006                         |
| Benchmark*          | MSCI EFM Europe&CIS                |
| Benchmark**         | MSCI EFM Europe&CIS                |
| Currency of account | Euro                               |
| Subscription fee    | up to 1.50%                        |
| Management fee      | 1.5 % NAV p.a.                     |
| Redemption fee      | none                               |
| Minimum investment  | none                               |

### Fund Identifiers

|                |              |
|----------------|--------------|
| ISIN           | BG9000016063 |
| Bloomberg Code | ADVEAEU.BU   |
| Reuters Lipper | 65095316     |
| Valor          | 3079269      |
| WICN-German    | AOMXVY       |

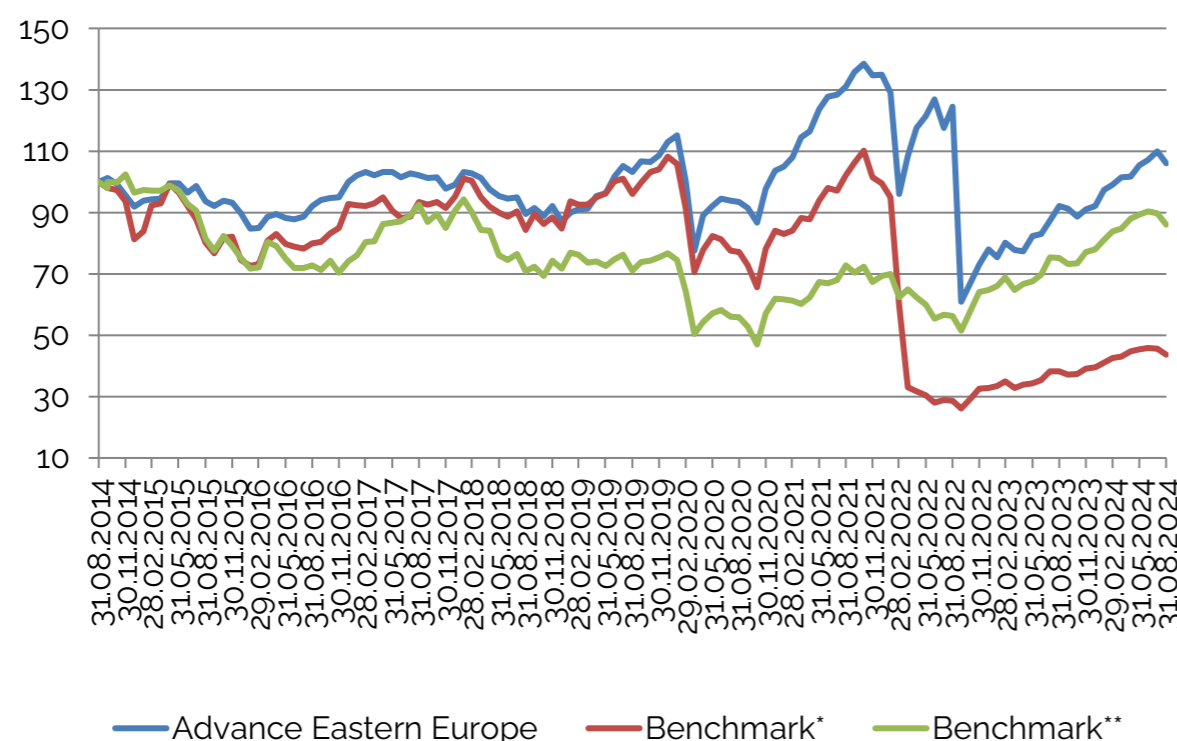
Past performance does not predict future returns.

### Fund Results (31.08.2024)

|                           | Fund   | Benchmark* | Benchmark** |
|---------------------------|--------|------------|-------------|
| 1 month                   | -3.53% | -4.26%     | -4.26%      |
| 1 year                    | 15.20% | 14.38%     | 14.38%      |
| Year to Date              | 15.28% | 10.17%     | 10.17%      |
| Since Launch (annualized) | -1.06% | -6.44%     | -1.89%      |

### Fund Performance 10Y

Past performance does not predict future returns.



### Annual Performance

|                   | Fund    | Benchmark* | Benchmark** |
|-------------------|---------|------------|-------------|
| 2023*             | 20.64%  |            |             |
| 2022 (indicative) | -42.12% | -66.97%    | -6.49%      |
| 2021              | 30.09%  | 18.34%     | 11.71%      |
| 2020              | -8.31%  | -22.29%    | -19.20%     |
| 2019              | 29.88%  | 27.90%     | 6.91%       |
| 2018              | -12.25% | -11.12%    | -20.91%     |
| 2017              | 4.42%   | 12.24%     | 22.39%      |
| 2016              | 11.31%  | 24.40%     | -1.29%      |
| 2015              | -2.29%  | -8.32%     | -22.13%     |
| 2014              | -4.06%  | -22.21%    | 2.24%       |

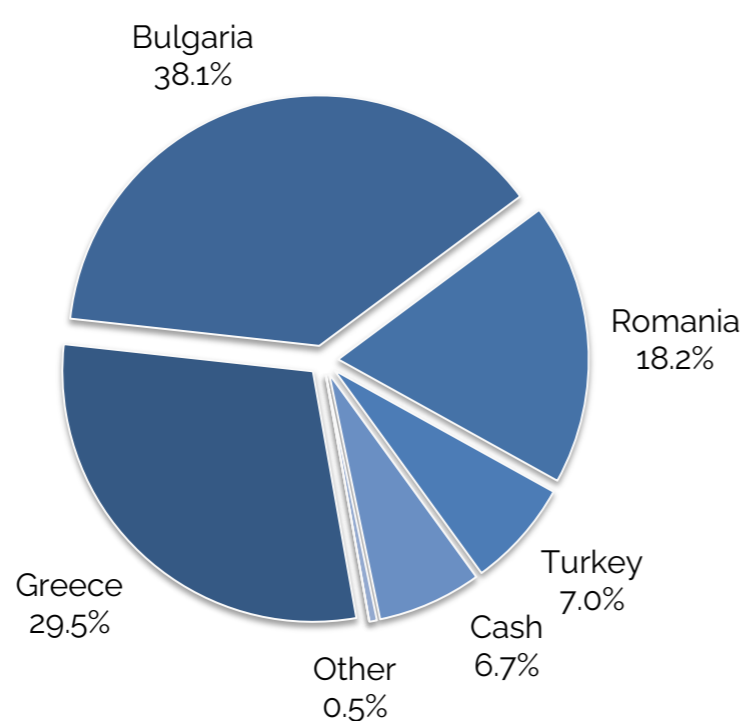
\*Annual performance since 03.01.2023 when class A was started

Source: The calculated yield is based on net asset value per unit and does not include issuance and redemption costs, according to the Fund's Rules and Prospectus. \*Benchmark information is based on official data from www.msci.com

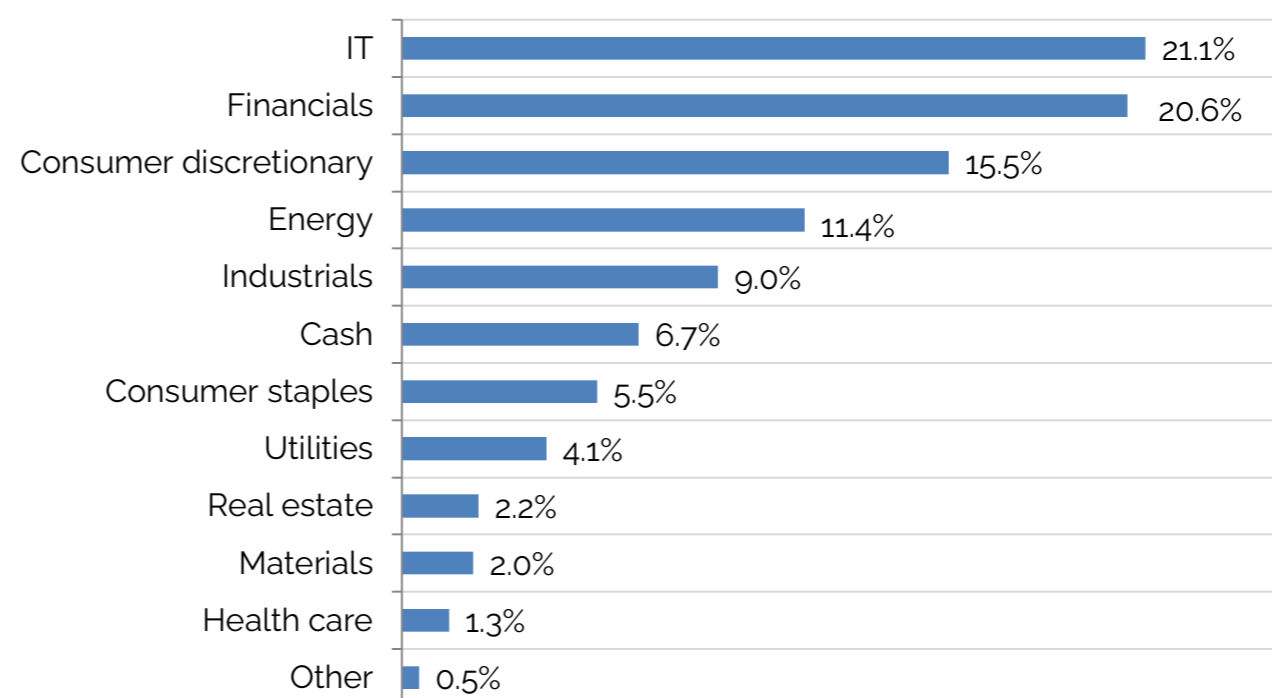
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### TOP 5 HOLDINGS

|                            |                           |   |  |  |
|----------------------------|---------------------------|---|--|--|
| Shelly Group, Bulgaria, IT | Sirma Group, Bulgaria, IT | GREEK ORGANISATION OF FOOTBALL PROGNOSTICS S.A., Greece, Consumer discretionary | JUMBO SA, Greece, Consumer discretionary | Motor Oil Hellas Corinth Refineries S.A., Greece, Energy |
|----------------------------|---------------------------|---|--|--|

This is a marketing message. Please review the prospectus and key information document of the relevant fund before making an investment decision. The information is valid at the date of issue of the marketing material and may change in the future. The information provided does not constitute investment advice, advice, investment research or investment recommendation and should not be construed as such. The value of the Fund's units and the income from them may decline, profit is not guaranteed and investors bear the risk of not recovering their investment in full. Investments in funds are not guaranteed by a guarantee fund created by the state or by any other type of guarantee. Previous results of the activity have no connection with the future results of an investment company. Future results are subject to taxation depending on the personal circumstances of each investor and may change in future periods. The documents are available in Bulgarian on the website [www.karollcapital.bg](http://www.karollcapital.bg), and upon request they can be obtained free of charge in paper form at the office of the Management Company. The fund is actively managed and does not follow an index. A summary of shareholder rights is available at [https://karollcapital.bg/uploads/2023/Prava\\_na\\_pritejatelite.pdf](https://karollcapital.bg/uploads/2023/Prava_na_pritejatelite.pdf)