

# 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 December 2024

### Fund Manager's Comment

The Federal Reserve channeled its inner Grinch and managed to steal the seasonal Christmas rally. The FOMC's revised projections of only 50 bp of rate cuts in 2025 dampened market participants' euphoria surrounding the incoming White House administration. MSCI World Index declined 0.7% in euro terms but, despite the turbulence in the final trading sessions of the year, closed with an annual return of 24.8%, highly concentrated in the 'Magnificent 7' US stocks. MSCI EM rose 1.7% in December but lagged with an annual growth of 12.1%. The CEE region added 2.3% in euro terms, led by gains in Turkey and Greece, ending 2024 with a 9.3% increase.

The Greek ASE Index rebounded 5.5%, with gains in almost all sectors. Banks, which were up by 10.6%, were the biggest contributors, as materializing political risks actually acted as a catalyst for improving market sentiment. The negative impact of government measures to reduce banking fees amounts to approx. EUR 150 mn for the sector as a whole, which is a manageable cost given the solid financial results.

The Turkish BIST 100 Index rose 1.8% in local currency, driven by financial and consumer staples. The net capital flows from non-residents were negative for both equities (USD 109 million) and bonds (USD 251 million), which recorded the first monthly outflow since March. For the FY 2024, Turkish debt securities recorded a net inflow of nearly USD 17 bn, while foreign investors were net sellers of Turkish stocks to the tune of USD 2.6 bn. On the macroeconomic front, the TCMB initiated a policy rate normalization cycle with a 250 bp cut, at the upper end of the broad range of market expectations (150-300 bp). Against the backdrop of still-elevated inflation forecasts, this relatively bigger cut underscores the weight of political compromise - a worrying signal for the sustainability of the orthodox economic policies of the past 18 months, in our view.

In Romania, market volatility remained high amid ongoing political uncertainty surrounding the formation of new government. Nevertheless, the BET Index posted a monthly gain of 2.3% after the PSD-PNL-UDMR coalition secured a narrow parliament confidence vote just before the holidays. Among key sectors, utilities performed the best (+3.2%), followed by banks (+2.7%), while energy companies lagged (+0.5%).

Class A fund shares rose 1.3%, closing the year with a return of 11.1% compared to 9.3% for the regional benchmark. Greek positions in the portfolio accounted for the main portion of the fund's return in December, while stock selection in Bulgaria weighed on performance. At the sector level, financial companies were the largest positive contributor, followed by consumer discretionary and industrials. Meanwhile, tech stocks, which represent a significant weight in the portfolio, recorded a decline.

### Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 1.73 M
NAV/share	EUR 0.7968
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

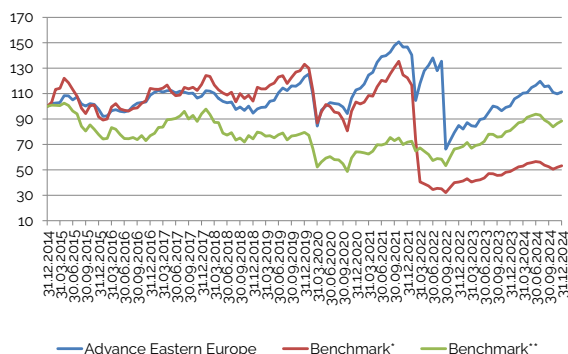
Past performance does not predict future returns.

### Fund Results (31.12.2024)

	Fund	Benchmark*	Benchmark**
1 month	1.34%	2.30%	2.30%
1 year	11.08%	9.27%	9.27%
Year to Date	11.08%	9.27%	9.27%
Since Launch (annualized)	-1.24%	-6.37%	-1.90%

### Fund Performance 10Y

Past performance does not predict future returns.



### Annual Performance

	Fund	Benchmark*	Benchmark**
2024	11.08%	9.27%	9.27%
2023	20.64%		
2022(ИНДИКАТИВНО)	-42.12%	-66.97%	-6.49%
2021	30.09%	18.34%	11.71%
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.68%	6.91%
2018	-12.25%	-10.96%	-20.91%
2017	-0.73%	2.66%	22.39%
2016	11.90%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%

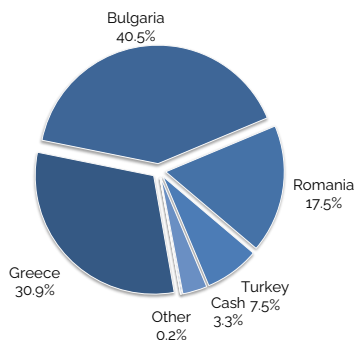
\*Annual performance since 03.01.2023 when class A was started

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

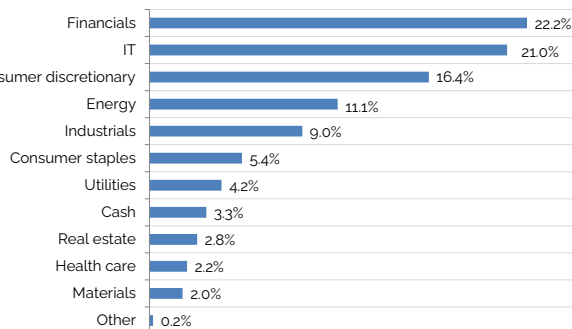
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### TOP 5 HOLDINGS

Shelly Group, Bulgaria, IT

JUMBO SA, Greece, Consumer discretionary

GREEK ORGANISATION OF FOOTBALL PROGNOSTICS SA, Greece, Consumer discretionary

Sirma Group, Bulgaria, IT

Eurobank Ergasias Services and Holdings SA, Greece, Financials

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, 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)